BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Consultation Paper | CP8/19

Supervising international banks: Revision of the Branch Return

April 2019

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The response will be assessed to inform our work as a regulator and central bank, both in the public interest and in the exercise of our official authority. We may use your details to contact you to clarify any aspects of your response.

The consultation paper will explain if responses will be shared with other organisations (for example, the Financial Conduct Authority). If this is the case, the other organisation will also review the responses and may also contact you to clarify aspects of your response. We will retain all responses for the period that is relevant to supporting ongoing regulatory policy developments and reviews. However, all personal data will be redacted from the responses within five years of receipt. To find out more about how we deal with your personal data, your rights or to get in touch please visit bankofengland.co.uk/legal/privacy.

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Responses are requested by Sunday 7 July 2019.

Please address any comments or enquiries to:
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Contents

1 Overview

1.1 In this consultation paper (CP), the Prudential Regulation Authority (PRA) sets out its proposals for changes to the format and content of the Branch Return Form (the Return), and additional guidance to assist firms in completing it.

1.2 This CP is relevant to all existing and prospective PRA-supervised branches of deposit-takers and designated investment firms which are not UK headquartered firms ('international banks').

1.3 The Return informs the PRA's understanding of branches' systemic importance and economic functions and facilitates the PRA's approach to the supervision of branches, as set out in Supervisory Statement (SS) 1/18.[1] The changes would improve the quality of the information provided by firms and enhance the Return's ability to meet these objectives in SS1/18.

1.4 The proposals would amend the Return in Rule 4.1 of the Incoming Firms and Third Country Firms Part of the PRA Rulebook (see Appendices 1 and 2) and create reporting instructions for the form in SS34/15 (see Appendices 4 and 5).[2]

Summary of proposals

1.5 The PRA proposes to:

(i) provide guidance for completion of the Return in SS34/15 alongside the other reporting guidance for deposit takers and investment firms;

(ii) align balance sheet concepts used in the Return with concepts and guidance used in the PRA's wider reporting framework, eg by requiring assets to be broken down into the standard categories of 'Loans and advances', 'Derivatives' etc;

(iii) amend the reporting content, slightly reducing the number of data points reported by most firms;

(iv) clarify that firms must report within 30 *business* days; and

(v) replace the current Excel reporting format for the Return with the XBRL reporting format.

1.6 The draft Return and guidance are set out as appendices to this CP.

Implementation

1.7 The PRA proposes that the changes to the Return take effect for the reporting of the H1 2020 Branch Return, ie for the period ending 30 June 2020.

1 'International banks: the Prudential Regulation Authority's approach to branch authorisation and supervision', March 2018: https://www.bankofengland.co.uk/prudential-regulation/publication/2018/international-banks-pras-approach-to-branch-authorisation-and-supervision-ss.

2 'Guidelines for completing regulatory reports', January 2019: https://www.bankofengland.co.uk/prudential-regulation/publication/2015/guidelines-for-completing-regulatory-reports-ss.

Responses and next steps

1.8 This consultation closes on Sunday 7 July 2019. The PRA invites feedback on the proposals set out in this consultation. Please address any comments or enquiries to CP8_19@bankofengland.co.uk.

1.9 The proposals set out in this CP have been designed in the context of the current UK and EU regulatory framework. The PRA has assessed that the proposals will be affected in the event that the UK leaves the EU with no implementation period in place. All the changes relating to the UK's withdrawal from the EU should be read in conjunction with the near-final PRA transitional direction published in PS5/19 'The Bank of England's amendments to financial services legislation under the European Union (Withdrawal) Act 2018'.[3]

1.10 A second version of the proposed rules which includes the relevant changes relating to the UK's withdrawal from the EU is set out in Appendix 2. As these changes relate to reporting they should be read in conjunction with SS2/19 'PRA approach to interpreting reporting and disclosure requirements and regulatory transactions forms after the UK's withdrawal from the EU'.[4]

2 Proposals

Reporting Guidance

2.1 Clear reporting guidance enables firms to report good quality data. Clear definitions ensure that reported data are consistent and comparable between firms. The PRA proposes to provide firms with reporting guidance to help firms with completion of the Return (see Appendix 5), which would be included alongside other reporting guidance in SS34/15.

