B. Reporting requirements for the locational banking statistics

B.1. General

The locational banking statistics (LBS) were designed to provide comprehensive and consistent quarterly data on international banking business conducted in the countries and other financial centres making up the LBS reporting area. The basic organising principle underlying the reporting requirements is the residence of the reporting banking office. This conforms to balance of payments and external debt methodology. These offices report their own (unconsolidated) international banking business, including international transactions with any of their own affiliates (branches, subsidiaries or joint ventures).

International banking business comprises claims and liabilities vis-à-vis non-residents in any currency plus claims and liabilities vis-à-vis residents of the reporting country in foreign currencies. From the Q2 2012 reporting quarter, banks' local currency claims and liabilities vis-à-vis residents of the reporting country are collected as well. Thus, the LBS cover all financial asset and liability positions of reporting banks located in the LBS reporting area.

The asset and liability positions of banking offices located in the LBS reporting countries are reported to the BIS with a full breakdown by either the residence of the counterparty (*locational banking statistics by residence (LBS/R)*) or the nationality of the reporting institution (*locational banking statistics by nationality (LBS/N)*). Conceptually, the LBS/N are a regrouping of the LBS/R according to the nationality of the controlling parent institution. From the Q2 2012 reporting quarter, the LBS/N incorporate elements of the LBS/R in that a (limited) breakdown by counterparty country is requested for several key bank nationalities (see Section B.4.2).

The reporting area and institutions for both the LBS/R and LBS/N are described in Section B.2 below. Sections B.3 and B.4 describe the specific reporting requirements for the LBS/R and the LBS/N, respectively. Other reporting conventions which apply to both the LBS and CBS are discussed in Section D. A list of frequently asked questions and examples of the reporting of specific transactions are provided in Section E.

B.2. Reporting area and institutions

B.2.1. Reporting area

To adequately cover all international banking activity, data should ideally be collected from internationally active banks in each and every country. However, data reported by a smaller number of countries capture at least one side of most international banking relationships, and thus provide some coverage of cross-border banking outside the LBS reporting area. Countries are asked to contribute to the LBS when their international banking business becomes substantial. The countries currently making up the LBS reporting area are listed in Table A2.

B.2.2. Reporting institutions

Reporting institutions cover mainly internationally active banks.[5] In particular, they cover institutions located in each reporting country whose business it is to receive deposits (and/or

[5] At present, no precise criteria are used to determine the set of internationally active banks. It is expected that all banking offices with substantial international business, ie cross-border positions and/or local positions in non-domestic currencies, would be included in the reporting population. In addition, all foreign-owned banking offices in a reporting country are also expected to be included in the reporting population, even if these

close substitutes for deposits) and to grant credits or invest in securities on their own account ("banks" or "banking offices" in these Guidelines).[6] Thus, the reporting institutions include not only commercial banks but also savings banks, savings and loan associations, credit unions or cooperative credit banks, building societies, and post office giro institutions, other government-controlled savings banks and other financial institutions if they take deposits or issue close substitutes for deposits.[7]

B.3. The locational banking statistics by residence

The locational banking statistics by residence (LBS/R) provide quarterly information on all balance sheet positions (and some off-balance sheet positions in the area of trustee business) which represent financial claims or liabilities. As summarised in Table B1, banks' positions should be fully broken down by instrument, counterparty country, counterparty sector, and currency. In addition, positions should be reported separately for each bank type.

B.3.1. Instrument breakdown

Banks' assets, or claims, should be broken down into: (a) "loans and deposits", which comprise interbank deposits and loans and advances (to banks or non-banks); (b) "holdings of securities"; and (c) "other claims". Similarly, banks' liabilities should be broken down into: (a) "loans and deposits", which comprise interbank loans received and deposits (from banks or non-banks); (b) "own issues of debt securities"; and (c) "other liabilities". Arrears and accrued interest as well as principal in arrears should be included in the claims and liabilities under the respective instruments, whenever possible (see Section D.3).

