

COLLATERAL AND PLEDGING REPORT

PURPOSE

This report provides the Bank of Canada with data on collateral pledging.

STATUTORY

Section 24 of the Bank of Canada Act, sections 628 and 600 of the Bank Act.

APPLICATION

This return applies to all banks and foreign bank branches. Trust and Loan Companies are not required to submit this return. Data reported in part B 'collateral pledged by counterparty' is only required from Domestic-Systemically Important Banks (D-SIBs).

PUBLICATION

Information from this return may be published on an anonymized basis.

FREQUENCY

This return is to be completed at the business day frequency. With some cells classified as only requiring updated information as of month end.

REPORTING DATES

All of the returns for a calendar month are to be completed and submitted within 35 calendar days of the last business day of that month to the head office of the Bank of Canada.

If the 35th calendar day is a weekend day, the due date remains that weekend day. If the 35th calendar day is a holiday, the due date will be pushed to the following business day. Follow the Ontario holiday schedule for reporting requirements.

IMPLEMENTATION DATES

Formal reporting of the return is required as of September 5th 2017 for the reference month of July 2017. Institutions are also required to submit test data for 4 days per month beginning with the reference month January 2017 (due on March 7th 2017).

CONTACT AGENCY

Bank of Canada

GENERAL INSTRUCTIONS

The purpose of this report is to provide the Bank of Canada with data on collateral pledging which is necessary for evaluating linkages between counterparties and activities, as well as determining the magnitude of transactions across various asset classes.

This return is to be completed at the business day frequency. Business days are defined to include all weekdays except federal and provincial statutory holidays. The [sample return](#) template identifies a selection of rows and columns which are only required to be updated as of month end. Values are required to be reported in these cells for every business day; however, previous values can be carried forward until month end is reached.

All amounts are to be expressed in thousands of Canadian dollar equivalents. Currency conversions are to be made on a daily basis. The expectation is that the conversions computation will either achieve consistency with the LCR and M4 returns or be calculated using Eastern Time end-of-day rates.

All rows indicated by “of which: lodged unencumbered (%)” are to be expressed as a percentage value. For example, a value of 1.25 in the applicable cells should be interpreted as 1.25%.

The return is to be completed on an end-of-day basis and is not to include any unsettled or incomplete transactions.

Scope of the Return and Reporting Accommodations

The return is to be completed on a consolidated institution basis; however, some reporting accommodations may be requested from the Bank of Canada.

- **Exclusion of Small Subsidiaries:** Institutions may request the ability to omit detailed reporting of non-material subsidiaries that represent less than 5% of total assets and instead include these amounts in column c50 as of month-end.
- **Exclusion of Insurance Subsidiaries:** Institutions may request the ability to omit detailed reporting of non-material insurance subsidiaries and instead include these amounts in column c50 as of month-end.
- **Exclusion of Transactions with Brokerage Clients:** Institutions may request the ability to omit detailed reporting of non-material collateral movements vis-a-vis brokerage clients and instead include these amounts on column c49 as of month-end. [Collateral movements in this exception refer to: 1 collateral pledged by clients to support margin loans; and 2 security lending or collateral swaps with clients to facilitate short selling. This exception may be granted with respect to either retail brokerage or prime brokerage clients.]
- **Exclusion of Overseas Branches:** Institutions may request the ability to omit detailed reporting of overseas branches.
- **Other Accommodations:** Other reporting accommodations not listed above may also be requested on a bilateral basis.

For any requested accommodation the reporting institution is expected to provide the Bank of Canada with information to demonstrate that the request will not materially alter the reporting of collateral and pledging activities.

For any accommodation extended the Bank of Canada reserves the right to revoke the accommodation or require additional supporting information at a later date.

The Bank will consider requests for reporting accommodations on an ongoing basis.

