

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

# **Definitions and concepts for the statistical reporting of financial companies**

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## 1 Introduction

The objective of the document «Definitions and concepts for the statistical reporting of financial companies» is to provide an overview of all the definitions and concepts that must be applied when establishing the statistical reports to be submitted to the Central bank of Luxembourg (BCL) by financial companies.

Hence, this document provides a detailed description of the main underlying accounting principles for assets and liabilities as well as for the breakdowns to be used while establishing various statistical reports to be submitted to the BCL.

More specific instructions that are necessary to establish certain statistical reports are provided within the description of these reports.

## 2 Basic principles

### 2.1 Reporting population

The Regulation 2014/17 of the Central Bank of Luxembourg states that all resident financial companies having total assets above a certain threshold, must submit the tables S2.16, S2.17 and the security by security reporting to the Central Bank of Luxembourg.

In this context, seen as a financial company is every company whose object contains at least one of these factors detailed below:

- The investment in any society for any kind of investment ;
- The acquisition by subscription, purchase, exchange or any other way of securities, shares and other equity investments, bonds, receivables, certificates of deposits and other debt instruments and in general all financial instruments issued by a public or private entity ;
- To invest directly or indirectly in the acquisition and management of a real estate portfolio, of patents or other intellectual property rights whatever the nature or the origin;
- To borrow in any form ;
- To lend funds to his shareholders, subsidiaries, affiliated companies, and/or any other entity.

A « resident » company is a legal person under Luxembourgish law, for all activities performed by the head office, by his subsidiaries, affiliated companies and branches based in Luxembourg or any legal person under foreign law, for all activities performed by his branches and headquarters based in Luxembourg.

Some financial companies may be exempted from reporting requirements. Thus, the BCL exempts from monthly and quarterly statistical reporting requirements all the financial companies whose size of balance sheet is relatively small.

The BCL foresees a threshold on exemption based on total balance sheet. Currently, the amount of the threshold is fixed to 500 million Euros or the equivalent amount in foreign currency.

## 2.2 Reference date for the establishment of the reports

The last day of *each quarter* should be the reference date for the establishment of the quarterly statistical reports S 2.16 «Quarterly statistical balance sheet of financial companies » and S 2.17 «Quarterly information on all transactions of financial companies ».

The last day of each month should be the reference date for the establishment of the statistical monthly report «Security by security report of financial companies ».

## 2.3 Reporting currency

Statistical reports must be established in the accounting currency in which the accounts of the financial companies are expressed.

Amounts to be reported on the statistical reports should be expressed with *highest accuracy* with up to five decimals and transactions denominated in a currency other than the accounting currency should be converted into the latter during the reference date of the report.

## 2.4 Closing date

Closing date should be the date when data are established.

## 2.5 Data transmission to BCL

The reports must be provided to the BCL in an electronic file according to the norms defined in the documents «Manual of electronic transmission» and «Compendium of verification rules» established for each statistical report.

## 2.6 Safekeeping period of documents

Reporting agents must keep monthly and quarterly statistical reports as well as relating documents during twenty-four months.

### **3 Reporting of operations**

#### **3.1 Basic accounting policies**

##### **3.1.1 Valuation**

Valuation rules for assets and liabilities are those defined by the existing Luxembourg legislation for the establishment of their accounts.

Booking value of debt securities in assets and in liabilities (item 1-003000 «Debt securities held» and item 2-003000 «Debt securities issued») is defined by including accrued interest (*dirty price*).

Nominal amount means the amount of principal that a debtor is contractually obliged to repay to a creditor; this amount is determined by taking into account loan write-downs and write-offs and without regard to any provisions and/or value adjustments which are reported in the sections relating thereto on the liability side of the balance sheet.

##### **3.1.2 Accounting rules**

Financial companies may prepare the statistical reporting according to the generally accepted principles applicable for the establishment of their combined accounts. The valuation of holdings has to be to the extent possible close to the market value.

#### **3.2 Short sales of securities**

If securities are sold *short*, the sale is reported under the item 2-002050 «Short sales of securities».

The amount to be reported corresponds to the sale price of the securities

However, if this debt corresponds to specific securities, it has to be valued according to the valuation rules applicable to the securities reported on the asset side of the balance sheet.

### 3.3 Negotiability of financial claims

Financial claims can be distinguished by whether they are negotiable or not. A claim is negotiable if its ownership is readily capable of being transferred from one unit to another by delivery or endorsement or of being offset in the case financial derivatives. While any financial instrument can be potentially traded, negotiable instruments are designed to be traded on an organised exchange or 'over-the-counter', although actual trading is not a necessary condition for negotiability. Necessary conditions of negotiability are:

- transferability or offsetability in the case of financial derivatives;
- standardisation often evidenced by fungibility and eligibility of an ISIN code; and
- that the holder of an asset does not retain the right of recourse against the previous holders.

The distinction between loans and debt securities is that loans are non-negotiable financial instruments, reported under items 1-LA2001, 1-LA2002, 1-LA2003 and 1-N02000 on asset side or under item 2-LA2001, 2-LA2002, 2-LA2003 and 2-N02000 on liability side, while debt securities, reported under item 1-003000 «Debt securities held» on asset side or under item 2-003000 «Debt securities issued» on liability side, are negotiable financial instruments



## 3.4 Assets

### 3.4.1 Item 1-LA2001, 1-LA2002, 1-LA2003 et 1-N02000 Loans granted

This item consists of funds lent by financial companies to borrowers that are either evidenced by non-negotiable documents or not evidenced by documents.

This item notably includes:

- deposits placed by financial companies, such as overnight deposits, deposits with agreed maturity and deposits redeemable at notice;
- loans granted by financial companies ;
- claims under reverse repurchase agreements against cash collateral;  
These are the counterpart of cash paid out in exchange for securities purchased by financial companies at a given price under a firm commitment to resell the same (or similar) securities at a fixed price on a specified future date.
- claims under securities borrowing against cash collateral.  
These are the counterpart of cash paid out in exchange for securities borrowed by financial companies.

There is a breakdown of loans whether the borrower is affiliated or to the lender.

#### 3.4.1.1 Item 1-LA2001 Loans granted to shareholders

This item consists of funds lent to direct or indirect shareholders holding at least 10% of the share capital of the reporting company.

