

**Fourteenth Meeting of the
IMF Committee on Balance of Payments Statistics
Tokyo, Japan, October 24-26, 2001**

Working Group on Repurchase Agreements and Securities Lending

**Prepared by the Statistics Department
International Monetary Fund**

Working Group on Repurchase Agreements and Securities Lending

Background

At its 2000 meeting, the IMF Committee on Balance of Payments Statistics (the Committee) agreed that a working group (the Working Group) on repurchase agreements (repos)¹ and securities lending² be set up to pursue some of the issues raised by the Task Force on the 2001 Coordinated Portfolio Investment Survey (2001 CPIS). Among the concerns of the Committee was the potential that these transactions have for either multiple-counting or conversely, undercounting. The Committee felt that the importance of repos and securities lending extended beyond the 2001 CPIS. In view of the importance of repos and securities lending for domestic financial market activity, it was felt that the Working Group's remit should include statisticians for monetary statistics and for financial accounts (of the national accounts) as well as those for balance of payments and the international investment position (IIP).

Terms of Reference

The terms of reference for the Working Group that were drawn up by the Fund and approved by the Working Group participants:

- *To determine the recording practices (for transactions and positions) for repurchase agreements and securities lending by the principals, custodians, intermediaries, and fund managers, depending on the data sources and the information sought — position or transactions — and whether these transactions/positions can always be identified*
- *To determine what are the recording practices for a reverse repurchase agreement/security borrowing (for the principal, the custodian, the intermediary, or the fund manager) when a repurchase agreement then is undertaken with the same instrument*
- *To identify whether market players can identify instrument and counterparty for repurchase agreements, reverse repurchase agreements, securities lending and security borrowing*

¹ Reverse transactions involving the sale of a security and a commitment to repurchase it where the transaction involves the payment of cash.

² Reverse transactions involving the transfer of ownership of a security and a commitment to repurchase it where the transaction does not involve the payment of cash.

- *To determine, in particular, to what extent “short” recording is the practice when a reverse repo is followed by an outright sale*
- *To identify what might be involved for custodians and/or end-investors and/or fund managers to make easier the identification if repos/securities lending from both sides (seller/lender and buyer/borrower)*

And as a second step in the work of the Working Group

- *To establish the size of repurchase agreement/securities lending activities (for positions outstanding, and possibly for transactions)*
- *To determine whether the market is growing, and, if so, at what rate*

It was agreed that the Working Group should have statisticians from monetary statistics and the financial accounts of the national accounts as well as from the balance of payments/international investment positions, given their importance for all these areas of statistics.

Participants in the Work of the Working Group

Agreeing to participate in the Working Group were compilers from:

Australia, Belgium, China, Hong Kong SAR, Japan, Portugal, Spain, Switzerland, South Africa, United Kingdom, United States. While these participants were mainly from balance of payments and the IIP compilers, there were several from monetary statistics and from financial accounts of the national accounts.

Also agreeing to participate were representatives from the Bank for International Settlements and the European Central Bank (ECB). The ECB has set up a Task Force on Portfolio Investment Collection Systems: Follow-Up Group on Repo-Type Transactions/Positions. The work of the Working Group appears to dovetail well with that of this Task Force. The Fund will also participate and act as the secretariat.

Approach Taken by the Working Group

The Working Group recognized that in order to address its terms of reference, it needed to undertake a fact-finding exercise. It decided that the best way forward was to design four questionnaires (see Attachments I through IV), with each questionnaire targeted at a different group of respondents: principals, custodians, intermediaries (such as brokers) and fund managers. Not all four questionnaires may be applicable to every participating country; it depends on the sources of information that each country uses. In some instances, as the

respondents may be acting in more than one capacity, it may be appropriate to tailor them, accordingly.

The questionnaires are designed to elicit the information required under the first step of the terms of reference of the Working Group. If, as expected, the recording practices are found to differ within, as well as across, countries, or that the potential for misrecording of repos, reverse repos, securities lending or borrowing is found to be significant, the second step of the work of the Working Group will be to review means through which potential miscounting might be addressed. It is too early to indicate how that might be achieved.

Further Modifications to the Questionnaires and Likely Application by Countries

The questionnaires are subject to further modifications as the Working Group is still reviewing them. The Working Group recognizes that the questionnaires appear somewhat daunting and it is hoped that they can be reduced to avoid respondent resistance. As most of the questions involve a “yes” or “no” response, it is hoped that respondent resistance can be kept to a minimum.

The preliminary findings of the ECB’s Task Force on Portfolio Investment Collection Systems: Follow-Up Group on Repo-Type Transactions/Positions are revealing. Several countries have undertaken to find out more about the repo and securities lending markets in their economies and the results support the need for a thorough-going approach to the problem.

Once the Working Group has agreed on the final version of the questionnaires, it will review the methods to collect the information. As each country’s practices for collecting data differ, it is probable that countries will use different approaches to collecting the information — there seems no *a priori* reason for a common means to collect the information. It is hoped that the Working Group will be able to report the results of the survey to the Committee at its 2002 meeting.

Questions for the Committee:

Does the Committee agree with the terms of reference of the Working Group?

Does the Committee agree that the questionnaires are the appropriate first step for the Working Group?

Does the Committee wish to comment on the questionnaires?

Does the Committee agree with the direction the Working Group is taking?

Draft set of questions to ask financial institutions, as principals, regarding their recording practices for repurchase agreements and securities lending

Addressee Name of contact person
 Name of institution
 Address of institution

Purpose of questionnaire: This questionnaire has been sent to you to obtain information on recording practices at your institution on repurchase agreements and securities lending/borrowing (see below for definitions) as a principal (i.e., not in any capacity you may have as custodian or agent for others). Because of their complexity, these transactions defy ready treatment for statistical purposes, and are believed to be a major cause of inconsistent reporting for statistical purposes. The problems of classification are recognized by the International Accounting Standards Committee (see *Financial Instruments: Recognition and Measurement*, IAS 39, paragraphs 35 – 38, and 44 - 45) and the Financial Accounting Standards Board (See *Financial Accounting Series, Statement of Financial Accounting Standards*, 125, paragraphs 135, 143, 164 and 172).

The information requested on this form is obtained for statistical purposes only and is collected under [name authority to collect statistics in your country: ***delete if information is to be obtained on a voluntary basis***]. The information that you provide cannot be divulged to third parties, and will only be used as part of this information gathering exercise. The exercise is part of an international effort, under the aegis of the International Monetary Fund, to improve understanding about these transactions.

For the most part, the questionnaire has “yes” or “no” answers.

Definitions:

For the purposes of this questionnaire, a ***Repurchase Agreement (repo)*** may be defined as an arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price on a specified future date (often with a very short maturity, e.g., overnight, but increasingly for longer maturities, sometimes up to several weeks) or be of an “open” maturity (where the parties agree to renew or terminate the repo daily³)^{4,5,6}. Initial and

³ Such an arrangement avoids settlement costs if both parties wish to rollover the repo on a continuous basis.

⁴ If the seller acquires an **option** rather than an obligation to buy back the security, the arrangement is sometimes called a *spurious repurchase agreement*. Such a transaction is not considered to be a repo and should be recorded as a transaction in a security with an option (a financial derivative) attached to it.

