

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

Statistical reporting of investment funds

Frequently asked questions

February 2023

Contents

1	Introduction.....	4
2	Update of the RIAD database (Register of Institutions and Affiliates Data)	5
3	Mandatory registration for non-regulated alternative investment funds	7
	3.1 First registration to the BCL	7
	3.2 Amendment or cancellation of a registration entry	8
4	Reporting dates	9
	4.1 Compilation of net asset value (NAV) suspended	9
	4.2 NAV not available at the date of the reporting.....	9
	4.3 Different reporting dates for CSSF and BCL reports	10
5	Start and end of reporting obligations	11
	5.1 Start of reporting obligations	11
	5.2 End of the reporting obligation	11
	5.3 Exemption	12
6	Specific cases.....	14
	6.1 Reporting instructions for investment funds with subsidiaries	14
	6.2 Securities managed according to pooling techniques	16
7	Consistency checks between reports provided to the BCL.....	17
8	Concepts used for country and sector breakdowns in the report S 1.3 / S 2.13 as well as the security-by-security reporting	19
9	Securities that have come to maturity and/or been sold	20
10	Securities that have been borrowed and sold short.....	21
11	Repurchase agreements / Securities lending.....	22
12	Debt securities issued.....	24
13	Financial derivatives	25
	13.1 Specific cases.....	26
14	Other assets / other liabilities	27
15	Report S 1.6 «Information on valuation effects on the balance sheet of non monetary investment funds»	28
	15.1 Reporting threshold of 5%	28

	15.2	Compilation of valuation effects	28
16		Security-by-security report	31
	16.1	Types of coupons associated to debt securities	31
	16.2	The «pool factor»	32
	16.3	Perpetual bonds	32
	16.4	Unique character of ISIN codes reported	32
	16.5	Classification for Exchange Traded commodities (ETCs) and Exchange Traded Notes (ETNs)	33
	16.6	Debt securities for which the issuer no longer pays the coupons	33
	16.7	Classification for Preferred Equity Certificates (PECs)	34
17		Sanctions in case of non-compliance with reporting obligations	35

1 Introduction

The objective of the document «Frequently Asked Questions» is to answer the questions concerning the interpretation of reporting instructions asked by investment funds and/or to provide additional clarifications for the instructions whenever these are not precise enough.

The «Frequently Asked Questions» are updated based on requests for clarification made by Investment funds and their publication on the BCL's website should allow to complete the instructions for the statistical reporting of investment funds.

The frequency of updating depends on the questions asked and is done after consultation of the advisory commissions in charge of ensuring a structured and efficient implementation of statistical data collection by the BCL and of establishing a permanent dialogue with the investment funds that are subject to reporting requirements.

On the one hand, the publication will allow investment funds to find answers to questions that have been previously asked by investment funds and on the other hand, it will contribute to improving the consistency of the possible interpretations of the reporting instructions.

This new version clarifies specific questions linked to the reporting changes as from December 2014.

2 Update of the RIAD database (Register of Institutions and Affiliates Data)¹

RIAD is the shared dataset of reference data on legal and other statistical institutional units, the collection of which supports business processes across the Eurosystem and the performance of the tasks of the European System of Central Banks (ESCB) and the Single Supervisory Mechanism (SSM).

1 Question

Who is responsible for the updates of RIAD?

Reply

Each national central bank is responsible for the transmission and the updates of information concerning its resident entities.

2 Question

What is the frequency of updates for the RIAD database concerning the investment funds and management companies?

Reply

The national central banks should record information on investment funds at least on a quarterly basis, within two months after the quarter end. Nonetheless, the BCL updates the information on Luxembourgish investment funds and management companies on a monthly basis.

3 Question

Where can you see the information recorded in RIAD for the investment funds?

Reply

A subset of the information recorded in RIAD is available to the public on the ECB's

¹ Link to the ECB regulation (ECB/2018/16)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018O0016&from=FR>

website². However, please note that the information available concerns only the investment funds falling under the reporting population as defined in the regulation ECB/2013/38 concerning statistics on the assets and liabilities of investment funds as well as the ECB guideline on monetary and financial statistics (ECB/2014/15).