2.2 The draft guidance includes a definition of which assets should be considered to belong to a branch. This definition is aligned with that applied by HM Revenue and Customs for taxation purposes and with the definition used for Bank of England statistical reporting.

Alignment with the PRA's wider reporting framework

2.3 To further enable good quality reporting of consistent and comparable data by firms, the PRA proposes to align the Return and reporting guidance with the PRA's wider reporting framework, where possible.

2.4 The Return collects data on a number of balance sheet concepts. Clear definitions of and guidance for these concepts (for both International Financial Reporting Standards (IFRS) and non-IFRS reporters) exist as part of the PRA's wider reporting framework, specifically through its use of the FINREP framework for financial reporting, developed by the European Banking Authority (EBA).

Reporting content and reduced reporting for most firms

2.5 The PRA proposes to amend the content of the Return to collect data that is most relevant for helping the PRA to meet its objectives. Some of the currently collected data, which

3 February 2019: https://www.bankofengland.co.uk/paper/2019/the-boes-amendments-to-financial-services-legislation-under-the-eu-withdrawal-act-2018.

4 February 2019: https://www.bankofengland.co.uk/prudential-regulation/publication/2019/pra-approach-to-interpreting-reporting-and-disclosure-reqs-and-reg-trans-forms-ss.

experience has shown to be less useful, such as details on undrawn balances or numbers of client relationships, would no longer be collected.

2.6 SS1/18 sets out a threshold of £100 million for the amount of retail and smaller company transactional deposits covered by the Financial Services Compensation Scheme (FSCS) which a branch may hold. The new Return would collect data to allow this metric to be monitored directly.

2.7 The proposed changes would add further granularity to the amount of intragroup exposures on the balance sheet. Through ad hoc requests, the PRA has found these data important for understanding branches' balance sheets and activities in the UK.

2.8 Large firms are also executing changes to group structures. The PRA foresees value in monitoring these developments over coming years. Therefore, for branches with over £15 billion in assets, the new Return would collect data on the largest exposures to other group entities.

2.9 Different approaches to measuring derivative assets under IFRS and some national generally accepted accounting principles (GAAPs) can impede comparison of balance sheet data across branches or with UK-incorporated firms, due to the differing levels of netting available. The new Return would address this by requiring branches to report a derivative assets figure on a gross basis. This is consistent with the Bank of England's existing approach to statistical reporting, where derivatives assets are reported on a gross basis. Most branches already report statistical data to the Bank of England and so this should not create material costs for reporters.

2.10 To keep the reporting burden to a minimum, some data points in the current Return, which the PRA has identified as being of lower value, would no longer be collected. For example the new form requires a less granular breakdown of lending, less detail on undrawn amounts and less data about numbers of clients.

Reporting within 30 business days and other Rule changes

2.11 The PRA proposes to amend Incoming Firms and Third Country Firms Rule 3.1 ('The Branch Return Rule'), to clarify that firms must submit the Return within 30 business days after the end of the reporting period. In practice firms currently report within 30 business days, but the rule is not clear whether firms should report after 30 calendar days or 30 business days. The proposed change would codify existing practice.

2.12 This means that the first reporting date for the revised Return under the amended Branch Return Rule would be 30 June 2020, and firms would need to submit their first revised Return by no later than 9 August 2020.

2.13 The PRA also proposes to move the location of the Branch Return Rule in the PRA Rulebook from the Incoming Firms and Third Country Firms Part to the Regulatory Reporting Part. This change is intended to reflect the value the PRA places on the content and quality of data provided by the Return as part of overall regulatory reporting requirements.

2.14 The scope of the Branch Return Rule will remain unchanged, except for the clarification of the reporting period described above. Firms should note that while the reference to reporting by 'electronic means' in the current Branch Return Rule will be deleted, the requirement will remain through the application of electronic reporting requirements in Chapter 5 of the Regulatory Reporting Part.