⁵ Transactions known as sale/buy backs, carries, stock or bond lending against cash, securities lending with cash collateral, all have essentially the same characteristics as repo, though there are minor legal or technical differences. Provided they involve a cash leg, they are all included in this paper under the term “repo”.

variation margin payments may also be made (see further below). A repo viewed from the point of view of the cash provider is called a *reverse repo*. The provision of the funds earns the cash provider interest which is related to the current interbank rate (determined at the outset of the transaction) and not the rate of interest earned on the security “repoed”. Full, unfettered ownership passes to the “cash provider” but the market risk — the benefits (and risks) of ownership⁷ (such as the right to holding gains (and losses) and receipt of the property/investment income attached to the security) are retained by the cash taker as if no change of ownership had occurred, in the same manner as when collateral is usually provided. “Full, unfettered ownership” means that the cash provider acquires ownership of the security and may sell it.

For the purposes of this questionnaire, **Securities lending** is defined as a similar transaction to a repurchase agreement except that no cash is involved. *Securities lending* refers to an arrangement under which a holder transfers securities to a “borrower”, with an agreement to return the securities on a fixed date or on demand. Full, unfettered ownership is transferred to the “borrower” but the economic risks and benefits of ownership remain with the original owners⁸. If there is no commitment to return the security to the original owner and the original owner does not retain the rights of ownership, the exchange of securities is not *securities lending*. The “borrower” of the securities will usually provide collateral, either in the form of cash or of other securities of equal value to the securities “lent”, or, more frequently, of greater value, thereby providing initial margin⁹. Substitution of the collateral provided by the security “borrower” is usually permitted, provided that the securities substituted meet the same criteria as the original collateral. Usually a fee is paid by the “borrower” to the “lender”. Frequently, securities lending is undertaken by custodians on behalf of their customers.

For **sectors**, the definitions are the same as those used for the provision of statistics for balance of payments or monetary and financial statistics that are reported by your institution to this agency. Please see [name of forms]. [*Alternatively, the wording used in these forms could be inserted here.*]

Contact person: If you have any questions regarding this form, please contact [xxxxxxx] at {email address and phone and fax numbers}. After completing the form, please sign it at the end of the form, complete the rest of the information on the officer responsible, and return the form to [name of contact] at:

[Postal address]

⁶ The term “repurchase agreement” is derived from the perspective of the provider of the security as it is that party which is obligated to repurchase it.

⁷ Except the right to sell

⁸ Except for the right to sell the security.

⁹ In some instances, no collateral is provided.

1. Please indicate the total value of your institution's total assets (to the nearest million [currency of respondent's country] or millions of US dollars).

Questions 2 through 22 concern **Repurchase Agreements** (and transactions of a similar nature involving a sale and a commitment to repurchase (such as sell/buy backs, carries) which involve a **cash** transaction).

*[The questions 23 through 54 concern **Securities Lending/Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)].*

2. Does your institution undertake repos or reverse repos? Yes No

If you answered "no" to Question 2, please go to Question 23.

If you answered "yes" to Question 2, please go to Question 3.

3. Does your institution record a repo

(i) as a collateralized loan payable only (thereby retaining the security on your balance sheet)?	Yes	No
(ii) as a transaction in the security only (thereby removing the security from your balance sheet)?	Yes	No
(iii) as both a transaction in a security and as a collateralized loan payable (as recommended in IAS 39 and FASB 125, under the circumstances described therein)?	Yes	No
(iv) in another way?	Yes	No

If you answered "in another way", please specify.

4. Does your institution record a reverse repo

(i) as a collateralized loan receivable only (thereby removing the security from your balance sheet)?	Yes	No
(ii) as a transaction in the security only (thereby taking the security on your balance sheet)?	Yes	No
(iii) as both a transaction in a security and as a collateralized loan receivable (as recommended in IAS 39 and FASB 125, under the circumstances described therein)?	Yes	No
(iv) in another way?	Yes	No

If you answered "in another way", please specify

5. Does your institution undertake repos, using the same security that was acquired under a reverse repo? Yes No

If you answered “no” to Question 5, please go to Question 7

If you answered “yes” to Question 5, please go to Question 6.

6. Does your institution record a repo if the same security acquired under a reverse repo is used: as the reverse of the way a repo is recorded (as shown in your answer to Question 3)? Yes No

If you answered “yes” to Question 6, please go to Question 8.

7. If you answered “no” to Question 6, does your institution record a reverse repo as
(i) as a collateralized loan payable only? Yes No
(ii) as a transaction in the security only (thereby removing the security from your balance sheet)? Yes No
(iii) as both a transaction in a security and as a collateralized loan (as recommended in IAS 39 and FASB 125, under the circumstances described therein)? Yes No
(iv) in another way? Yes No
If you answered “in another way”, please specify

8. Does your institution undertake outright sales of securities acquired under a reverse repo? Yes No

If you answered “no” to Question 8, please go to Question 12.

9. If you answered “yes” to Question 8, does your institution record on your balance sheet
(i) a “short” (negative asset) in the security sold? Yes No
(ii) in another way? Yes No
If you answered “in another way”, please specify

10. Do you provide variation margin when undertaking a repo? Yes No Sometimes
- If you answered “no” to Question 10, please go to Question 12.
11. If you answered “yes” or “sometimes” to Question 10, do you record the margin payments off-balance sheet? Yes No
If not, please briefly specify your recording practice.
12. Do you take variation margin when undertaking a reverse repo? Yes No Sometimes
- If you answered “no” to Question 12, please go to Question 14.
13. If you answered “yes” or “sometimes” to Question 12, do you record the margin payments off-balance sheet? Yes No
If not, please briefly specify your recording practice.
14. If you answered “yes” or “sometimes” to Question 13, are you able to on-sell at your own discretion the securities so acquired, or are you subject to a (default) trigger before you can on-sell the securities?
- (i) Own discretion? Yes No Sometimes
- (ii) Trigger? Yes No Sometimes
15. Can your information system readily identify:
- (i) the sector (or country of residence) of counterparty to the repo/reverse repo? Yes No
- (ii) the sector (or country of residence) of the issuer of the security? Yes No
16. If you answered “no” to either part of Question 15, what would be involved in obtaining these data? Please briefly describe what would be involved.

17. Are repos and reverse repos with nonresidents treated differently from repos and reverse repos with residents? Yes No N/A

If you answered “no” to Question 17, please go to Question 19.

18. If you answered “yes” to Question 17, please briefly specify how they are treated differently.

19. Are repos/reverse repos involving securities issued by nonresidents treated differently from repos/reverse repos involving securities issued by residents? Yes No N/A

If you answered “no” to Question 19, please go to Question 21.

20. If you answered “yes” to Question 19, please briefly specify how repos/reverse repos involving securities issued by nonresidents treated differently from repos/reverse repos involving securities issued by residents.

21. If available, please give an estimate of the value of repos/reverse repos that you undertook during June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).

Repos

With residents

With nonresidents

Reverse repos

With residents

With nonresidents

22. If available, please give an estimate of the value of repos/reverse repos that you have undertaken that were still outstanding at the end of June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).

Repos

With residents
With nonresidents
Reverse repos
With residents
With nonresidents

Questions 23 through 54 concern **Securities Lending** and **Securities Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)

23. Does your institution undertake **securities lending**:
- | | | |
|----------------------------------|-----|----|
| (i) directly with third parties? | Yes | No |
| (ii) through custodians? | Yes | No |

If you answered “no” to both parts of Question 23, please go to Question 35.

