



**ISLE OF MAN**  
**FINANCIAL SERVICES AUTHORITY**

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## **GUIDANCE NOTE FOR DEPOSIT-TAKERS**

### **'BIS – Stage 2' Guidance**

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### **1. Background**

Under the guidance of the Committee on the Global Financial System (“CGFS”), the Bank for International Settlements (“BIS”) collects and publishes international financial statistics.

Banks in the reporting countries (44 countries at the time of writing) provide financial data to the central bank or monetary authority for their country of residence. The central bank or monetary authority will aggregate the data and submit it on a country basis to BIS. The data is summarised and (subject to confidentiality considerations) published by BIS on their website.

In discharging its functions, the Isle of Man Financial Services Authority is required to have regard to the desirability of cooperating with governments, regulators and others outside the Island. In accordance with this requirement, the Authority collates and despatches statistics to BIS on behalf of the Island’s banks.

Information about BIS’ statistical output can be obtained from their website: [www.bis.org/statistics](http://www.bis.org/statistics).

### **2. History**

The Isle of Man has been reporting international banking statistics to BIS since 2001. Early reporting was based on a small number of counterparty countries and geographic areas, split by instrument and currency, with a sub-set of the data showing positions held with other banks. Some balance sheet data was excluded from reporting, e.g. capital, creditors, accruals.

From 2010, the list of counterparty countries reported by the Isle of Man was expanded to cover the full range of countries, positions held in Sterling for local residents were included, and banks were requested to provide figures for related offices (as a sub-set of the positions for banks).

Following a request from the CGFS for enhanced reporting, an enlarged data set was provided to BIS from 30 June 2012. The new data set, known as BIS Stage 1, included a counterparty country breakdown for related offices, and an 'unallocated by sector' dimension. For the first time, the full balance sheet was included.

A further expansion of the data set, BIS Stage 2, commenced on 31 December 2013. The data set increased to include an expanded counterparty sector breakdown.

### **3. Overview**

The data is collected from banks on a quarterly basis showing positions held on the last day of the quarter. The aggregate data is required by BIS within 12 weeks of the end of each quarter.

The figures requested comprise the reporting banks' total balance sheet positions, broken down by the type of instrument, currency, geographical location of counterparty and sector. Data is required as at the last day of March, June, September and December. Banks are requested to submit their BIS returns to the Authority within 2 months of the end of each quarter to enable the data to be processed and submitted within the 12 weeks required by BIS.

An Excel spreadsheet template has been issued for collection of the data, which should be uploaded via the online reporting system. Due to the volume of data to be processed, the files cannot be accepted via email.

The spreadsheet mirrors certain segments of the submissions that the Authority makes to BIS. Two submissions are made, based on the country of residence of counterparty (LBSR) and the nationality of the reporting banks (LBSN).

### **4. BIS – Stage 2 Template**

The Excel template spreadsheet has 7 pages. Banks are asked to input data in: LBSR2, LBSR3, LBSR4, LBSR6, LBSR8, and the AREC sheet. The AREC sheet is used to reconcile the return to the prudential return SR-1A. The Codes sheet provides a summary of the breakdown codes used.

AREC	Reconciliation Sheet
Codes	
LBSR2	Claims, loans
LBSR3	Claims, holdings of debt securities
LBSR4	Claims, other
LBSR6	Liabilities, deposits
LBSR8	Liabilities, other

## 5. LBSR sheets

The data requested comprises banks' on-balance sheet assets and liabilities vis-à-vis resident and non-resident counterparties in foreign and domestic currency.

All on-balance sheet figures should be included in the LBSR sheets, making use of the 'Unallocated by sector' columns and / or the 'Unallocated by country' line where necessary.

### 5.1. Currency

Input all figures in sterling thousands with no decimals<sup>1</sup>.

Please do not enter negative figures in any of the BIS returns. All of the returns are subject to aggregation, so one bank's negative entry will net off against another bank's valid positive figure. If there is a 'negative' asset or liability in the bank's balance sheet, please contact the Authority to determine an alternative way to report the data.

