

The image shows the exterior of the Federal Reserve Bank of New York building, a large, classical-style structure with a facade of light-colored stone blocks. An American flag is flying from a pole on the left side of the building. In the background, other skyscrapers are visible under a clear blue sky. A dark blue banner is overlaid at the bottom of the image, containing white text.

FEDERAL RESERVE BANK *of* NEW YORK

FFIEC 009 Reporting Seminar

Wednesday September 11, 2013

Overview of 009 Reporting

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General Instructions

- Who Has to File?
 - Banks
 - Savings Associations
 - Bank Holding Companies
 - Savings and Loan Holding Companies



General Instructions – Reporting Thresholds

- U.S. chartered insured bank or savings association
 - Exceeding \$30 million in claims on residents in foreign countries (aggregate), and
 - Foreign branch or subsidiary
 - International Banking Facility (IBF)
 - Branch in Puerto Rico or in U.S. territory or possession
- Edge and/or Agreement corporations exceeding \$30 million in claims on residents of foreign countries
- Bank holding Companies that:
 - Are required to file the FR Y-6 (BHC Annual)
AND
 - Have a subsidiary bank required to report



General Instructions – Reporting Thresholds

- Institutions meeting the Schedule D requirements:
 - Excess of \$10 billion in total gross notional value of derivative contracts
OR
 - Total gross fair values of derivative contracts greater than 5% of assets

- Schedule L, Column 3 requirements:
 - Branch filing FFIEC 030 have total assets of \$500 million or more
OR
 - Sub filing FR 2314 has \$2 billion in assets and \$10 million in deposits



General Instructions – Reporting Thresholds

- Reporting Burden Option
 - BHC has one subsidiary bank that meets reporting requirements bank accounts for 90% or more of total consolidated claims on foreigners
 - Only subsidiary bank or BHC must file
 - If BHC has two or more subsidiary banks that together account for 90% or more of total claims on foreigners
 - Each subsidiary must file, but BHC need not file



General Instructions

- Submission of Reports
 - Quarterly
 - Data is to be prepared as of the last calendar day of March, June, September, and December
 - Submission deadline 45 calendar days after the March, June, and September dates, and 50 calendar days after December
 - Electronically
 - Using the Federal Reserve's Reporting Central system



General Instructions

- Consolidation Rules
 - Banks
 - Same rules as the FFIEC 031
 - Bank Holding Companies
 - Same rules as the FR Y-9C
 - Edge and/or Agreement Corporations
 - Same rules as the FR 2886b



General Instructions

- Accounting Issues
 - All amounts should be reported in U.S. Dollars
 - Currency translations should be made on the same basis as the FFIEC 031 and the FR Y-9C
 - Claims, liabilities, and unused commitments should use the same accounting basis as the FFIEC 031 and the FR Y-9C
 - Edge and/or Agreement corporations should follow the same accounting principals as the FFIEC 031
 - Round all amounts to the nearest million



General Instructions

- Accounting Issues
 - Netting Comparisons between FFIEC 009 and U.S. GAAP

The Netting Of	U.S. GAAP	FFIEC 009
Derivative Contracts	Offsetting of Positive and Negative Fair Values permitted	Offsetting permitted, but Report only Net Positive Fair Values
Trading Assets	It is industry practice to net assets and liabilities with the same CUSIP	Allowed, in addition, short positions in the same issuer and asset class



Changes to the FFIEC 009 Report

Three broad changes in content –

1. Additional sector and country breakout

- Bank, Public, NBFII, Corporate and Household
- Exposures to all countries (including U.S.)

2. Capture offsets

- Resale agreements
- CDS contracts purchased (Gross-Gross and Gross-Net)
- Trading assets

3. Expanding FFIEC 009a

- Will capture same information as the FFIEC 009



Changes to the FFIEC 009 Report

Changes to the form layout –

- Most of current Schedule 1 broken out between Schedule C, Part I and Schedule C, Part II.

Proposed Columns for the FFIEC 009 effective December 2013
Schedule C, Part I: Claims on an Immediate Risk Basis
In Millions of U.S. Dollars

		Immediate-Counterparty Basis										Redistribution of Claims to Adjust for Ultimate Risk												
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency					Breakdown of Total of Columns 1 through 10	Claims on Local Residents in Local Currency	Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17					
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	
Albania	ALB																							

Proposed Columns for the FFIEC 009 effective December 2013
Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items
In Millions of U.S. Dollars

		Ultimate-Risk Basis										Memorandum								
		Cross-Border Claims					Claims on Local Residents					Breakdown of Total of Columns 6 through 10	Breakdown of Total of Columns 1 through 10	Collateral Held Against Claims With No Risk Transfer (Reported in Columns 1 through 10 - By Counterparty)				Trading Assets		
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			Claims in Non-Local Currency	Securities (HTM and AFD)	Total Collateral	Of Which, Cash	Of Which, Same Country	Of Which, Reverse Repurchase Agreements and Securities Lending (Counterparty)	Trading Assets (Reported in Columns 1 through 10)
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Albania	ALB																			

Changes to the FFIEC 009 Report

- Most of current Schedule 1a included on Schedule L (Liabilities).

Schedule L: Foreign-Office Liabilities

		Foreign-Office Liabilities			Net Due to (or Due from) Own Related Offices in Other Countries
		By Country of Foreign Office		By Country of Creditor	
		Foreign- Office Liabilities in Non-Local Currency	Foreign- Office Liabilities in Local Currency	Total Liabilities Booked at Foreign Offices	
Country	Code	(1)	(2)	(3)	(4)

- Schedule O (Off balance-sheet) consists of Columns 22 and 23 of Schedule 1, Column 6 of Schedule 1a (Trade Finance) and the new credit derivatives information.

Schedule O: Off Balance-Sheet Items

		Cross-Border and Foreign-Office Commitments and Guarantees	Credit Derivatives (By Reference Entity)				Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance	
			Gross-Gross		Gross-Net			
			Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold		Total Credit Derivatives Purchased
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)

Changes to the FFIEC 009 Report

- Current Schedule 2 included on Schedule D (Derivatives).

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars

		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with No Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)

Country Allocations

- For the purposes of the FFIEC 009 report, “location” is based on where an institution is legally established.
 - Corporation/SPE – country of incorporation
 - Bank – country of charter
 - Bank Branch – country of license
 - Individual – country of citizenship

Country Allocations – Reporting Change

- All countries, including U.S., are listed on the report form.
 - The “Other” lines (e.g. “Other Europe”) have been removed.
 - There are “unallocated” lines for liabilities and credit derivatives, but they may only be used in certain circumstances.