4 Question

What is the frequency of updates for the list of investment funds available on the ECB's website?

Reply

The ECB releases a quarterly update of the list of investment funds (nine weeks after the end of the quarter to which the list refers) and also revised lists for three reference periods preceding the latest release.

5 Question

Where do the referential characteristics recorded in RIAD by the BCL come from?

Reply

The BCL uses several sources to retrieve the referential characteristics of investment funds:

- For regulated investment funds, the BCL retrieves the information from the CSSF.
- For non-regulated alternative investment funds, the BCL retrieves the information from the registration forms submitted to our services.
- The LEI codes of the funds and sub-funds are retrieved from the GLEIF's website (Global Legal Entity Identifier Foundation) when LEI codes are not provided in the registration forms or in the identifying information provided by the CSSF. Please note that the BCL matches information from the GLEIF's website and the BCL's database based on the RCS code and / or the CSSF code wherever possible.

Please also note that the LEI code is unique. Hence, umbrella funds and their sub-funds should have different LEI codes.

² https://www.ecb.europa.eu/stats/financial_corporations/list_of_financial_institutions/html/index.en.html

3 Mandatory registration for non-regulated alternative investment funds

3.1 First registration to the BCL

All non-regulated alternative investment funds falling under the reporting population as defined in the regulation ECB/2013/38 concerning statistics on the assets and liabilities of investment funds as well as the ECB guideline on monetary and financial statistics (ECB/2014/15) should inform the BCL within a week starting from their first day of activities, whether they expect to be subject to or exempt from the obligation to submit the statistical reporting.

1 Question

What information should be provided at the time of the first registration?

Reply

The BCL wants to collect legal information about the investment fund, information about the reporter (i.e. entity which submits the data), and information about the management company.

To this end, a registration form for a new non-regulated alternative investment fund in Excel format is downloadable on the BCL website³.

Following receipt of this duly completed registration form, an identification code will be given to the reporting agent.

2 Question

Should a non-regulated alternative investment fund register even if it is not subject to reporting obligations?

Reply

Yes.

A non-regulated alternative investment fund, even exempt from reporting obligations, should register and provide the required information in order for the list of investment funds to remain exhaustive. Moreover, those non-regulated alternative investment funds that benefit from a derogation must submit their annual balance sheet to the BCL within

³ https://www.bcl.lu/en/Regulatory-reporting/Fonds_Investissement/Instructions/index.html

15 days after the certification of the annual accounts.

3.2 Amendment or cancellation of a registration entry

1 Question

Should a non-regulated alternative investment fund inform the BCL when a change occurs?

Reply

Yes.

A non-regulated alternative investment fund should swiftly notify the BCL in the following cases:

- All kind of amendment of registration information;
- Closure/liquidation date if the non-regulated alternative investment fund is closed or liquidated;
- As soon as the total assets of a non-regulated alternative investment fund vary to such an extent that it could change its situation regarding the reporting obligation.

4 Reporting dates

4.1 Compilation of net asset value (NAV) suspended

1 Question

Do the statistical reporting and the security-by-security reporting have to be provided if the compilation of the net asset value is suspended?

Reply

If the net asset value is not available because the compilation is suspended, BCL compiles the statistics by using the latest available NAV. Thus, investment funds should submit the latest available data until the compilation of the NAV restarts.

However, if the CSSF exempts the investment funds from their reporting obligation as far as concerns the prudential report U 1.1, they are also exempt from their reporting obligations vis-à-vis the BCL as far as concerns the statistical and the security-by-security reporting. In that event, the investment funds must inform the BCL by e-mail and commit to submit the statistical and the security-by-security reporting on their own initiative as soon as the exemption granted by the CSSF expires.

4.2 NAV not available at the date of the reporting

The instructions foresee that investment funds use the latest available NAV for the fulfilment of their reporting obligations.

1 Question

How should the reports be established if the calculation date for the official net asset value is calculated after the final reporting date (i.e.: funds with back-value)?