B.3.1.1. Loans and deposits

Loans comprise those financial claims which are created through the lending of funds by a creditor (lender) to a debtor (borrower) and which are not represented by negotiable securities.[8]

On the claims side, banks should report as "loans and deposits" all loans granted, working capital to branches/subsidiaries and deposits with other banks, including those with their own affiliates (inter-office positions).[9] On the liabilities side, "loans and deposits" should comprise

---

banking offices do not have substantial international positions. This will help to ensure that those banking offices that are part of a consolidated group in the CBS are also covered in the LBS.

6 This definition of "banks" conforms to other widely used definitions, such as "Deposit-taking corporations, except the central bank" in the System of National Accounts (SNA) and in the Balance of Payments Manual (BPM6); "other (than central bank) depository institutions" in the IMF money and banking statistics; and "monetary financial institutions (other than central banks)" as defined by the ECB and used in the European System of Accounts (ESA 1995).

7 Reporting institutions should not include money market funds. If money market funds are included in the reporting population, they should treat liabilities on account of shares and units as close substitutes for deposits and thus classify them as deposits. This is consistent with their treatment in monetary and financial statistics but not with that in BPM6.

8 Loans which have become negotiable de facto should be classified under debt securities (provided there is evidence of trading on a secondary market).

9 Overnight loans, repurchase agreements and other lending or deposits with agreed maturity between the controlling parent institution and/or head office vis-à-vis affiliates should be reported as instrument "loans and deposits". Working capital received from the controlling parent institution or head office is not considered permanent capital and thus should be included in "loans and deposits", and not in "other instruments" (BPM6: 6.28).

Table B1

Summary of reporting requirements for the locational banking statistics

Requirements effective from Q2 2012 shown in **blue (Stage 1)** and from Q4 2013 in **red (Stage 2)**

Positions	Bank nationality	Bank type	Counter-party country[1]	Counter-party sector	Instru-ment	Matur-ity	Currency
	Breakdowns to be reported and fully crossed						
Members	>16	4	>200	5–9	3	2	>6
LBS by residence							
Claims	No	Yes	Yes	Yes	Yes	No	Yes
Liabilities	No	Yes	Yes	Yes	Yes	No	Yes
Debt securities	No	Yes	No	No	.	Yes	Yes
LBS by nationality							
Claims	Yes	No	Yes	Yes	No	No	Yes
Liabilities	Yes	No	Yes	Yes	No	No	Yes
Debt securities	Yes	No	No	No	.	Yes	Yes

[1] Including positions vis-à-vis residents of the reporting country denominated in local currency.

all claims on the reporting bank that reflect evidence of deposit, and borrowing (loans) from others. This includes borrowing from the bank's own affiliates, head office or controlling parent institution, and working capital received from the head office or controlling parent institution (see Section B.3.4).

Several additional financial instruments should also be classified as "loans and deposits". These include: repurchase transactions (repos) involving the sale of assets (eg securities or gold) with a commitment to repurchase the same or similar claims; financial leases; promissory notes; non-negotiable debt securities (eg non-negotiable CDs); endorsement liabilities arising from bills rediscounted abroad and subordinated loans (including subordinated non-negotiable debt securities); loans received and granted on a trust basis, or deposits received and placed on a trust basis (see below); and trade-related credits (see below).

Borrowing and lending of securities and gold *without* cash collateral should *not* be reported as on-balance sheet banking business (see question 13 in Section E.1).

Banks' holdings of notes and coins that are in circulation and commonly used to make payments should be recorded as claims in the form of loans and deposits (see question 3 in Section E.1).