Definitions

Collateral Pledged:

- All excess collateral
- Encumbered central bank deposits
- Cash margin given
- The security leg of a repo transaction
- The security leg of a security lending transaction
- One leg of a collateral swap transaction
- Collateral provided to support a OTC derivative transaction
- Collateral provided to an FMI or CCP

Encumbered Assets:

- Collateral pledged (except excess collateral and lodged unencumbered collateral if identifiable see adjustment section and reporting examples 2 and 4)
- Collateral received which is non-rehypothecateable
- Ring-fenced assets
- Own asset covered bond financing collateral
- Own asset securitised financing collateral
- Other secured loan financing collateral

Available Unencumbered Assets

- All assets immediately available for the purpose of raising funds
- Includes: rehypothecateable collateral received; excess collateral; lodged unencumbered collateral; and other unencumbered assets.

Financial Market Infrastructures (FMIs): A multilateral system among participating institutions, including the operator of the system, used for the purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions.

Lodged Unencumbered: Collateral pledged to a central bank which is unencumbered and able to be immediately withdrawn or used to secure future transactions.

LVTS Lodged Unencumbered: LVTS collateral is pledged to the Bank of Canada as Tranche 1 or Tranche 2, or held unallocated as “lodged unencumbered” collateral. Lodged unencumbered collateral is the value of LVTS collateral pledged by a participant that is greater than what is apportioned. The Bank of Canada maintains a contingent security claim on collateral apportioned to the LVTS, but not on collateral held as lodged unencumbered. At a participant’s discretion, lodged unencumbered collateral can be moved from its LVTS collateral holdings at any time, whereas collateral apportioned to Tranche 1 or Tranche 2 can only be transferred upon LVTS settlement, when the Bank of Canada relinquishes its contingent security claim on it.

Excess Collateral: Collateral pledged to a counterparty which is unencumbered and able to be immediately withdrawn or used to secure future transactions.

CDS Excess Collateral: The amount that is in excess of the total CDS requirements based on the default fund, the quarterly high watermark and daily mark-to-market requirements.

CDSX Excess Collateral: The amount that is in excess of the sum of the default or clearing funds and the daily mark-to-market requirements.

Default Fund Collateral Pledging: Collateral pledged to CCPs or FMIs to support ‘survivor-pay’ schemes for absorbing losses.

LVTS Default Fund Collateral Pledging: LVTS default fund collateral is excluded from the default fund reporting category on the H4 report. Instead all LVTS collateral pledging including the LVTS default fund collateral pledging amount ‘MAX ASO’ (maximum additional settlement obligations) is to be reported under the LVTS category.

Haircut: A haircut is the difference between the value of an underlying transaction and the value of the minimum amount of collateral required to secure the transaction. A haircut expressed as a percent is defined with the equation.

$$\text{Percent Haircut} = \left(1 - \frac{\text{Value of Underlying Transaction}}{\text{Value of Required Collateral}}\right) * 100$$

Reporting Examples

The [illustrated template](#) contains a collection of reporting examples for common transactions.

Reporting Rules

The H4_Key rules_2017_EN document provides a summary of key reporting rules. The H4_All rules 2017_EN document contains the full suite of validation rules. Both documents can be found in RRS under Documents / Portal Documents / English / Return Validation Rules / DTI Validation.

The cross validation rules with the M4 and LCR are specified to function within a 2% threshold instead of requiring an exact reconciliation. The intention is to not have the practice of residual amounts arbitrarily being assigned into a category in order to pass the validation rules. Known reconciliation differences resulting from specific situations are to be reported in the adjustment rows and columns. Unknown reconciliation differences are expected to be within the 2% threshold.

Data Formatting

Formatting of Data Submissions

- Initially the data will be submitted in an excel template or an XML file that is securely transmitted as an attachment to an unstructured return in the Regulatory Reporting System (RRS). This approach will begin with the first test data submission due March 7th 2017 (January reference month) and continue until the transition to the structured return.
- Structured return submissions are to start with the submission due March 7th 2018 (January 2018 reference month). These submissions are to be made in a structured return in the Regulatory Reporting System (RRS) in XML format. Given the size of the return there will not be any manual forms included in RRS.
- The schema for XML submissions is available on [OSFI’s website](#) and the Bank of Canada will provide assistance with technical questions.

Formatting of Data Points

- In situations where there is no value to report in a particular cell, the cell is to be left empty and not populated with a zero.

Part A: Collateral Movements and Available Unencumbered Assets

General Instructions

In Part A institutions are to complete sections 1, 2 and 3; sections 4, 5, and 6 are then automatically calculated by the return.

