



Guernsey Financial
Services Commission

General guidance to form MA/1

GUIDANCE NOTES TO FORM MA/1

A General explanatory notes

- (a) **UK** throughout the form means the United Kingdom of Great Britain and Northern Ireland (ie it does not include Guernsey, Jersey or the Isle of Man).
- (b) **Guernsey** includes the Bailiwick of Guernsey comprising the islands of Guernsey, Alderney and Sark (and the Dependencies of Herm and Jethou).
- (c) Sterling business should be reported separately from other currencies (later it may become necessary to identify the euro separately). Foreign currency balances should be translated into sterling at the middle-market spot rate in the London market at 4.00 pm on the last working day of the month, or as close to that time as banks' systems will allow. For transactions, the rate ruling at the time of the transaction should be used (where banks' systems allow).
- (d) **Form MA/1 should *not* be completed in any currency other than sterling.**
- (e) Only figures relating to assets and liabilities of reporting banks and their branches/ subsidiaries should be included.
- (f) In general, outstanding liabilities and holdings of assets should be reported at the value standing in the reporting bank's books (book value); but, if possible, investments and tangible assets (such as property) should be at market value.
- (g) Figures reported should be to the nearest thousand pounds sterling (but omitting the 000s) (eg £9,472,021 should be reported as 9472). Rounding should conform to the following convention: £1001 to £1499 round down to £1000 (ie report as: 1), £1500 to £1999 round up to £2000 (ie report as: 2).

B Notes on residence

Classifying the residence of an asset or liability depends on the residence of the person or body who is the immediate debtor or creditor (transactions made through agencies and agents should be treated as made directly with the principal). Classification should be determined by the permanent residence of the individual or body.

(a) Individuals

a resident comprises : those permanently residing in a jurisdiction, all temporary residents who have stayed, or intend to stay, in the jurisdiction for a year or more or those normally resident in the jurisdiction who are temporarily overseas for less than one year.

(b) Businesses

it is the country of location and operation which determines the country of residence, not the country of ultimate ownership. Thus, foreign branches of a company will have different residence from the company itself.

A resident business comprises all enterprises which produce goods or provide services in the jurisdiction, namely: branches and subsidiaries of businesses operating in a jurisdiction, overseas-owned businesses' branches and subsidiaries located and operating in the jurisdiction and head offices located in the jurisdiction from which an enterprise operating internationally is administered.

(c) i) Trusts

an asset or liability of a trust is deemed to be resident in the domicile of the trustee, if that is not known the domicile of the settlor or beneficiary should be used.

ii) Exempt and international business companies

wherever possible the residence of an asset or liability of an exempt or international business company should be taken to be an asset or liability of the ultimate beneficial owner (be that an individual or another company). If the residence of the ultimate beneficial owner is not known the incorporation location of the company may be used.

C Notes on completion

The return must be completed on-screen each month and submitted to the Commission via the online submissions portal **no later than** the close of business **twenty-eight calendar days after the reporting date**, although the Commission would **welcome returns sooner** and encourages banks to complete them as soon as possible after the month-end.

Banks should ensure that information completed on form MA/1 is not only shown to no decimal places (ie whole numbers) but also that the figures do not include "hidden" decimal places. The cells are formatted not to show decimal places and any figures expressed to decimal places may result in the balance sheet not balancing. This is not acceptable to the Commission.

D Detailed notes

Front sheet

'Reporting bank' will include the name of the Guernsey bank completing the return (and will be pre-entered by the Commission). 'Reporting date' should be the date as at the month-end (select the appropriate month and year from the list boxes).

Section 6B (f) of The Banking Supervision (Bailiwick of Guernsey) Regulations, 2010 states that *"all returns and other documents required by or under this Law to be submitted to the Commission are signed both by the chief executive and chief financial officer of the institution, or their alternates, unless the Commission directs otherwise"*.

'Signature of director or senior manager' and 'Signature of chief financial officer' should include original signatures (on a hard copy of the front sheet) of the individuals of the rank of director or senior manager and chief financial officer who are given the authority of the bank to sign this prudential return. It would also be helpful if the name of the individuals signing the form are written or printed in capital letters in the extra boxes on the Front Sheet. 'Position held' should state the full title of the individuals who have signed under 'Signature of director or senior manager' and 'Signature of chief financial officer'. Due to the introduction of the online submissions portal, there is no need to send a signed Front Sheet to the Commission. The Front sheet should be printed off each month, signed by those authorised to do so and kept by the bank for future reference, and possible review by the Commission.

Banks are reminded that before appointing directors or managers, the Commission should be notified and approval sought in accordance with Section 22A (1) of The Banking Supervision (Bailiwick of Guernsey) Law, 1994. A Form PQ must be submitted to the Commission for such appointees.

'Date' should include the hand-written date on which the front sheet was signed. With reference to the line "In the event of a query, the Commission may contact:" the name and telephone number of the person most likely to be able to field the Commission's enquiries on the return should be completed.

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- 1.1 and 5.1 Banks/building societies:** include the following: in the UK - those banks authorised under the Banking Act 1987 (or any successor legislation) or European Authorised Institutions entitled to establish UK branches under the Second Banking Co-

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ordination Directive or institutions authorised under the Building Societies Act 1986; in Guernsey - those banks licensed under the Banking Supervision (Bailiwick of Guernsey) Law, 1994; in Jersey - those banks registered under the Banking Business (Jersey) Law, 1991 and in the Isle of Man - those institutions licensed under the Banking Act, 1998 or Building Societies Act, 1986.