Trustee business

It is recommended that trustee business be reported – be it on or off balance sheet – in the books of the reporting banks. The goal is consistency and completeness of reporting of banks' positions, both directly and indirectly via trustee business. Funds received by banks on a trust basis should be classified as "loans and deposits" liabilities. Similarly, funds lent or deposited on a trust basis in the reporting bank's own name, but on behalf of third parties, should be classified as "loans and deposits" claims. Securities issued by banks in their own name but on behalf of third parties, or funds invested on a trust basis in securities and held in the banks' own name but on behalf of third parties, should be classified as "debt securities" claims and liabilities (or "other" claims and liabilities, as the case may be).

Foreign and domestic trade-related credit

Trade-related credits mainly take the form of buyer's credit which is granted directly by a reporting bank to a foreign importer on the basis of a letter of credit issued by the importer's bank. In contrast, a supplier's credit is, in most cases, a contract by which an exporter is extending a credit to the buyer on the basis of a trade bill drawn on the latter. It may subsequently be acquired by the reporting bank.

These credits should be included in the LBS as a cross-border or local claim, depending on whether the residence of the drawee (who is the final debtor) or that of the presenter of the bill (who has guaranteed payment by endorsing the bill) is used as the criterion for geographical allocation. For the purposes of the locational banking statistics, it is recommended that suppliers' credits be allocated according to the residence of the drawee of the relevant trade bills, as the drawee is the final recipient of the credit extended.

Banks may acquire external trade bills "à forfait" and "en pension". An "à forfait" purchase is an outright purchase which absolves the seller/presenter of the bills from any obligation should the drawee fail to honour the bill when it matures. When the drawee is a non-resident, such bills should similarly be considered to be external claims, irrespective of the residence of the presenter.

An "en pension" acquisition involves a bank purchasing a foreign trade bill under a sale and repurchase agreement with the domestic exporter whereby the bank must or may return the bill to the exporter on, or prior to, the maturity date. If the return of the bill is optional, the bill is recorded in the balance sheet of the purchaser as a claim on the drawee. If the bill must be returned, the instrument remains on the balance sheet of the seller and the transaction can be regarded as an advance to the domestic exporter which should be included in the locational statistics as a domestic asset.

When a bank refinances an exporter's open account without any collateral or trade bill, the facility extended cannot be identified as a foreign trade-related credit. The facility should be reported as a local claim if the exporting company is a resident or as a cross-border claim if the company is a non-resident.

B.3.1.2. Debt securities

Holdings of debt securities

Banks' holdings of debt securities comprise claims in all negotiable debt instruments, including negotiable CDs but excluding equity securities, investment fund units and warrants.[10] Banks' holdings of debt securities should include those held in their own name and those held on behalf of third parties as part of their trustee business (see Section B.3.1.1). It is recommended that holdings of debt securities are allocated to a counterparty country according to the *residence* (as opposed to nationality) of the issuer.

Debt securities held on a purely custodial basis for customers (that is, positions not in the banks' own name), and debt securities acquired in the context of securities lending

[10] Negotiable securities are those where legal ownership is readily capable of being transferred from one entity to another by delivery or endorsement (BPM6, paragraph 5.15). The instrument need not be traded on an exchange to be negotiable but it should be designed to be traded.

transactions without cash collateral, should not be included in holdings of debt securities. It is recognised that the borrowing of securities that are subsequently lent or sold to third parties (eg “short sales”) may result in a negative stock of holdings of securities.[11]

Own issues of debt securities

Banks’ own issues of debt securities comprise liabilities in all negotiable debt securities, including negotiable CDs, subordinated issues and issues in their own name but on behalf of third parties. From the Q4 2013 reporting period, separate data covering own issues of debt securities with a remaining maturity of up to and including 12 months should be reported as an “of which” item under debt securities liabilities.

It is often difficult to determine the current holder of a negotiable instrument. Thus, at a minimum, banks should report own issues of debt securities vis-à-vis the categories “unallocated by sector” and “unallocated by country”, with a currency breakdown. If the sector and residence of the current holders of own issues of debt securities are known to the reporting bank, then debt securities liabilities should be allocated to the appropriate counterparty sector and country.