Section 1 - Assets

In this section balance sheet assets are to be reported along with the distribution on assets classes or collateral classes associated with each balance sheet entry (e.g. the column 'securities – long (net)' breaks down securities long by asset class; the column 'reverse repos' breaks down reverse repos by collateral class).

- Cash and Due From Banks
 - Cash (encumbered – included in Part B)
 - Required deposits reported in part B row b44 and b56 can be reported in row a4 (Cash (encumbered – included in Part B)) or row a18 (Cash Margin Given Other). Both options are available to accommodate financial institution reporting practices on the M4 return for required deposits.
- Securities Long (Net)
- Secured Lending
- Loans
 - Loans are reported on c41-c44; with the exception of insured mortgage loans that have been converted into NHA-MBS which are reported on under level 1 assets.
- Cash Margin Given
 - Cash Margin Given OTC Derivative
 - Of which is initial margin
 - Of which is variation margin
 - Cash Margin Given FMI/CCP
 - Of which is default fund collateral
 - Include: cash collateral pledged to FMIs or CCPs to support 'survivor-pay' schemes for absorbing losses.
 - Exclude: LVTS default fund pledging (MAX ASO - maximum additional settlement obligations) is an exception to the default pledging in the rest of the return. This amount is to be included under LVTS (b1) and included in a124 but not included in a121.
 - Of which is derivative transaction collateral
 - Of which is initial margin
 - Include: cash collateral pledged for derivative transaction initial margin where the FMI/CCP is the credit risk counterparty (including both OTC and exchange traded derivatives).

- Of which is variation margin
Include: cash collateral pledged for derivative transaction variation margin where the FMI/CCP is the credit risk counterparty (including both OTC and exchange traded derivatives).
- Of which is collateral for other transactions
Include: all cash collateral pledging to FMIs or CCPs not associated with derivative transactions, or the default fund. Examples include cash collateral associated with securities transactions or payment system transactions. LVTS pledging reported in b1 is to be included in row a124 as applicable. Repo transaction activity that could be reported in part B rows b161, b168, b173, b180 and b187 must be reported in part A as a124 for c1, c2, c3, c4 if applicable. Since a124 is, “of which collateral for other transactions,” repo transaction activity, the part B cells above, should be reported in the “Other Collateral Pledged” section to comply with the H4 validation rules. See below for cell relationships, if applicable:
 - b161 should be reported in b164
 - b168 should be reported in b171
 - b173 should be reported in b176
 - b180 should be reported in b183
 - b187 should be reported in b190
- Cash Margin Given Other
 - Required deposits reported in part B row b44 and b56 can be reported in row a4 (Cash (encumbered – included in Part B)) or row a18 (Cash Margin Given Other). Both options are available to accommodate financial institution reporting practices on the M4 return for required deposits.

Section 2 - Liabilities

In this section balance sheet liabilities are to be reported along with the distribution on assets classes or collateral classes associated with each balance sheet entry (e.g. the column ‘securities – short (net)’ breaks down securities short by asset class; the column ‘repos’ breaks down repos by collateral class).

- Secured Funding
- Securities Short
- Other Collateralised Financing
- Cash Margin Received

Section 3 - Collateral Movements

This section breaks down collateral movements by collateral class.

- Secured Lending Collateral
- Secured Funding Collateral
 - Repo (Gross, Non-Centrally Cleared) Collateral OUT
 - Include: repo collateral posted bilaterally that is not centrally cleared.