Holding currencies are categorised as Domestic currency (GBP), USD, EUR, JPY, CHF and 'Residual foreign currencies'.

### 5.2. Counterparty country

The country of residency should be reported by counterparty of record. If a position is held in respect of a country that is not listed, include it in the residual line for the appropriate section where this is known. If the country is not known, enter the position against the 'Unallocated' country line.

Data relating to Isle of Man counterparties is input on each sheet into row 17 ('Residents').

### 5.3. Instrument breakdown

Input asset data into sheets LBSR2, LBSR3, LBSR4 and liability data into sheets LBSR6, and LBS8, as defined in the table above. Further guidance regarding the definitions is available on the BIS website; see the PDF guide: <http://www.bis.org/statistics/locbankstatguide.htm>

#### 5.3.1. Reporting of capital and retained earnings

Equity and retained earnings (positive amount) should be reported in LBSR8 (Other liabilities) and allocated against the country and counterparty sector of the controlling parent institution. Negative retained earnings (where they cannot be netted off against equity) should be treated as other claims (LBSR4) vis-à-vis the country and counterparty

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<sup>1</sup> Data is submitted to BIS in millions of US dollars, with figures reported to 3 decimal places. The conversion from sterling thousands is undertaken on a consolidated basis by the Authority.

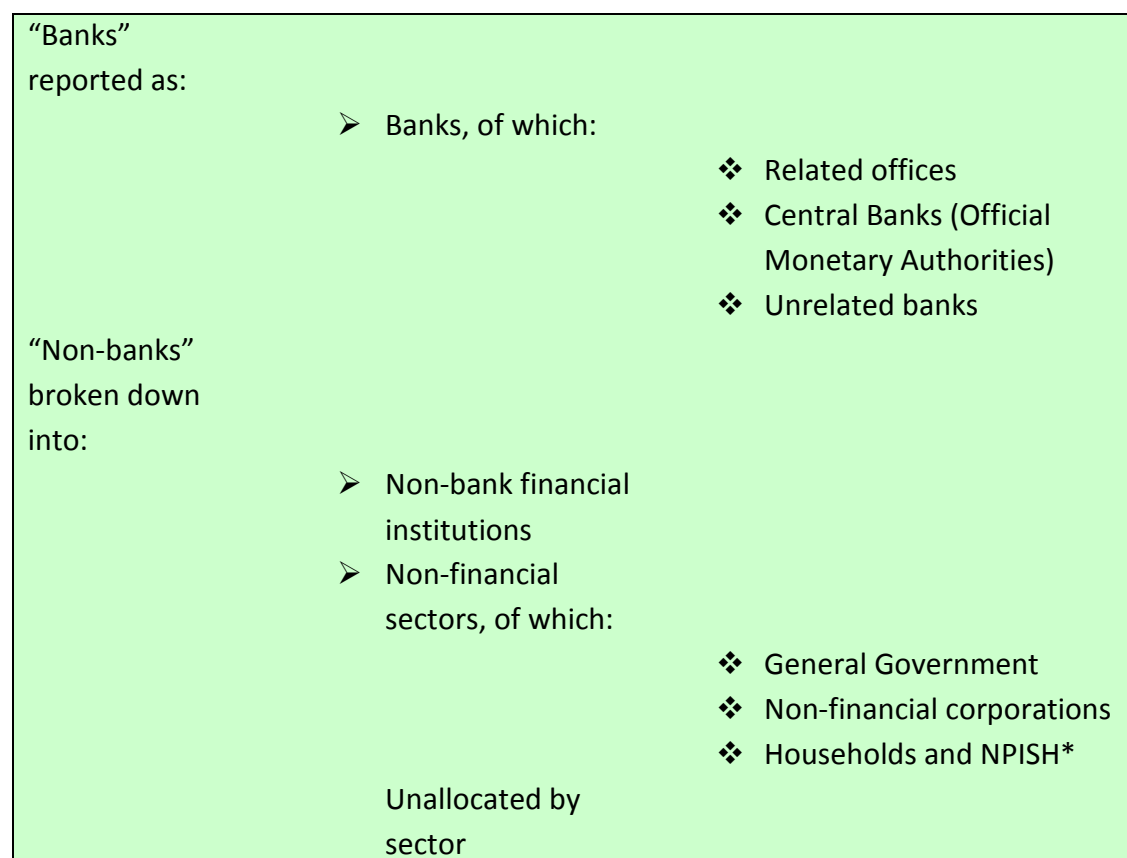
sector of the controlling parent institution. In this case, it is noted that the AREC will not reconcile to the prudential reporting. It would be appreciated if a covering email could be provided to summarize any reconciliation differences.