Country Allocations

- Includes section specific to International and Regional Organizations.
 - Broken out by region
 - Some organizations may be considered “International” (e.g. the Red Cross)
 - These organizations, are by definition, considered “Foreign Official Institutions”, with claims being reported under the “Public” sector.
 - Certain organizations, such as the Bank for International Settlements (BIS), and European Central Bank (ECB), are listed in the body of the form



Cross-Border vs. Local-Office

- Claims are reported based on the location of the obligor, in relation to the location of the creditor.
- Country of creditor is based on the entity (e.g. sub or branch of the reporting institution) that enters into the transaction.
- A cross-border claim is where the creditor and obligor are located in different countries.
- A local-office claim is where the creditor and obligor are location in the same country.
- “Local” vs. “Non-Local” currency



Banks

- The definition of banks encompasses all institutions included in “Banks, U.S. and Foreign” in the Report of Condition, including commercial banks, as well as savings banks, savings associations, discount houses, and other similar depository institutions.
- Banks also include banking institutions owned by foreign governments, unless such institutions function as central banks or banks of issue, in which case they are treated as “public” institutions.

Public

- The definition of the public sector is identical to “Foreign Governments and Official Institutions” in the Report of Condition.
- Public sector institutions include:
 - Central, state, provincial and local governments and their departments, and agencies
 - Treasuries, ministries of finance, central banks, stabilization funds, exchange authorities, and diplomatic establishments
 - Those government owned banks that perform as an important part of their activities, the functions of a treasury, central bank, exchange control office, or stabilization fund
 - International or regional organizations

Public (cont.)

- Banking institutions owned by a government that do not function as the central bank and/or bank of issue are excluded from the public sector and are to be reported as “Banks” while state-owned pension, retirement, and insurance funds should be reported as “Non-Bank Financial Institutions.”
- Other corporations that are owned by a government are to be reported as “Corporate.”

Non-Bank Financial Institutions (NBFI)

- Businesses and institutions other than “banks” and “public” that are primarily engaged in proprietary investments and/or in the provision of financial services to other organizations and households.
- Examples include:
 - Securities firms
 - Bank holding companies (BHCs)
 - Pension funds
 - Investment banks
 - Private equity companies
 - Hedge funds
 - Insurance firms

Corporate

- Any organization, including non-profits, that is principally engaged in producing goods or non-financial services.
- Includes agencies and instrumentalities of governments such as utilities that produce goods or non-financial services that are not strictly governmental in nature.

Households

- Report all claims on households, families, and individuals for personal expenditures.
 - Use the same definition of households as the FR Y-9C, Schedule HC-C, line 6, “Loans to individuals for household, family, and other personal expenditures”, but not only the products reported in Line 6.
- Any reportable claims on households should be reported, regardless of the product type (e.g., residential mortgage loans and consumer leases).

Immediate and Ultimate Risk Claims

- **Immediate counterparty** – who the direct claim is against (direct obligor).
 - Regardless of which of the reporting institution's office has the claim and the structure of the counterparty.
 - Broken out by:
 - Counterparty sector
 - Counterparty location relative to reporting institution's office/sub which has claim (i.e. Cross-Border or Local)
 - Currency (i.e. Local or Foreign)
- **Ultimate risk basis** – who the claim would be against in case of default by the immediate counterparty (e.g., entity/individual providing any form of credit protection).

Risk Transfers

- Shifting from immediate to ultimate-risk is through “risk transfers” on Schedule C, Part I.
- Risk transfers required for:
 - Guarantees/insurance contracts
 - Bank branches
 - Collateral
 - Only certain collateral qualify
 - Purchased Credit Derivatives
- Transfers between the same sector and country (e.g., from one U.K. bank to another U.K. bank) are excluded.



Risk Transfers - Guarantees

- Claims on bank branches are assumed to be guaranteed by its parent bank.
- Parent guarantees of subsidiaries must be explicitly stated.
- Insurance policies.
- Other third-party guarantees (e.g., from the Export-Import Bank of the U.S.).



Risk Transfers - Collateral

- For risk transfer purposes, collateral must be:
 - Liquid and readily-realizable; and
 - Realizable outside the country of the borrower.
- Report securities held as collateral (i.e., investment-grade debt or marketable equity securities) based on the country and sector of the issuer of the securities.
- Report cash held as collateral based on the country and sector of the legal entity where the cash is held.

Risk Transfers – Collateral (cont.)

- Securities held as collateral as part of a resale agreement or securities borrowing arrangement should not be risk transferred for FFIEC 009 purposes (reported in memorandum section).
- Assets such as real estate are not liquid or readily realizable, and therefore cannot be used for risk transferring.
- If claim is over-collateralized, risk transfer only up to amount of the underlying claim.
- If collateral consists of a portfolio of securities from different countries, report on a pro-rata basis.
- Claims guaranteed by a parent guarantee and collateral should be reported based on the highest credit enhancer.

Risk Transfers – Purchased Credit Derivatives

- To qualify:
 - Must be used to hedge a claim held on the balance-sheet and reported on an immediate-counterparty basis.
 - Must reference the same legal entity as the underlying claim.
 - Must be considered an effective credit risk mitigant based on the reporter's internal criteria.

Risk Transfers – Credit Derivatives (cont.)

- Report opposite country and sector of entity issuing the credit derivative.
- Risk transfer only up to amount of underlying claim (excess to be reported on Schedule O).
- Positive fair value reported on Schedule D.



Data Review

- All submissions are reviewed.
- Analysis and Questions
 - Review of immediate and ultimate claims, including transfers.
 - Focus on quarter-to-quarter change, but with understanding of longer historical trends.
 - Requires detailed information on counterparty sector information as well as instrument type.
 - Considerable size and scope within short timeframe.



Schedule O

Off Balance – Sheet Items



Schedule O – Unused Commitments

Column 1 - Unused Commitments

- Capture same information as Schedule 1, Column 22 of current report
- Ultimate-risk basis
- Legally binding
- Include:
 - Outstanding and unused letters of credit
 - Risk participations
 - Undrawn credit card commitments



Schedule O – Unused Commitments

Example 1

- The respondent has credit card commitments totaling \$25 million with individual and corporate customers legally established in Germany. The respondent's customers in France also have undrawn home equity lines of credit for \$40 million.

Schedule O: Off Balance-Sheet Items
In Millions of U.S. Dollars

		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance
				Gross-Gross		Gross-Net		
				Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
France	10804	40						
Germany	11002	25						

Schedule O – Unused Commitments

Example 2

- The respondent issues a commercial letter of credit for \$100 million to a company incorporated in Germany.
- The company is the subsidiary of a holding company in France. French parent explicitly guarantees all liabilities of its subs.
- \$75 million of the L/C was participated out to an unaffiliated bank in Japan.