Reply

The basic instructions, as described in the document «Definitions and concepts for the statistical reporting of investment funds», stipulate that the reports have to be established based on the latest available NAV. Thus, as long as there is no new NAV available, investment funds use the latest NAV that has been calculated for the establishment of

the statistical reports.

Needless to mention that if a report is based on an old net asset value, it must be updated as soon as the new net asset value is calculated.

It should be noted that the reporting scheme foresees 2 fields for the date:

- the last day of the month the data relate to: 30.06.2014
- the calculation date of the NAV used to establish the data: 31.05.2014

4.3 Different reporting dates for CSSF and BCL reports

For the time being, there are different reporting dates for the prudential reports of the CSSF and the statistical reports of the BCL.

1 Question

Do these differences cause problems when checking the consistency?

Reply

Since statistical reports of the BCL may be based on the latest calculation of the net asset value, done for establishing the prudential report U 1.1, the investment funds should not face major problems because statistical reports have to be submitted ten days after the prudential reports.

The investment funds that wish to establish statistical reports when calculating the net asset value for report U 1.1 are free to do so. They may also submit the statistical reports before the 20th working day.

Finally, we wish to remind that the BCL checks the consistency between U 1.1 and SBS reports.

5 Start and end of reporting obligations

5.1 Start of reporting obligations

1 Question

If a regulated investment fund has not yet received its identification codes from the CSSF, does it have to report with a generic identification code?

Reply

No.

The investment fund will start its reporting once it has received its identification codes from the CSSF.

2 Question

When should a non-regulated alternative investment fund start reporting?

Reply

The non-regulated alternative investment fund must start sending its statistical reporting as soon as its balance sheet total exceeds the threshold set by the BCL.

3 Question

If the non-regulated alternative investment fund has not yet received the identification number from the BCL, should it report information with a generic identification number?

Reply

No.

The non-regulated alternative investment fund will only start reporting once it has received its identification number from the BCL.

5.2 End of the reporting obligation

1 Question

If a regulated investment fund or a non-regulated alternative investment fund stops its activities during a given month or on the last day of a given month, does it have to provide

the statistical reporting for that month?

Reply

No.

The reporting obligation stops when the investment funds stops its activities.

Thus, an investment fund that stops its activities during January 2014 or on 31 January 2014 is no longer required to provide statistical reports for January 2014. In the given example the last statistical reporting to provide is the one of December 2013.

5.3 Exemption

1 Question

When are regulated investment funds exempt from the reporting?

Reply

The regulated investment funds are exempt from the transmission of statistical reports (TPT and S1.3, respectively TPT, S2.13 and S1.6) in the following cases:

- When the CSSF no longer requires the U1.1 reports; see FAQ concerning U 1.1 reporting (<http://www.cssf.lu>).
- When the net asset value transmitted in the U1.1 report is nil or negative and no amount is recorded as assets.

2 Question

When are non-regulated alternative investment funds exempt from the reporting?

Reply

Non-regulated alternative investment funds are exempt from the transmission of statistical reports (TPT, S2.13 and S1.6) in the following cases:

- When the total asset is below the exemption threshold.
- When the NAV is zero or negative and no amount is recorded as assets.
- When a non-regulated alternative investment fund submits reports to the BCL and the total assets of the fund fall below the exemption threshold for an extended period,

it is necessary to notify the BCL immediately in order to benefit from the reporting exemption. The exemption will be granted from the month following the quarterly closing showing total assets below the exemption threshold.

6 Specific cases

1 Question

How should the statistical reporting be performed when the NAV is zero or negative and amounts are recorded as assets?

Reply

When the NAV is zero or negative and amounts are recorded as assets, the statistical reporting is mandatory.

For reports S 1.3 / S 2.13, a null NAV must be reported, whether it is negative or zero (item 2-004000). In order to balance the assets and liabilities amounts, an amount representing the difference between the liabilities and the assets must be reported under item 1-099999 "Other assets - Other".

For the TPT report, a null NAV must be reported, whether negative or zero (item 2-004000).

6.1 Reporting instructions for investment funds with subsidiaries

The statistical reporting is based on a solo basis and not on a consolidated basis.