Reporting Format

2.15 The PRA proposes to replace the Excel reporting format of the return with XBRL, and is considering whether to implement this alongside the other changes to the Return or at a later stage. The PRA welcomes feedback on this point. If XBRL is not implemented, the required format would be Excel. The PRA would confirm details of the reporting format required for the H1 2020 reporting in its final policy, and confirm details of the submission mechanism, validations and (if applicable) XBRL taxonomy, by end 2019.

2.16 XBRL is the format used by non-EEA branches to report Profit and Loss information to the PRA. Most in-scope EEA headquartered firms use XBRL to report to their home state regulators. The PRA considers that reporting of the Return in XBRL format could improve the transparency, consistency and quality of the data submitted and any potential analyses.

3 The PRA's statutory obligations

3.1 In carrying out its policy making functions, the PRA is required to comply with several legal obligations.

3.2 Before making any rules, the Financial Services and Markets Act 2000 (FSMA)[5] requires the PRA to publish a draft of the proposed rules accompanied by:

- a cost benefit analysis;
- an explanation of the PRA's reasons for believing that making the proposed rules is compatible with the PRA's duty to act in a way that advances its general objective,[6] insurance objective[7] (if applicable), and secondary competition objective;[8]
- an explanation of the PRA's reasons for believing that making the proposed rules are compatible with its duty to have regard to the regulatory principles;[9] and
- a statement as to whether the impact of the proposed rules will be significantly different to mutuals than to other persons.[10]

3.3 The Prudential Regulation Committee (PRC) should have regard to aspects of the Government's economic policy as recommended by HM Treasury.[11]

3.4 The PRA is also required by the Equality Act 2010[12] to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out its policies, services and functions.

5 Section 138J of FSMA.
6 Section 2B of FSMA.
7 Section 2C of FSMA.
8 Section 2H(1) of FSMA.
9 Sections 2H(2) and 3B of FSMA.
10 Section 138K of FSMA.
11 Section 30B of the Bank of England Act 1998.
12 Section 149.

Cost benefit analysis

3.5 The proposed changes aim to improve the quality, consistency and transparency of information submitted to the PRA, supporting the PRA's ability to pursue its statutory objectives and increasing the efficiency with which it can do so. In the medium term the changes may reduce costs to firms of reporting as the new definitions and guidance provide firms with greater clarity about what they need to report and reduce scope for error and the need for resubmissions. Firms operating UK or EEA-incorporated banks alongside their UK branches should benefit from increased synergies between the new form and the existing UK and EEA reporting frameworks. The addition of cells to the Return should result in fewer ad-hoc requests, while most firms would also benefit from a small reduction in the required data.

3.6 There would be one-off implementation costs to firms of meeting the proposals in this CP. These costs would primarily relate to systems changes required to adapt to the new reporting content and move from Excel to XBRL format. In some cases firms may need to align their reporting with definitions and guidance, where these differ from their existing practice.

3.7 The above costs should be limited by the relatively minor nature of the changes to the reporting content: the additional required data should exist within firms' systems; and the fact that most branches (including all non-EEA branches) have an XBRL reporting capability. The lead-in time should reduce the costs to firms of switching over to XBRL and making other adjustments, as these can be factored into scheduled systems changes.

3.8 The PRA expects that implementation costs would be lower for smaller firms. Smaller firms are typically less complex and have fewer activities on which they would need to report. Smaller firms are also not required to report the new data on their exposures to intra-group counterparties.

3.9 There would also be one-off set-up costs for the PRA to ensure that it can process and analyse data.

Compatibility with the PRA's objectives

3.10 By improving the transparency, consistency and quality of the data submitted and any potential analyses, the PRA seeks to advance its statutory objectives of ensuring the safety and soundness of the firms it regulates.