Schedule O: Off Balance-Sheet Items
In Millions of U.S. Dollars

		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance
				Gross-Gross		Gross-Net		
				Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
France	10804	25						
Germany	11002	-						
Japan	42609	75						

Schedule O – Guarantees

Column 2 – Guarantees, excluding credit derivatives sold

- Similar to information captured on Schedule 1, Column 23 of current report. Exclude credit derivatives
- Ultimate-risk basis
- Legally binding
- Include:
 - Outstanding and unused standby letters of credit
 - Insurance policies written
 - Other guarantees
- Exclude guarantees between consolidated unit of the reporter



Schedule O – Guarantees

Example 3

- The respondent issues a \$10 million standby letter of credit, for the purposes of facilitating international trade, on behalf of a manufacturing company in Korea. The customer's trading counterparty (the beneficiary) is a manufacturing company in Japan.

Schedule O: Off Balance-Sheet Items
In Millions of U.S. Dollars

		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance
				Gross-Gross		Gross-Net		
				Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Japan	42609		-					-
Korea	43001		10					10

Schedule O – Credit Derivatives

Columns 3 - 6 – Notional value of credit derivatives purchased and sold (by country of reference entity).

- Columns 3 and 4 – “Gross-Gross”
 - Column 3 – “Total Credit Derivatives Purchased”
 - Excludes amounts used for risk-transfers in Schedule C, Parts I and II.
 - Only risk transfer up to amount of underlying claims in Schedule C, remainder is reported here.
 - Column 4 – “Total Credit Derivatives Sold”
 - Included in current Schedule 1, Column 23.

Schedule O – Credit Derivatives

- Columns 5 and 6 – “Gross-Net”
 - Net contracts reported in Columns 3 and 4:
- In order to net, contracts must:
 - Have same reference entity (legal entity basis)
 - Have same counterparty
 - Subject to a master netting agreement
- Amounts not eligible for netting, to be reported gross



Schedule O – Credit Derivatives

- Use notional values
- Report positive fair values on Schedule D
- Report by underlying reference entity (i.e. country of incorporation of ultimate legal entity contract references)
- Contracts on indexes or baskets (such as iTraxx) to be broken out and reported on pro-rata basis
- The “unallocated” row is only for tranche, bespoke, or “nth-to-default” credit derivative contracts where reference entities cannot be determined



Schedule O - Examples

Example 4

- The respondent sells \$10 million CDS contract to a hedge fund in the Cayman Islands. The underlying is a German bank. Assume no other contracts.

Schedule O: Off Balance-Sheet Items
In Millions of U.S. Dollars

		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance
				Gross-Gross		Gross-Net		
				Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Germany	11002				10		10	
Cayman	36137				-		-	

Schedule O - Examples

Example 5

- The respondent purchases a \$50 million CDS contract from a bank in Japan. The underlying is an iTraxx Europe Sovereign index. Assume it is equally weighted between the sovereign debt of the UK, France, Germany, Switzerland and the Netherlands. These were not purchased to hedge a balance-sheet position.

Schedule O: Off Balance-Sheet Items
In Millions of U.S. Dollars

		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance
				Gross-Gross		Gross-Net		
		Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
France	11002			10		10		
Germany	36137			10		10		
Netherlands	12106			10		10		
Switzerland	12688			10		10		
UK	13005			10		10		

Schedule O - Examples

Example 6

- The respondent sells \$25 million CDS contract to a bank in Japan. The underlying is a Korean Bank. The respondent also purchases a \$10 million CDS contract from the same counterparty. The underlying is a Korean manufacturing company.

Schedule O: Off Balance-Sheet Items
In Millions of U.S. Dollars

		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance
				Gross-Gross		Gross-Net		
				Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Korea	43001			10	25	10	25	

Schedule O - Examples

Example 6, cont.

- Assume same fact pattern as before, but now the underlying reference entity is the same for both contracts.

Schedule O: Off Balance-Sheet Items
In Millions of U.S. Dollars

		Credit Derivatives (By Reference Entity)						Amounts Reported in Col 1-10 Part 2 & Col 1 & 2 of Sch O that are Trade Finance
		Cross-Border and Foreign-Office Commitments and Guarantees		Gross-Gross		Gross-Net		
				Unused Commitments	Guarantees (Excluding CDS)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Korea	43001			10	25	0	15	

Schedule O – Trade Finance

Column 7

- Report extensions of credit:
 - Maturities one year or less
 - Directly related to imports or exports
- Amounts were reported in Columns 1 through 10 of Schedule C, Part II, or Columns 1 or 2 of Schedule O.
- Products include commercial L/Cs, certain bankers' acceptances.



Common Reporting Errors

- Reporting CDS contracts by counterparty, not underlying reference entity.
- Reporting CDS index contracts based on country of issuer of the index.
- Exclusion of trade-related claims and guarantees/commitments due to misclassification.
- Misclassifying commitments that have been drawn upon.

Schedule L - Liabilities



Schedule L – Foreign-Office Liabilities

- Examples of liabilities –
 - Deposits
 - Borrowings
 - Repurchase agreements (by counterparty)
 - Short sales (by counterparty)
 - Exclude negative fair value of derivatives
- Liabilities of reporter's consolidated foreign offices, only.



Schedule L – Foreign-Office Liabilities

- Columns 1 and 2 differentiated by currency.
- Reporting by country of the reporter's foreign office
- Liabilities may be to third-parties located anywhere, including U.S. on immediate counterparty basis.
- Liabilities of reporter's branch are assumed to be liabilities of that branch, unless explicitly redeemable in other country.

Schedule L – Foreign-Office Liabilities

Column 3 – Foreign-Office Liabilities by Country of Creditor

- Include liabilities reported in Columns 1 and 2:
 - International & Regional Orgs.
 - United States
 - “Unallocated”
- Use of “unallocated” only for negotiable/bearer liabilities where reporter does not know identity of creditor on as-of date.



Schedule L – Foreign-Office Liabilities

- “Short sales” are to be reported opposite the country of the branch or subsidiary entering into the short sale in Columns 1 and 2, and in Column 3 opposite the country of the counterparty in the short sale (to whom delivery is owed).
 - Reporting is not based on the issuer of the security or the counterparty from which the security will be purchased.

Schedule L - Examples

Example 7

- The respondent's UK branch has \$5 million, denominated in USD, in deposit liabilities to a hedge fund customer in the Cayman Islands.

Schedule L: Foreign-Office Liabilities In Millions of U.S. Dollars

		Foreign-Office Liabilities			Net Due to (or Due from) Own Related Offices in Other Countries
		By Country of Foreign Office		By Country of Creditor	
		Foreign- Office Liabilities in Non-Local Currency	Foreign- Office Liabilities in Local Currency	Total Liabilities Booked at Foreign Offices	
Country	Code	(1)	(2)	(3)	(4)
United Kingdom	13005	5		5	
Cayman Islands	36137			5	

Schedule L - Examples

Example 8

- The respondent's parent bank enters into a \$10 million repurchase agreements with a bank in Germany. The transaction is denominated in Euros.

