

Return of External Positions
MA(BS)9A
MA(BS)9B

Summary of Changes

This return is a combination of the existing Return of External Liabilities and Claims (MA(BS)2) and the Return of Cross-border Claims (MA(BS)9), both of which are for reporting to the Bank for International Settlements (BIS) for the purpose of monitoring cross-border capital flows and country credit risks. The return thus consists of two parts:

- Part I External Liabilities and Claims;
- Part II Cross-border Claims.

The return is to be submitted on a quarterly basis. Changes are elaborated below:

Part I: External Liabilities and Claims

Part I is basically the same as the existing Return of External Liabilities and Claims (MA(BS)2) except for the changes as set out below, which are mainly to close the gaps in reporting to the BIS.

1. Change in reporting frequency
(Completion instructions – Section A item 4)

To reduce the reporting burden of AIs, the reporting frequency of external liabilities and claims is reduced from a monthly basis to a quarterly basis and the submission deadline of 21 days is extended to 1 month. For the purpose of monitoring cross-border capital flows, only selected key data on positions vis-à-vis four major countries, namely China, Japan, the United States, and the United Kingdom continue to be collected monthly via a memorandum note to the monthly Return of Assets and Liabilities (MA(BS)1) – please refer to Part IX of MA(BS)1.

2. Currency breakdown
(Return – new columns 2, 5, 8 and 11)

A detailed currency breakdown is required for the calculation of exchange rate adjusted changes of stocks as an approximation for cross-border capital flows. Currently, AIs are only requested to provide a breakdown of data into “HK\$” and “foreign currencies”. The BIS recommends a breakdown of the positions in foreign currencies into five individual currencies and a residual category. Mindful of the reporting burden that this may bring to AIs, only the reporting of positions of an additional currency, the US\$, is required as it is a major foreign currency for financial transactions in Hong Kong.

3. Data on “loans and deposits” and “debt securities” by country
(Return – Sections B and C; Completion instructions – Section B items 9 (vii) to 9 (viii))

Data on banks’ “loans and deposits” and “debt securities” by country are necessary for compiling the balance of payments statistics as they close the existing gaps in the recording of non-bank cross-border capital flows.

Aggregate data on “debt securities” and “loans and deposits” are to be analysed by countries in addition to the current requirements of a country breakdown of total external claims and liabilities.

4. Country breakdown
(Return – Sections A to C; Completion instructions – Annex 2)

Six countries to which AIs have a meaningful size of exposure are added. These countries are Guernsey, Isle of Man, Jersey, Kazakhstan, Maldives and Western Samoa. Meanwhile, over 50 countries from the existing country analysis are removed in view of the immaterial exposure to those countries by the AIs in Hong Kong.

5. Other changes
(Return – Sections A to C; Completion instructions – Section B items 9 (iii) to 9 (vi) and Annex 1)

- The positions in relation to “international organisations” are to be analysed between “banks” and “non-banks”.
- For the purpose of compiling data on interbank and intrabank activities, the positions vis-à-vis banks are to be segregated into those vis-à-vis “related foreign offices” and “official monetary authorities” (country breakdown is not required).

Part II: Cross-border Claims

Part II is basically the same as the existing Return of Cross-border Claims (MA(BS)9) except for the changes as set out below, which are mainly to close the gaps in reporting to the BIS.

1. Change in reporting frequency
(Completion instructions – Section A item 5)

With the combination of the two returns, the reporting frequency of cross-border claims is changed from half yearly to quarterly, in line with the requirement of the BIS. The submission deadline for Hong Kong offices

(HKO) and consolidated positions remains unchanged at 1 month and 6 weeks after the reporting date respectively.

2. Change in basis of reporting
(Completion instructions – Section A item 5)

Presently, all AIs incorporated in Hong Kong are required to report their cross-border claims on a consolidated basis. In view of the increased reporting burden in relation to the maturity breakdown of claims (item 3 below), all AIs are required to report on their HKO positions, and only the locally incorporated licensed banks are required to additionally report on their consolidated positions. Except for the locally incorporated licensed banks, all other AIs are thus not required to prepare a maturity breakdown of claims of their overseas offices. Although local restricted licence banks and deposit-taking companies are affected by the change in the basis of reporting, they benefit from the elimination of the consolidation process. Foreign AIs are not affected by the change as they are already reporting on HKO positions.

3. Collection of maturity breakdown of claims
(Return - new columns 2 to 5; Completion instructions – Section B items 13 and 21)

Residual maturity is an important factor influencing the risk of a claim. Maturity breakdown of claims is therefore added to the return. This is in line with the BIS requirements.

4. Collection of data on undistributed credit commitments and back-up facilities
(Return - new column 15; Completion instructions – Section B item 34)

The information is in accordance with the BIS requirements in order to provide a more comprehensive measurement of overall credit exposures.

5. Other changes include as for Part I the updating of country breakdown and the segregation of “international organisations” into “banks” and “non-banks”.

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