If you answered “yes” to the first part of Question 23, please go to Question 24.

If you answered “no” to the first part of Question 23 but answered “yes” to the second part of Question 23, please go to Question 29.

24. If your institution undertakes securities lending **directly with third parties**, do you remove the security from your balance sheet? Yes No

If you answered “no” to Question 24, please go to Question 26.

25. If you answered “yes” to Question 24, do you record the transaction as
- | | | |
|---|-----|----|
| (i) an account receivable, equal in value to the security “lent”? | Yes | No |
| (ii) another account? | Yes | No |
- If you answered “another account”, please specify.

26. If you answered “no” to Question 25, do you record securities lending off-balance sheet? Yes No

27. If you answered “yes” to Question 26, does your information system readily indicate:
- | | | |
|---|-----|----|
| (i) the sector (or country of residence) of the counter-party to which the security has been “lent” | Yes | No |
| (ii) the sector (or country or residence) of the issuer of the security? | Yes | No |

If you answered “yes” to both parts of Question 27, please go to Question 29.

28. If you answered “no” to either part of Question 27, please describe briefly what would be involved in making this information available.

29. If your institution undertakes **securities lending** through **custodians**, are you advised:
- | | | |
|--|-----|----|
| (i) at the time your securities are “lent”? | Yes | No |
| (ii) on a regular reporting date (e.g., weekly, monthly, quarterly)? | Yes | No |
| (iii) on request? | Yes | No |
| (iv) not at all? | Yes | No |

If you answered “no” to all the parts of Question 29, please go to Question 49.

30. If your institution undertakes securities lending through custodians, do you remove the securities from your balance sheet?
- | | | |
|--|-----|----|
| | Yes | No |
|--|-----|----|

If you answered “no” to Question 30, please go to Question 33.

31. If you answered “yes” to Question 30, do you record securities lending through custodians as
- | | | |
|---|-----|----|
| (i) an account receivable, equal in value to the security “lent”? | Yes | No |
| (ii) another account? | Yes | No |
- If you answered “another account”, please specify.

32. If you answered “no” to Question 30, do you record off-balance sheet securities lending through custodians?
- | | | |
|--|-----|----|
| | Yes | No |
|--|-----|----|

- 33 If you answered “yes” to Question 32, does your information system readily indicate
- | | | |
|--|-----|----|
| (i) the sector (or country of residence) of the counter-party to which the security has been “lent” through custodians | Yes | No |
| (ii) the sector (or country or residence) of the issuer of the security? | Yes | No |

34. If you answered “no” to either part of Question 33, please describe briefly what would be involved in making this information available.

35. Does your institution undertake **securities borrowing**? Yes No

If you answered “no” to Question 35, please go to Question 49.

36. Does your institution record securities that have been acquired under securities borrowing:
- | | | |
|---|-----|----|
| (i) as the acquisition of a security and recorded on balance sheet? | Yes | No |
| (ii) as an off-balance sheet transactions? | Yes | No |
| (iii) in another way? | Yes | No |

37. If you answered “yes” to Question 36 (i), do you also record the transaction as
- | | | |
|--|-----|----|
| (i) an account payable, equal in value to the security “borrowed”? | Yes | No |
| (ii) another account? | Yes | No |
- If you answered “another account”, please specify.

38. If you answered “in another way” to Question 36 (iii), please specify briefly.

39. Does your information system readily indicate
- | | | |
|--|-----|----|
| (i) the sector (or country of residence) of the counter-party from which the security has been “borrowed”? | Yes | No |
| (ii) the sector (or country or residence) of the issuer of the security? | Yes | No |

If you answered “yes” to Question 39, please go to Question 41.

40. If you answered “no” to Question 39, please describe briefly what would be involved in making the information available.

41. If your institution on-sells a security that has been acquired through security borrowing, do you record a “short” (negative asset) on your balance sheet in the security that has been on-sold? Yes No N/A

If you answered “yes” to Question 41, please go to Question 42.

42. If you answered “no” to Question 40, please describe briefly how you record the position on your balance sheet.

43. Do you receive securities as collateral in return for securities you have lent? Yes No Sometimes

If you answered “no” to Question 43, please go to Question 45.

44. If you answered “yes” or “sometimes” to Question 43, are you able to on-sell at your own discretion the securities (collateral) so acquired, or are you subject to a (default) trigger before you can on-sell the securities?

1. Own discretion?	Yes	No	Sometimes
2. Trigger?	Yes	No	Sometimes

45. Do you receive variation collateral when undertaking securities lending? Yes No Sometimes

If you answered “no” to Question 45, please go to Question 47.

46. If you answered “yes” or “sometimes” to Question 43, are you able to on-sell at your own discretion the securities (collateral) so acquired, or are you subject to a (default) trigger before you can on-sell the securities?

52. If you answered “yes” to Question 51, please describe briefly how securities lending/borrowing involving securities issued by nonresidents is treated differently from securities lending/borrowing involving securities issued by residents.

53. If available, please give an estimate of the value of securities lending/borrowing you undertook during June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).

Securities lending

With residents

With nonresidents

Securities borrowing

With residents

With nonresidents

54. If available, please give an estimate of the value of securities lending/borrowing you have undertaken that were still outstanding at the end of June 2001

(to the nearest million [currency of respondent’s country] or millions of US dollars).

Securities lending

With residents

With nonresidents

Securities borrowing

With residents

With nonresidents

Thank you for your participation.

Signed

(Officer responsible)

Date

Name of officer signing (Please print)

Title of officer signing

Phone number

Fax number

Email address

Draft set of questions to ask custodians, regarding their recording practices for repurchase agreements and securities lending

Addressee Name of contact person
 Name of institution
 Address of institution

Purpose of questionnaire: This questionnaire has been sent to you to obtain information on recording practices at your institution on repurchase agreements and securities lending/borrowing (see below for definitions) as custodian. Because of their complexity, these transactions defy ready treatment for statistical purposes, and are believed to be a major cause of inconsistent reporting for statistical purposes. The problems of classification are recognized by the International Accounting Standards Committee (see *Financial Instruments: Recognition and Measurement*, IAS 39, paragraphs 35 – 38, and 44 - 45) and the Financial Accounting Standards Board (See *Financial Accounting Series, Statement of Financial Accounting Standards*, 125, paragraphs 135, 143, 164 and 172).

The information requested on this form is obtained for statistical purposes only and is collected under [name authority to collect statistics in your country: ***delete if information is to be obtained on a voluntary basis***]. The information that you provide cannot be divulged to third parties, and will only be used as part of this information gathering exercise. The exercise is part of an international effort, under the aegis of the International Monetary Fund, to improve understanding about these transactions.

For the most part, the questionnaire has “yes” or “no” answers.

Definitions:

For the purposes of this questionnaire, a ***Repurchase Agreement (repo)*** may be defined as an arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price on a specified future date (often with a very short maturity, e.g., overnight, but increasingly for longer maturities, sometimes up to several weeks) or be of an “open” maturity (where the parties agree to renew or terminate the repo daily¹¹)^{12,13,14}. Initial and

¹¹ Such an arrangement avoids settlement costs if both parties wish to rollover the repo on a continuous basis.