1 Question

How should subsidiaries be reported in the TPTOBS reports (security-by-security reports)?

Reply

All subsidiaries that are directly owned by the investment funds (holding company, operating company...) must be reported on the security-by-security report under the item 1-005000 (Equity).

For securities without ISIN code, please find below an example for the variables requested in the SBS report

- Code type >> 2 for securities without ISIN code, 1 for securities with ISIN code
- Code >> RCS number

- Name >> Name of the entity
- Currency >> Currency
- Country >> Country of residency of the entity
- Sector >> Sector of the entity
- Type of holding >> 01 for securities held and not affected by a temporary transfer
- Security type >> F.519 for other equity and F.512 for unlisted shares
- Number of units >> Number of shares issued
- Reported amount >> Capital and reserves (value of the shares in the case of an investment fund)

Please be aware that the economic sector classification can differ depending on the nature of business:

- Holding company >> 44000 >> Captive financial institutions and money lenders (e.g. holding company)
- Operating company >> 21000 >> Non-financial corporations

For more information concerning the breakdowns of the variables, please consult the documents "Definitions and concepts for the statistical reporting of investment funds from the reference period of December 2014" and "Security by security report of investment funds" available on the BCL's website⁴.

2 Question

How should subsidiaries with negative equity be reported?

Reply

In case of a subsidiary with a negative net equity, the entity will not be reported on the SBS report (TPTOBS report) but in the item 2-099999 "Remaining liabilities – Other" of the S2.13 report as provisions representing liabilities against third parties.

3 Question

Should you report non-financial assets held by subsidiaries?

⁴ https://www.bcl.lu/en/Regulatory-reporting/Fonds_Investissement/Instructions/index.html

Reply

No.

You should only report all non-financial assets owned by the fund in the item 1-006000 (“non-financial assets”). In case those non-financial assets are owned by a subsidiary, they should not be reported in the S2.13 report.

4 Question

How should loans granted by the investment fund to its subsidiaries be reported?

Reply

The loans granted by the investment fund should be reported in the item 1-002000 “Deposit and loan claims” of the S2.13 report. The item should be broken down by country, currency, economic sector and maturity.

Accrued interests not yet due on loans are to be declared under heading 1-090010 “Remaining assets - Accrued interest”. This is the part calculated "pro rata temporis" of interest receivable on loan receivables.

6.2 Securities managed according to pooling techniques

If securities are managed on the basis of pooling techniques, the assets that are part of the pool must be allocated to each of the UCI and/or compartment of UCI according to the percentage of its share in the pool.

7 Consistency checks between reports provided to the BCL

1 Question

Does the BCL run consistency checks between statistical and prudential reports for regulated investment funds?

Reply

Yes.

The net asset value reported on the monthly prudential report U 1.1 (line 3020 - Total net asset value of the reference month) and the security-by-security reporting (line 2-004000) are checked systematically.

From the reporting period August 2019, the BCL has implemented consistency checks between the information transmitted by units in the security-by-security reports and the U1.1 prudential reports. The related verification rules are described in the compendia of verification rules for these reports.

2 Question

Does the BCL run consistency checks between the S 1.3 / S 2.13 report and the security-by-security report?

Reply

Yes.

The BCL systematically checks the consistency of the information provided based on reports S 1.3 / S 2.13 and the security-by-security report. The verification rules for these reports are described in the compendia of verification rules applicable to these reports.

3 Question

Does the BCL run consistency checks between reports S 1.6 and S 2.13?

Reply

No.

There will not be any consistency checks between reports S 1.6 «Information on valuation effects on the balance sheet of investment funds» and S 2.13 «Quarterly

statistical balance sheet of investment funds».

8 Concepts used for country and sector breakdowns in the report S 1.3 / S 2.13 as well as the security-by-security reporting

1 Question

Are the concepts for country and sector breakdowns in the statistical report S 1.3 / S 2.13 identical to those in the security-by-security reporting?

Reply

No.

In the statistical report S 1.3 / S 2.13 the country and the sector of the counterparts must be reported.