B.3.1.3. Other instruments

Banks’ residual claims (ie those not included under “loans and deposits” and “debt securities”) mainly comprise equity securities (including mutual and investment fund units and holdings of shares in a bank’s own name but on behalf of third parties[12]), participations, derivatives instruments with positive market value and any other residual on-balance sheet financial claims. Banks’ residual liabilities comprise mainly equity issuance, derivatives instruments with negative market value and any other residual on-balance sheet liabilities.

Claims and liabilities arising from derivatives contracts, which in the past were mostly recorded off balance sheet, are increasingly reflected on the balance sheet as a result of the implementation of new national and international accounting standards. For the LBS, it is recommended that derivatives recorded on the balance sheet be included under “other instruments” for claims and liabilities, as appropriate (for more on the valuation of derivatives instruments, see Section D).

Retained earnings (positive amount) should be reported as other liabilities if they are reported by the banking subsidiary of a foreign bank in the reporting country and should be allocated to the country where the controlling parent institution is located. Negative retained earnings should be treated as claims vis-à-vis the controlling parent institution.

B.3.2. Bank type breakdown

From the Q4 2013 reporting period, the LBS/R should by disaggregated by four types of institutions depending on the nationality of the controlling parent institution. The bank type breakdown does not require additional information from reporting institutions; reporting countries need only aggregate reported data by bank type. The four types of institutions are summarised in Table B2.

---

[11] Under BPM6, short selling of debt securities is treated as a negative asset and thus can result in the reporting of negative stock amounts when multiple data dimensions are crossed. See question 8 in Section E.1.

[12] “Off-balance sheet and non-trustee” related shares/funds that are held purely on a custodial basis should not be reported.

Table B2

Types of reporting institutions in the locational banking statistics

Bank type	Definition
All reporting banks	Sum of all bank types
Domestic banks	Banks whose controlling parent institution is located in the reporting country, regardless of whether the controlling parent is a banking or non-banking entity. For guidance on identifying the controlling parent, see section B.4.1.
Foreign subsidiaries	Banks incorporated in the reporting country but with a controlling parent institution incorporated outside the reporting country
Foreign branches	Unincorporated entities wholly owned by a controlling parent institution incorporated outside the reporting country
Consortium banks	Banks that cannot be classified according to a single controlling parent institution and therefore that have no well defined "parent country" (ie nationality)

B.3.3. Currency breakdown

Reporting countries are requested to provide a breakdown of positions into local (domestic) currency and individual foreign currencies. The minimum recommended currency breakdown covers the local (domestic) currency of the reporting country, US dollar, euro, yen, Swiss franc and pound sterling, plus a residual category. Reporting countries are encouraged to report a complete currency breakdown.[13]

B.3.4. Counterparty-sector breakdown

From the Q4 2013 reporting period, the LBS will include a more detailed breakdown by sector of the counterparty. The members in the recommended breakdown are defined in Table B3, and are summarised below, with encouraged items in italics:

1. All sectors (= 2 + 3 + 4 + 5)
2. Banks

   Of which:

   a. Related offices (inter-office)

   b. Central banks
3. Non-bank financial institutions
4. Non-financial sectors (= 4a + 4b + 4c)

   a. General government

   b. Non-financial corporations

   c. Households including NPISHs
5. Unallocated by sector

[13] The currency dimension is useful in assessing banks' use of individual currencies and their associated funding risks, and is used by the BIS to calculate quarterly changes in stocks net of exchange rate effects.