Schedule L: Foreign-Office Liabilities In Millions of U.S. Dollars

		Foreign-Office Liabilities			
		By Country of Foreign Office		By Country of Creditor	
		Foreign-Office Liabilities in Non-Local Currency	Foreign-Office Liabilities in Local Currency	Total Liabilities Booked at Foreign Offices	Net Due to (or Due from) Own Related Offices in Other Countries
Country	Code	(1)	(2)	(3)	(4)
Germany	11002	-	-	-	
United States	01007			-	

Schedule L - Examples

Example 9

- The respondent's Japanese subsidiary sells a security (UK government debt) it does not own to an investment company in China (for \$20 million, denominated in Yen). The as-of date falls between the trade date and settlement date and before arrangements were made to borrow the security.

Schedule L: Foreign-Office Liabilities In Millions of U.S. Dollars

		Foreign-Office Liabilities			
		By Country of Foreign Office		By Country of Creditor	
		Foreign-Office Liabilities in Non-Local Currency	Foreign-Office Liabilities in Local Currency	Total Liabilities Booked at Foreign Offices	Net Due to (or Due from) Own Related Offices in Other Countries
Country	Code	(1)	(2)	(3)	(4)
China Mainland	41408			20	
Japan	42609		20		

Schedule L – Due To/Due From

Column 4

- Only place where intercompany positions are captured
- Report single net number for all offices in a given country
- Include unremitted profits and capital contribution accounts of branch offices and the equity investment in consolidated subsidiaries
- Include positive and negative fair-value of derivatives



Schedule L – Due To/Due From

- Due To (Liability)
 - Reported as positive on report
 - From country listed to office in another country
- Due From (Claim)
 - Reported as negative on form
- In theory, should equal zero on global basis.



Schedule L - Examples

Example 10

- UK subsidiary places \$15 million deposits with Cayman branch.
- US Head Office loans UK subsidiary \$5 million.
- Cayman branch buys \$8 million in Canadian government debt.
- Japanese investment bank subsidiary conducts \$7 million in resale agreements with German branch of UK subsidiary.
- How would this be reported in Column 4 of Schedule 1a?

		Foreign-Office Liabilities in Non-Local Currency	Foreign-Office Liabs in Local Curr	Total Liabilities Booked at Foreign Offices	Net Due to (or Due from) Own Related Offices in Other Countries
Country	Code	(1)	(2)	(3)	(4)
Germany	11002				7
United Kingdom	13005				-10
Cayman Islands	36137				15
Japan	42609				-7
Canada	29998				-
United States	01007				-5
Grand Total	99996				0

Schedule C – Part 1 & 2

Gayathri Korapati



Sch C – Claims on an Immediate and Ultimate Risk Basis

- Collects information on claims, and is comprised of two parts.
- Part I: Collects information on claims on an “immediate-risk” basis, and shows the redistribution of claims to adjust for ultimate risk.
- Part II: Collects information on claims on an “ultimate-risk” basis, and also contains memorandum items that provide additional information related to these claims.
- Note: Claims resulting from the fair value of derivative contracts are excluded from Schedule C and reported on Schedule D.

Reportable Claims

- Claims that represent assets listed in the FFIEC 031 and FR Y-9C instructions.
- Examples of claims include:
 - Deposit balances held at banks (including those placed with central banks)
 - Loans
 - Direct lease financing
 - Holdings of foreign securities
 - Resale agreements
- Exclusions:
 - Premises, other real estate owned, goodwill and other intangible assets.



Schedule C – Part I

- Captures the same information as columns 1 through 14 of Schedule 1 in the current report.
- The “Other” sector of the current report has been expanded to “Non-bank Financial Institutions”, “Corporate” and “Household” sectors.
- Comprised of two sections -
 - Claims on an immediate-counterparty basis
 - Redistribution of claims to adjust for ultimate risk

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis										Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency						
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)

Sch C – Part I: Claims on an Immediate-Counterparty Basis

- Immediate Counterparty – Entity that directly incurred the liability.
- Comprised of two sections -
 - Cross-border claims
 - Claims on local residents (“Local” vs. “Non-Local” Currency)
- Cross-Border Claims (Columns 1 – 5)
 - Claims of the reporting institution’s offices on entities domiciled outside the country in which the office is located.
 - Broken down by counterparty type.
 - Currency denomination of the claim is not taken into consideration.

Sch C – Part I: Claims on an Immediate-Counterparty Basis

- Claims on Local Residents - “local” vs. “non-local” currency (Columns 6 – 10, 12)
 - Claims of the institution’s offices on residents of the country in which the office is located.
 - In “non-local” currency - broken down by counterparty type.
 - In “local” currency - not broken down by counterparty type.
- Remaining Maturity of One Year or Less – (Column 11)
 - Claims reported in columns 1 through 10 that have a remaining contractual maturity of one year or less.
 - Definition of one year is consistent with that used in FFIEC 031 and the FR Y-9C.
- Note:
 - Marketable equity investments both trading and available-for-sale should be reported as maturing in less than one year.

Sch C – Part 1: Claims on an Immediate-Counterparty Basis – Examples

Example 11 –

The reporter’s London branch has a claim of \$20 million on a non-bank financial institution in Japan. The claims mature in 8 months. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency					Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Japan	42609			20								20	

Sch C – Part 1: Claims on an Immediate-Counterparty Basis – Examples

Example 12 -

The reporter's London branch has loaned \$10 million, denominated in British pounds, to a non-bank financial institution domiciled in London. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis										Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency						
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
United Kingdom	13005												10

Example 13 -

The reporter's London branch has loaned \$10 million, denominated in U.S. dollars, to a non-bank financial institution domiciled in London. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis										Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency						
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
United Kingdom	13005								10				

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk

- This section shows the redistribution of claims that are subject to a required risk transfer from the sector and country of the immediate obligor to the sector and country of the ultimate obligor.

Schedule C, Part I: Claims on an Immediate Risk Basis		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)

- Outward Risk Transfers – (Columns 13 – 17)
 - Reflect the outward transfer of risk from a sector within a country for claims reported on an immediate-counterparty basis that are protected by the purchase of guarantees and/or posting of collateral.
- Inward Risk Transfers - (Columns 18 – 22)
 - Reflect the inward risk transfer into the sector and country in which the guarantor is domiciled.

- Risk Transfers: Claims are subject to risk transfers when protected by:
 - Guarantees
 - Insurance Policies
 - Collateral
 - Credit Derivatives
- Note: Protection in excess of the amount of the outstanding claim should only be risk-transferred up to the amount of the underlying claim.

- Guarantees –
 - Legally binding commitments purchased from a third party to protect against default by the direct obligor.
 - Financial and performance standby letters of credit
 - Risk Participations - Loans and acceptances for which the reporting institution has sold a legally binding risk participation are considered guaranteed by the purchaser for the amount of participation sold.