¹² If the seller acquires an **option** rather than an obligation to buy back the security, the arrangement is sometimes called a *spurious repurchase agreement*. Such a transaction is not considered to be a repo and should be recorded as a transaction in a security with an option (a financial derivative) attached to it.

¹³ Transactions known as sale/buy backs, carries, stock or bond lending against cash, securities lending with cash collateral, all have essentially the same characteristics as repo, though there are minor legal or technical differences. Provided they involve a cash leg, they are all included in this paper under the term “repo”.

variation margin payments may also be made (see further below). A repo viewed from the point of view of the cash provider is called a *reverse repo*. The provision of the funds earns the cash provider interest which is related to the current interbank rate (determined at the outset of the transaction) and not the rate of interest earned on the security “repoed”. Full, unfettered ownership passes to the “cash provider” but the market risk — the benefits (and risks) of ownership¹⁵ (such as the right to holding gains (and losses) and receipt of the property/investment income attached to the security) are retained by the cash taker as if no change of ownership had occurred, in the same manner as when collateral is usually provided. “Full, unfettered ownership” means that the cash provider acquires ownership of the security and may sell it.

For the purposes of this questionnaire, **Securities lending** is defined as a similar transaction to a repurchase agreement except that no cash is involved. *Securities lending* refers to an arrangement under which a holder transfers securities to a “borrower”, with an agreement to return the securities on a fixed date or on demand. Full, unfettered ownership is transferred to the “borrower” but the economic risks and benefits of ownership remain with the original owners¹⁶. If there is no commitment to return the security to the original owner and the original owner does not retain the rights of ownership, the exchange of securities is not *securities lending*: it is a transaction in the securities. The “borrower” of the securities will usually provide collateral, either in the form of cash or of other securities of equal value to the securities “lent”, or, more frequently, of greater value, thereby providing initial margin¹⁷. Substitution of the collateral provided by the security “borrower” is usually permitted, provided that the securities substituted meet the same criteria as the original collateral. Usually a fee is paid by the “borrower” to the “lender”. Frequently, securities lending is undertaken by custodians on behalf of their customers.

For **sectors**, the definitions are the same as those used for the provision of statistics for balance of payments or monetary and financial statistics that are reported by your institution to this agency. Please see [name of forms]. [*Alternatively, the wording used in these forms could be inserted here.*]

Contact person: If you have any questions regarding this form, please contact [xxxxxxx] at {email address and phone and fax numbers}. After completing the form, please sign it at the end of the form, complete the rest of the information on the officer responsible, and return the form to [name of contact] at:

¹⁴ The term “repurchase agreement” is derived from the perspective of the provider of the security as it is that party which is obligated to repurchase it.

¹⁵ Except the right to sell

¹⁶ Except for the right to sell the security.

¹⁷ In some instances, no collateral is provided.

[Postal address]

1. Please indicate the approximate total value of securities held by your institution as custodian for third parties as of June 30, 2001 (to the nearest million [currency of respondent's country] or millions of US dollars).

Questions 2 through 21 concern **Repurchase Agreements** (and transactions of a similar nature involving a sale and a commitment to repurchase (such as sell/buy backs, carries) which involve a **cash** transaction).

*[The questions 22 through 36 concern **Securities Lending/Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)].*

- | | | | |
|--|-----|----|-----------|
| 2. Can your records readily identify when your customers undertake repos (i.e., sell a security under a repo)? | Yes | No | Sometimes |
| 3. Can your records readily identify when your customers undertake reverse repos (i.e., acquire a security under a repo)? | Yes | No | Sometimes |
| 4. Can your records readily identify when your customers undertake a repo with securities acquired under a reverse repo? | Yes | No | Sometimes |
| 5. Can your records readily identify when your customers undertake outright sales of securities acquired under a reverse repo? | Yes | No | Sometimes |
| 6. If you answered "sometimes" to any of Questions 2, 3, 4 or 5, please briefly describe under what circumstances. | | | |

7. If you answered "no" to any of Questions 2, 3, 4 or 5, please briefly describe what would be involved to make that information available.

8. Can your records readily identify variation margin if it is provided under a repo? Yes No Sometimes

If you answered “yes” to Question 8, please go to Question 11.

9. If you answered “sometimes” to Question 8, please describe briefly under what circumstances.

10. If you answered “no” to Question 8, please describe briefly what would be involved to make this information available.

11. Can your records readily identify variation margin if it is received under a reverse repo? Yes No Sometimes

If you answered “yes” to Question 11, please go to Question 14.

12. If you answered “sometimes” to Question 11, please describe briefly under what circumstances.

13. If you answered “no” to Question 10, please describe briefly what would be involved to make this information available.

14. Can your information system readily identify:
(i) the sector (or country of residence) of counterparty to repos/reverse repos? Yes No
(ii) the sector (or country of residence) of the issuer of the security? Yes No

If you answered “yes” to both parts of Question 14, please go to Question 16.

15. If you answered “no” to Question 14, please describe briefly what would be involved to make this information available.

16. Are repos/reverse repos with nonresidents treated differently from repos/reverse repos with residents? Yes No N/A

If you answered “no” or “not applicable” to Question 16, please go to Question 18.

17. If you answered “yes” to Question 16, please briefly describe how they are treated differently.

18. Are repos/reverse repos involving securities issued by nonresidents treated differently from repos/reverse repos with residents? Yes No N/A

If you answered “no” or “not applicable” to Question 18, please go to Question 20.

19. If you answered “yes” to Question 18, please briefly describe how they are treated differently.

20. If available, please give an estimate of the value of repos/reverse repos you have undertaken on behalf of your customers during June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars)

Repos

With residents

With nonresidents

Reverse repos

With residents

With nonresidents

21. If available, please give an estimate of the value of repos/reverse repos you have undertaken on behalf of your customers that were still

outstanding at the end of June 2001
(to the nearest million [currency of respondent's country] or millions of US dollars)

Repos

With residents

With nonresidents

Reverse repos

With residents

With nonresidents

Questions 22 through 36 concern **Securities Lending/Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)

22. Does your institution undertake securities lending on behalf of your clients? Yes No

If you answered "no" to Question 22, please complete the information at the end of this form.

Thank you for your participation.

23. If your institution undertakes securities lending on behalf of your customers, do you advise them Yes No

(i) at the time the securities are "lent"?	Yes	No
(ii) on a regular reporting date (e.g., weekly, monthly, quarterly)?	Yes	No
(iii) on request?	Yes	No
(iv) depending on the arrangement with the customer?	Yes	No
(v) not at all?	Yes	No

24. Do you receive on behalf of your customers securities as collateral in return for securities lent? Yes No Sometimes

25. If you answered "yes" or "sometimes" to Question 24, can these be readily identified in your records? Yes No Sometimes

26. If you answered “no” or “sometimes” to Question 24, please briefly describe what would be involved to have the information readily available.

27. Do you receive variation margin when undertaking securities lending on behalf of your customers? Yes No Sometimes

28. If you answered “yes” or “sometimes” to Question 27, are your customers (you) able to on-sell (or on-“lend”) at their (your) discretion the securities (collateral) so acquired, or are they (you) subject to a (default) trigger before they (you) can on-sell (on-“lend”) the securities?

1. Own discretion?	Yes	No	Sometimes
2. Trigger?	Yes	No	Sometimes

29. Can your information system readily identify
(i) the sector (or country of residence) of counterparty to the security lending/borrowing? Yes No
(ii) the sector (or country of residence) of the issuer of the security? Yes No

If you answered “yes” to Question 29, please go to Question 31.