For consistency reasons the country and the sector of the counterparts must also be reported in the part concerning the balance sheet line (*reportedLine*) of the security-by-security reporting.

However, as far as the securities without an ISIN code are concerned, the supplementary information requested for country and sector (*issuerId*) always refers to the issuer of the securities.

This distinction must be made for liabilities, namely for short sales of securities as well as for securities issued, for which the detail of the information (country / sector) is not requested in the balance sheet line.

For securities lent and securities transferred to a third party in a repurchase operation, the country and sector correspond to the one of the issuer of the security for the security-by-security reporting. As these operations do not affect the economic holder of the security, i.e. the investment funds, they do not lead to a modification in the reporting of these securities in the balance sheet.

9 Securities that have come to maturity and/or been sold

1 Question

If a security has been sold and/or has come to maturity but there is still some interest receivable, is this interest to be reported in the balance sheet line of the security according to the «dirty price» principle?

Reply

The general principle for the registration of debt security is that the reported amount (including accrued interest) must be equal to the nominal amount (expressed in nominal currency) multiplied by the dirty price and by the exchange rate of the nominal currency in the reporting currency. That condition must be fulfilled so that the BCL can evaluate the monthly transactions correctly.

At maturity date, the nominal amount is nil and the reported amount should be nil too. Therefore the security should not be included in the report S 1.3 / S 2.13 nor in the security by security report.

Likewise, once a security has been sold it must no longer be recorded in the balance sheet of the investment fund and consequently it must not be recorded in the security-by-security report.

Thus, the interest still receivable must not be recorded in the balance sheet line for the securities.

The interest receivable, which should be considered as short-term receivable, must be recorded under the item 1-099999 “Remaining assets / Remaining”.

10 Securities that have been borrowed and sold short

1 Question

What has to be reported when a security has been borrowed and sold short later on?

Reply

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

However, if they are sold short, these securities must be reported under item 2-002050 with the type of holding 05 “Short sales of securities”.

The objective is to make sure that the total amount held by all the security holders is consistent with the amount of securities 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 must be reported since the counterpart that buys it will report it on its balance sheet as a security holding.

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

11 Repurchase agreements / Securities lending

1 Question

What has to be reported when a security is purchased under repurchase agreements (reverse repo)?

Reply

Securities purchased under repurchase agreements (reverse repo) do not need to be reported in the security-by-security report, as the investment fund is not the economic holder of the security.

The sale price (Principal) paid by the investment fund will appear as a claim against the counterparty involved in the transaction (item 1-002000 of the report S 1.3 / S 2.13).

Interest received under a repo contract will be shown as accrued interest not due (item 1-090010 " Remaining assets - Accrued interest " of the report S 1.3 / S 2.13).

2 Question

What has to be reported when a security is transferred under repurchase agreements (repo)?

3 Reply

Securities transferred (item 1-003000 and / or 1-005000) following a repo contract must be reported in the security-by-security report with the type of holding 03 "Securities sold in a repurchase agreement", the investment fund remaining the economic holder of the security. The amount reported represents the market value of the securities transferred associated with the quantity of securities used in the transaction.

In report S 1.3 / S 2.13, the repurchase price of securities excluding the interest will be reported as a debt to the counterparty involved in the transaction (item 2-002040 of report S 1.3 / S 2.13).

Interest received under a repo contract will be shown as accrued interest not due (item 2-090010 "Other liabilities - Accrued interest ").

Securities transferred remain on the balance sheet of the beneficial owner and therefore should not be recorded as a security on the borrower's balance sheet.

The objective is to make sure that the total amount held by all the security holders is

consistent with the amount of securities issued. The securities that have been sold under a repurchase agreement remain on the balance sheet of the economic holder and subsequently must not be reported as securities on the borrower's balance sheet.

12 Debt securities issued

1 Question

Which instruments should be recorded under this item?

Reply

The item debt securities issued contains all the securities other than shares/units issued by the investment funds.

Indeed, the Luxembourg legislation allows investment funds to issue securities other than shares/units such as bonds within given legal limits.

These securities, which are debt instruments, must be reported under the item 2-003000 debt securities issued.