- Insurance Policies –
 - Considered guarantees only if they protect against default by the direct obligor. Limited purpose policies such as “political risk” policies are not considered guarantees.

- Collateral –
 - Liquid, and readily realizable, and should be realizable outside the country of residence of the borrower.
 - Eligible Collateral:
 - Cash – guarantor is the entity holding the cash.
 - Securities (debt and equity) – considered guaranteed by the issuer of these securities.
 - Basket of currencies or investment grade securities of different countries – reported on a pro-rata basis opposite the appropriate country and sector.

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 14 -

The reporter’s Cayman Islands branch has a claim of \$25 million on an insurance company in Switzerland. The insurance company places \$10 million in cash (collateral) with a bank in Switzerland. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency							
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Switzerland	12688			25										

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Switzerland	12688			10			10				

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 15 -

- The reporter’s Cayman Islands branch has a claim of \$25 million on an insurance company in Switzerland, collateralized by \$10 million in German government debt. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency							
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Switzerland	12688			25										

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Switzerland	12688			10							
Germany	11002							10			

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 16 -

- The reporter’s Cayman Islands branch issues a (short-term) margin loan for \$50 million to an insurance company domiciled in Switzerland. The loan is collateralized by \$10 million in Swiss Government debt, \$15 million in German government debt, and \$15 million in debt issued by non-financial corporations in Japan. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency							
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Switzerland	12688			50								50		

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Switzerland	12688			40				10			
Germany	11002							15			
Japan	42609									15	

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk

- Exceptions – claims backed by eligible collateral, but not subject to risk transfers
 - Resale agreements and securities lending arrangements are not subject to required risk transfers. The claim is reported against the country in which the counterparty is domiciled.
- Memorandum Section of Schedule C, Part II:
 - Has a subsection “Collateral Held Against Claims With No Risk Transfer” that captures information pertaining to the underlying collateral.

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Example

Example 17-

The reporter’s Cayman Islands branch enters into an overnight resale agreement involving UK government bonds, for \$50 million with a non-bank financial institution domiciled in the UK. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency					Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
United Kingdom	13005			50								50	

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
United Kingdom	13005										

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk

- Note -
 - Ownership of shares in a fund or securities issued by a special purpose vehicle are not considered guaranteed by the underlying assets.
 - Illiquid assets such as real estate cannot be used for risk transfers.
- Exclusions:
 - Collateral provided to offset positive fair value positions of derivative contracts should be reported in Schedule D.

- Note –
 - Guarantees provided by the reporter's head office or other consolidated units are not considered guarantees.
 - Claims on a bank branch, with or without an explicit guarantee, are considered guaranteed by the head office.
 - Claims that are guaranteed, yet not subject to risk transfers -
 - Risk transfers do not apply to protection purchased from entities within the same country and sector as the immediate obligor, regardless of the type of protection.
 - Only show the required risk transfers between different countries or between different sectors in the same country.

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 18 -

The reporter's U.S. office has a \$30 million claim on a German broker/dealer subsidiary of a UK bank. The claim is protected by a guarantee from the reporter's UK subsidiary. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency					Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Germany	11002			30									

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Germany	11002										
United Kingdom	13005										

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 19 –

The reporter's U.S. office has \$30 million in resale agreements, involving German government debt, with the German branch of a UK bank. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency					Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Germany	11002	30										30	

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Germany	11002	30									
United Kingdom	13005						30				

Note: Risk is transferred out of Germany in which the branch resides to UK in which the parent resides. Risk is not transferred to the public sector in Germany as risk transfers, based on underlying collateral, are not applicable to resale agreements.

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 20 –

The reporter’s U.S. office has a \$20 million claim on a Japanese bank. Credit protection is purchased from another bank, also located in Japan. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency							
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Japan	42609	20												

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Japan	42609										

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk

- Credit Derivative Contracts - purchased are guarantees if the arrangement is considered an effective credit risk mitigant based on its internal criteria and has provisions to pass the credit risk to the counterparty.
- Minimum Internal Criteria for Credit Derivatives-
 - Reference same legal entity as the obligor.
 - Specify events that are considered a default.
 - Prohibit clauses that reduce the effectiveness of the guarantee in the case of default.
 - Terms of the credit derivative should provide an effective guarantee even in the case of a maturity mismatch.



Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk

- Notional amount of credit derivatives purchased lesser than the amount of the immediate claim –
 - Guaranteed portion - reallocated to the country and sector of the credit protection seller.
 - Non-guaranteed portion – reported opposite the sector and country of the immediate obligor.
- Notional amount of credit derivatives purchased greater than the amount of the immediate claim –
 - Immediate claim – total amount is reallocated to the country and sector of the credit protection seller.
 - Residual amount – notional amount minus the immediate claim is reported in column 3 (and column 5, if applicable) of Schedule O.
- Multi-name Credit Derivatives – Only non-tranche index and single name CDS contracts may be used to risk transfer an immediate claim on Schedule C.

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 21 -

The reporter’s U.S. office holds \$20 million in bonds issued by a non-financial corporation in France. Credit protection with a notional value of \$10million (less than the value of the guaranteed debt) is purchased from a German bank. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency							
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
France	10804				20									

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
France	10804				10						
Germany	11002						10				

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 22 –

The reporter’s U.S. office holds \$20 million in bonds issued by a non-financial corporation in France. A \$30 million CDS contract (greater than the value of the guaranteed debt) on the debt issued by the French non-financial corporation is purchased from a German bank. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency							
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
France	10804				20									

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
France	10804				20						
Germany	11002						20				

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 22 (Cont.) –

Schedule O: Off Balance-Sheet Items In Millions of U.S. Dollars		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Columns 1 through 10 of Part II and Columns 1 and 2 of Schedule O that are Trade Finance
				Gross-Gross		Gross-Net		
		Unused Commitments	Guarantees (Excluding Credit Derivatives Sold)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
France	10804			10				

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 23 -

The reporter’s U.S. office holds \$10 million in UK sovereign debt and purchases a \$50 million CDS contract from a bank in Japan. The underlying is an iTraxx Europe Sovereign index. Assume it is equally weighted between the sovereign debt of the UK, France, Germany, Switzerland and the Netherlands. Entries include:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis										Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency						
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
United Kingdom	13005		10										

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 23 (Cont.) –

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
United Kingdom	13005		10								
Japan	42609						10				

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Ultimate-Risk Basis										
		Cross-Border Claims					Claims on Local Residents					Breakdown of Total of Columns 6 through 10 Claims in Non-Local Currency
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
United Kingdom	13005											
Japan	42609	10										

Sch C – Part I: Redistribution of Claims to Adjust for Ultimate Risk - Examples

Example 23 (Cont.) –

Schedule O: Off Balance-Sheet Items In Millions of U.S. Dollars		Cross-Border and Foreign-Office Commitments and Guarantees		Credit Derivatives (By Reference Entity)				Amounts Reported in Columns 1 through 10 of Part II and Columns 1 and 2 of Schedule O that are Trade Finance
				Gross-Gross		Gross-Net		
		Unused Commitments	Guarantees (Excluding Credit Derivatives Sold)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)
France	10804			10				
Germany	11002			10				
Netherlands	12106			10				
Switzerland	12688			10				

Sch C – Part II – Claims on an Ultimate-Risk Basis & Memo Items

- Comprised of two sections:
 - Claims on an ultimate-risk basis
 - Memorandum items
- Captures the same information as columns 15 through 21 of Schedule 1 in the current report.
- Expansion of the “Other” sector into subsectors.
- Memorandum section that provides additional information related to claims reported on an ultimate risk basis.