- Security Lending (Gross, Non-Centrally Cleared) Collateral OUT
 - Security lending collateral OUT refers to the security leg of a security lending transaction that consists of a security leg and a cash leg. Security lending transactions that consist of two security legs are to be reported under collateral swapping.
- Collateral Swapping
 - The collateral swapping category can be used to report the following types of transactions:
 - Security borrowing or lending with non-cash collateral – see example #8.
 - Collateral replacements due to loss of value (e.g. variation margin on bilateral repos) see example #7.
- Derivative Non-Cash Collateral
- FMI/CCP Non-Cash Collateral Pledged
 - Pledged FMI/CCP Non-Cash Collateral IN
 - Pledged FMI/CCP Non-Cash Collateral OUT
 - Include: all collateral pledged to FMIs and CCPs including initial margin, variation margin and default margin.
 - Include: derivative and repo transaction collateral pledged to FMIs/CCPs provided that the FMIs/CCPs are the credit risk counterparty in the transactions.
 - Of which is Default Fund Collateral
 - Include: collateral pledged to FMIs or CCPs to support ‘survivor-pay’ schemes for absorbing losses.
 - Exclude: LVTS default fund pledging (MAX ASO - maximum additional settlement obligations) is an exception to the default pledging in the rest of the return. This amount is to be included under LVTS (b1) and included in a 129 but not included in a 125.
 - Of which is repo transaction collateral
 - Include: repo transaction collateral for transactions where the FMI/CCP is the credit risk counterparty.
 - Of which is derivative transaction collateral
 - Of which is initial margin
 - Include: collateral pledged for derivative transaction initial margin where the FMI/CCP is the credit risk counterparty (including both OTC and exchange traded derivatives).
 - Of which is variation margin
 - Include: collateral pledged for derivative transaction variation margin where the FMI/CCP is the credit risk counterparty (including both OTC and exchange traded derivatives).
 - Of which is collateral for other transactions
 - Include: all collateral pledging to FMIs or CCPs not associated with derivative transactions, repo transactions or the default fund. Examples include securities transactions and payment system transactions.
- Additional Sources of Collateral
- Additional Uses of Collateral
 - Own Asset Securitized Financing Collateral
 - Please note that items reported in this column are not to be reported in part B with the exception of transactions vis-à-vis CMHC or CHT
 - For CMB Securitization transactions, financial institutions are given the flexibility to report in either a 70 (Other Secured Financing Securities Collateral) or a 71 (Other Collateral OUT)

Section 4 - Available Unencumbered Assets (calculated by return, by grouping)

This section identifies total Available Unencumbered Assets from the amounts reported in sections 1, 2, and 3.

The only cells that are to be reported in this section are the adjustment entries in a 102-a 105. These adjustment cells are intended for the reporting of small know amounts that are not specificity covered by other parts of the return.

Section 5 - Encumbered Assets

This section identifies Encumbered Assets using the amounts reported in sections 1-4. If there is a need to introduce an adjustment to the values computed these adjustments should be incorporated in section 4.

Section 6 - Haircuts (calculated by return, by grouping)

In this section the Regulatory Reporting System (RRS) will compute haircuts using the values reported in the previous sections. Reporting institutions are not required to submit any data points for this section.

Adjustments

Several locations are provided to make adjustments. The expectation is that these adjustments will be used to account for special situations that are not specifically covered in the rest of the return; and will not be used to absorb unknown reconciliation errors. It is acknowledged that there will be some amount of unknown reconciliation error and the expectation is that these will be covered by the 2% error tolerance built in to the cross return rules with the M4 and LCR. Additionally, it is expected that if an adjustment is used justifications will be made available upon request.

- Adjustments for reconciliation with the M4 balance sheet are to be made in column c51.
- Adjustments for reconciliation with the LCR are to be made in rows a 103 and a 104.
- Adjustments to collateral in or out are to be made in rows a64, a65, a69, a70, a71.
- Adjustments to Encumbered Assets or Available Unencumbered Assets can be made in a 102-a 105.

1. Reporting of excess collateral and lodged unencumbered collateral as Available Unencumbered Assets

The reporting for excess collateral or lodged unencumbered collateral is only required in a few specific cases: cell(b48, c47), cell(b60, c47) cell(b65, c47) cell(b70, c47) and cell(b78, c47) [Note: lodged unencumbered collateral amounts in cell(b2, c47) and cell(b17, c47) are calculated by the Bank of Canada and are not a reporting requirement].

Excess collateral and lodged unencumbered collateral are both classified as Available Unencumbered Assets; however, if no adjustment is made both categories will appear as encumbered in the H4 return. Institutions have the option of using adjustment rows a 104 and a 105 (depending on LCR treatment) to reclassify these amounts from Encumbered Assets to Available Unencumbered Assets. To facilitate ease of reporting this is considered an optional adjustment (see reporting examples #2 and #4).

