

**Return of Assets and Liabilities**  
**MA(BS)1, MA(BS)1A and MA(BS)1B**

**Summary of Changes**

**MA(BS)1**

**1. Consequential change as a result of a reduction in the submission frequency of the external liabilities and claims information**

*(Return – Cover page and Part IX; Completion instructions – Section A item 3, Section B Part IX)*

To facilitate the reduction of the submission frequency of the external liabilities and claims information from a monthly to a quarterly basis, a consequential amendment is now made to collect key external liabilities to and claims on four main countries (namely Mainland China, Japan, United States and United Kingdom) and all other countries in a new Part IX of the monthly “Return of Assets and Liabilities”. Such information is considered pertinent to HKMA’s monthly economic analysis for purposes of monitoring cross-border capital flows. AIs are however not required to report on Part IX for quarter-end positions as the same information will be captured in the revised quarterly “Return of External Positions”. To allow AIs more time to prepare such data, the submission deadline of Part IX of the Return is one month.

**2. Breakdown of selected items by residency status**

*(Return – Cover page and Part X; Completion instructions – Section A items 3 & 11, Section B Part X)*

The delineation between “residents” and “non-residents” is a key feature of all macro-statistical systems. Residents and non-residents exhibit different behavioural patterns which may affect AIs’ major balance sheet items. In general, local residents have a more in-depth access to local information to which they are more sensitive. Their behaviour (e.g. withdrawal of deposits) in response to the market information, as reflected by the movement of AIs’ balance sheet items, is useful to both international organisations and local governments to carry out their macro-economic analyses.

To allow AIs time to collate data on the residency breakdown of certain asset and liability items, the reporting of such items is centralised in a new Part X of the Return and a one-month reporting deadline is allowed.

- 3. Breakdown of demand deposits and current accounts into “interest bearing” and “non-interest bearing”**  
*(Return – Part I item 6.1 and Part III(b); Completion instructions – Section B item 6.1 and Part III(b) and (b2))*

Following interest rate deregulation, some AIs are paying interest on demand deposits and current accounts through the introduction of new deposit products. This is to allow the HKMA to gain a better understanding of AIs’ deposit funding structure based on the product feature of the deposit accounts and also to assess the impact on the money supply (i.e. a shift of savings deposits to interest-earning current accounts) subsequent to the deregulation.

The memorandum item on “Hong Kong dollar customer deposits booked locally” is now deleted following deregulation.

- 4. Breakdown of NCDs issued into “floating rate” and “fixed rate”**  
*(Return - Part IV item (a)1)*

This is to enable the HKMA to gain a better understanding of AIs’ funding structure via the issue of NCDs.

- 5. “Authorized institutions in Hong Kong” and “Banks outside Hong Kong”**  
*(Completion instructions – Section A items 7(i) and (ii))*

To avoid confusion, these two terms are now defined.

- 6. Dividend paid or declared**  
*(Completion instructions - Section B items 1.2 and 1.3)*

The reporting of dividends proposed or declared is now brought into line with SSAP9, which requires that institutions should not recognise dividends proposed or declared after the balance sheet date as a liability at the balance sheet date.

- 7. Deposits from customers**  
*(Completion instructions – Section B item 6)*

Clarification is now made that deposits from the Hong Kong Government should be reported as customer deposits while deposits from the Exchange Fund, under the item “Due to Exchange Fund”.

- 8. Repurchase of negotiable debt instruments issued**  
*(Return – Part IV (a)(3) & (4); Completion instructions – Section B item 9)*

Clarification is now made that AIs should net off their negotiable debt instruments repurchased for trading or market-making purpose against the outstanding issues. For the purposes of analysing monetary statistics, the data

relating to the repurchase and sale of own negotiable certificates of deposit are to be reported as part of memorandum items in Part IV(a)(3) and (4).

**9. Holdings of non-negotiable debt instruments**

*(Completion instructions – Section B item 15)*

Clarification is made that holdings of debt instruments which are not negotiable should be regarded as loans and advances.

**10. Repo transactions where all the risks and rewards of ownership are substantially transferred to the buyer**

*(Completion instructions – Section B Part V items (a) and (c), Part VIII item (d) and Annex 1)*

Guidance is now provided for the reporting of repos, the terms of which transfer substantially all the risks and rewards of the ownership of the securities to the buyer. This is to give recognition to such repo transactions, in line with the accounting treatment under SSAP24.

**11. Other amendments include the clarification of the reporting treatment on the net-off of Exchange Fund Bills and Notes and some presentational changes.**

**MA(BS)1A**

**1. Returns by overseas branches of locally incorporated authorized institutions**

*(Return MA(BS)1A – Cover page; Completion instructions – Section A item 3)*

The frequency of such reporting is reduced from a quarterly basis to half yearly, to the extent that the quarterly data can be supplemented by management information. This should help alleviate the reporting burden of locally incorporated AIs with overseas branches.

November 2002