3.11 When making general policy, the PRA is required, in so far as is reasonably possible, to facilitate effective competition in the markets for services provided by PRA-authorised persons in carrying on regulated activities. The proposals are not expected to have a material effect on competition. To the extent that the proposals help the PRA to be more effective and efficient in supervising firms, they could help to facilitate effective competition. The design of the Return is such that smaller firms report materially less data than the largest firms.

Regulatory principles

3.12 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. The principles relating to efficient and economic use of PRA resources and proportionate burden on firms are particularly relevant. These principles influenced the PRA's proposals to reduce the overall volume of reporting for most reporters and reduce the costs to firms of reporting high quality data by providing clearer definitions and additional guidance. Only the largest firms (with more than £15 billion of total assets) would report more data, which the PRA views as proportionate to the greater risk they pose to the PRA's statutory objectives.

3.13 Consideration of the principle of proportionate burden has also led the PRA to not consult on imposing IFRS accounting standards on non-IFRS reporters in relation to the measurement of their gross derivatives assets, due to the material costs this change would involve. Data submitted through the PRA108 indicate that IFRS derivative assets are, on average, only 10% lower than gross derivative assets, suggesting that imposition of IFRS netting on non-IFRS firms would be disproportionate.

Impact on mutuals

3.14 The PRA considers that the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms. The proposed rules do not apply to Building Societies.

HM Treasury recommendation letter

3.15 HM Treasury has made recommendations to the PRC about aspects of the Government's economic policy to which the PRC should have regard when considering how to advance the PRA's objectives and apply the regulatory principles. The PRA has considered the implications of the proposals in this CP on each of the recommendations. The aspect of the Government's economic policy most relevant to the proposals in this CP is competition, which has been considered in the 'compatibility with the PRA's objectives' section above.

Equality and diversity

3.16 The PRA considers that the proposals do not give rise to equality and diversity implications.

Appendices

Appendix 1: Draft Branch Rules instrument

PRA RULEBOOK: CRR FIRMS: NON CRR FIRMS: BRANCH RULES INSTRUMENT 2019

Powers exercised

A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 137G (The PRA's general rules); and
(2) section 137T (General supplementary powers).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rulemaking instrument) of the Act.

Pre-conditions to making

C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms: Non CRR Firms: Branch Rules Instrument 2019

D. The PRA makes the rules in the Annex to this instrument.

Part	Annex
Incoming Firms and Third Country Firms	A
Regulatory Reporting	B

Commencement

E. This instrument comes into force on 1 January 2020.

Citation

F. This instrument may be cited as the PRA Rulebook: CRR Firms: Non CRR Firms: Branch Rules Instrument 2019.

By order of the Prudential Regulation Committee
[DATE]

Annex A

Amendments to the Incoming Firms and Third Country Firms Part

In this Annex new text is underlined and deleted text is struck through.

…

3 BRANCH RETURN

3.1 ~~A *firm* must provide the *PRA* with information in accordance with the Branch Return Form. The information must be provided as at 30 June and 31 December each year and provided electronic means within 30 days of the date to which the information relates.~~ [Deleted.]

4 FORM

4.1 ~~The Branch Return Form can be found here~~ [Deleted.]

Annex B

Amendments to the Regulatory Reporting Part

In this Annex new text is underlined.

…

2 REPORTING REQUIREMENTS – DATA ITEMS

…

2.10 An *incoming firm* or a *third country firm*, that is a *bank* or *designated investment firm*, must also submit *data items* as required by Chapter 22.

…

22 BRANCH RETURN REPORTING

22.1 This Chapter applies only to:

(1) an *incoming firm*; or

(2) a *third country firm*,

that is:

(3) a *bank*; or

(4) a *designated investment firm.*

22.2 A *firm* must provide the PRA with information in accordance with the Branch Return Form. The information must be provided as at 30 June and 31 December each year and provided within 30 *business days* of the date to which the information relates.