30. If you answered “no” to Question 29, please briefly describe what would be involved in making them readily identifiable.

31. Is securities lending/borrowing with nonresidents treated differently from securities lending/borrowing with residents? Yes No

If you answered “no” to Question 31, please go to Question 33.

32. If you answered “yes” to Question 31, please briefly describe how they are treated differently.

33. Is securities lending/borrowing involving securities issued by nonresidents treated differently from securities lending/borrowing with residents? Yes No

If you answered "no" to Question 33, please go to Question 35.

34. If you answered "yes" to Question 33, please briefly describe how they are treated differently.

35. If available, please give an estimate of the value of securities lending/borrowing that you have undertaken on behalf of your customers during June 2001 (to the nearest million [currency of respondent's country] or millions of US dollars)

Securities lending
 With residents
 With nonresidents
Securities borrowing
 With residents
 With nonresidents

36. If available, please give an estimate of the value of securities lending/borrowing that you have undertaken on behalf of your customers that were still outstanding at the end of June 2001 (to the nearest million [currency of respondent's country] or millions of US dollars)

Securities lending
 With residents
 With nonresidents
Securities borrowing
 With residents
 With nonresidents

Thank you for your participation.

Signed (Officer responsible) Date

Name of officer signing (Please print)

Title of officer signing

Phone number

Fax number

Email address

Draft set of questions to ask intermediaries, regarding their recording practices for repurchase agreements and securities lending

Addressee Name of contact person
 Name of institution
 Address of institution

Purpose of questionnaire: This questionnaire has been sent to you to obtain information on recording practices at your institution on repurchase agreements and securities lending/borrowing (see below for definitions) as a financial intermediary. Because of their complexity, these transactions defy ready treatment for statistical purposes, and are believed to be a major cause of inconsistent reporting for statistical purposes. The problems of classification are recognized by the International Accounting Standards Committee (see *Financial Instruments: Recognition and Measurement*, IAS 39, paragraphs 35 – 38, and 44 - 45) and the Financial Accounting Standards Board (See *Financial Accounting Series, Statement of Financial Accounting Standards*, 125, paragraphs 135, 143, 164 and 172).

The information requested on this form is obtained for statistical purposes only and is collected under [name authority to collect statistics in your country: ***delete if information is to be obtained on a voluntary basis***]. The information that you provide cannot be divulged to third parties, and will only be used as part of this information gathering exercise. The exercise is part of an international effort, under the aegis of the International Monetary Fund, to improve understanding about these transactions.

For the most part, the questionnaire has “yes” or “no” answers.

Definitions:

For the purposes of this questionnaire, a ***Repurchase Agreement (repo)*** may be defined as an arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price on a specified future date (often with a very short maturity, e.g., overnight, but increasingly for longer maturities, sometimes up to several weeks) or be of an “open” maturity (where the parties agree to renew or terminate the repo daily¹⁸)^{19,20,21}. Initial and

¹⁸ Such an arrangement avoids settlement costs if both parties wish to rollover the repo on a continuous basis.

¹⁹ If the seller acquires an **option** rather than an obligation to buy back the security, the arrangement is sometimes called a *spurious repurchase agreement*. Such a transaction is not considered to be a repo and should be recorded as a transaction in a security with an option (a financial derivative) attached to it.

²⁰ Transactions known as sale/buy backs, carries, stock or bond lending against cash, securities lending with cash collateral, all have essentially the same characteristics as repo, though there are minor legal or technical differences. Provided they involve a cash leg, they are all included in this paper under the term “repo”.

variation margin payments may also be made (see further below). A repo viewed from the point of view of the cash provider is called a *reverse repo*. The provision of the funds earns the cash provider interest which is related to the current interbank rate (determined at the outset of the transaction) and not the rate of interest earned on the security “repoed”. Full, unfettered ownership passes to the “cash provider” but the market risk — the benefits (and risks) of ownership²² (such as the right to holding gains (and losses) and receipt of the property/investment income attached to the security) are retained by the cash taker as if no change of ownership had occurred, in the same manner as when collateral is usually provided. “Full, unfettered ownership” means that the cash provider acquires ownership of the security and may sell it.

For the purposes of this questionnaire, **Securities lending** is defined as a similar transaction to a repurchase agreement except that no cash is involved. *Securities lending* refers to an arrangement under which a holder transfers securities to a “borrower”, with an agreement to return the securities on a fixed date or on demand. Full, unfettered ownership is transferred to the “borrower” but the economic risks and benefits of ownership remain with the original owners²³. If there is no commitment to return the security to the original owner and the original owner does not retain the rights of ownership, the exchange of securities is not *securities lending*: it is a transaction in the securities. The “borrower” of the securities will usually provide collateral, either in the form of cash or of other securities of equal value to the securities “lent”, or, more frequently, of greater value, thereby providing initial margin²⁴. Substitution of the collateral provided by the security “borrower” is usually permitted, provided that the securities substituted meet the same criteria as the original collateral. Usually a fee is paid by the “borrower” to the “lender”. Frequently, securities lending is undertaken by custodians on behalf of their customers.

For **sectors**, the definitions are the same as those used for the provision of statistics for balance of payments or monetary and financial statistics that are reported by your institution to this agency. Please see [name of forms]. [*Alternatively, the wording used in these forms could be inserted here.*]

Contact person: If you have any questions regarding this form, please contact [xxxxxxx] at {email address and phone and fax numbers}. After completing the form, please sign it at the end of the form, complete the rest of the information on the officer responsible, and return the form to [name of contact] at:

[Postal address]

²¹ The term “repurchase agreement” is derived from the perspective of the provider of the security as it is that party which is obligated to repurchase it.

²² Except the right to sell

²³ Except for the right to sell the security.

²⁴ In some instances, no collateral is provided.

1. Please indicate the approximate total value of securities transacted by your institution during June 2001 (to the nearest million [currency of respondent's country] or millions of US dollars).

Questions 2 through 21 concern **Repurchase Agreements** (and transactions of a similar nature involving a sale and a commitment to repurchase (such as sell/buy backs, carries) which involve a **cash** transaction).

*[The questions 22 through 46 concern **Securities Lending/Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)].*

- | | | | |
|--|-----|----|-----------|
| 2. Can your records readily identify when your customers undertake repos (i.e., sell a security under a repo)? | Yes | No | Sometimes |
| 3. Can your records readily identify when your customers undertake reverse repos (i.e., acquire a security under a repo)? | Yes | No | Sometimes |
| 4. Can your records readily identify when your customers undertake a repo with securities acquired under a reverse repo? | Yes | No | Sometimes |
| 5. Can your records readily identify when your customers undertake outright sales of securities acquired under a reverse repo? | Yes | No | Sometimes |
| 6. If you answered "sometimes" to any of Questions 2, 3, 4 or 5, please indicate briefly under what circumstances. | | | |

7. If you answered "no" to any of Questions 2, 3, 4 or 5, please describe briefly what would be involved to make that information available.

8. If variation margin is provided by one of your clients under a repo, is that recorded in your system? Yes No Sometimes

If you answered “yes” to Question 8, please go to Question 11.

9. If you answered “sometimes” to Question 8, please describe briefly under what circumstances.

10. If you answered “no” to Question 8, please indicate briefly what would be involved to make that information available.

