

**Return of Foreign Currency Position
MA(BS)6**

Summary of Changes

1. Clarification of option positions

(Completion instructions - Sections A and B)

As currency option is not the only kind of option that can give rise to foreign currency position, the term “currency options” is replaced by “options transactions giving rise to foreign currency exposures”.

2. Uniform adoption of Model User Approach and accordingly, deletion of the Worst Case Approach

(Return - Part II(b); Completion instructions - Section B items 17 and 19)

All AIs are required to report their positions including options using the Model User approach, which is in fact the delta equivalent approach as reported by AIs in the Return of Interest Rate Risk Exposures. As a result, the section on Worst Case Approach is no longer required.

3. Addition of a new currency Chinese renminbi (CNY)

(Return - new row in Parts I, II and III)

To capture the CNY positions of banks in Hong Kong.

4. Euro-participating countries

(Completion instructions – Section A item 6)

As Greece adopted the Euro currency with effect from 1/1/2001, the country “Greece” is now included in the list of Euro-participating countries.

5. Repo and reverse repo where all the risks and rewards of ownership are substantially transferred to the buyer

(Completion instructions – Section B item 11)

Guidance is now given for the reporting of such repos/reverse repos, in line with the accounting treatment under SSAP24.

6. Back-to-back options and dealings with branches or head office

(Completion instructions – Section B items 22 and 23)

Clarification is now made that the gross amount of options written or held in potential purchases and potential sales should include back-to-back options written and dealings with branches or Head Office.