13 Financial derivatives

The financial derivatives must be recorded in the items 1-007000 and 2-011000 "Financial derivatives" of S1.3 / S 2.13 report if and only if they have a market value:

1 Question

What amount should be recorded in items 1-007000 and 2-011000 of S1.3 / S 2.13?

Reply

Only the financial derivatives that have a market value should be recorded in the aforementioned items in the statistical report S 1.3 / S 2.13.

The recording should be made at market value.

In other terms, the notional amounts of the contracts should not be recorded in items 1-007000 and 2-011000 of report S 1.3 / S 2.13.

2 Question

How should margin deposits made and/or received under financial derivative contracts be classified?

Reply

Margin deposits made by investment funds should be classified in item 1-002000 "Deposits and loan claims" and broken down according to the requested criteria.

Margin deposits received by investment funds should be classified in item 2-002020 "Borrowings / Borrowings with agreed maturity" and broken down according to the requested criteria.

3 Question

Should the unrealised gains and/or losses on these financial instruments, which are taken into consideration to compile the net asset value, be recorded in the aforementioned items of the report S 1.3 / S 2.13?

Reply

Yes.

The unrealised gains and/or losses which are taken into account for the compilation of

the net asset value must be recorded in items 1-007000 and 2-011000 of S1.3 / S2.13.

4 Question

Which counterpart sector and country should be recorded for financial derivatives?

Reply

When the counterpart of the financial derivative is known (for instance OTC operation), the counterpart sector and country should be recorded. For instance, a forward foreign exchange transaction with a broker should be recorded with the sector “42900 Other financial intermediaries” and the broker’s country of residency. When the counterpart is a bank, the sector is “32100 Credit institutions”.

When the counterpart of the financial derivative is not known (for instance purchase / sale on an organized market), the market sector and country should be recorded. For instance, a US treasury future holding purchased on Chicago Mercantile Exchange or Chicago Board of Trade should be recorded with the sector “42900 Other financial intermediaries” and the country US.

13.1 Specific cases

1 Question

How should TBA (« *to be announced* ») be reported?

Reply

The unrealised gains and/or losses on TBA contracts must be recorded in items 1-007000 and 2-011000 of S1.3 / S2.13.

2 Question

How should CFD (“contract for differences”) be reported?

Reply

The unrealised gains and/or losses on CFD contracts must be recorded in items 1-007000 and 2-011000 of S1.3 / S2.13.

14 Other assets / other liabilities

1 Question

What are the criteria for determining the counterpart country?

Reply

The expenses of the funds paid to management companies should be recorded with the country code of residency of the management companies.

Payables and receivables linked to securities (for instance purchase, sale, reimbursement at maturity, interest receivable after maturity, dividend) should be recorded with the country code of the issuer.

15 Report S 1.6 «Information on valuation effects on the balance sheet of non monetary investment funds»

15.1 Reporting threshold of 5%

The instructions for report S 1.6 «Information on valuation effects on the balance sheet of investment funds» stipulate that the reporting of information on valuation effects must be done only if the amount reported for an item exceeds 5% in terms of total assets.

1 Question

Is the 5% rule mandatory or could we provide you with all valuation effects, regardless of their percentage of total assets?

Reply

The 5% threshold is a minimum request in the sense that it is mandatory to report information to the BCL if the balance items exceed 5% in terms of total assets.

However, if an investment fund wishes to report information even if the balance sheet items do not exceed 5% in terms of total assets, it is free to report this information to the BCL.

15.2 Compilation of valuation effects

The instructions for report S 1.6 «Information on valuation effects on the balance sheet of investment funds» do not foresee a specific compilation method for valuation effects.

This choice is deliberate in order to give investment funds the possibility to choose the compilation method that suits them best.

1 Question

Is it allowed to use the following compilation formula that Deutsche Bundesbank recommends for German investment funds?

$$\begin{aligned} &\text{Net valuation effect} \\ &= \\ &[(\text{minimum}(\text{position (t)};\text{position (t-1)}))] * [\text{Price (t) * Exchange Rate (t) - Price (t-1) *} \\ &\quad \text{Exchange Rate (t-1)}] \end{aligned}$$

Reply

Yes, since the formula is accepted for German investment funds by Deutsche Bundesbank, investment funds established in Luxembourg may use this formula to calculate the net valuation effects to be reported to the BCL on the statistical report S 1.6 «Information on valuation effects on the balance sheet of investment funds».