11. If variation margin is received by one of your clients under a reverse repo, is that recorded in your system? Yes No Sometimes

If you answered “yes” to Question 11, please go to Question 14.

12. If you answered “sometimes” to Question 11, please describe briefly under what circumstances.

13. If you answered “no” to Question 11, please describe briefly what would be involved to make that information available.

14. Can your information system readily identify:
- | | | |
|--|-----|----|
| (i) the sector (or country of residence) of counterparty to repos/reverse repos? | Yes | No |
| (ii) the sector (or country of residence) of the issuer of the security? | Yes | No |

If you answered “yes” to both parts of Question 14, please go to Question 16.

15. If you answered “no” to either part of Question 14, please describe briefly what would be involved to make that information available.

16. For both repos and reverse repos, are transactions with nonresidents treated differently from transactions with residents? Yes No N/A

If you answered “no” or “not applicable” to Question 16, please go to Question 18.

17. If you answered “yes” to Question 16, please briefly describe how they are treated differently.

18. Are repos/reverse repos involving securities issued by nonresidents treated differently from transactions with residents? Yes No

If you answered “no” or “not applicable” to Question 18, please go to Question 20.

19. If you answered “yes” to Question 18, please briefly describe how they are treated differently.

20. If available, please give an estimate of the value of repos/reverse repos conducted by your institution on behalf of your clients during June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).

Repos

 With residents

 With nonresidents

Reverse repos

 With residents

 With nonresidents

21. If available, please give an estimate of the value of repos/reverse repos on behalf of your clients that were still outstanding at the end of June 2001 (to the nearest million [currency of respondent's country] or millions of US dollars).

Repos

With residents

With nonresidents

Reverse repos

With residents

With nonresidents

Questions 22 through 46 concern **Securities Lending/Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)

22. Can your records readily identify when your customers undertake securities lending?

Yes No Sometimes

If you answered "yes" to Question 22, please go to Question

23. If you answered "sometimes" to Question 22, please briefly describe under what circumstances.

24. If you answered "no" to Question 22, please briefly describe what would be involved to make that information available.

25. Can your records readily identify when your customers undertake securities borrowing?

Yes No Sometimes

26. Can you identify securities received as collateral on behalf of your customers in return for securities they have lent?

Yes No Sometimes

If you answered "yes" to Question 26, please go to Question 29.

27. If you answered “sometimes” to Question 26, please briefly describe under what circumstances.

28. If you answered “no” to Question 26, please briefly describe what would be involved to make that information available.

29. Can you identify securities delivered as collateral on behalf of your customers in return for securities they have borrowed? Yes No Sometimes

If you answered “yes” to Question 29, please go to Question 32.

30. If you answered “sometimes” to Question 29, please briefly describe under what circumstances.

31. If you answered “no” to Question 29, please briefly describe what would be involved to make that information available.

32. Can you identify securities that have been delivered on a margin call associated with securities lending? Yes No Sometimes

If you answered “yes” to Question 32, please go to Question 35.

33. If you answered “sometimes” to Question 32, please briefly describe under what circumstances.

34. If you answered “no” to Question 32, please indicate briefly what would be involved to make that information available.

35. Can you identify securities that have been provided as a result of a margin call associated with securities borrowing? Yes No Sometimes

If you answered “yes” to Question 35, please go to Question 38.

38. If you answered “sometimes” to Question 35, please briefly describe under what circumstances.

37. If you answered “no” to Question 35, please briefly describe what would be involved to make that information available.

38. Can your information system readily identify
(i) the sector (or country of residence) of counterparty to the security lending/borrowing? Yes No
(ii) the sector (or country of residence) of the issuer? Yes No

If you answered “yes” to both parts of Question 38, please go to Question 41.

39. If you answered “sometimes” to either part of Question 38, please briefly describe under what circumstances.

40. If you answered “no” to either parts of Question 38, please briefly describe what would be involved in making them readily identifiable.

41. Is securities lending/borrowing with nonresidents treated differently from securities lending/borrowing with residents? Yes No

If you answered “no” to Question 41, please go to Question 43.

42. If you answered “yes” to Question 41, please briefly describe how they are treated differently.

43. Is securities lending/borrowing involving securities issued by nonresidents treated differently from securities lending/borrowing with residents? Yes No

If you answered “no” to Question 43, please go to Question 45.

44. If you answered “yes” to Question 43, please briefly describe how they are treated differently.

45. If available, please give an estimate of the value of securities lending/borrowing you have undertaken on behalf of your customers during June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).
- Securities lending
 - With residents
 - With nonresidents
 - Securities borrowing
 - With residents
 - With nonresidents

46. If available, please give an estimate of the value of securities lending/borrowing you have undertaken on behalf of your customers that were still outstanding at the end of June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).
- Securities lending
 - With residents
 - With nonresidents
 - Securities borrowing
 - With residents
 - With nonresidents

Thank you for your participation.

Signed (Officer responsible) Date

Name of officer signing (Please print)

Title of officer signing

Phone number

Fax number

Email address

Draft set of questions to ask fund managers, as principals, regarding their recording practices for repurchase agreements and securities lending

Addressee Name of contact person
 Name of institution
 Address of institution

Purpose of questionnaire: This questionnaire has been sent to you to obtain information on recording practices at your institution on repurchase agreements and securities lending/borrowing (see below for definitions) as a fund manager. Because of their complexity, these transactions defy ready treatment for statistical purposes, and are believed to be a major cause of inconsistent reporting for statistical purposes. The problems of classification are recognized by the International Accounting Standards Committee (see *Financial Instruments: Recognition and Measurement*, IAS 39, paragraphs 35 – 38, and 44 - 45) and the Financial Accounting Standards Board (See *Financial Accounting Series, Statement of Financial Accounting Standards*, 125, paragraphs 135, 143, 164 and 172).

The information requested on this form is obtained for statistical purposes only and is collected under [name authority to collect statistics in your country: ***delete if information is to be obtained on a voluntary basis***]. The information that you provide cannot be divulged to third parties, and will only be used as part of this information gathering exercise. The exercise is part of an international effort, under the aegis of the International Monetary Fund, to improve understanding about these transactions.

For the most part, the questionnaire has “yes” or “no” answers.

Definitions:

For the purposes of this questionnaire, a ***Repurchase Agreement (repo)*** may be defined as an arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price on a specified future date (often with a very short maturity, e.g., overnight, but increasingly for longer maturities, sometimes up to several weeks) or be of an “open” maturity (where the parties agree to renew or terminate the repo daily²⁵)^{26,27,28}. Initial and

²⁵ Such an arrangement avoids settlement costs if both parties wish to rollover the repo on a continuous basis.

²⁶ If the seller acquires an **option** rather than an obligation to buy back the security, the arrangement is sometimes called a *spurious repurchase agreement*. Such a transaction is not considered to be a repo and should be recorded as a transaction in a security with an option (a financial derivative) attached to it.