##### Example:

In this shareholder structure shown below: B(LU) is the reporting entity resident in Luxembourg ;

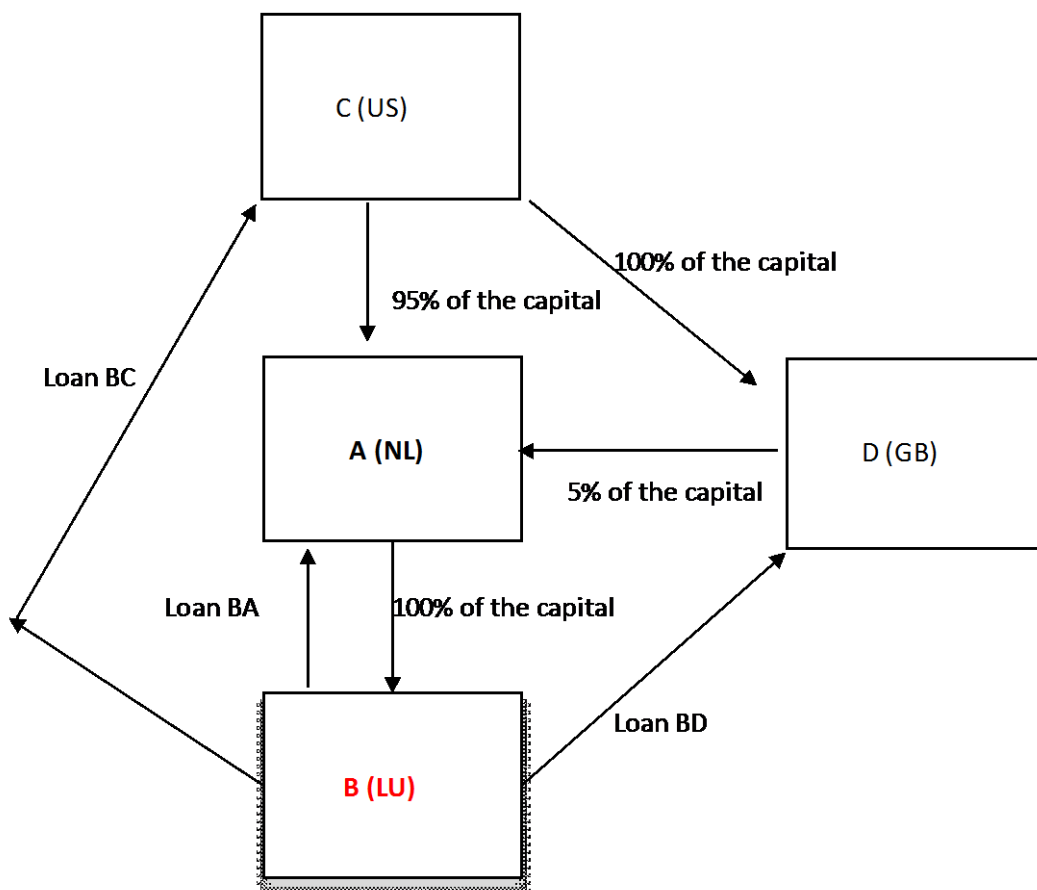
A (NL) is the direct shareholder, holding more than 10% of the issued shares;

C (US) is the indirect shareholder through company A (NL);

In this case, the loans granted by B to his direct shareholder (loans BA) and to his indirect shareholder (loans BC) have to be listed under 1-LA2001. The indirect percentage of ownership, obtained by multiplying the direct percentages, has always to

be greater or equal to 10% (percentage between C and A 95% x percentage between A and B 100% = 95%).

If this is not the case, the loan has to be considered as a loan between sister companies or as a loan to non-related entities. This is notably the case for the loans BD, that should not be listed under 1-LA2001 but under 1-LA2003 due to the fact that the indirect percentage of ownership is below 10% (percentage between A and D 5% x percentage between A and B 100%=5%).



**3.4.1.2 Item 1-LA2002 Loans granted to companies where the reporting agent holds at least 10% of the share capital or of the voting rights**

This item consists of funds lent to companies where the reporting agent holds at least 10% of the share capital or of the voting rights.

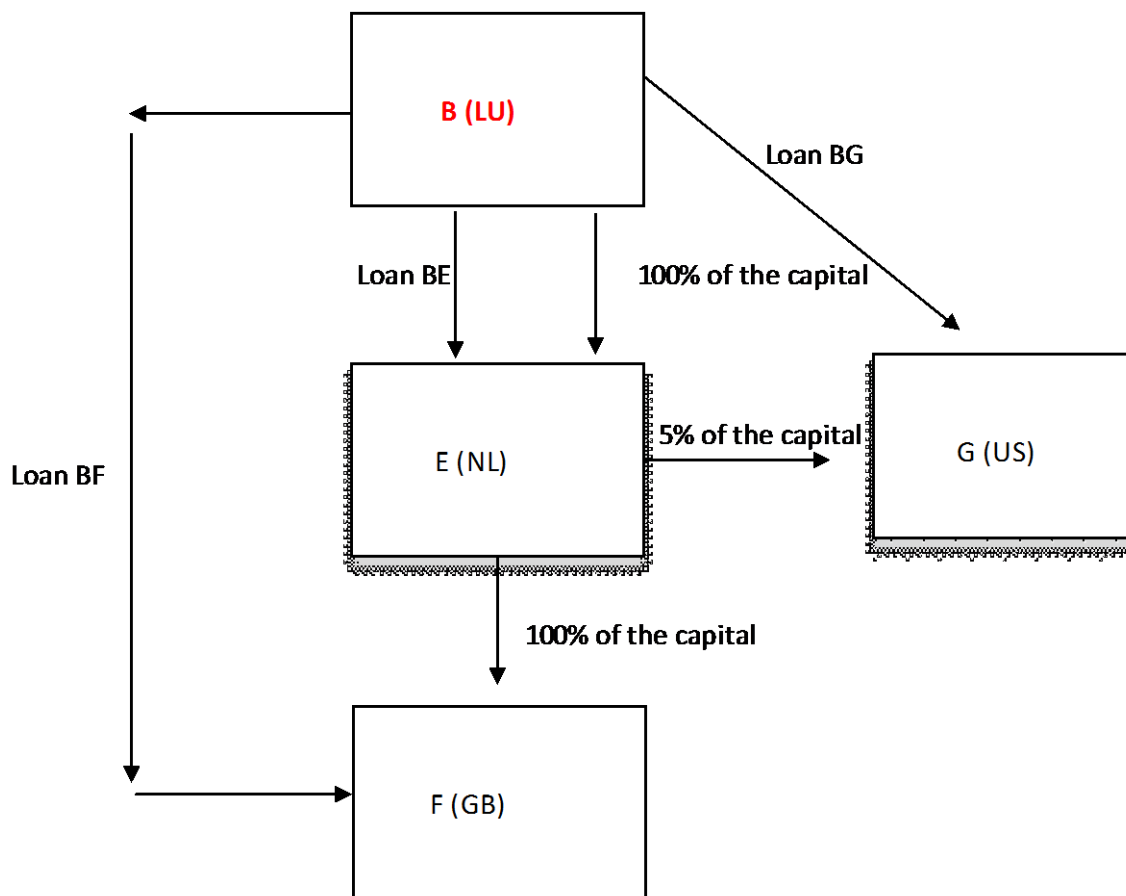
Example:

In this ownership structure shown below: B (LU) is the reporting entity, resident in Luxembourg;

E (NL) is the company where B holds directly more than 10% of the capital;

F (GB) is the company where B holds indirectly through E (NL) more than 10% of the capital;

In this case, the loans granted by B to the companies F and E have to be listed under 1-LA2002.



The indirect percentage of ownership, obtained by multiplying the direct percentages, has to be bigger or equal to 10% (percentage between B and E 100% x percentage between E and F 100%=100%).

If this is not the case, the loan has to be considered as a loan between sister companies or a loan to non related entities. Thus, the loan BG should not to be listed under 1-LA2002 but under 1-LA2003 (in the case where company G belongs to the group) or under 1-N02000 (in the case where company G does not belong to the group).