### 5.3.2. Reporting of notes and coins

These should be recorded as loans and deposits (LBSR2 and LBSR6).

### 5.4. Sector breakdown

The data is broken down by counterparty sector as follows:



(\* Non-Profit Institutions Serving Households)

Definitions for the above categories are provided in the Glossary, see below.

The ‘Unallocated by sector’ columns should only be used where the nature of the counterparty is unknown, e.g. provisions, sundry debtors, sundry creditors, etc. Fixed assets should be reported as Unallocated by sector, against the country of location.

The sector split should reflect this formula: ‘All’ = ‘Banks’ + ‘Non-bank financial institutions’ + ‘Non-financial sectors’ + ‘Unallocated’. For BIS purposes, the definition of banks includes building societies. The figure for all banks should include positions held with unrelated banks. (Please note that there is no facility to separately report the underlying figure for unrelated banks.)

There is no central bank located in the Isle of Man, so there should not be any data entered in these columns against the 'Residents' line. (Central banks include the Bank of England, the European Central Bank, and the Bank for International Settlements.)

## **6. Preset formulae**

Each LBSR sheet contains formulae for the calculation of subtotals and totals. Currency figures are added up across each sector's columns to give a total for all currencies. The sectors are added up across each line to provide a total for all sectors. There are no formulae included to calculate the sub-total for the aggregate of the non-financial sectors. These figures must be input.

Vis-à-vis countries are grouped in sections. Each section relates to a particular demographic specified by BIS. To simplify the presentation, formulae calculating the section sub-totals have been deliberately omitted. Isle of Man residents' holdings are input in line 17, and a final total obtained in line 15.

## **7. AREC sheet**

The AREC sheet is used to reconcile the output of the LBSR sheets with the quarterly prudential return SR-1A. There is no facility to input reconciling items, as all on-balance sheet data should be included in the LBSR sheets.

Enter the relevant data in the blank cells. Formulae within the sheet will generate the reconciliation and identify if there is a difference. Any differences in the reconciliation to SR-1A should be resolved prior to making the submission.

## **8. Uploading the spreadsheet**

The BIS - Stage 2 template should be uploaded onto the Authority's website, which enables data to be transferred via a secure link: <https://www.fscreturns.co.im>. Due to the large number of processes that are included within the template, the upload may take several minutes – do not close the session until the upload has completed. The submission should be checked and approved by an Authorised Signatory prior to release to the Authority. If there is a slow response time by the online reporting system, it is recommended that the Signatory's detailed check prior to release is undertaken on the data in the Excel template, followed by a cursory review of the online submission to ensure that data is present and that the totals match the figures uploaded from Excel.

If amendments are required, please do this by amending the Excel spreadsheet and re-loading it. Any amendments that are made to the return on the system once it has been uploaded will not be picked up by the formulae or validated.

## **9. Confidentiality**

Data is submitted to BIS at 3 levels of confidentiality. A small amount is marked 'Public' and BIS is authorised to publish this data. Public data includes aggregate totals for assets / liabilities split by resident / non-resident, by Sterling and the Foreign Currencies breakdown, by instrument, and by sector at a high level: bank, intragroup, non-bank financial, and non-financial.