Table B3

Counterparty sector breakdown in the locational banking statistics

Counterparty sector	Definition
All sectors	Sum of banks, non-banks and unallocated by counterparty sector
Banks	Financial institutions whose business it is to receive deposits or close substitutes for deposits and to grant credits or invest in securities on their own account. Money market funds, investment funds and pension funds are excluded from this category. Related offices and central banks are included in this sector.
Related offices	Entities that are part of the same banking group (ie have the same controlling parent intuition). Includes the controlling parent institution, the head office of the bank (if different), and branches or subsidiaries that are part of the consolidated reporting entity. To be reported as an of which item under counterparty sector "banks".
Central banks	Central banks (including the BIS and the ECB) and other official monetary authorities. See list in Section H. To be reported as an of-which item under counterparty sector "banks".
Non-banks	Sum of non-bank financial institutions and non-financial sectors
Non-bank financial institutions	Private or public financial institutions, other than banks, engaged primarily in the provision of financial services and activities auxiliary to financial intermediation such as fund management. Include special purpose vehicles, hedge funds, securities brokers, money market funds, pension funds, insurance companies, financial leasing corporations, central clearing counterparties, unit trusts, other financial auxiliaries and other captive financial institutions. It also includes any public financial institutions such as development banks and export credit agencies.
Non-financial sectors	Sum of the general government sector, non-financial corporations and households including NPISHs
General government	Includes the central government, state government, local government and social security funds. In addition, it includes non-profit institutions engaged in non-market production that are controlled and mainly financed by government units and social security funds. Central banks, other official monetary authorities and public corporations are not part of the general government sector.[1]
Non-financial corporations	Privately and publicly owned corporations as well as unincorporated enterprises that function as if they were corporations, such as partnerships and the branches of foreign corporations.
Households including NPISHs	Individuals, families, unincorporated enterprises owned by households, and non-profit institutions serving households (NPISHs) such as charities, religious institutions, trade unions and consumer associations.
Unallocated by sector	Any positions for which the sector of the counterparty is unknown.

[1] In the CBS (discussed in Section C), central banks are combined with the general government to form the "official sector". This is in contrast to the LBS, where central banks are included in the "banks" sector and broken out explicitly on an encouraged basis.

B.3.4.1. *Positions vis-à-vis banks*

The counterparty sector "banks", which prior to Q4 2013 was derived from all sectors and non-banks, should be reported separately, with "of which" positions for related offices and, on an encouraged basis, central banks.

The allocation of positions by counterparty sector can be complicated for at least two reasons. First, the exact location (country) and sector of a bank's counterparty may not always be known, particularly for own issues of debt securities. Second, the distinction between bank and non-bank counterparties is not the same in all reporting countries. As a result, what is reported by a bank in country A as a claim on a bank in another reporting country B may not be classified as an interbank liability by the reporting institution in country B. Such differences in definitions may give rise to bilateral discrepancies in data on claims and liabilities vis-à-vis banks.

A number of different criteria can be used to determine whether a counterparty is a bank: (a) the definition used in the country where the counterparty is located; (b) the definition implied by international standards (such as the ECB's definition of monetary financial institutions or that in the Balance of Payments Manual); or (c) the definition in the country of location of the reporting bank. In order to avoid bilateral asymmetries, the application of (a) is favoured as it reduces the likelihood of discrepancies in bilateral interbank data compiled from debtor and creditor sources.[14] Furthermore, it is recommended that central banks (or supervisory authorities) publish the list of banks in their jurisdiction. This should be updated at least annually (see the box "Banking list exercise" below).

Banking list exercise

To improve the quality of the IBS, the BIS monitors the population of reporting banks and their classification by nationality. In an annual exercise, the BIS and reporting authorities identify the complete population of banks reporting in the locational banking statistics by residence (LBS/R), and then for each bank verify the nationality classification that is used in the locational by nationality statistics (LBS/N). This exercise helps to identify potential bilateral discrepancies in reported positions and cases of double- or under-counting.

Overview of the process

1. Central banks provide the BIS with the list of banking offices resident in their country that report the LBS (the "locational list"), including information on the nationality of the banks' controlling parent institution, and their classification by bank type in the CBS (see Section C.2.2). From these reports, the BIS produces a global list of the full reporting population of banking offices.