### 3.4.1.3 Item 1-LA2003 Loans granted to sister companies

This item consists of funds lent to sister companies.

Sister companies are companies that belong to the same group as the reporting entity but that are neither shareholders (cf. 3.4.1.1), nor companies, where the reporting agent holds at least 10% of the capital or of the voting rights (cf. 3.4.1.2).

Sister companies are entities that are only related to the reporting company by the existence of a common parent company.

The final parent company or the final shareholder can be a natural or legal person. It is the entity that by working up the shareholder chain is not controlled by another shareholder. In general, the final shareholder is the “head of the group” or the “final economic beneficiary”.

The loans granted to sister companies have to be broken down similarly in terms of the residence of the parent company and of the final shareholders. It is desirable to use the variable « Geographical area of the final beneficiary » by making a difference between the following area codes:

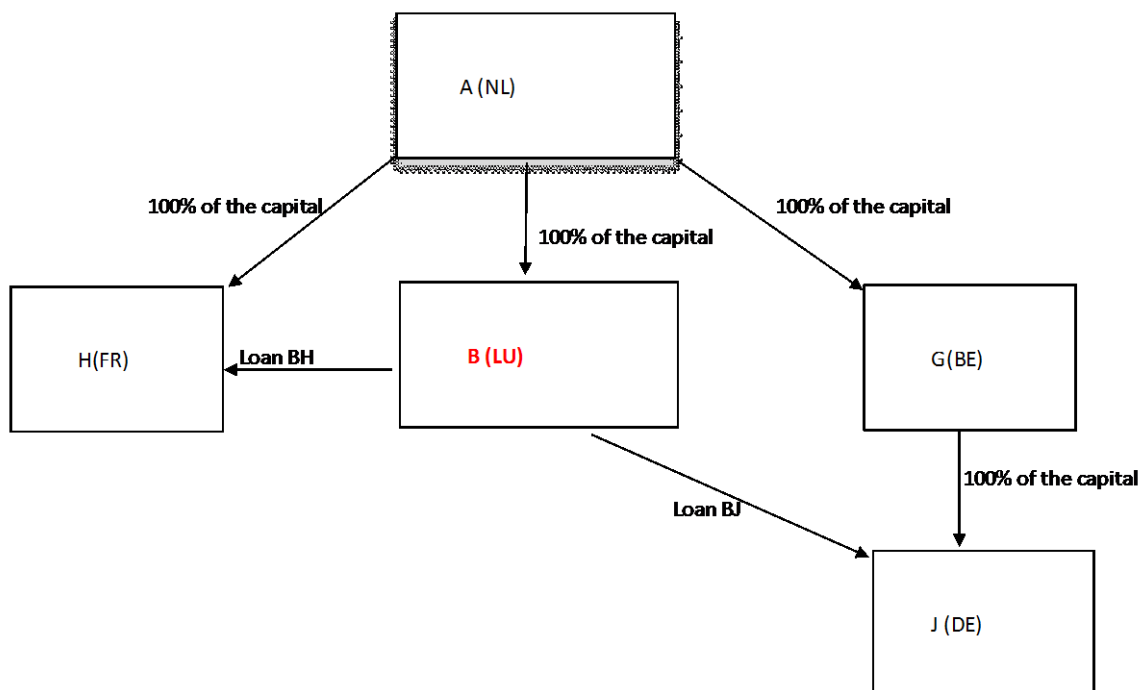
| Code | Denomination   |
|------|--|
| LU   | Luxembourg   |
| X3   | Member states belonging to the monetary Union except Luxembourg                  |
| X5   | Member states belonging to the European Union, that are not members of Euro Zone |
| X6   | Countries that are not members of the European Union                             |

In this ownership structure shown below: B(LU) is the reporting entity, resident in Luxembourg;

H(FR), G(BE), J(DE) are sister companies of B(LU) because they have a common parent company A(NL) but are neither shareholders (cf. 3.4.1.1) nor companies where the reporting agent holds at least 10% of the capital or the voting rights (cf. 3.4.1.2).

In this case, the loans granted by B to companies H and J have to be listed under 1-LA2003. Due to the fact that the resident country of the parent company (NL) is a member state of the

Euro Zone, it is desirable to use the code « X3 » for the variable « Geographical area of the final beneficiary ».



#### 3.4.1.4 Item 1-N02000 Loans granted to non related entities

This item consists of deposits within a credit institution and funds lent to non related entities. In this item should be classified all the loans granted to companies where the reporting agent holds at least 10% of capital or voting rights (that is the case for several joint ventures) and all the loans granted to companies that are no sister companies.

#### 3.4.2 Item 1-003000 Debt securities held

This item consists of holdings of securities other than equity and investment fund shares/units, which are negotiable financial instruments serving as evidence of debt, which are usually traded on secondary markets or can be offset on the market, and do not grant the holder any ownership rights over the issuing institution.

This item notably includes:

- holdings of securities, whether or not evidenced by documents, which give the holder the unconditional right to a fixed or contractually determined income in the form of coupon payments and/or a stated fixed sum at a specific date or dates, or starting from a date defined at the time of issue;
- negotiable receivables convertible in a big number of identical securities and provided that there is evidence of secondary market trading ;
- subordinated debt in the form of debt securities .

Securities lent out under securities lending operations or sold under a repurchase agreement remain on the original owner's balance sheet (and are not recorded on the temporary acquirer's balance sheet) where there is a firm commitment to reverse the operation and not simply an option to do so. The hybrid instruments of certificate type are considered as debt securities. Concerned are the PECs (Preferred Equity Certificates) and CPECs (Convertible Preferred Equity Certificates).

The accrued interests from the date on of the payment of the last coupon have to be included (dirty price).

### **3.4.3 Item 1-005000 Equity and investment fund shares/units held**

This item includes holdings of securities which represent property rights in corporations or quasi-corporations. Such securities generally entitle the holders to a share in the profits of corporations or quasi-corporations and to a share in their net assets in the event of liquidation.

This item notably includes:

- listed and unlisted shares,
- other participations,
- money market fund shares/units,
- non-money market fund shares/units,
- equity securities lent out under securities lending operations or sold under a repurchase agreement remain on the original owner's balance sheet (and are not to be

recorded on the balance sheet of the temporary acquirer) where there is a firm commitment to reverse the operation, and not simply an option to do so. Where the temporary acquirer sells the securities received, this sale must be recorded as an outright transaction in securities and entered in the balance sheet of the temporary acquirer as a negative position in the securities portfolio.

#### **3.4.4 Item 1-006000 Non financial assets**

This item includes financial and non-financial assets, tangible and intangible assets, including fixed assets.

This item notably includes:

- dwellings,
- other buildings and structures,
- machinery and equipment,
- valuables,
- intellectual property products such as computer software and databases, patents and licenses

#### **3.4.5 Item 1-007000 Financial derivatives**

This item includes financial instruments linked to specified financial instruments, financial indicators, or commodities, through which specific financial risks can be traded in financial markets in their own right.

This item notably includes:

- options ;
- warrants ;
- futures;
- forwards ;
- swaps, in particular credit default swaps,
- credit derivatives.



Financial derivatives are recorded at market value on the balance sheet on a gross basis. Only individual derivative contracts with positive market values are recorded on the asset side of the balance sheet.