However, the BCL prefers the following formula:

$$\begin{aligned}
 &\text{Net valuation effect} \\
 &= \\
 &[(\text{average}(\text{position (t);position (t-1))}] * [\text{Price (t) * Exchange Rate (t) - Price (t-1) *} \\
 &\text{Exchange Rate (t-1)}]
 \end{aligned}$$

It should be noted that when the position (t-1) is zero, there is no valuation effect to be reported in the S 1.6 report.

2 Question

Considering:

- A: acquisition cost t – acquisition cost t-1 = real transactions of the month
- B: market value t – market value t-1 = net valuation effect due to market valuation and exchange rate fluctuation + real transactions

Is it acceptable to compile the net valuation effect based on the following formula:

$$\begin{aligned}
 &\text{Net valuation effect} \\
 &= \\
 &B - A
 \end{aligned}$$

Reply

Yes, since this formula neutralises the real transactions in the difference of the market values in month t and month t-1, it can be used to deduct the net valuations effect.

It should be noted that when the position (t-1) is zero, there is no valuation effect to be reported in the S 1.6 report.

3 Question

For the unrealised gains and/or losses on the financial derivative instruments, which are taken into consideration to compile the net asset value, is it allowed to calculate the valuation effect based on the difference between the unrealised result in the current

report and the unrealised result from the previous report?

Reply

Yes.

16 Security-by-security report

16.1 Types of coupons associated to debt securities

1 Question

What is the type of coupon associated to debt securities?

Reply

The principle of the classification of the type of coupon for a given security is to be established at the first introduction in the reporting. The type of coupon stays identical during the life of the security.

1.1. Type of coupon: fixed

This type of coupon is applied to the debt securities for which the coupon rate is fixed during the life of the bonds.

1.2. Type of coupon: stepped

It includes debt securities for which the coupon rate is changed after an initial period, upwards (*step-up bonds*) or downwards (*step-down bonds*).

1.3. Type of coupon: floating

This type of coupon is restricted to debt securities for which the coupon is based on an interest rate that may vary during the lifetime of the debt securities.

1.4. Type of coupon: zero coupon

PIK bonds (Pay-In-Kind) not paying a coupon are assimilated to zero coupon bonds.

1.5. Type of coupon: index-linked

This type of coupon includes in particular inflation-indexed bonds, bonds linked to a basket of securities, and commodities / indexes (index linked bonds).

1.6. Type of coupon: Other

This type of coupon includes in particular:

- fixed rate coupons becoming floating rate coupons
- coupon rates linked to an exchange rate between currencies

16.2 The «pool factor»

1 Question

Is it mandatory to record the «pool factor»?

Reply

Yes, if the pool factor does not apply to a security, the default value to be recorded is «1».

16.3 Perpetual bonds

1 Question

How should the final maturity date of a perpetual bond be recorded?

Reply

For securities without an ISIN code, the final maturity date to be recorded is 1/1/2999.

For securities with an ISIN code, recording the final maturity date is not requested.

16.4 Unique character of ISIN codes reported

1 Question

Is it possible to report the same ISIN code several times under the same item and for the same type of holding?

Reply

Yes.

Nevertheless, the BCL encourages the reporting agents to report aggregated data using the unique identifier.

The current reporting instructions do not request for a given ISIN code to be unique in the security-by-security reporting. Hence, with regards to the reporting instructions, reporting agents are indeed allowed to report the same ISIN several times.

However, for the calculation of transactions, the BCL needs a unique identifier in order to calculate the difference of quantities between two months of reporting.

For securities quoted in percentages, this unique identifier is the ISIN code reported jointly with the currency of the nominal amount (*nominalCurrency*). For securities quoted in currency, the unique identifier is the ISIN code.

