

In case of discrepancies between the French and the English text,  
the French text shall prevail

# **Security by security reporting**

Frequently asked questions (FAQ)

**Banque centrale du Luxembourg**

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## **1 General questions**

### **1.1 What information has to be submitted in case there are no securities held and/or issued that should be reported?**

In principle, all credit institutions are subject to the security by security reporting.

However, it is possible that a credit institution:

- 1 does not hold securities for its own account (reported under items 1-030, 1-040, 1-050 or 1-060 of report S 1.1) and that it has not issued shares or debt securities (reported under items 2-030 of report S 1.1)
- 2 does not hold securities on behalf of resident third parties (except UCIs and credit institutions)

In both cases, the credit institution, although subject to the security by security reporting, is not supposed to submit an XML file (either for balance sheet positions, or for off-balance sheet positions) corresponding to the criteria described in the Manual for electronic transmission of the security by security reporting.

However, the credit institution must inform the BCL by means of a letter addressed to the Money and banking statistics section.

Finally, it should be noted that a credit institution must submit an XML file as soon as either condition as set out under the points 1) or 2) does no longer apply.

### **1.2 How to report the maturity date of a perpetual bond that does not have an ISIN code?**

In the case of a perpetual bond, the maturity date is not fixed. For this type of bond, the date 1/1/2999 must be reported.

### **1.3 Which default value should be considered if there is the impossibility to find the effectif issue data?**

One of the supplementary data to report in case of a bond that does not have an ISIN code is the variable Issuedate.

In case, the reporting agent is in the impossibility to gather any information on the concrete issue date of the bond, it is permitted to use the acquisition date as an proxy for the issue data. This should necessarily be limited to a small number of rare cases.

### **1.4 Can a provisional ISIN be considered as a valid ISIN code?**

No, provisional identification codes should not be reported as valid ISIN codes in the framework of the security by security system. This refers in particular to ISIN codes starting with the letters Q and X (with the exception of XS and QA codes that represent valid ISINs).

Provisional ISINs shall not be reported with the type of identification equal to 1. As in the case of unidentified securities, all complementary information is required in the file.

### **1.5 What has to be reported if a security has been borrowed and is sold short later on?**

The securities that have been borrowed must not be reported as assets held.

However, if they are sold short, these securities must be reported with the type of holding «Short sales of securities».

The objective is to make sure that the total amount held by all the security holders is consistent with its total amount issued. The securities that have been lent remain on the balance sheet of the economic holder and subsequently must not be reported as securities on the balance sheet of the borrower. If a security is sold short, it is necessary to report it since the counterpart that buys it will report it on its balance sheet as a security holding.

The principle that is applied to borrowed securities also applies to securities bought in the framework of a repo (repurchase agreement).

## 1.6 Is there any specific treatment for structured products?

Structured products, which may have a large variety of names and specificities, raise particular problems in terms of statistical classifications. The most common structured products are the so called certificates. The basic problem is to decide whether to classify these instruments as debt instruments or as financial derivatives.

In the absence of a more structured response in the form of a publicly available list permitting an easy classification of the different financial instruments, we propose to classify, for statistical purposes, all structured products as debt instruments unless the definition of such an financial instrument is in line with the definition of financial derivatives.

The following financial instruments should be treated as financial derivatives:

- options, whether tradable or OTC
- warrants
- futures, but only if they have a market value because they are tradable or can be offset
- swaps, but only if they have a market value because they are tradable or can be offset

## 1.7 Is there any specific treatment for warrants?

No, following the current set of instructions for S1.1 and S2.5 balance sheet tables, warrants should be considered as derivatives. So, warrants should not be classified as equity. Consequently, even if these instruments do dispose of a valid ISIN code, they should not be included in the security by security reporting.

## 2 Balance sheet data (BBS scheme)

### 2.1 If a security is reported under a line «of which... subject to the Eurosystem's minimum reserve requirement», does it have to be reported twice?

If a security is recorded in report S 1.1 under the lines 2-030-X1-EUR-11001 or 2-030-X1-XX2-11001 «of which: BCL, ECB, NCBs and CIs subject to the Eurosystem's minimum reserve requirement», these securities are also recorded under the lines 2-030-X1-EUR-00000 and 2-030-X1-XX2-00000.

In order to avoid double reporting, only the lines 2-030-X1-EUR-00000 and 2-030-X1-XX2-00000 must be recorded in the security by security reporting.

The lines 2-030-X1-EUR-11001 or 2-030-X1-XX2-11001 must not be reported.

As a general rule, the lines for the sectors 11001, 11002 and 11003 must not be reported in the security by security reporting.

### 2.2 Does the capital have to be reported?

No, the capital of a credit institution must not be reported in the security by security reporting.

### 2.3 Which are the balance sheet lines defined in the S1.1 that can be included in the security by security reporting ?

The balance sheet line (*reportedLine*) is identified by the accounting item (*item*), the country (*country*), the currency (*currency*) and the sector (*sector*). The balance sheet line corresponds to the one used for the report S 1.1 in force.

As a consequence, BBS scheme files containing data in the *reportedLine* bloc different from the ones included in the S1.1 instructions are rejected.