22.3 The Branch Return Form can be found *here*.

Appendix 2: Draft Branch Rules instrument in the event that the UK leaves the EU with no implementation period in place

PRA RULEBOOK: CRR FIRMS: NON CRR FIRMS: BRANCH RULES INSTRUMENT 2019

Powers exercised

A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 137G (The PRA's general rules); and
(2) section 137T (General supplementary powers).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rulemaking instrument) of the Act.

Pre-conditions to making

C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms: Non CRR Firms: Branch Rules Instrument 2019

D. The PRA makes the rules in the Annex to this instrument.

Part	Annex
Third Country Firms	A
Regulatory Reporting	B

Commencement

E. This instrument comes into force on 1 January 2020.

Citation

F. This instrument may be cited as the PRA Rulebook: CRR Firms: Non CRR Firms: Branch Rules Instrument 2019.

By order of the Prudential Regulation Committee
[DATE]

Annex A

Amendments to the Third Country Firms Part

In this Annex new text is underlined and deleted text is struck through.

…

3 BRANCH RETURN

3.1 ~~A *firm* must provide the *PRA* with information in accordance with the Branch Return Form. The information must be provided as at 30 June and 31 December each year and provided electronic means within 30 days of the date to which the information relates.~~ [Deleted.]

4 FORM

4.1 ~~The Branch Return Form can be found here~~ [Deleted.]

Annex B

Amendments to the Regulatory Reporting Part

In this Annex new text is underlined and deleted text is struck through.

…

2 REPORTING REQUIREMENTS – DATA ITEMS

…

2.10 A *third country firm*, that is a *bank* or *designated investment firm,* must also submit *data items* as required by Chapter 22.

…

22 BRANCH RETURN REPORTING

22.1 This Chapter applies only to:

(1) a *third country firm*,

that is:

(2) a *bank*; or

(3) a *designated investment firm.*

22.2 A *firm* must provide the PRA with information in accordance with the Branch Return Form. The information must be provided as at 30 June and 31 December each year and provided within 30 *business days* of the date to which the information relates.

22.3 The Branch Return Form can be found *here*.

Appendix 3: Draft revised Branch Return Form

The proposed form can be found at: https://www.bankofengland.co.uk/prudential-regulation/publication/2019/supervising-international-banks-revision-of-the-branch-return

The existing form is available at: https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector/banks-building-societies-and-investment-firms

Appendix 4: Draft amendments to SS34/15 'Guidelines for completing regulatory reports'

In this appendix, new text is underlined and deleted text is struck through.

There may be other changes to SS34/15 made before the PRA finalises this policy. The final updates for this policy will take any intermediate updates into account.

1 Overview

1.1 This statement is addressed to all firms regulated by the Prudential Regulation Authority (PRA) who are required to submit supervisory reports under the Regulatory Reporting, Close Links and Change in Control Parts of the PRA Rulebook.[1] Its purpose is to set out the PRA's expectations for how firms should complete the data items and returns required by those Parts.

…

- Appendix 12 takes effect-for the reporting of the H1 2020 Branch Return, ie for the period ending 30 June 2020.

…

1.4 The guidance on completing data items is set out in the following series of appendices:

Appendix	Data items	Description
12	Branch Return Form	Reporting guidance for Branch Return Form

…

Appendices

…

12 Reporting guidance for Branch Return Form – see https://www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector/banks-building-societies-and-investment-firms

Appendix 5: Draft reporting guidance for the Branch Return Form

The Branch Return

Overview

All PRA-supervised branches of deposit-takers and designated investment firms which are not UK headquartered firms ('international banks') are required to report the Branch Return. This reporting guidance accompanies a new version of the Branch Return Form. Firms are required to use the new version of the form for the first time for their H1 2020 data with a due date of 9 August 2020.

"Branch" means a permanent establishment as defined for the purpose of UK taxation, that is an establishment having, and habitually exercising, general authority to negotiate and conclude contracts on behalf of its company. Where an establishment does not have such an authority, it should be regarded as an agent or agency of the company. This is also the definition used by the Bank of England in its General Notes and Definitions for Statistical reporting.[13]

Returns should cover all branches in Great Britain and Northern Ireland. Branches in the Channel Islands and the Isle of Man should not be included in the returns.