Gross future commitments arising from derivative contracts must not be entered as on-balance-sheet items.

This item does not include financial derivatives that are not subject to on-balance-sheet recording to national rules.

### **3.4.6 Item 1-090000 Other assets**

This item is defined as assets not included elsewhere.

This item notably includes:

- accrued but not yet due interest on deposits and loan claims;
- holdings of euro and no euro banknotes and coins having legal tender;
- accrued but not yet due rent on non-financial assets;
- amounts receivable which do not relate to financial companies' main business;
- unrealized gains on financial derivatives.

Remark:

Accrued but not yet due interest on debt securities held must be included in the reported amount (*dirty price*) under the item 1-003000 «Debt securities held».

### **3.4.7 Item 1-000000 Total assets**

This item is compiled by adding up all assets without taking into consideration the various breakdowns.

## 3.5 Liabilities

### 3.5.1 Item 2-LA2001, 2-LA2002, 2-LA2003 and 2-N02000 Loans and deposits received

This group of items includes amounts owed to creditors by financial companies, other than those arising from the issue of negotiable securities.

There is a breakdown of loans in terms of affiliation with the lender or not.

#### 3.5.1.1 Item 2-LA2001 Loans received by shareholders

This item includes the loans received by shareholders that hold at least 10% of the capital of the reporting entity.

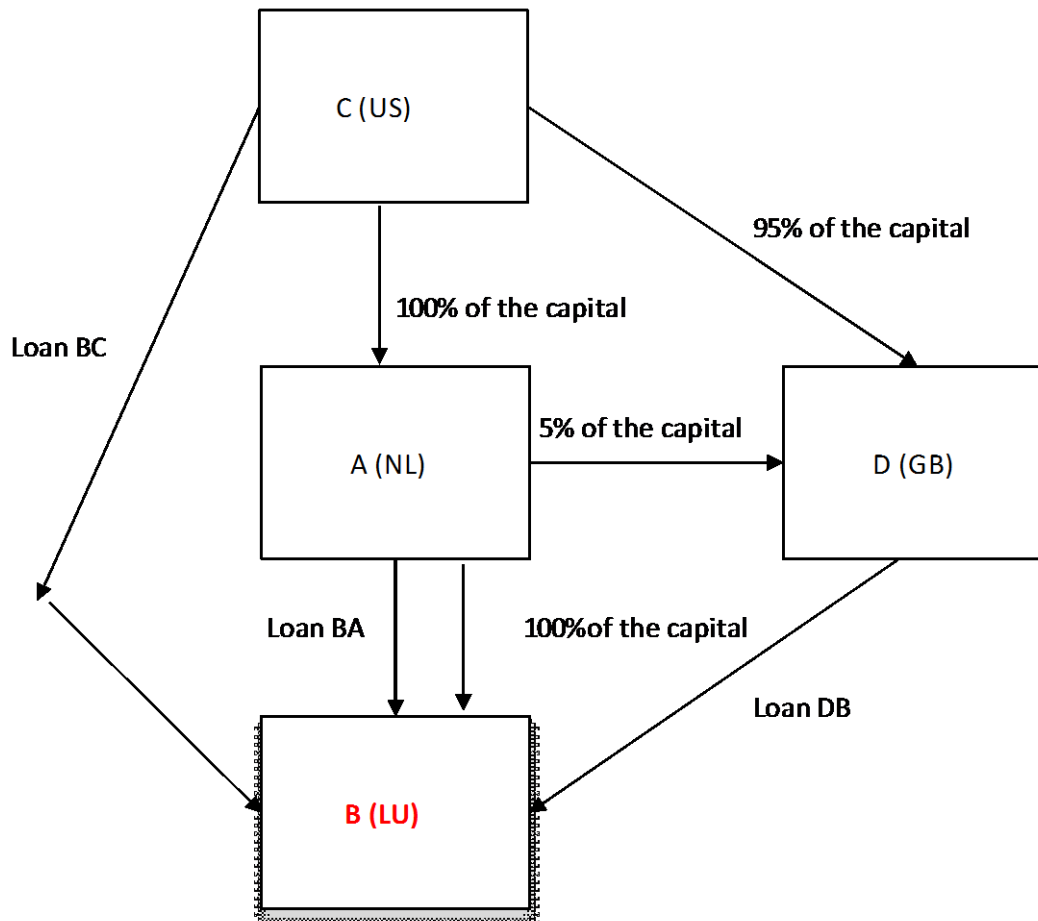
##### Example :

In this shareholder structure shown below : B(LU) is the reporting entity, resident in Luxembourg ; A(NL) is the direct shareholder, holding more than 10% of the issued shares ; C(US) is the indirect shareholder through company A(NL);

In this case, the loans contracted by B to his direct (loans BA) and indirect (loans BC) shareholders should be listed under 2-LA2001. The indirect percentage of ownership, obtained by multiplying the direct percentages, has always to be greater or equal to 10% (percentage between C and A 100% x percentage between A and B 100% = 100%).

If this is not the case, the loan BC has to be considered as a loan between sister companies or a loan to non related entities.

The loan DB should not be listed under 2-LA2001 but under 2-LA2003 (sister company) due to the fact that the indirect percentage of ownership is below 10% (percentage between A and D 5% x percentage between A and B 100% = 5%).



**3.5.1.2 Item 2-LA2002 Loans received by companies where the reporting agent holds at least 10% of the capital or of the voting rights**

This item includes the loans received from companies, where the reporting agent holds at least 10% of the capital or of the voting rights. This applies notably to loans to subsidiaries, affiliated companies and branches.

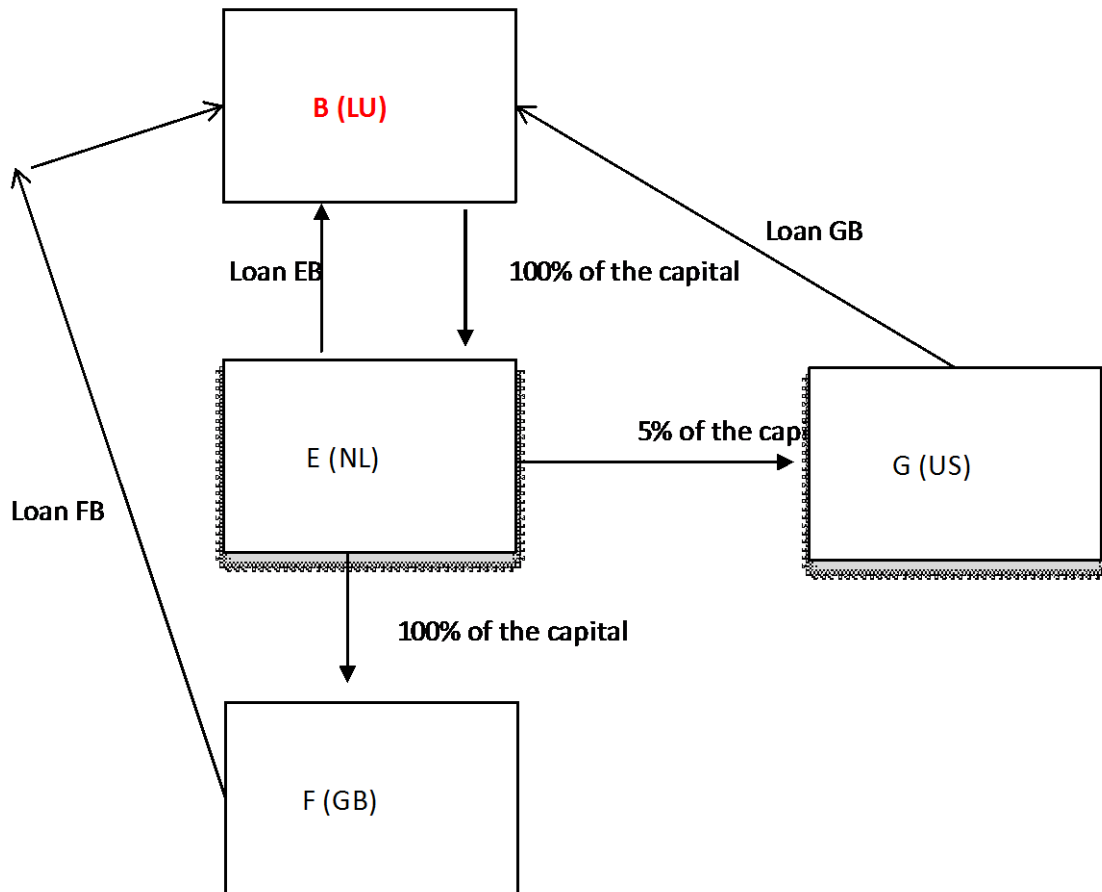
Example:

In the ownership structure shown below : B(LU) is the reporting entity, resident in Luxembourg ; E(NL) is the company where B holds directly more than 10% of capital ; F(GB) is the company where B holds indirectly through E(NL) more than 10% of the capital ;

In this case, the loans from F and E to the company B should be listed under 2-LA2002.

The indirect percentage of ownership, obtained by multiplying the direct percentages, has to be greater or equal to 10% (percentage between B and E 100% x percentage between E and F 100% = 100%). If this is not the case, the loan FB has to be considered as a loan between sister companies or a loan to non-related entities.

This is notably the case for the loan GB that should not be listed under 2-LA002 (percentage between B and E 100% x percentage between E and G 5% =5%) but rather under 2-LA003 (for the case where company G belongs to the group) or under item 2-N02000 (for the case where company G does not belong to the group).



### 3.5.1.3 Item 2-LA2003 Loans received by sister companies

This item includes the loans received by sister companies.

Sister companies are companies belonging to the same group than the reporting entity but that are neither shareholders (cf. 3.5.1.1) nor companies where the reporting agent holds at least 10% of the capital or the voting rights (cf. 3.5.1.2).

The sister companies are entities that are related to the reporting entity only by the existence of a common parent company.

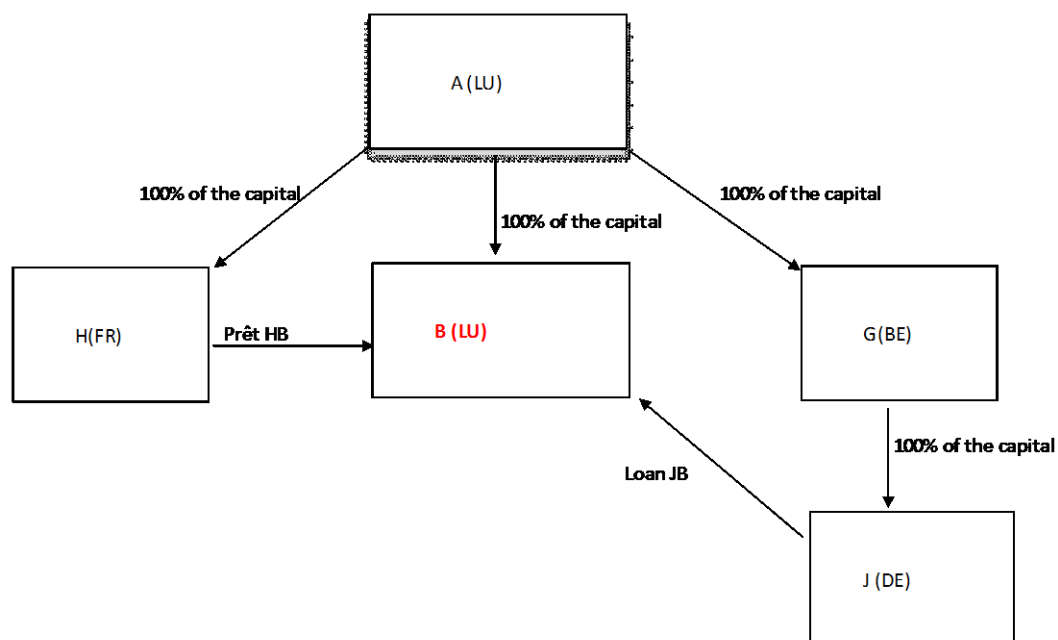
The final parent company or the final shareholder can be a natural or a legal person. This applies to the entity that by working up the shareholder chain is not controlled by another shareholder. In general, the final shareholder is the “head of the group” or the “final economic beneficiary”.

The loans received by sister companies have to be broken similarly according to the residence of the parent company or the final beneficiary. It is desirable to use the variable « Geographical area of the final beneficiary » by making a difference between the following area codes:

| Code | Denomination   |
|------|--|
| LU   | Luxembourg   |
| X3   | Member states belonging to the monetary Union except Luxembourg                  |
| X5   | Member states belonging to the European Union, that are not members of Euro Zone |
| X6   | Countries that are not members of the European Union                             |

**Exemple :**

In the ownership structure shown below: B(LU) is the reporting entity, resident in Luxembourg ;  
 H(FR), G(BE), J(DE) are sister companies of B(LU) because they have a common parent company A(LU) that is resident in Luxembourg. In this case, the loans granted by companies H and J to company B should be listed under 2-LA2003. It is requested to use the code « LU » for the variable « Geographical area of the final beneficiary ».



**3.5.1.7 Item 2-N02000 Loans received by non related entities**

This item includes loans by credit institutions and loans received by non related entities.

This concerns loans received by companies where the reporting agent holds at least 10% of the capital or the voting rights (this is the case for several joint ventures) and by companies that are not sister companies.

### **3.5.2 Item 2-002050 Short sales of securities**

This item includes all the liabilities that result from the short sale of securities.

The amount to be reported corresponds to the sale price of securities.

However, if this debt corresponds to specific securities, it has to be valued according to the valuation rules applicable to the securities reported on the asset side of the balance sheet.

### **3.5.3 Item 2-003000 Debt securities issued**

This item includes debt securities, which are instruments usually negotiable and traded on secondary markets or which can be offset on the market and which do not grant the holder any ownership rights over the issuing institution.

The hybrid instruments of certificate type should be considered as debt securities. This applies in particular to the PECs (*Preferred Equity Certificates*) and CPECs (*Convertible Preferred Equity Certificates*).

The accrued interest from the date on of the payment of the last coupon has to be included (dirty price) in the reported amount.

### **3.5.4 Item 2-C05000 Capital, share premiums, reserves and results**

This item includes amounts arising from the issue of equity capital by the reporting financial companies to shareholders or other owners, representing for the holder property rights on the registrant and generally an entitlement to a share of profits and in its own funds in the event of liquidation.