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Ultimate-Risk Basis										
		Cross-Border Claims					Claims on Local Residents					Breakdown of Total of Columns 6 through 10
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Memorandum						
		Breakdown of Total of Columns 1 through 10	Collateral Held Against Claims With No Risk Transfer (Reported in Columns 1 through 10 - By Counterparty)				Trading Assets	
			Securities (HTM and AFS)	Total Collateral	Of Which, Cash	Of Which, Same Country	Of Which, Resale and Reverse Repurchase Agreements and Securities Lending (Counterparty)	Trading Assets (Reported in Columns 1 through 10)
Country (a)	Code (b)	(12)	(13)	(14)	(15)	(16)	(17)	(18)

Sch C – Part II – Claims on an Ultimate-Risk Basis

- Ultimate Obligor – Country of residence of the entity with whom the ultimate risk resides, depending on the type of protection.
- Claims on an Ultimate-Risk Basis -
 - Cross-border claims
 - Claims on local residents

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Ultimate-Risk Basis										Breakdown of Total of Columns 6 through 10 Claims in Non-Local Currency
		Cross-Border Claims					Claims on Local Residents					
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Sch C – Part II – Claims on an Ultimate-Risk Basis

- **Cross-border claims – (Columns 1 – 5)**
 - Claims of the reporting institution's offices on ultimate-obligors domiciled outside the country in which the office is located.
 - Broken down by counterparty sector/type.

- **Claims on local residents - (Columns 6 – 10)**
 - Claims of the institution's offices on ultimate-obligors that are residents of the country in which the office is located.
 - Broken down by counterparty sector/type.

- **Claims on Local Residents in Non-Local Currencies – (Column 11)**
 - Claims reported in columns 6 through 10 (Schedule C Part II) in currencies other than the official currency of the country in which the office is located.

Sch C – Part II – Claims on an Ultimate-Risk Basis

- Claims subject to risk transfers –
 - Guaranteed/collateralized claims
- Claims not subject to risk transfers –
 - Resale agreements & securities lending arrangements
 - Guarantees provided by entities within the same sector and country as the immediate obligor
 - Guarantees provided by the counterparty's head office or other consolidated units
- Risk transfers carried out: Immediate and ultimate obligors are different.
- Risk transfers not carried out: Immediate and ultimate obligors are the same.

Sch C – Part II – Claims on an Ultimate-Risk Basis - Examples

Example 24 -

The reporter's offices in Japan have a total of \$80 million in claims on residents of Denmark - \$70 million on banks and \$10 million on households. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis										Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency						
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Denmark	10502	70				10							

Sch C – Part II – Claims on an Ultimate-Risk Basis - Examples

Example 24 (Cont.) -

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Denmark	10502										

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Ultimate-Risk Basis										
		Cross-Border Claims					Claims on Local Residents					Breakdown of Total of Columns 6 through 10
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Denmark	10502	70				10						

Sch C – Part II – Claims on an Ultimate-Risk Basis - Examples

Example 25 -

The reporter's offices in Japan have loaned \$30 million, denominated in dollars, to a bank in Denmark. \$20 million of the claim on the Denmark bank is guaranteed by a bank in Japan. The entries are:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency							
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households			
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Denmark	10502	30												

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Denmark	10502	20									
Japan	42609						20				

Sch C – Part II – Claims on an Ultimate-Risk Basis - Examples

Example 25 (Cont.) -

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Ultimate-Risk Basis										
		Cross-Border Claims					Claims on Local Residents					Breakdown of Total of Columns 6 through 10
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Denmark	10502	10										
Japan	42609						20					20

Sch C – Part II – Memorandum Items

- Memorandum items provide additional details related to claims on an ultimate-risk basis.

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Memorandum						
		Breakdown of Total of Columns 1 through 10	Collateral Held Against Claims With No Risk Transfer (Reported in Columns 1 through 10 - By Counterparty)				Trading Assets	
			Securities (HTM and AFS)	Total Collateral	Of Which, Cash	Of Which, Same Country	Of Which, Resale and Reverse Repurchase Agreements and Securities Lending (Counterparty)	Trading Assets (Reported in Columns 1 through 10)
Country (a)	Code (b)	(12)	(13)	(14)	(15)	(16)	(17)	(18)

- Securities (Held-to-Maturity (HTM) and Available-for-Sale (AFS)) – (Column 12)**
 - Claims reported in columns 1 through 10 of Schedule C, Part II, by country of issuer, that are classified as HTM or AFS.
 - HTM - Amortized cost
 - AFS - Fair value
 - Note: in the current report , AFS are reported at amortized cost.

Sch C – Part II – Memorandum Items

- **Collateral Held Against Claims with No Risk Transfers (Columns 13 - 16) –**
 - Claims backed by eligible collateral that were not subject to risk transfers, reported in columns 1 through 10 of Schedule C, Part II –
 - Collateral provided by the immediate obligor that did not meet the definition of collateral for required risk-transfers -
 - Resale agreements
 - Securities lending arrangements

Sch C – Part II – Memorandum Items

- **Collateral Held Against Claims with No Risk Transfers (Columns 13 - 16) (Cont.) –**
 - Total Collateral – (Column 13)
 - Claims backed by eligible collateral, reported in columns 1 through 10 of Schedule C, Part II, that are not subject to risk transfers.
 - Reported by the country of the counterparty.
 - Resale agreements and securities borrowed may be reported net consistent with ASC Topic 210-20.
 - Of Which Cash – (Column 14)
 - Claims collateralized with cash, reported in columns 1 through 10 of Schedule C, Part II, that are not subject to risk transfers.
 - Reported by the country of the counterparty.