Part B: Collateral Pledged to Counterparties (collateral values and related cash legs)

General Instructions

In this section pledging is to be allocated by counterparty on a credit risk basis.

- Pledging is to be reported according to the counter party legal entity, not the parent corporation.
- Pledging is only to be reported vis-à-vis a FMI/CCP if they are the counterparty from a credit risk perspective.
- Pledging to crown corporations explicitly guaranteed by Canada are to be reported under Canadian Government and Agencies, pledging to crown corporations explicitly guaranteed by foreign governments are to be reported under Foreign Governments and Central Banks.

Canadian Government and Agencies

- **Bank of Canada**

- LVTS / LYNX

- LVTS

- Include:
 - Collateral apportioned to Tranche 1
 - Collateral apportioned to Tranche 2 (MAX ASO)
 - Lodged unencumbered collateral which has been allocated to LVTS but is not apportioned to either Tranche 1 or Tranche 2
- As with the rest of the return these amounts are to be reported on an end-of-day basis; however, with respect to LVTS end-of-day is defined as immediately prior to settlement.
- Reporting of LVTS pledging is demonstrated in example 4.
- LVTS default fund pledging (MAX ASO - maximum additional settlement obligations) is an exception to the default pledging in the rest of the return. This amount is to be included under LVTS (b1) and included in a 129 and a 124 but not included in a 125 and a 121.
- No reporting is required for 'LVTS - of which: lodged unencumbered (\$)' or 'LVTS - of which: % lodged unencumbered'. These values will be supplied by the Bank of Canada on behalf of the reporting institutions.
- Reporting for CLS transactions that are processed through Bank of Canada.

- LYNX

- Include:
 - Collateral apportioned to LYNX
- As with the rest of the return these amounts are to be reported on an end-of-day basis; however, with respect to LYNX end-of-day is defined as immediately prior to collateral release.
- No reporting is required for 'LYNX - of which: lodged unencumbered (\$)' or 'LYNX - of which: % lodged unencumbered'. These values will be supplied by the Bank of Canada on behalf of the reporting institutions.

- Advances
 - Term repos
 - Overnight repo
 - Collateral Swaps

- Include: collateral pledged for borrowing securities from Bank of Canada.
- Other (bank notes)/ **ACSS**
 - Include:
 - Collateral pledged for bank note withdrawals
 - Collateral pledged but unallocated in HABS
 - **ACSS**
 - Bank of Canada - Total Pledging All Transactions
 - No reporting is required for 'Total Pledging All Transactions - of which: lodged unencumbered (\$)'. These values will be supplied by the Bank of Canada on behalf of the reporting institutions.
 - No reporting is required for 'Total Pledging All Transactions - of which: lodged unencumbered (%)'. These values will be supplied by the Bank of Canada on behalf of the reporting institutions.
- **CDIC**
 - For the reporting of activities with CDIC.
- **CMHC / CHT**
 - Reporting of several NHA-MBS and CMB transactions are provided in examples 5 & 6.
- **Morning Receiver General auction**
 - For the reporting of activities from the morning Receiver General Auction. Although there is also an afternoon Receiver General auction these transactions are not collateralized and would therefore not appear in part B.
- **Other**
 - For the reporting of activities with other Canadian Government branches and agencies not listed above.
 - Include crown corporations explicitly guaranteed by the federal government, municipal governments, and provincial governments.
 - Excluded crown corporations not explicitly guaranteed by the federal government (these are to be should be reported under Part B section 6 according to their industry), OTC derivative transactions with provincial government counterparties.

Foreign Governments and Central Banks

- **Federal Reserve**
 - For the reporting of activities with the Federal Reserve.
- **Other Foreign Governments and Central Banks**
 - For the reporting of activities of activities with other foreign governments and central banks.
 - Include:
 - Central Banks
 - Treasuries
 - Monetary Authorities
 - Crown corporations explicitly guaranteed by their federal governments.
 - Municipal & Provincial/State Governments

- Exclude:
 - Crown corporations not guaranteed by their federal government (these are to be reported under Part B section 6 according to industry and domestic/foreign status of the crown corporation.)
 - OTC derivatives with foreign governments and central banks.