The funds derived from distributed profits or funds put in reserve by the declaring parties as a provision for probable future payments and obligations are also included.

This item notably includes:

- paid called up capital ;
- share premiums ;
- reserves ;
- the profits or funds that are not distributed



### **3.5.5 Item 2- Financial derivatives**

This item includes financial instruments linked to a specified financial instrument, indicator, or commodity, through which specific financial risks can be traded in financial markets in their own right.

This item notably includes:

- options,
- warrants,
- futures,
- forwards,
- swaps, in particular credit default swaps,
- Credit derivatives.

Financial derivatives are recorded at market value on the balance sheet on a gross basis. Only Individual derivative contracts with negative market values are recorded on the liability side of the balance sheet.

Gross future commitments arising from derivative contracts must not be entered as on-balance-sheet items.

This item does not include financial derivatives that are not subject to on-balance-sheet recording to national rules.

### **3.5.6 Item 2-090000 Other liabilities**

This item includes all liabilities not included elsewhere.

This item notably includes:

- accrued but not yet due interest on loans;
- amounts payable which do not relate to financial companies' main business;
- provisions representing liabilities against third parties, e.g. pensions, dividends, etc.;
- net positions arising from securities lending without cash collateral;

- net amounts payable in respect of future settlements of transactions in securities,
- counterparts to the valuation adjustment, e.g. nominal less purchase price of loans
- unrealized losses on financial derivatives.

Remark:

Accrued but not yet due interest on debt securities issued must be included in the reported amount (*dirty price*) under the item 2-003000 «Debt securities issued».

### **3.5.7 Item 2-000000 Total liabilities**

This item is compiled by adding up all liabilities without taking into consideration the various breakdowns.

## 4 Types of breakdowns

Assets and liabilities split according to the following five criteria:

- Country of the direct counterpart ;
- Geographical area of the final beneficiary ;
- Currency in which assets and liabilities are denominated ;
- Economic sector of the counterpart;
- Original maturity of assets and liabilities.

The nomenclature that follows presents in detail all the breakdowns by country, geographical area, currency, economic sector and original maturity.

However, assets and liabilities items must not always be split according to all of the breakdowns detailed in that nomenclature.

Only the breakdowns requested in each statistical report have to be transmitted to the BCL.

### 4.1 Country of the direct counterpart

Assets and Liabilities should be split according to the country of residence or the country of the registered office of the counterpart, i.e. the country where the centre of economic interest of a counterpart is located. A counterpart is supposed to be resident of a given country if it has pursued economic activities in that country for at least one year.

The criterion of territoriality, that is the only relevant criteria for the economic analysis of international financial and monetary statistics, applies to all counterparts of the reporting agent.

### Example

A security issued by the head office of a Japanese bank located in Tokyo has to be reported with the country code «JP» for Japan.

However, a deposit issued by the German branch of a Japanese bank, established in Germany, has to be reported with the country code «DE» for Germany.

The country is identified by a two-character ISO code according to the codification ISO 3166 ([www.iso.org](http://www.iso.org)) or by a two-character code provided by BCL for specific geographical areas. When no breakdown by country is required, the country code «XX» No breakdown must be used.

| <b>Specific country codes</b> |  |
|-------------------------------|--|
| XA                            | European Central Bank (ECB)  |
| XB                            | International institutions, except European institutions, located outside Luxembourg |
| XC                            | International institutions, except European institutions, located in Luxembourg      |
| XD                            | European institutions located in Luxembourg  |
| XE                            | European Investment Bank (EIB)   |
| XG                            | European institutions located outside Luxembourg, except ECB                         |
| XI                            | European Stability Mechanism (ESM)   |
| XX                            | No breakdown   |

It is important to note that the country code «XX» No breakdown can only be used if the instructions specifically request it.

## **4.2 Geographical area of the final beneficiary**

The assets and liabilities should also be split according to the geographical area containing the residence of the parent company that has the final control of the company in question, namely the institutional unit located at the starting point of the ownership chain, which is not controlled by any other institutional unit.

Only the following geographical areas have to be identified :

| Code | Denomination   |
|------|--|
| LU   | Luxembourg   |
| X3   | Member states belonging to the monetary Union except Luxembourg                  |
| X5   | Member states belonging to the European Union, that are not members of Euro Zone |
| X6   | Countries that are not members of the European Union                             |

### 4.3 Currency

Assets and liabilities must be split according to the currency in which they are denominated.

The currency is identified by a three-character ISO code according to the codification ISO 4217 ([www.iso.org](http://www.iso.org)) or by a three-character code provided by BCL for specific currency combinations. When no breakdown by currency is required, the currency code «XXX» No breakdown must be used.

| Specific currency code |              |
|------------------------|--------------|
| XXX                    | No breakdown |

It is important to note that the currency code «XXX» No breakdown can only be used if the instructions specifically request it.

### 4.4 The economic sector

Assets and liabilities must be split according to the economic sector of the counterpart.

The economic sector is identified by a five-character code defined by BCL. The nomenclature is based upon an institutional classification that distinguishes between

financial and non-financial corporations and quasi-corporations, public sector, and physical persons. The nomenclature that follows describes in detail all economic sectors.

#### **4.4.1 Public sector (code: 10000)**

The public sector consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth.

The public sector is split into two sub-sectors:

- central government (code: 11000)
- other general government (code: 12000)
  - state government (code: 12100)
  - local government (code: 12200)
  - social security funds (code: 12300)

##### **4.4.1.1 Central government (code: 11000)**

The central government sector consists of all administrative departments of the state and other central agencies whose competence extends normally over the whole economic territory, except for the administration of social security funds.

##### **4.4.1.2 Other general government (code: 12000)**

This category consists of all general governments sectors except central government.

###### **4.4.1.2.1 State government (code: 12100)**

The state government sector consists of those types of public administration which are separate institutional units exercising some of the functions of government, except for the administration of social security funds, at a level below that of central government and above that of the governmental institutional units existing at local level.

#### **4.4.1.2.2 Local government (code: 12200)**

The local government sector includes those types of public administration whose competence extends to only a local part of the economic territory, apart from local agencies of social security funds.

#### **4.4.1.2.3 Social security funds (code: 12300)**

The social security funds sector includes central, state and local institutional units whose principal activity is to provide social benefits and which fulfill each of the following two criteria:

- by law or by regulation certain groups of the population are obliged to participate in the scheme or to pay contributions;
- general government is responsible for the management of the institution in respect of the settlement or approval of the contributions and benefits independently from its role as supervisory body or employer.

### **Non-financial sector (code: 20000)**

The non-financial sector is composed of two sub-sectors:

- non-financial corporations (code: 21000)
- households and non-profit institutions serving households (code: 22000)
  - households (code: 22100)
    - + households – sole proprietors (code: 22110)
    - + households – physical persons (code: 22120)
  - non-profit institutions serving households (code: 22200)

#### **4.4.1.3 Non-financial corporations (code: 21000)**

The non-financial corporation's sector consists of institutional units which are independent legal entities and market producers, and whose principal activity is the production of goods and non-financial services. The non-financial corporation's sector also includes non-financial quasi-corporations.