The following balance sheet lines are accepted by sbs system

<b>Exhaustive list of the balance sheet lines defined in the S1.1 and accepted in SBS</b>		
1-030-LU-EUR-11000	1-050-LU-EUR-40000	2-030-X1-EUR-00000
1-030-LU-EUR-12000	1-050-LU-XX2-11000	2-030-X1-XX2-00000
1-030-LU-EUR-30000	1-050-LU-XX2-12000	2-110-X1-XX1-00000
1-030-LU-EUR-40000	1-050-LU-XX2-40000	
1-030-LU-XX2-11000	1-050-X3-EUR-11000	
1-030-LU-XX2-12000	1-050-X3-EUR-12000	
1-030-LU-XX2-30000	1-050-X3-EUR-40000	
1-030-LU-XX2-40000	1-050-X3-XX2-11000	
1-030-X3-EUR-11000	1-050-X3-XX2-12000	
1-030-X3-EUR-12000	1-050-X3-XX2-40000	
1-030-X3-EUR-30000	1-050-X4-EUR-11000	
1-030-X3-EUR-40000	1-050-X4-EUR-40000	
1-030-X3-XX2-11000	1-050-X4-XX2-11000	
1-030-X3-XX2-12000	1-050-X4-XX2-40000	
1-030-X3-XX2-30000	1-060-LU-EUR-11000	
1-030-X3-XX2-40000	1-060-LU-EUR-12000	
1-030-X4-EUR-11000	1-060-LU-EUR-40000	
1-030-X4-EUR-30000	1-060-LU-XX2-11000	
1-030-X4-EUR-40000	1-060-LU-XX2-12000	
1-030-X4-XX2-11000	1-060-LU-XX2-40000	
1-030-X4-XX2-30000	1-060-X3-EUR-11000	
1-030-X4-XX2-40000	1-060-X3-EUR-12000	
1-040-LU-EUR-12100	1-060-X3-EUR-40000	
1-040-LU-XX2-12100	1-060-X3-XX2-11000	
1-040-X3-EUR-12100	1-060-X3-XX2-12000	
1-040-X3-XX2-12100	1-060-X3-XX2-40000	
1-040-X4-EUR-12100	1-060-X4-EUR-11000	
1-040-X4-XX2-12100	1-060-X4-EUR-40000	
1-050-LU-EUR-11000	1-060-X4-XX2-11000	
1-050-LU-EUR-12000	1-060-X4-XX2-40000	

### **3 Extra-balance sheet data (BOB scheme)**

#### **3.1 In the electronic transmission manual for the security by security reporting of credit institutions, concerning the off-balance sheet**

##### **3.1.1 Page 16, how to interpret «by default country = X1 and currency = XX1»?**

In practice, these values are by default mandatory. Indeed, the link to the off-balance sheet of report S 2.5 is done at the level of the total of the item by sector.

##### **3.1.2 Page 16, why are the economic sectors of the holder 11100, 11200, 12100 and 41112 excluded? Are there other sectors to be excluded?**

The sectors 11100, 11200, 12100 and 41112 are excluded because the residents belonging to these sectors directly report to the BCL.

The sectors 12200 «Other MFIs / Other than MMFs» and 32100 «State government» must also be excluded for the time being; indeed, there are no resident entities belonging to the sector 12200. Also, sector 32100 should not apply to any resident entity as Luxembourg is not a Federal State.

#### **3.2 Is it possible to limit the items of the off-balance sheet to the assets held on behalf of resident third parties?**

Within report S 2.5 of the accounting version L, the items 3-071, 3-072, 3-073 and 3-074 refer to the assets held on behalf of resident third parties. These are the only items that should be reported in the security by security reporting. In theory, under item 3-074 « other assets » no amount should be reported in the security by security reporting. Consequently, credit institutions are requested to check the data reported under this item and reclassify all securities under the appropriate items 3-071 to 3-073.

### **3.3 Should the lines 3-120 and 3-130 be included in the security by security reporting?**

Securities, that are held through fiduciary operations (classified in the S2.5 report under item 3-120) and which are held on behalf of a resident client, should be broken down in the security-by security report under the relevant items 3-071 to 3-073 taking into account the economic sector of the resident customer.

The items 3-120 and 3-130 should not be reported in the framework of the security by security collection.

### **3.4 If securities sold short are recorded in report S 2.5 with a positive sign, how is it possible to match the total amounts of the items in the two reports?**

The checks of the BCL take into consideration the fact that the existing instructions do not foresee the recording of short sales of securities in the off-balance sheet of report S 2.5.

As a consequence, no strict rule is applied. When comparing the data, the BCL may ask credit institutions to explain their recording practice of short sales of securities in the off-balance sheet of report S 2.5 (accounting version L).

### **3.5 Should the sector code 90000 “No breakdown” be used?**

The codes used to represent the economic sector of the issuer are defined on page 15 of the document «Tableau S25 Bilan statistique trimestriel».

Nonetheless, it should be noted that, in the framework of the identification of the sector of the issuer that needs to be reported if an individual security can not be identified with a valid ISIN code, the use of code 90000 “No breakdown” is prohibited.