Sch C – Part II – Memorandum Items

- **Collateral Held Against Claims with No Risk Transfers (Columns 13 - 16) (Cont.) –**
 - Of Which Same Country – (Column 15)
 - Collateralized claims, not subject to risk transfers, where the country of the ultimate-obligor (issuer of securities or holder of cash) is the same as that of the immediate-counterparty.
 - Of Which Resale and Reverse Repurchase Agreements and Securities Lending – (Column 16)
 - Collateralized claims reported in columns 1 through 10 of Schedule C part II, that are resale, reverse repurchase and securities lending agreements .
 - Reported by the country of the counterparty.

Sch C – Part II – Memorandum Items

- **Collateral Held Against Claims with No Risk Transfers (Columns 13 - 16) (Cont.) –**
 - Note:
 - Columns 14 through 16 are not mutually exclusive.
 - Over collateralized claims – report only up to the amount of the claim.
 - Partially collateralized claims – report amount of the claim that is collateralized.

Sch C – Part II – Memorandum Items – Example

Example 26 -

The reporter's Cayman Islands branch enters into a \$50 million overnight resale agreement with a non-bank financial institution domiciled in the UK. The resale agreement is collateralized with debt issued by the UK government. Entries would be:

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Immediate-Counterparty Basis											
		Cross-Border Claims					Claims on Local Residents in Non-Local Currency					Breakdown of Total of Columns 1 through 10 Remaining Maturity Up to and Including 1 Year	Claims on Local Residents in Local Currency
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households		
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
United Kingdom	13005			50								50	

Schedule C, Part I: Claims on an Immediate Risk Basis In Millions of U.S. Dollars		Redistribution of Claims to Adjust for Ultimate Risk									
		Outward Risk Transfers of Claims Reported in Columns 1 through 10 and 12 or on U.S. Residents					Inward Risk Transfers of Claims Reported in Columns 13 through 17				
		Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households	Claims on Banks	Claims on Public	Claims on NBFIs	Claims on Corporate	Claims on Households
Country (a)	Code (b)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
United Kingdom	13005										

Sch C – Part II – Memorandum Items – Example (Cont.)

Example 26 (Cont.) -

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Ultimate-Risk Basis										Breakdown of Total of Columns 6 through 10
		Cross-Border Claims					Claims on Local Residents					
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households	Claims in Non-Local Currency
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
United Kingdom	13005			50								

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Memorandum						Trading Assets	
		Breakdown of Total of Columns 1 through 10	Collateral Held Against Claims With No Risk Transfer (Reported in Columns 1 through 10 - By Counterparty)				Of Which, Resale and Reverse Repurchase Agreements and Securities Lending (Counterparty)	Trading Assets (Reported in Columns 1 through 10)	Offsetting Positions for Trading Book
			Securities (HTM and AFS)	Total Collateral	Of Which, Cash	Of Which, Same Country			
Country (a)	Code (b)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
United Kingdom	13005		50		50	50			

Sch C – Part II – Memorandum Items

■ **Trading Assets – (Column 17)**

- Trading assets reported in columns 1 through 10 of Schedule C, Part II.
- Reported at Fair Value
- “CUSIP netting” – permissible if position was reported net in columns 1 through 10
 - “Cusip netting” refers to the industry practice where trading assets and trading liabilities in the same exact security (based on its security identifier) may be reported on a net basis.

■ **Offsetting Positions for Trading Book – (Column 18)**

- Short positions in securities that have the same issuer (on a legal entity basis) and broad instrument type (debt versus debt and equity versus equity), as the long positions reported in column 17.
- Short position exceeds long position – report only up to the amount of the long position.

Sch C – Part II – Memorandum Items – Example

Example 27-

The reporter's UK office holds \$20 million in long-term bonds, denominated in Danish krone, issued by a non-financial corporation domiciled in Denmark. The reporter classifies these holdings as Held-for-Trading. The UK office is also short on \$5 million in intermediate-term bonds, denominated in Danish krone and issued by the same non-financial corporation in Denmark, with a broker/dealer domiciled in France. The entries are:

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Ultimate-Risk Basis										
		Cross-Border Claims					Claims on Local Residents					Breakdown of Total of Columns 6 through 10
		Banks	Public	NBFIs	Corporate	Households	Banks	Public	NBFIs	Corporate	Households	
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Denmark	10502				20							

Sch C – Part II – Memorandum Items – Example (Cont.)

Example 27 (Cont.) -

Schedule C, Part II: Claims on an Ultimate Risk Basis and Memorandum Items In Millions of U.S. Dollars		Memorandum						
		Breakdown of Total of Columns 1 through 10	Collateral Held Against Claims With No Risk Transfer (Reported in Columns 1 through 10 - By Counterparty)				Trading Assets	
			Securities (HTM and AFS)	Total Collateral	Of Which, Cash	Of Which, Same Country	Of Which, Resale and Reverse Repurchase Agreements and Securities Lending (Counterparty)	Trading Assets (Reported in Columns 1 through 10)
Country (a)	Code (b)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Denmark	10502						20	5

Foreign-Office Liabilities					
Schedule L: Foreign-Office Liabilities In Millions of U.S. Dollars		By Country of Foreign Office		By Country of Creditor	Net Due to (or Due From) Own Related Offices in Other Countries
		Foreign-Office Liabilities in Non-Local Currency	Foreign-Office Liabilities in Local Currency	Total Liabilities Booked at Foreign Offices	
Country (a)	Code (b)	(1)	(2)	(3)	(4)
United Kingdom	13005	5			
France	10804			5	

Common Reporting Errors

- Reporting positions with foreign-subsubsidiaries and branches that are part of the consolidated bank or bank holding company filing the Country Exposure Report.
- Excluding claims on unconsolidated subsidiaries. These are considered to be positions with third-party entities and should be included in the Country Exposure Report.
- Reporting positions with foreign-central banks as claims on banks as opposed to claims on “Public” entities.
- Claims covered by guarantees/ collateral not reallocated from an immediate to ultimate risk basis.

Schedule D

Claims from Positions in Derivative Contracts



Sch D – Claims from Positions in Derivative Contracts

- Captures the same information as columns 1 through 5 of Schedule 2 in the current report.
- Sectors expanded to include non-bank financial institutions
- Elimination of the optional columns 6 and 7 in Schedule 2 of the current report that collect information on foreign office claims and liabilities on local residents.
- Collects information on the positive fair value of the reporting institution's derivative contracts by country and sector of the ultimate counterparty.

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with no Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)

Sch D – Claims from Positions in Derivative Contracts

- Note:
 - All claims are reported on an ultimate-risk basis.
 - Claims on a bank's branches are assumed to have an implicit credit guarantee of the head office, and are reported in the country of the head office.
- Offsetting – Positive fair values may be offset against negative fair values if, and only if –
 - Transactions are executed with the same counterparty
 - Transaction is governed by a legally enforceable master netting agreement under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39, “Offsetting of Amounts Related to Certain Contracts”).

