

Réf.: ST.15-0126

Luxembourg, 16 April 2015

To all credit institutions
To all reporting software providers
To all reporting channels

Concerns: Adaptation of reporting instructions

Madame, Sir,

we wish to provide you with an update of the reporting instructions that should resolve various inconsistencies in the instructions for reports S 1.5, S 1.9 and S 2.5.

We also wish to inform you that we have received requests for clarification concerning report S 1.9 «Information on CNY operations», particularly in relation to the distinction of currency codes CNY and CNH. Indeed, some banks wonder whether it is appropriate to refer only to CNY positions or whether it is also appropriate to include positions in CNH.

In this context, we wish to make the following clarifications.

- The Chinese currency
 - The Chinese currency is officially called the renminbi (RMB). The Yuan is the unit of account. Therefore, the renminbi is the name of the currency traded onshore and offshore. However, there is a separation between the onshore and offshore markets because China operates capital controls that prevent money to flow abroad and vice versa.
 - If the RMB is listed in China, it is called CNY, whereas if the RMB is listed outside China (in fact mainly in Hong Kong) it is traded at the exchange rate USD/CNH for the RMB deliverable in Hong Kong. Thus, while the RMB is a single currency, it is trading at two different exchange rates, depending on where it is traded.

- The statistical reporting
 - Report S 1.9 has indeed been designed to inform on CNY positions in order to identify renminbi operations following the appointment of various clearing banks in some European countries.
 - The breakdowns by currency in the statistical reporting are based on the ISO currency codes; however, according to the ISO 4217 currency code list, there is no CNH currency code. However, the BCL accepted the CNH currency code since the exchange rate of the latter differs (usually slightly) from the CNY exchange rate. However, in the context of the reporting of renminbi business this is a problem since a restriction to CNY would fail to correctly measure the use of the currency.

Thus, although we are willing to continue accepting both currency codes for reports S 2.5-L and S 2.5-N, we modified the verification rules for report S 1.9 in order to group under the code CNY all renminbi operations whether they are denominated in CNY or in CNH.

Sincerely yours,

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Annexes: 3

- Compendium of verification rules for report S 1.5
- Compendium of verification rules for report S 1.9
- Compendium of verification rules for report S 2.5