2. Using this global list, the BIS prepares lists of foreign offices resident in each (host) reporting country. The list of reporting institutions is verified and updated by authorities in the home reporting countries to produce an inventory of banks and their foreign affiliates that report the CBS.

3. The BIS performs consistency checks on both lists to identify misreporting, ensure proper classification by nationality in the LBS/N, and identify potential double- or under-reporting in the CBS.

4. The BIS publishes the list of banking offices that contribute to the LBS, providing that any confidentiality restrictions are respected (www.bis.org/statistics/count_rep_practices.htm).

[14] For example, if criterion (a) is used, a claim on a bank in country B reported by a bank in country A will be reported as a liability to a bank in country A by the bank in country B even if the bank in country A is regarded as a non-bank according to the definition of country B. The position would be identified as an interbank claim or liability only if the two countries define both institutions as banks.

All positions vis-à-vis related offices of the same banking group, ie inter-office positions, should be reported as an "of which" in the counterparty sector "banks". Inter-office positions vis-à-vis resident offices should not include inter-*branch* positions, eg positions between the Tokyo and Osaka branches of a reporting bank in Japan, but should include positions vis-à-vis resident *subsidiaries*. Cross-border positions between a banking office in the reporting country and foreign affiliates (ie *both* branches and subsidiaries) should be reported with a counterparty-country breakdown.

It is recommended that positions vis-à-vis central banks and other official monetary authorities be reported as "central banks" as an "of which" item under the counterparty sector "banks", even when the particular counterparty is a non-bank (eg a ministry of finance; see Section H).[15,16]

B.3.4.2. Positions vis-à-vis non-banks

Prior to the Q4 2013 reporting period, positions vis-à-vis the non-bank sector should be reported separately. From the Q4 2013 reporting period, such positions should be broken down into "non-bank financial institutions" and "non-financial sectors". In addition, reporting countries are encouraged to report three subsectors within the non-financial sector: general government, non-financial corporations, and households including non-profit institutions serving households (NPISHs).

For all counterparty sectors other than banks, the allocation of positions in the locational banking statistics (both LBS/R and LBS/N, discussed below) should follow the BPM and SNA classifications.

The counterparty-sector breakdown also includes an "unallocated by sector" category to capture own issues of debt securities and any other positions (assets or liabilities) for which the counterparty sector is unknown.

B.3.5. Counterparty-country breakdown

Reporters are requested to provide a full counterparty-country breakdown of banks' financial claims and liabilities. The balance of payments concept of residence of both the reporting bank and its counterparty should be applied for this purpose. If for any reason identification of the counterparty country of residence is incomplete, data should be allocated to the regional residuals of: developed countries, offshore centres, Africa and the Middle East, Asia-Pacific, Europe, and Latin America and the Caribbean. If this is not feasible (eg in the case of debt securities liabilities), the data should be assigned to the category "unallocated by country".

International organisations are considered to be resident in an economic territory of their own, and not of the economy in which they are physically located. This treatment applies to both international organisations located in only one territory and those located in two or more territories. Banks' positions vis-à-vis international organisations should not be assigned to the country of residence of the institution, but rather should be reported as a distinct entry "international organisations" (with code 1C) in the counterparty-country dimension. Those international organisations which are designated as non-bank financial entities (see list in

---

[15] From the Q4 2013 reporting period, reporting countries are encouraged to report positions vis-à-vis central banks with a counterparty-country breakdown. At a minimum, positions vis-à-vis central banks should be broken down into positions vis-à-vis resident and non-resident central banks (with an appropriate confidentiality flag). Prior to the Q4 2013 reporting period, positions vis-à-vis central banks should be reported in the LBS/R as a memo item in the counterparty-country dimension.

[16] Note that, for the purposes of the IBS, the BIS and the ECB are classified as central banks rather than as international organisations (see Section G).