This sector consists in particular of:

- private and public corporations which are market producers principally engaged in the production of goods and non-financial services;
- cooperatives and partnerships recognized as independent legal entities which are market producers principally engaged in the production of goods and non-financial services;
- public producers which are recognized as independent legal entities and which are market producers principally engaged in the production of goods and non-financial services;
- non-profit institutions or associations serving non-financial corporations, which are recognized as independent legal entities and which are market producers principally engaged in the production of goods and non-financial services;
- head offices controlling a group of corporations which are market producers, where the preponderant type of activity of the group of corporations as a whole - measured on the basis of value added — is the production of goods and non-financial services;
- special purpose entities whose principal activity is the provision of goods or non-financial services;



- private and public quasi-corporations which are market producers principally engaged in the production of goods and non-financial services.

#### **4.4.1.4 Households and non-profit institutions serving households (code: 22000)**

The households and non-profit institutions serving households sector is split into two sub-sectors:

##### **4.4.1.4.1 Households (code: 22100)**

The household sector covers individuals or groups of individuals as consumers and possibly also as entrepreneurs producing market goods and non-financial and financial services (market producers) provided that, in the latter case, the corresponding activities are not those of separate entities treated as quasi-corporations. It also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use.

The household sector is split into two sub-sectors:

##### **1 Households – Sole proprietors (code: 22110)**

This sub-sector consists of sole proprietors and partnerships without independent legal status (other than those treated as quasi-corporations) which are market producers.

##### **2 Households – Physical persons (code: 22120)**

This sub-sector consists of:

- individuals or groups of individuals whose principal function is consumption,
- individuals or groups of individuals whose principal function is consumption and which produce goods and non-financial services for exclusively own final use ,
- non-profit institutions serving households, which do not have independent legal status.

The sub-sector of physical persons consists notably of:

- employees,
- recipients of property income,
- recipients of other income and pensions.

#### **4.4.1.4.2 Non-profit institutions serving households (code: 22200)**

The non-profit institutions serving households sector consists of non-profit institutions which are separate legal entities, which serve households and which are other private non-market producers.

Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general governments and from property income.

#### **4.4.2 Monetary financial institutions sector (MFI) (code: 30000)**

The monetary financial institutions sector is divided into three main institutional groups:

- central banks (code: 31000)
- deposit taking corporations except the central bank (code: 32000)
  - credit institutions (code: 32100)
  - other deposit taking institutions (code: 32200)
- money market funds (code: 33000)

##### **4.4.2.1 Central banks (code: 31000)**

This sector includes in particular:

- European central bank (ECB) ;
- National central banks (NCB's) ;
- Central monetary agencies of essentially public origin.

##### **4.4.2.2 Deposit taking corporations (code: 32000)**

The deposit taking corporations except the central bank sector includes all financial corporations and quasi-corporations, except those classified in central banks (code: 31000) and in the money market fund (code: 33000) subsectors, which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units, hence not only from MFIs, and, for their own account, to grant loans and/or to make investments in securities.

This sector is composed of two sub-sectors:

#### **4.4.2.2.1 Credit institutions (code: 32100)**

This sector includes in particular:

- commercial banks, universal banks as well as all-purpose banks,
- savings banks,
- rural credit banks, agricultural credit banks,
- cooperative credit banks, credit unions,
- specialized banks (e.g. merchant banks, banks specialized in issuing covered bonds “*banques des lettres de gage*”, private banks).

#### **4.4.2.2.2 Other deposit taking institutions (code: 32200)**

This sector includes in particular:

- post offices such as the CCP in Luxembourg,
- electronic money institutions which are mainly engaged in financial intermediation.

#### **4.4.2.3 Money market funds (MMFs) (code: 33000)**

The money market funds sector consists of all financial corporations and quasi-corporations, except those classified in the central bank and in the deposits institutions subsectors, which are principally engaged in financial intermediation. Their business is to issue investment fund shares or units as close substitutes for deposits from institutional units, and, for their own account, to make investments primarily in money market fund shares/units, short-term debt securities, and/or deposits.

#### **4.4.3 Financial sector (except MFI) (code: 40000)**

The financial sector (except MFI) is divided into the following sub-sectors:

- non-monetary investment funds (code: 41000)
- financial intermediaries (code: 42000)
  - financial companies (code: 42100)
  - central counterparties (code: 42200)
  - other financial intermediaries (code: 42900)
- financial and insurance auxiliaries (code: 43000)
- captive financial institutions and money lenders (code: 44000)
- insurance corporations (code: 45000)

- pension funds (code: 46000)

#### **4.4.3.1 Non-monetary investment funds (code: 41000)**

The non-monetary investment funds sector consists of all collective investment schemes, except those classified in the MMF sector (code: 33000), which are principally engaged in financial intermediation. Their business is to issue investment fund shares or units which are not close substitutes for deposits, and, on their own account, to make investments primarily in financial assets other than short-term financial assets and in non-financial assets (usually real estate).

#### Remark :

It should be noted that for Luxembourg non-monetary investment funds consists of the following types of entities:

- UCI (Undertakings for Collective Investment),
- SIF (Specialised Investment Funds),
- SICAR (Investment Companies in Risk Capital ).

#### **4.4.3.2 Other financial intermediaries (code: 42000)**

The other financial intermediaries sector consists of all financial corporations and quasi-corporations which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits, or investment fund shares, or in relation to insurance, pension and standardized guarantee schemes from institutional units. This sector is split into the following sub-sectors:

##### **4.4.3.2.1 Securitisation vehicles (code: 42100)**

This sector consists of all institutions that are created in order to undertake securitisation transactions.

A securitisation operation consists in transferring assets and/or risks associated to these assets towards a securitisation vehicle created to issue securities secured by these assets.

#### **4.4.3.2.2 Central counterparties (code: 42200)**

This sector consists of the central clearing and compensation counterparts that are reported on the list published by the European Securities and Markets Authority (ESMA).

#### **4.4.3.2.3 Other financial intermediaries (code: 42900)**

This sector consists of all financial intermediaries that are not financial companies or central counterparties.

This sector includes in particular:

- security and derivative dealers (on own account) are financial intermediaries on own account
- financial corporations engaged in lending include for example financial intermediaries engaged in:
  - financial leasing
  - hire purchase and the provision of personal or commercial finance
  - factoring
- specialized financial corporations include for example:
  - venture and development capital companies
  - export/import financing companies
  - financial intermediaries which acquire deposits and/or close substitutes for deposits, or incur loans vis-à-vis monetary financial institutions only; these financial intermediaries cover also central counterparty clearing houses (CCPs) carrying out inter-MFI repurchase agreement transactions

#### **4.4.3.3 Financial auxiliaries (code: 43000)**

The financial auxiliaries' sector consists of all financial corporations and quasi-corporations whose main business is to conduct financial auxiliary activities which are principally engaged in activities closely related to financial intermediation and insurance but which are not financial intermediaries themselves.