Canadian Financial Market Infrastructures (FMIs) and Central Counterparties (CCPs)

- **CDS**
 - For the reporting of activities with CDS where CDS is the credit risk counterparty.
 - Pledging All Transactions
 - **Default Fund Collateral Pledged**
 - Include: Extenders of Credit Pool (EXTC), CNS Default Fund (CNSD), Receivers of Credit Canadian Pool (RCPC), Receivers of Credit USD Pool (RCPU),
 - **Other Collateral Pledged**
 - Include: CNS Participant Fund (CSNC),
 - For derivative transactions with CDS, collateral pledged out should be reported in Other Collateral Pledged.
 - **Exclude: NSCC Funds that are related to CDS (NSCU, NYLU) and is used for DTCC, DDL accounts (DDLU) maintained by the DTC for CDS**
- **CDCC**
 - For the reporting of activities with CDCC where CDCC is the credit risk counterparty.
- **Other**
 - For the reporting of activities with other Canadian FMIs and CCPs where they are the credit risk counterparty.
 - Pledging All Transactions
 - **Other Collateral Pledged**
 - Include: For derivative transactions with Other Canadian FMIs/CCPs, collateral pledged out should be reported in Other Collateral Pledged.

FMIs / CCPs Abroad

- **DTC & NSCC & DTCC (Including Pledging via CDS)**
 - For the reporting of activities with DTC or DTCC, where DTC or DTCC is the credit risk counterparty.
 - Include: NSCC Funds that are related to CDS (NSCU, NYLU) and is used for DTCC, DDL accounts (DDLU) maintained by the DTC for CDS
- **Euroclear**
 - For the reporting of activities with Euroclear, where Euroclear is the credit risk counterparty.
- **CHIPS**
 - For the reporting of activities with CHIPS, where CHIPS is the credit risk counterparty.

- **LCH**
 - For the reporting of activities with LCH where LCH is the credit risk counterparty.
- **Foreign Exchange Systems**
 - For the reporting of activities with Foreign Exchange Systems, where the foreign Exchange System is the credit risk counterparty.
 - Include: direct pledging with CLS.

Counterparties acting as Direct Clearers

- This section is for the reporting of activities with counterparties acting as direct clearers for FMIs or CCPs.

Other Counterparties

- **Domestic Banks**
 - For the reporting of activities with domestic banks.
 - Include: transactions with federally regulated Canadian banks and federally regulated Canadian subsidiaries of foreign banks.
- **Domestic Broker Dealers**
 - For the reporting of activities with domestic broker dealers
 - Include: transactions where the immediate counterparty is a registered domestic broker dealer.
- **Domestic Insurance Companies**
 - For the reporting of activities with domestic insurance companies.
 - Include: transactions with federally and provincially regulated insurance companies.
- **Domestic Federal and Provincial Public Pension Plans (CPP / QPP)**
 - For the reporting of activities with domestic public pension plans.
 - Include: Canada Pension Plan and Provincial Pension Plans (QPP)
 - Exclude: Pension plans of public service employees; these are to be reported in private pension plans.
- **Domestic Private Pensions Plans**
 - For the reporting of activities with domestic private pension plans.
 - Include: all domestic pension plans other than CPP and QPP.
- **Other Domestic Counterparties**
 - For the reporting of activities with other domestic counterparties.
 - Include: domestic counterparties not listed above (e.g. non-financial corporations), and OTC derivative transactions with provincial government counterparties.
- **Foreign Counterparties**
 - For the reporting of activities with foreign counterparties.
 - Include:
 - foreign counterparties that are not federally regulated in Canada and are subsidiaries of domestic banks
 - OTC derivatives with foreign governments and central banks

Collateral Class Definitions

Note: that the asset category definitions found in the Liquidity Coverage Ratio (LCR) Return (LA) are used here.

- **Deposits with FIs (and other cash not qualifying as HQLA)**

This category includes all cash and deposits that do not qualify as HQLA.