Section G) should be allocated to the counterparty sector “non-bank financial institutions”. [17] All other international organisations should be allocated to “non-financial sectors”.[18]

In addition, reporting countries should continue to report positions vis-à-vis central banks as a memo item in the counterparty-country dimension until they are able to implement the more detailed counterparty-sector breakdown applicable from the Q4 2013 reporting period.

B.4. The locational banking statistics by nationality

The locational by nationality statistics (LBS/N) provide information on banking activity by residence of the reporting bank as well as by nationality of the bank. The LBS/N are generated by regrouping the LBS/R according to the nationality of the reporting bank’s controlling parent institution, which is defined in Section B.4.1 below.

The reporting population of banking entities for the LBS/N should be the same as for the LBS/R. Furthermore, the same balance sheet items that are reported in the LBS/R should be reported in the LBS/N. Thus, for each reporting country, total claims and liabilities (and their breakdowns) for all banks reported in the LBS/R should equal the total claims and liabilities of all banks reported in the LBS/N.

The data reported in the LBS/N should be a full crossing of the following dimensions: (a) bank nationality, (b) currency and (c) counterparty sector. In addition, reporting authorities should provide a counterparty-country breakdown for a minimum set of bank nationalities. While no instrument breakdown for claims is requested, own issues of debt securities should be reported separately.

B.4.1. Bank nationality breakdown

Classifying banks according to their nationality is not a simple matter because it depends on the identification of a single controlling parent institution. While local branches of foreign banks always have an identifiable controlling parent located abroad, the treatment of other affiliates of foreign banks may at times be ambiguous. Subsidiaries are invariably incorporated under the laws of the host country, may be listed separately from their parent institution, and in principle (although not necessarily in practice) are fully autonomous. In some cases, notably consortium banks, there may be no clearly identifiable controlling parent.

For the purpose of identifying the controlling parent in the international banking statistics, the nationality of a reporting bank may be defined as the country where the bank’s group-level supervisor (or “home” supervisor) is located, regardless of whether the group itself is a banking or non-banking entity.[19] What is relevant for the identification of the controlling parent is the highest level entity over which consolidated supervision is exercised by prudential authorities. The controlling parent institution may thus be the ultimate parent, or may be the

---

[17] Note that, for the purposes of the IBS, the BIS and the ECB should be not be included in the counterparty sector “international organisations”, but rather in “central banks” located in Switzerland and Germany, respectively. See Sections G and H.

[18] Prior to 2013 Q4 reporting period, those international organisations that are designated as non-bank financial entities (see list in Section G) should be reported in the counterparty sector “banks”, and all others in “non-banks”.

[19] The group-level supervisor is responsible for all areas of group-wide supervision not covered by sectoral supervision (ie insurance, banking or securities supervision). The group-level supervisor is also responsible for coordination among the sectoral supervisors of a financial group, and typically carries out supervision of the largest part of the group. The details of the process for determining the group-level supervisor is likely to be jurisdiction specific. See Joint Forum, *Principles for the supervision of financial conglomerates: final report*, BIS, September 2012. Available at: www.bis.org/publ/joint29.htm.

head of a financial group that is a subset of a diversified conglomerate.[20] Where control is unclear, a controlling interest may be assumed to exist if participation exceeds 50% of the subscribed capital of a bank. Complicated cases can be resolved by discussions among central banks, facilitated by the BIS (see the box "Banking list exercise").

Banking entities located in each of the reporting (host) countries should be classified by nationality of the controlling parent institution according to the following rules:

- *Reporting countries*. Each BIS reporting country should be listed as a separate nationality, together with a residual item "unallocated BIS reporting countries".
- *Non-reporting countries*. Banks with a controlling parent institution located in countries outside the reporting area should be grouped into the categories "non-reporting developed countries", "non-reporting offshore centres", "non-reporting Europe", "non-reporting Latin America and Caribbean area", "non-reporting Africa and Middle East" and "non-reporting Asia and Pacific".
- *Special cases*. Two additional groupings have been defined for special cases, namely "consortium banks" and "unallocated non-BIS reporting countries".