'Restricted data' can be viewed by other reporting institutions, but is not available to the public.

'Confidential data' can only be viewed by BIS.

In submitting LBSR to BIS, data is provided in 4 aggregated groups: banks on the Isle of Man that are subsidiary entities; those that are branches; domestic banks; and the total of all banks combined.

The other set of data that is submitted to BIS is aggregated by the nationality of the parent bank (LBSN). The breakdown of counterparty sectors generates highly granular sensitive data and, where banks do not share a parent country, it would be possible to identify an individual bank's positions. In such cases, the data is marked 'Confidential' and can only be viewed by BIS.

BIS also generates economic data from the combined submissions of the reporting countries, and these may be made public.

## **10. Further information**

If you have any queries regarding the BIS returns that are not covered here, please don't hesitate to contact the following:

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## GLOSSARY

Central Banks / Official Monetary Authorities.	Central banks or similar national and international bodies, such as BIS, the Bank of England, the European Central Bank.
Deposits	<p>All claims on the reporting bank that reflect evidence of deposit, and borrowing (loans) from others. This includes borrowing from the bank's own affiliates, head office or controlling parent institution, and working capital received from the head office or controlling parent institution.</p> <p>Also included: repurchase transactions (repos), financial leases, promissory notes, non-negotiable debt securities (e.g. non-negotiable CDs), endorsement liabilities arising from bills discounted abroad and subordinated loans (including subordinated non-negotiable debt securities) and reporting banks' holdings of notes and coins that are in circulation.</p>
General Government	Includes the central government, local government and security funds. Public corporations are not part of the general government sector.
Households	Individuals, families, unincorporated enterprises owned by households, and non-profit institutions serving households (NPISHs) such as charities, religious institutions, trade unions and consumer associations.
LBSN	Submission to BIS based on the nationality of reporting bank (formerly IBLN and LBPN).
LBSR	Submission to BIS based on the country of residence of counterparty (formerly IBLR).
Loans	All loans granted, working capital provided to branches / subsidiaries, and deposits with other banks, including those with own affiliates (inter-office positions).
Non-bank financial institutions	Private or public financial institutions, other than banks, engaged primarily in the provision of financial services and activities auxiliary to financial intermediation such as fund management. Includes special purpose vehicles, hedge funds, securities brokers, money market funds, pension funds, insurance companies, financial leasing corporations, central clearing counterparties, unit trusts, other financial auxiliaries and other captive financial institutions. It also



	<p>includes any public financial institutions such as development banks and export credit agencies.</p> <p>Trust companies and Personal Investment Companies (“PICs”) are included in this sector.</p>
Non-banks	All entities other than those defined as banks. The general government sector and public corporations are part of the non-bank sector.
Non-financial corporations	Privately and publicly owned corporations as well as unincorporated enterprises that function as if they were corporations, such as partnerships and branches of foreign corporations.
Personal Investment Company (“PIC”)	<p>Uses the definition in the EU’s LCR Delegated Act (which can be found at the following link:  <a href="http://ec.europa.eu/internal_market/bank/docs/regcapital/acts/delegated/141010_delegated-act-liquidity-coverage_en.pdf">http://ec.europa.eu/internal_market/bank/docs/regcapital/acts/delegated/141010_delegated-act-liquidity-coverage_en.pdf</a>)</p> <p>An undertaking or a trust whose owner or beneficial owner, respectively, is a natural person or a group of closely related natural persons, which was set up with the sole purpose of managing the wealth of the owners and which does not carry out any other commercial, industrial or professional activity. The purpose of the PIC may include other ancillary activities such as segregating the owners’ assets from corporate assets, facilitating the transmission of assets within a family or preventing a split of the assets after the death of a member of the family, provided these are connected to the main purpose of managing the owners’ wealth.</p>
Related offices	Different offices of the same bank, including head offices, branch offices, banks owned by the same parent, and subsidiaries where these are banks. (Non-banks are excluded.)