²⁷ Transactions known as sale/buy backs, carries, stock or bond lending against cash, securities lending with cash collateral, all have essentially the same characteristics as repo, though there are minor legal or technical differences. Provided they involve a cash leg, they are all included in this paper under the term “repo”.

variation margin payments may also be made (see further below). A repo viewed from the point of view of the cash provider is called a *reverse repo*. The provision of the funds earns the cash provider interest which is related to the current interbank rate (determined at the outset of the transaction) and not the rate of interest earned on the security “repoed”. Full, unfettered ownership passes to the “cash provider” but the market risk — the benefits (and risks) of ownership²⁹ (such as the right to holding gains (and losses) and receipt of the property/investment income attached to the security) are retained by the cash taker as if no change of ownership had occurred, in the same manner as when collateral is usually provided. “Full, unfettered ownership” means that the cash provider acquires ownership of the security and may sell it.

For the purposes of this questionnaire, **Securities lending** is defined as a similar transaction to a repurchase agreement except that no cash is involved. *Securities lending* refers to an arrangement under which a holder transfers securities to a “borrower”, with an agreement to return the securities on a fixed date or on demand. Full, unfettered ownership is transferred to the “borrower” but the economic risks and benefits of ownership remain with the original owners³⁰. If there is no commitment to return the security to the original owner and the original owner does not retain the rights of ownership, the exchange of securities is not *securities lending*. The “borrower” of the securities will usually provide collateral, either in the form of cash or of other securities of equal value to the securities “lent”, or, more frequently, of greater value, thereby providing initial margin³¹. Substitution of the collateral provided by the security “borrower” is usually permitted, provided that the securities substituted meet the same criteria as the original collateral. Usually a fee is paid by the “borrower” to the “lender”. Frequently, securities lending is undertaken by custodians on behalf of their customers.

For **sectors**, the definitions are the same as those used for the provision of statistics for balance of payments or monetary and financial statistics that are reported by your institution to this agency. Please see [name of forms]. [*Alternatively, the wording used in these forms could be inserted here.*]

Contact person: If you have any questions regarding this form, please contact [xxxxxxx] at {email address and phone and fax numbers}. After completing the form, please sign it at the end of the form, complete the rest of the information on the officer responsible, and return the form to [name of contact] at:

[Postal address]

²⁸ The term “repurchase agreement” is derived from the perspective of the provider of the security as it is that party which is obligated to repurchase it.

²⁹ Except the right to sell

³⁰ Except for the right to sell the security.

³¹ In some instances, no collateral is provided.

1. Please indicate the total value of your institution's total assets (to the nearest million [currency of respondent's country] or millions of US dollars).

Questions 2 through 22 concern **Repurchase Agreements** (and transactions of a similar nature involving a sale and a commitment to repurchase (such as sell/buy backs, carries) which involve a **cash** transaction).

*[The questions 23 through 54 concern **Securities Lending/Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)].*

2. Does your institution undertake repos or reverse repos on behalf of your customers? Yes No

If you answered "no" to Question 2, please go to Question 23.

If you answered "yes" to Question 2, please go to Question 3.

3. If you answered "yes" to Question 2, do you record a repo
- | | | |
|--|-----|----|
| (i) as a collateralized loan payable only (thereby retaining the security on your balance sheet)? | Yes | No |
| (ii) as a transaction in the security only (thereby removing the security from your balance sheet)? | Yes | No |
| (iii) as both a transaction in a security and as a collateralized loan payable (as recommended in IAS 39 and FASB 125, under the circumstances described therein)? | Yes | No |
| (iv) in another way? | Yes | No |
- If you answered "in another way", please specify.

4. If you answered "yes" to Question 2, do you record a reverse repo
- | | | |
|---|-----|----|
| (i) as a collateralized loan receivable only (thereby removing the security from your balance sheet)? | Yes | No |
| (ii) as a transaction in the security only (thereby taking the security on your balance sheet)? | Yes | No |
| (iii) as both a transaction in a security and as a collateralized loan receivable (as recommended in IAS 39 and FASB 125, under the circumstances described therein)? | Yes | No |
| (iv) in another way? | Yes | No |
- If you answered "in another way", please specify

5. Do you undertake repos, using the same security that was acquired under a reverse repo? Yes No
- If you answered “no” to Question 5, please go to Question 7
- If you answered “yes” to Question 5, please go to Question 6.
6. Do you record a repo if the same security acquired under a reverse repo is used:
as the reverse of the way a repo is recorded (as shown in your answer to Question 3)? Yes No
- If you answered “yes” to Question 6, please go to Question 8.
7. If you answered “no” to Question 6, do you record a reverse repo as
- | | | |
|--|-----|----|
| (i) as a collateralized loan payable only? | Yes | No |
| (ii) as a transaction in the security only (thereby removing the security from your balance sheet)? | Yes | No |
| (iii) as both a transaction in a security and as a collateralized loan (as recommended in IAS 39 and FASB 125, under the circumstances described therein)? | Yes | No |
| (iv) in another way? | Yes | No |
- If you answered “in another way”, please specify
8. Do you undertake outright sales of securities acquired under a reverse repo? Yes No
- If you answered “no” to Question 8, please go to Question 12.
9. If you answered “yes” to Question 8, do you record on balance sheet
- | | | |
|--|-----|----|
| (i) a “short” (negative asset) in the security sold? | Yes | No |
| (ii) in another way? | Yes | No |
- If you answered “in another way”, please specify
10. Do you provide variation margin when undertaking a repo? Yes No Sometimes

If you answered “no” to Question 10, please go to Question 12.

11. If you answered “yes” or “sometimes” to Question 10, do you record the margin payments off-balance sheet?
If not, please briefly specify your recording practice.
- | | |
|-----|----|
| Yes | No |
|-----|----|

12. Do you take variation margin when undertaking a reverse repo?
- | | | |
|-----|----|-----------|
| Yes | No | Sometimes |
|-----|----|-----------|

If you answered “no” to Question 12, please go to Question 14.

13. If you answered “yes” or “sometimes” to Question 12, do you record the margin payments off-balance sheet?
If not, please briefly specify your recording practice.
- | | |
|-----|----|
| Yes | No |
|-----|----|

14. If you answered “yes” or “sometimes” to Question 13, are you able to on-sell at your own discretion the securities so acquired, or are you subject to a (default) trigger before you can on-sell the securities?

- | | | | |
|---------------------|-----|----|-----------|
| (i) Own discretion? | Yes | No | Sometimes |
| (ii) Trigger? | Yes | No | Sometimes |

15. Can your information system readily identify:

- | | | |
|--|-----|----|
| (i) the sector (or country of residence) of counterparty to the repo/reverse repo? | Yes | No |
| (ii) the sector (or country of residence) of the issuer of the security? | Yes | No |

16. If you answered “no” to either part of Question 15, what would be involved in obtaining these data? Please briefly describe what would be involved.

17. Are repos and reverse repos with nonresidents treated differently from repos and reverse repos with residents?
- | | | |
|-----|----|-----|
| Yes | No | N/A |
|-----|----|-----|

If you answered “no” to Question 17, please go to Question 19.

18. If you answered “yes” to Question 17, please briefly specify how they are treated differently.

19. Are repos/reverse repos involving securities issued by nonresidents treated differently from repos/reverse repos involving securities issued by residents?

Yes No N/A

If you answered “no” to Question 19, please go to Question 21.

20. If you answered “yes” to Question 19, please briefly specify how repos/reverse repos involving securities issued by nonresidents are treated differently from repos/reverse repos involving securities issued by residents.

21. If available, please give an estimate of the value of repos/reverse repos during June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).