The "unallocated BIS reporting countries" and "unallocated non-BIS reporting countries" groupings are used to cope with confidentiality restrictions arising in individual reporting countries. Data for "consortium banks" are requested separately because these institutions cannot generally be classified as having a well defined nationality.

B.4.2. Counterparty-country breakdown

A granular counterparty-country breakdown for the claims and liabilities of the major bank nationalities operating in the reporting country is requested in the LBS/N. From the Q2 2012 reporting period, a counterparty-country breakdown should be reported for a minimum of 16 bank nationalities and preferably for all bank nationalities hosted in the reporting country.[21] The minimum 16 nationalities that should be reported comprise:

- banks with the nationality of the reporting country;
- an agreed set of 12 globally important bank nationalities, specifically Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States; and
- the next three largest bank nationalities in the reporting country, based on the size of total claims and liabilties.

For all other bank nationalities, claims and liabilities should, at a minimum, be separated into those vis-à-vis residents of the reporting country and non-residents. Positions that cannot be allocated by residence (eg debt securities liabilities) should be reported under "unallocated by country".

For each bank nationality, reporting authorities can choose to report a full counterparty-country breakdown covering 200+ territories. The requested counterparty-country breakdown comprises 76 countries, consisting of the following:

---

[20] The head is the entity that controls or exerts dominant influence over the financial group. For a bank that is part of a wider corporate conglomerate, the home country from a prudential perspective could differ from the country where the ultimate parent is located. For the purpose of the international banking statistics, the terms home country and parent country are used synonymously.

[21] The list of bank nationalities for which a counterparty-country breakdown is requested will be reviewed every few years. Up to Q2 2012, the counterparty-country breakdown was limited to residents of the reporting (host) country and a total for all non-resident counterparties.

- all countries reporting in the LBS, of which there are currently 44 (Table A2);
- non-reporting European Union member countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia);
- other regionally important countries (Argentina, China, Iran, Israel, Kuwait, Nigeria, Qatar, Peru, the Philippines, Russia, Saudi Arabia, Thailand and the United Arab Emirates);
- six other regional groupings (other developed, other offshore, other Europe, other Latin America and Carribbean, other Africa and Middle East, other Asia and Pacific); and
- one position for international organisations and one for "unallocated by country of residence".

B.4.3. Currency breakdown

All reporting countries are asked to provide the same currency breakdown as in the LBS/R. That is, the minimum recommended currency breakdown of positions covers the local (domestic) currency of the reporting country, US dollar, euro, yen, Swiss franc and pound sterling, plus a residual category. Reporting countries are encouraged to report a complete currency breakdown if possible. Prior to the Q2 2012 reporting period, Swiss franc- and sterling-denominated positions were not reported separately.

B.4.4. Counterparty-sector breakdown

Prior to the Q4 2013 reporting period, the counterparty breakdown was limited to banks, with "of which" items for related offices and central banks. From the Q4 2013 reporting period, reporting countries should provide the same counterparty-sector breakdown of financial claims and liabilities as reported in the LBS/R. Definitions and coverage of counterparty sectors are provided in Section B.3.4.

B.4.5. Instrument breakdown

In contrast to the LBS/R, the LBS/N do not contain a full breakdown of positions by instrument type. Prior to the Q4 2013 reporting period, LBS/N contained an instrument breakdown only for debt securities liabilities. From the Q4 2013 reporting period, banks are also asked to report a breakdown by remaining maturity "up to and including 12 months" for their debt securities liabilities. This should be crossed with bank nationality and currency, but without the counterparty-country or counterparty-sector breakdowns. That is, own issues of debt securities should be reported for each currency in the "unallocated by sector" and "unallocated by country" buckets.