In the event a reporting agent reports several “unique identifiers”, these data will be aggregated when they are loaded in the BCL database. Therefore, the BCL will not be able to see the original report. In the event of questions about these data, the BCL will refer to the aggregated data. The reporter will have to check the detailed data.

16.5 Classification for Exchange Traded commodities (ETCs) and Exchange Traded Notes (ETNs)

ETCs and ETNs have to be classified as debt securities (Type of instrument F.32). Hence, those securities have to be reported under the item 1-003000 of the SBS report. The following sectors are usually reported:

- 42900 for Special Purpose Vehicules (SPVs)
- 32100 for credit institutions

16.6 Debt securities for which the issuer no longer pays the coupons

1 Question

What coupon rate should be recorded for securities other than shares for which the issuer no longer pays the coupons?

Reply

The coupon rate to be recorded remains unchanged and is the one attached to the coupon.

However, reporting agents are requested to modify the frequency of the coupon and to record the code «99» for the frequency «Other».

In addition, the date to be recorded for the last coupon payment is the date where the last actual coupon payment has been made.

16.7 Classification for Preferred Equity Certificates (PECs)

PECs (Preferred Equity Certificates) are generally defined as hybrid instruments that combine features of equity and debt and have the following features:

- Long maturity of 10 years and more;
- The stapling of PECs to equity shares (so that the hybrid instruments must be transferred along with the relevant shares);
- They may be transferred to any person other than affiliate with prior written consent of the issuer company;
- They are subordinated vis-a-vis other debts of the issuing company (while ranking over share capital in priority);
- PECs do not grant voting rights to holders and they do not participate in the company's losses;
- They pay interest (the yield) as income;
- They do not have an ISIN identification or any other common identification code, are not quoted on any market, with no publicly available terms and conditions, and are held by a group company.

Following a review of the methodological and conceptual reasons underlying the statistical classification, all different declinations of PECs (CPEC, IPPEC, YFPECs, ...), not identified by an ISIN code, shall be treated as loans in the statistical reporting.

A grand-fathering clause allows reporters to stick to the current treatment of PECs already issued or detained.

17 Sanctions in case of non-compliance with reporting obligations

1 Question

What are the possible sanctions for non-compliance with the reporting obligations?

Reply

The regulation (EC) no 1073/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (ECB/2013/38) stipulates that the ECB's sanctions regime laid down in Article 7 of Regulation (EC) no 2533/98 will apply to investments funds.

Article 7 Imposition of sanctions

- 1 The ECB has the power to impose the sanctions set out in this article on reporting agents which are subject to reporting requirements and residing in a participating member state and which fail to comply with the obligations resulting from this regulation, or from ECB regulations or decisions defining and imposing the ECB's statistical reporting requirements.
- 2 The obligation to transmit certain statistical information to the ECB or to the national central bank shall be deemed to have been infringed if:
 - a. no statistical information is received by the ECB or national central bank by the established deadline; or
 - b. the statistical information is incorrect, incomplete or in a form not complying with the requirements.
- 3 The obligation to allow the ECB and the national central banks to verify the accuracy and quality of the statistical information submitted to them by reporting agents shall be deemed to have been infringed whenever a reporting agent obstructs this activity. Such obstruction includes, but is not limited to, the removal of documents and prevention of physical access by the ECB or the national central bank necessary for them to carry out their verification task or compulsory collection.
- 4 The ECB may impose sanctions on a reporting agent as follows:
 - a. in the event of an infringement as defined in paragraph 2 (a), a daily penalty payment not exceeding EUR 10 000, with the total fine not exceeding EUR 100 000;

- b. in the event of an infringement as defined in paragraph 2(b), a fine not exceeding EUR 200 000;
 - c. in the event of an infringement as defined in paragraph 3, a fine not exceeding EUR 200 000.
- 5 The sanctions set out in paragraph 4 shall be additional to the obligation for the reporting agent to meet the costs of the verification and compulsory collection procedure as required in Article 6(3).
- 6 In exercising the powers provided for in this article, the ECB shall act in accordance with the principles and procedures as set out in Regulation (EC) no 2532/98.