Repos

 With residents

 With nonresidents

Reverse repos

 With residents

 With nonresidents

22. If available, please give an estimate of the value of repos/reverse repos outstanding at the end of June 2001 (to the nearest million [currency of respondent’s country] or millions of US dollars).

Repos

 With residents

 With nonresidents

Reverse repos

 With residents

 With nonresidents

Questions 23 through 54 concern **Securities Lending** and **Securities Borrowing** (i.e., transactions involving the exchange of ownership of securities, where there is a commitment to return the security to its original owner but which **do not involve a cash transaction**)

23. Does your institution undertake **securities lending** on behalf of your customers:

- | | | |
|----------------------------------|-----|----|
| (i) directly with third parties? | Yes | No |
| (ii) through custodians? | Yes | No |

If you answered “no” to both parts of Question 23, please go to Question 35.

If you answered “yes” to the first part of Question 23, please go to Question 24.

If you answered “no” to the first part of Question 23 but answered “yes” to the second part of Question 23, please go to Question 29.

24. If your institution undertakes, on behalf of your customers, securities lending **directly with third parties**, do you remove the security from your balance sheet? Yes No

If you answered “no” to Question 24, please go to Question 26.

25. If you answered “yes” to Question 24, do you record the transaction as

(i) an account receivable, equal in value to the security “lent”?	Yes	No
(ii) another account?	Yes	No

If you answered “another account”, please specify.

26. If you answered “no” to Question 25, do you record securities lending off-balance sheet? Yes No

27. If you answered “yes” to Question 26, does your information system readily indicate:

(i) the sector (or country of residence) of the counter-party to which the security has been “lent” Yes No

(ii) the sector (or country or residence) of the issuer of the security? Yes No

If you answered “yes” to both parts of Question 27, please go to Question 29.

28. If you answered “no” to either part of Question 27, please describe briefly what would be involved in making this information available.

29. If your institution undertakes on behalf of your customers **securities lending** through **custodians**, are you advised:

(i) at the time your securities are “lent”? Yes No

(ii) on a regular reporting date (e.g., weekly, monthly, quarterly)? Yes No

(iii) on request? Yes No

(iv) not at all? Yes No

If you answered “no” to all the parts of Question 29, please go to Question 49.

30. If your institution undertakes on behalf of your customers securities lending through custodians, do you remove the securities from your balance sheet? Yes No

If you answered “no” to Question 30, please go to Question 33.

31. If you answered “yes” to Question 30, do you record securities lending through custodians as

(i) an account receivable, equal in value to the security “lent”? Yes No

(ii) another account? Yes No

If you answered “another account”, please specify.

32. If you answered “no” to Question 30, do you record off-balance sheet securities lending through custodians? Yes No

33 If you answered “yes” to Question 32, does your information system readily indicate
(i) the sector (or country of residence) of the counter-party to which the security has been “lent” through custodians Yes No
(ii) the sector (or country or residence) of the issuer of the security? Yes No

34. If you answered “no” to either part of Question 33, please describe briefly what would be involved in making this information available.

35. Does your institution undertake **securities borrowing**? Yes No

If you answered “no” to Question 35, please go to Question 49.

36. Does your institution record securities that have been acquired under securities borrowing:
(i) as the acquisition of a security and recorded on balance sheet? Yes No
(ii) as an off-balance sheet transactions? Yes No
(iii) in another way? Yes No

37. If you answered “yes” to Question 36 (i), do you also record the transaction as
(i) an account payable, equal in value to the security “borrowed”? Yes No
(ii) another account? Yes No
If you answered “another account”, please specify.

38. If you answered “in another way” to Question 36 (iii), please specify briefly.

39. Does your information system readily indicate
- | | | |
|--|-----|----|
| (i) the sector (or country of residence) of the counter-party from which the security has been “borrowed”? | Yes | No |
| (ii) the sector (or country or residence) of the issuer of the security? | Yes | No |

If you answered “yes” to Question 39, please go to Question 41.

40. If you answered “no” to Question 39, please describe briefly what would be involved in making the information available.

41. If your institution on-sells a security that has been acquired through security borrowing, do you record a “short” (negative asset) on your balance sheet in the security that has been on-sold?
- | | | | |
|--|-----|----|-----|
| | Yes | No | N/A |
|--|-----|----|-----|

If you answered “yes” to Question 41, please go to Question 42.

42. If you answered “no” to Question 40, please describe briefly how you record the position on your balance sheet.

43. Do you receive securities as collateral in return for securities you have lent on behalf of your customers?
- | | | | |
|--|-----|----|-----------|
| | Yes | No | Sometimes |
|--|-----|----|-----------|

If you answered “no” to Question 43, please go to Question 45.

44. If you answered “yes” or “sometimes” to Question 43, are you able to on-sell at your own discretion the securities (collateral) so acquired, or are you subject to a (default) trigger before you can on-sell the securities?
- | | | | |
|--------------------|-----|----|-----------|
| 1. Own discretion? | Yes | No | Sometimes |
| 2. Trigger? | Yes | No | Sometimes |

45. Do you receive variation collateral when undertaking securities lending?
- | | | | |
|--|-----|----|-----------|
| | Yes | No | Sometimes |
|--|-----|----|-----------|

If you answered “no” to Question 45, please go to Question 47.

46. If you answered “yes” or “sometimes” to Question 43, are you able to on-sell at your own discretion the securities (collateral) so acquired, or are you subject to a (default) trigger before you can on-sell the securities?

1. Own discretion?
2. Trigger?

Yes	No	Sometimes
Yes	No	Sometimes

47. Can your information system readily identify the sector (or country of residence) of counterparty to the security lending/borrowing and the sector (or country of residence) of the issuer of the security?

Yes	No
-----	----

If you answered “yes” to Question 47, please go to Question 49.

48. If you answered “no” to Question 47, please describe briefly what would be involved in obtaining these data.

49. Is securities lending/borrowing with nonresidents treated differently from securities lending/borrowing with residents?

Yes	No	N/A* ³²
-----	----	--------------------

If you answered “no” to Question 49, please go to Question 51.

If you answered “not applicable” to Question 49, please complete the information at the end of this form. Thank you for your participation.

50. If you answered “yes” to Question 49, please describe briefly how securities lending/borrowing with nonresidents is treated differently from securities lending/borrowing with residents.

³² Not applicable: do not undertake either securities lending or borrowing.

51. Is securities lending/borrowing involving securities issued by nonresidents treated differently from securities lending/borrowing involving securities issued by residents? Yes No

If you answered "no" to Question 51, please go to Question 53.

52. If you answered "yes" to Question 51, please describe briefly how securities lending/borrowing involving securities issued by nonresidents is treated differently from securities lending/borrowing involving securities issued by residents.

53. If available, please give an estimate of the value of securities lending/borrowing you undertook on behalf of your customers during June 2001 (to the nearest million [currency of respondent's country] or millions of US dollars).

Securities lending
 With residents
 With nonresidents
Securities borrowing
 With residents
 With nonresidents

54. If available, please give an estimate of the value of securities lending/borrowing you undertook on behalf of your customers that were still outstanding at the end of June 2001 (to the nearest million [currency of respondent's country] or millions of US dollars).

Securities lending
 With residents
 With nonresidents
Securities borrowing
 With residents
 With nonresidents

Thank you for your participation.

Signed (Officer responsible) Date

Name of officer signing (Please print)

Title of officer signing

Phone number

Fax number

Email address