Data elements: The data elements are referred to by row (r), column (c). In the excel representation of the Branch Return rows and columns and sheets represent the y and x axes respectively.

Units: All amounts should be reported in absolute non-truncated values. Where values correspond to percentages, these should be entered to two decimal places.

Currency: Assets and liabilities should be reported on a Sterling equivalent basis using the exchange rate at the reporting date.

Balance sheet concepts: In general, balance sheet concepts in the Branch Return are aligned with the FINREP reporting framework and reporters may refer to definitions contained within the EBA's Annex V to the Implementing Technical Standards on Supervisory Reporting. Further guidance may also be found in the EBA's published FINREP templates and the associated guidance for IFRS and National GAAP reporters.

The main area where this form uses non-FINREP concept for balance sheet items relates to deposits (Part 2 below) where it uses the PRA's concepts of "wholesale depositor", "smaller companies" and "transactional deposits" as used in the PRA's Supervisory Statement (SS)1/18 "International banks: the Prudential Regulation Authority's approach to branch authorisation and supervision"[14].

Grey cells: no data is to be reported in the cells shaded in grey

General information

Branches should complete the following mandatory fields:

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13 https://www.bankofengland.co.uk/-/media/boe/files/statistics/data-collection/def_gene2014
14 https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2018/ss118

- the submission number – firms should enter ‘1’ and increase this number by ‘1’ in case of resubmission;
- the unique ‘firm reference number’ (FRN) of the firm
- the legal entity name of the firm;
- the reporting period end date. The Branch Return should be completed at end-June and end-December. Branches should report figures as at the last calendar day of the period
- The accounting standard used. Use the drop down box to record the accounting standard used: IFRS, UK GAAP or Home State GAAP.
- The functional currency of the reporting firm. This is the currency the firm uses for accounting purposes.

Firm notes: Firms may use the firm notes box to record any changes within the firm which have a highly material impact on the numbers reported in the period.

Part 1: Total Assets and Liabilities

Total Assets and Total Liabilities (rows 010 and 080): The Branch Return covers all the assets and liabilities of the branch. The sum of total sterling, euro, US dollar and other currency assets must equal the sum of total sterling, euro, US dollar and other currency liabilities. Total and currency breakdowns should be reported on a Sterling equivalent basis using the exchange rate at the reporting date. Values should be reported as per the reporters’ accounting standard. Total assets and liabilities are required to balance.

Intragroup assets and liabilities (rows 011 and 081): Business between affiliates (ie own offices) of the same corporate group including head office, other branch offices or subsidiaries.

Product breakdown: for further guidance on the product breakdown requested for assets and liabilities (eg Loans and advances – row 030) firms should refer to the definitions contained within the EBA’s Annex V to the Implementing Technical Standards on Supervisory Reporting.

Repurchase agreements (row 082): Firms are required to report the associated liabilities for repurchase agreements as defined in EBA’s Annex V to the Implementing Technical Standards on Supervisory Reporting. See FINREP table 15 for National GAAP reporters for further detail.

Memo item: Gross derivative assets (row 160): Fair values should be reported for derivatives assets in line with the definitions contained within Annex V of the EBA’s Implementing Technical Standards on Supervisory Reporting. Derivatives with a positive fair value (above zero) are “financial assets” and derivatives with a negative fair value (below zero) are “financial liabilities”. The “carrying amount” should be reported separately here for derivatives with a positive fair value (“financial assets”). Carrying amounts should include derivatives for trading and for hedging. The value reported here should be consistent with values to the Bank of England for statistical purposes in form BT, i.e. Gross derivative assets (row 160) on the Branch Return = Total liabilities under contracts in financial derivatives (box 19B on form BT) - Net liabilities under contracts in financial derivatives (box 19B on form BT).

Part 2: Deposits

Wholesale deposits – PRA definition (row 011): Reporters should refer to the PRA's published definition of wholesale depositor on the Bank of England website.