The term “bank” as used in this return refers to those institutions that are regarded as banks in the countries in which they are incorporated, and supervised by the appropriate banking supervisory or monetary authority as banks. In general, banks will engage in the business of banking and have the power to accept deposits in the regular course of business.

The term “building society” as used in this return refers to those institutions which are mutuals and whose principal purpose is to take in savings, principally from the retail market, and finance house purchases through the granting of mortgages.

1.2 and 5.2 **Financial corporations:** include (but are not limited to) those institutions in the financial sector which are principally engaged in financial intermediation, and whose business involves investments, contracts of insurance or the provision of loans or the administration or management of them or any of them. For example, this item includes collective investment funds (ie open- or closed-ended unit trusts, investment companies or limited partnerships); investment trusts; partnerships or sole traders involved in the provision of financial services, credit unions, factoring companies, pension funds, leasing companies, insurance corporations, securities dealers, stock exchange money brokers, gilt-edged market makers, insurance brokers, loan brokers, financial planning consultants, salvage administrators, loss adjusters, stock exchanges, financial supervisory agencies, the Corporation of Lloyd’s, bank holding companies and other financial holding companies, finance houses, consumer credit companies and mortgage finance vehicles.

1.3 and 5.3 **Non-financial corporations:** include limited and unlimited, chartered, statutory and other corporate bodies incorporated and resident in the jurisdiction which are not classified as **Financial corporations** or **Public sector**.

1.4 and 5.4 **Public sector:** includes Guernsey, Isle of Man, Jersey and UK government departments, bodies not administered as part of government departments but subject to ministerial or departmental control; accounts controlled by Guernsey, Isle of Man, Jersey and UK departments and agencies located overseas; local government bodies (such as borough councils, county and district councils, parish, town and new unitary

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authorities, district, island or regional councils, attached statutory departments (eg the Northern Ireland Planning Appeals Committee)) and public corporations owned by government or through majority shareholdings.

1.5 and 5.5 Households and individual trusts: include persons, households, individual trusts created for named beneficiaries, unincorporated businesses other than unlimited liability partnerships (eg sole traders) and non-profit institutions serving householders.

1.6 and 5.6 Depositors resident elsewhere/Other residents: deposit liabilities and loans/advances from all sources other than the Guernsey, Isle of Man, Jersey and UK should be included here broken down into **Banks** and **Other**. **Banks** includes banks and building societies as defined in the note to items 1.1 and 5.1.

1.7 Total deposit liabilities is the sum of lines 1.1 to 1.6.

1.71 Swiss fiduciary deposits: the amount of **1.6 Depositors resident elsewhere: banks** that consists of Swiss fiduciary deposits should be reported in this line. This information is required to assist the Commission in monitoring movements in this item.

1.8 Own funds (branches only): (This line should not be completed by subsidiary operations) report funds of a capital nature which are provided by head office but held by the branch. This includes the current year's net profits or losses and any such funds held from previous years.

2.1 Certificates of deposit issued: report all CDs issued by the bank, of whatever original maturity, whether at fixed or floating rates, and still outstanding. Report negotiable deposits, taken on terms in all respects identical to those on which a CD would have been issued, but for which it has been mutually convenient not to have issued certificates. If a bank holds CDs which it has itself issued, these should not be reported in this return.

2.2 Other short-term paper issued: report promissory notes, FRNs, bills and other paper (including commercial paper), up to and including five years, issued by the reporting bank including bills drawn under an acceptance credit facility provided by another bank.

3 Other liabilities: report all other liabilities not included elsewhere. (Eg items in suspense, credit items in suspense and in course of transmission, unsubordinated instruments of more than 5 year's original maturity, loan capital, capital and other funds (including reserves, provisions and internal accounts) and gross amounts

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relating to interest payable on an accruals basis).

- 4** **Total liabilities** should equal line 9 and is the sum of items 1.7, 2 and 3.
- 5** **Loans, advances and market loans:** Balances, loans, overdrafts and advances including any claims under sale and repurchase agreements (reverse repos), but excluding marketable or potentially marketable securities. (See above for 5.1 to 5.6).
- 6** **Certificates of deposit and other short-term paper issued/accepted by UK, Guernsey, Jersey or Isle of Man banks and building societies:** this should include CDs irrespective of time to maturity and promissory notes, commercial paper, bonds, FRNs and other negotiable paper with an original maturity of up to and including five years. CDs and other negotiable paper issued by other than Guernsey, Isle of Man, Jersey and UK banks and building societies should be included in item 8: **Other assets**.
- 7** **Investments and securities:** include under **UK/CI/IoM govt. securities** those issued by Guernsey, Isle of Man, Jersey or UK central and local government bodies. **Other govt. securities** includes all other government and quasi-governmental securities held by the bank. **UK/CI/IoM co.shares/securities** applies to shares/securities, held for investment, of companies resident in Guernsey, Isle of Man, Jersey and UK. **Other co.shares/securities applies to shares/securities**, held for investment, of companies resident in jurisdictions other than Guernsey, Isle of Man, Jersey and UK.
- 8** **Other assets:** report all other assets not included elsewhere. (Eg notes and coins, debt items in suspense, other bills, certificates of deposit issued by non-resident banks, gold bullion, fixed assets, commodities owed and gross amounts relating to interest receivable on an accruals basis).
- 9** **Total assets** should equal line 4 and is the sum of items 5, 6, 7 and 8.