This sector includes in particular:

- insurance brokers, salvage and average administrators, insurance and pension consultants, etc.;
- loan brokers, securities brokers, investment advisers, etc.;
- flotation corporations that manage the issue of securities;
- corporations whose principal function is to guarantee, by endorsement, bills and similar instruments;
- corporations which arrange derivative and hedging instruments, such as swaps, options and futures (without issuing them);
- corporations providing the necessary infrastructure for the functioning of financial markets;
- central supervisory authorities of financial intermediaries and financial markets when they are separate institutional units;
- managers of pension funds, mutual funds, etc.;
- corporations providing stock exchange and insurance exchange;
- non-profit institutions recognized as independent legal entities serving financial corporations, but not engaged in financial intermediation;
- payment institutions (facilitating payments between buyer and seller).

#### **4.4.3.4 Captive financial institutions and money lenders (code: 44000)**

The captive financial institutions and money lenders sector consists of all financial corporations and quasi-corporations which are neither engaged in financial intermediation nor in providing financial auxiliary services, and where most of either their assets or their liabilities are not transacted on open markets.

This sector includes in particular:

- units as legal entities such as trusts, estates, agencies accounts or 'brass plate' companies;
- holding companies that hold controlling-levels of equity of a group of subsidiary corporations and whose principal activity is owning the group without providing any other service to the businesses in which the equity is held, that is, they do not administer or manage other units;

- special purpose entities that qualify as institutional units and raise funds in open markets to be used by their parent corporation;
- units which provide financial services exclusively with own funds, or funds provided by a sponsor, to a range of clients and incur the financial risk of the debtor defaulting. Examples are money lenders, corporations engaged in lending to students or for foreign trade from funds received from a sponsor such as a government unit or a non-profit institution, and pawnshops that predominantly engage in lending;
- special purpose government funds, usually called sovereign wealth funds, if classified as financial corporations.

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#### **4.4.3.5 Insurance corporations (code: 45000)**

The insurance corporations sector consists of all financial corporations and quasi-corporations which are principally engaged in financial intermediation as a consequence of the pooling of risks. mainly in the form of direct insurance or reinsurance.

The captive insurance or the reinsurance companies should also be included.

#### **4.4.3.6 Pension funds (code: 46000)**

The pension funds consists of all financial corporations and quasi-corporations which are principally engaged in financial intermediation as the consequence of the pooling of risks and social needs of the insured persons (social insurance). Pension funds as social insurance schemes provide income in retirement, and often benefits for death and disability.

#### Remarks:

- In Luxembourg, these are notably funds established under the form of a pension savings company with variable capital (SEPCAV) and pension savings association (ASSEP) as defined by the law of 8 June 1999.
- Non-autonomous pension funds must not be included in this sector.

#### **4.4.4 Sector «No breakdown» (code: 90000)**

When no breakdown by economic sector is required, the sector code «90000» must be used.

It is important to note that this sector code can only be used if the instructions specifically request it.



#### 4.4.5 Sectors' overview

The following list provides an overview on the various sectors to be used for reporting purpose:

| Code  | Economic sector                                   |
|-------|---|
| 11000 | Central government                                |
| 12100 | State government                                  |
| 12200 | Local government                                  |
| 12300 | Social security funds                             |
| 21000 | Non-financial corporations                        |
| 22110 | Households – Sole proprietors                     |
| 22120 | Households – Physical persons                     |
| 22200 | Non-profit institutions serving households        |
| 31000 | Central banks                                     |
| 32100 | Deposit taking corporations – Credit institutions |
| 32200 | Deposit taking corporations – Other               |
| 33000 | Money market funds                                |
| 41000 | Non-monetary investment funds                     |
| 42100 | Securitisation vehicles                           |
| 42200 | Central counterparties                            |
| 42900 | Other financial intermediaries                    |
| 43000 | Financial auxiliaries                             |
| 44000 | Captive financial institutions and money lenders  |
| 45000 | Insurance corporations                            |
| 46000 | Pension funds                                     |
| 90000 | No breakdown                                      |

## 4.5 Original maturity

Assets and liabilities must be broken down according to their original maturity.

The currency is identified by a eight-character defined by BCL. When no breakdown by original maturity is required, the original maturity code «I999-999» No breakdown must be used.

The original maturity, i.e. maturity at issue, is the fixed period of life of a financial instrument before which it cannot be redeemed, e.g. debt securities, or before which it can be redeemed only with some kind of penalty, e.g. some types of deposits. In practice, it is calculated as the difference between the due date and the issue date.

The original maturity is identified with the following time slots:

| Code     | Original maturity |
|----------|-------------------|
| I000-01A | Up to 1 year      |
| I01A-999 | Above 1 year      |
| I999-999 | No breakdown      |

It is important to note that the original maturity code «I999-999» No breakdown can only be used if the instructions specifically request it.

## 4.6 Specific breakdowns

A particular geographical and sector classification is applicable to supranational institutions.

In particular, it is necessary to distinguish between:

### 4.6.1 European Central Bank (ECB)

The following breakdowns are applicable to the European Central Bank:

|                 |                                |
|-----------------|--------------------------------|
| Country         | XA                             |
| Currency        | To split according to currency |
| Economic sector | 31000 Central banks            |

#### 4.6.2 European Investment Bank (EIB)

The following breakdowns are applicable to the European Investment Bank:

|                 |                                      |
|-----------------|--------------------------------------|
| Country         | XE                                   |
| Currency        | To split according to currency       |
| Economic sector | 42900 Other financial intermediaries |

#### 4.6.3 European Stability Mechanism (ESM)

The following breakdowns are applicable to the European Stability Mechanism:

|                 |                                      |
|-----------------|--------------------------------------|
| Country         | XI                                   |
| Currency        | To split according to currency       |
| Economic sector | 42900 Other financial intermediaries |

#### 4.6.4 Other international institutions

The specific country codes are provided for all of supranational institutions independent of their type of activity.

|                 |                                      |
|-----------------|--------------------------------------|
| Country         | XB, XC, XD, XG                       |
| Currency        | To split according to currency       |
| Economic sector | 42900 Other financial intermediaries |

## **Minimum standards to be applied**

Reporting agents must fulfill the following minimum standards to meet the statistical reporting requirements of the Central bank of Luxembourg (BCL).

1. Minimum standards for transmission
  - 1.1. reporting to the BCL must be timely and within the deadlines set by the BCL and published on its website
  - 1.2. statistical reports must take their form and format from the technical reporting requirements set by the BCL and published on its website
  - 1.3. the contact persons within the reporting agent must be communicated to the BCL
  - 1.4. the technical specifications for data transmission to BCL must be followed
  
2. Minimum standards for accuracy:
  - 2.1. all the constraints published in the technical documentation of the BCL must be fulfilled; these are mainly the structure of the electronic messages and the verification rules applicable for the various statistical reports
  - 2.2. financial companies must be able to provide information on the developments implied by the data supplied
  - 2.3. the statistical information must be complete
  
3. Minimum standards for compliance with concepts:
  - 3.1. the statistical information must comply with the definitions and classifications contained in the instructions
  - 3.2. in the event of deviations from these definitions and classifications, where applicable reporting agents must monitor on a regular basis and quantify the difference between the measure used and the measure contained in this instructions
  - 3.3. financial companies must be able to explain breaks in the data supplied compared with the previous periods' figures.
  
4. Minimum standards for revisions:
  - 4.1. the revisions policy and procedures set by the BCL must be followed. Revisions deviating from regular revisions must be accompanied by explanatory notes.