Sectoral breakdown and Smaller Companies (rows 012 to 16): Definitions of Central Banks, General Governments Credit Institutions, Other Financial Corporations and Non-Financial Corporations are as per the Annex V to the EBA's Implementing Technical Standards on Supervisory Reporting.

Smaller Companies (row 020) are defined as Non-Financial Corporations which are smaller companies as defined under section 382 of the Companies Act 2006. Reporters should refer to the Companies Act for the full definition. The main criteria for qualifying as a small company are that depositors should meet two of the following three criteria:[15]

- Turnover not more than £10.2m
- Balance sheet total not more than £5.1m
- Number of employees not more than 50

Large Companies (row 016) are defined as Non-Financial Corporations which are not smaller companies as defined above.

Of which held in transactional accounts (rows 021 and 031): As set out in SS1/18, in general, the PRA starts from the understanding that an account, whilst it may have transactional functionality, is only considered a 'transactional account' if withdrawals from it have been made nine or more times within a three month period, but it may additionally consider other factors.

Other deposits (i.e. Retail) (row 030): For the purposes of the Branch Return, deposits are considered retail if they are not wholesale or smaller company as defined above.

Memo item: Retail and smaller company deposits held in transactional or instant access accounts (row 050): "Instant access accounts" means accounts from which customers can withdraw money unconditionally, without providing notice or paying penalties.

Part 3: Loans and advances other than held for trading

This table is based on FINREP table 5.01 and reporters should refer to Annex V of the EBA's Implementing Technical Standards on Supervisory Reporting for further guidance on definitions.

Part 4: Loan commitments, financial guarantees & other commitments given

This table is based on FINREP table 9.01 and reporters should refer to Annex V of the EBA's Implementing Technical Standards on Supervisory Reporting for further guidance on definitions of loan commitments, financial guarantees and other commitments given.

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15 As at end-December 2018

Part 5: Derivatives

This table is based on FINREP table 10.00 and reporters should refer to Annex V of the EBA's Implementing Technical Standards on Supervisory Reporting for further guidance.

As noted above in Part 1, carrying amounts should be reported at fair values. Derivatives with a positive fair value (above zero) are "financial assets" and derivatives with a negative fair value (below zero) are "financial liabilities". The "carrying amount" shall be reported separately for derivatives with a positive fair value ("financial assets") and for those with a negative fair value ("financial liabilities").

Part 6: Payments, Settlement, Custody & Clearing

Payment, Settlement and Clearing Services (rows 010 to 040, columns 010 to 080): The Branch Return for requires reporters to provide data on up to eight UK Financial Market Infrastructures (FMIs). A list of relevant firms is provided on the Bank of England website. Where reporters use more than eight UK FMIs, firms should provide data on their eight which they judge to be most critical to their business.

Average monthly transaction value (row 030): To be calculated as monthly average for the reporting period.

Assets under Custody – direct (row 090): Report the amount of custody assets that the branch is holding on a direct basis.

Assets under Custody – indirect (row 100): Report the amount of custody assets that the branch is holding on a sub-custodian basis.

Client Money Held (row 110): Report the total amount of client money held, as calculated under FCA Client Money rules.

Part 7: 3rd Party Services Provided and Received

This should include all material contracts that the firm has entered into with a third-party or with an intra-group entity, including under Service Level Agreements (SLAs), and covering IT systems, back office arrangements, Disaster Recovery, SWIFT housing, etc.

3rd Party Services Provided: provide details of all material services provided by the firm to the group and / or third parties.

3rd Party Services Received: provide details of all material services provided to the firm by the group and / or third parties.

Part 8a and 8b: Intragroup Assets and Liabilities by Counterparty for systemic firms

Only branches with over £15bn in total assets are required to report this section. This part requests further detail on the intragroup assets and liabilities figures which reporters provide in Part 1 Row 11 and Part 1 Row 81. Reporting firms are required to identify the five largest intragroup asset and liability exposures of the branch and report the counterparty name and carrying amount.