Sch D – Claims from Positions in Derivative Contracts

- Contracts covered by master netting agreements –
 - Single netting agreement –
 - Master netting agreement entered into by a single office of the reporter with another party.
 - Net residual amount, if positive, is reported in the country of residence of the ultimate counterparty.
 - Multi-branch or multi-jurisdiction master netting agreement –
 - Master netting agreement that covers the head office and other offices of the reporter.
 - Larger of zero or the gross positive fair value less the gross negative fair value of those contracts covered by the same master netting agreement.
- Contracts not covered by master netting agreements – reported gross.

Sch D – Claims from Positions in Derivative Contracts

- **Fair Value of Foreign Exchange and Derivative Products – (Columns 1 – 4)**
 - Reported in the country of residence of the ultimate obligor
 - Broken down by counterparty type (Banks, Public entities, Non-bank financial institutions and “Other”)
 - Column 5 – Total of Columns 1 through 4

- **Claims on Branches with no Guarantee from Parent – (Column 6)**
 - Claim not formally or legally guaranteed by the head office of the bank branch.
 - Reflect risk that could potentially remain in the countries where the branches are located.
 - Claims reported opposite the country in which the bank branch is located.
 - Contracts covered by master netting agreements are deemed to carry the legal guarantee of the head office.

Sch D – Claims from Positions in Derivative Contracts – Examples

Example 28-

The reporter’s UK securities broker subsidiary has a portfolio of OTC derivative trades with a positive fair value of \$150 million with a bank in UK. The UK bank posts \$120 million in cash as collateral, that is held by a third-party bank domiciled in France. Entries would be:

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with no Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)
United Kingdom	13005	30					
France	10804	120					

Sch D – Claims from Positions in Derivative Contracts – Examples

Example 28 (Cont.) –

Consider the same fact pattern, only the cash collateral is held by the reporter’s parent bank in the United States. Entries would be:

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with no Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)
United Kingdom	13005	30					

Consider the same fact pattern, only instead of the cash collateral, the UK bank posts \$120 mil in UK government debt as collateral. Entries would be:

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with no Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)
United Kingdom	13005	30	120				

Sch D – Claims from Positions in Derivative Contracts – Examples

Example 29-

The reporter's UK securities broker subsidiary has a portfolio of OTC derivative trades with a positive fair value of \$30 million with the U.K. branch of a German bank. Entries would be:

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with no Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)
Germany	11002	30					
United Kingdom	13005						30

Sch D – Claims from Positions in Derivative Contracts – Examples

Example 30 -

The Hong Kong broker dealer subsidiary of a U.S. bank has a portfolio of OTC derivative trades with a positive fair value of \$15 million and a negative fair value of \$10 million with the Hong Kong broker dealer subsidiary of a German bank.

The reporter and the German bank have a multi-jurisdiction master netting agreement encompassing all the subsidiaries and branches of the two counterparties. Entries would be:

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with no Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)
Germany	11002	5					

Sch D – Claims from Positions in Derivative Contracts – Examples

Example 30 (Cont.) -

Consider the same fact pattern described above, but assume that there is no master netting agreement between the reporter and the German bank. Entries would be:

Schedule D: Claims from Positions in Derivative Contracts In Millions of U.S. Dollars		Fair Value of Foreign Exchange and Derivative Products					Memorandum
		Banks	Public	NBFIs	Other	Total	Claims on Branches with no Guarantee from Parent
Country (a)	Code (b)	(1)	(2)	(3)	(4)	(5)	(6)
Hong Kong	42005			15			

Common Reporting Errors

- Reporting claims resulting from the positive fair value on derivative contracts on Schedule C.
- Reporting positions on a net basis when not covered by a master netting agreement.

FFIEC 009A Country Exposure Information Report



FFIEC 009a – Country Exposure Information Report

- Objective – Provide public disclosure of significant country exposures of U.S. banking institutions through the FFIEC’s statistical release E.16 .
- The form has been expanded to provide greater detail on significant country exposures compared to the current Country Exposure Information Report.
- Foreign-office claims are no longer reported net of foreign-office liabilities.

FFIEC 009A

Country	Amount of Cross-border Claims Outstanding After Mandated Adjustments for Transfer of Exposure (excluding derivative products)	Amount of Foreign-Office Claims on Local Residents (excluding derivative products)	Amount of Gross Claims Outstanding from Derivative Products after Mandated Adjustments for Transfer of Exposure	Total of Columns (1) Plus (2) Plus (3)	Gross Foreign-Office Liabilities	Distribution of Amounts in Columns 1 and 2 (except Column 13)								
						By Type of Borrower				By Maturity		Trading Assets		
						Banks	Public	NBFIs	Other	One Year and Under	Over One Year	Trading Assets	Offsetting Positions for Trading Book	Securities (HTM and AFS)
						(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

Collateral Held Against Claims With No Risk Transfer (Reported in Columns 1 and 2 - By Counterparty)				Cross-Border and Foreign-Office Commitments and Guarantees		Gross-Gross		Gross-Net	
Total Collateral	Of Which, Cash	Of Which, Same Country	Of Which, Resale Agreements and Securities Lending (Counterparty)	Unused Commitments	Guarantees (Excluding Credit Derivatives Sold)	Total Credit Derivatives Purchased	Total Credit Derivatives Sold	Total Credit Derivatives Purchased	Total Credit Derivatives Sold
(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)

FFIEC 009a – Country Exposure Information Report

- Who must report – Every institution that submits Form FFIEC 009 and has exposures that meet the criteria below, to any single country.
 - **Part A –**
 - Total exposures on an ultimate-risk basis to a single country excluding the U.S. exceed one percent of the banking institution's total assets or exceed 20 percent of the banking institution's total capital, whichever is less.
 - Total Assets of Reporting Banks -
 - Total assets on the Report of Condition to the Federal Bank Supervisors as of the same date
 - Bank Holding Companies – Total assets on the most recent FR Y-9C.
 - Total Capital –
 - Tier 1 plus Tier 2 Capital

FFIEC 009a – Country Exposure Information Report

- **Part A (Cont.) –**
 - Total Exposures on an ultimate-risk basis are the sum of:
 - Cross-border claims on an ultimate risk basis – sum of Sch. C, part II, columns 1 through 5.
 - Foreign-office claims on local residents – sum of Sch. C, part II, columns 6 through 10.
 - Gross claims outstanding from derivative products after mandated adjustments for transfer of exposure – Sch. D, column 5.
 - All columns should only be completed for countries that exceed these thresholds.

FFIEC 009a – Country Exposure Information Report

- **Who must report (Cont.) –**

- **Part B –**

- Total exposures on an ultimate-risk basis to a single country excluding the U.S. exceed 0.75 percent, but not 1 percent of the banking institution's total assets or are between 15 percent and 20 percent of the banking institution's total capital, whichever is less.
 - Report only the names of the countries and the aggregate amount of exposure for all countries listed.