Include:

- Deposits with FMI's
- Nostro accounts
- This category is also for the reporting of other amounts that is classified on the balance sheet as 'cash and due from banks' but does not qualify as HQLA (e.g. short dated bankers' acceptances).

Level 1 Assets

- **Coins and banknotes**

Coins and banknotes currently held by the institution that are immediately available to meet obligations.

- This category follows the same definition as LCR line 11001

- **Central bank reserves - that can be drawn in times of stress**

Total amount held in central bank reserves and overnight and term deposits placed at a central bank which can be drawn down in times of stress. These include all completed deposit transactions with Bank of Canada, including Large-Value Transfer System (LVTS), Special Deposit Account (SDA) and Automated Clearing and Settlement System (ACSS) component balances.

- This category follows the same definition as LCR line 11002

- **Central bank reserves - that cannot be drawn in times of stress**

Total amount held in central bank reserves including institutions' overnight and term deposits with a central bank, which cannot be drawn down in times of stress.

- This category follows the same definition as LCR line 11003

Market securities with a 0% risk-weight

- **Issued by sovereigns**

The market value of qualifying marketable debt securities issued by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk¹.

- This category follows the same definition as LCR line 11004

- **of which: are issued by Canada**

The market value of qualifying marketable debt securities issued by Canada

¹ Found at OSFI Capital Adequacy Requirements Guideline (CAR) - Chapter 3— Credit Risk – Standardized Approach.

- **Guaranteed by sovereigns**

The market value of qualifying marketable debt securities guaranteed by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk

- This category follows the same definition as LCR line 11005

- **of which: are guaranteed by Canada**

The market value of qualifying marketable debt securities guaranteed by sovereigns of which are guaranteed by Canada

- **of which: are NHA-MBS**

The market value of qualifying marketable debt securities issued or guaranteed by Canadian public sector entities of which are National Housing Act Mortgage-Backed Securities (NHA-MBS). This should also include NHA-MBS that are pooled and unsold which are captured as HQLA level 1 assets under the LCR treatment of liquid assets.

- **of which are own originated NHA-MBS**

The market value of qualifying marketable debt securities issued or guaranteed by Canadian public sector entities of which are NHA-MBS originated by the institution.

- **of which: are CMBs**

The market value of qualifying marketable debt securities issued or guaranteed by Canadian public sector entities of which are Canada Mortgage Bonds (CMBs).

- **Issued or guaranteed by central banks, PSEs, BIS, IMF, ECB and European Community, or MDBs**

- The market value of qualifying marketable debt securities issued or guaranteed by public sector entities, receiving a 0% risk weight under the standardised approach to credit risk.
- The market value of qualifying marketable debt securities issued or guaranteed by Central Banks, the Bank for International Settlements, the International Monetary Fund, the European Central Bank (ECB) and European Community, or multilateral development banks (MDBs).
- This category follows the same definition as LCR lines 11006+11007+11008

- **of which: are Canadian (PSEs)**

The market value of qualifying marketable debt securities issued or guaranteed by Canadian public sector entities.

- **of which: are issued by Canadian provinces**

The market value of qualifying marketable debt securities issued by provincial entities

- **Other level 1 assets (non-0% risk-weighted sovereigns)**

The value of all other qualifying level 1 assets not mentioned above.

- This category follows the same definition as LCR line 11009+11010

- **Total level 1 assets**

The total value of all qualifying level 1 assets (excluding Central Bank Reserves – that cannot be drawn in times of stress)

Level 2A assets

Market securities with a 20% risk-weight

- **Issued or guaranteed by sovereigns**

The market value of qualifying marketable debt securities issued or guaranteed by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk.

- **Issued or guaranteed by central banks, PSEs, or multilateral development banks**

- The market value of qualifying marketable debt securities issued or guaranteed by public sector entities, international organizations or central banks; receiving a 20% risk weight under the standardised approach to credit risk.

- **of which are Canadian (PSEs)**

The market value of qualifying marketable debt securities issued or guaranteed by Canadian public sector entities.

- **Non-financial corporate bonds (rated AAA+ to AA-)**

The market value of qualifying non-financial corporate bonds (including commercial paper) rated AA- or better.

- **Covered bonds (not self-issued, rated AAA+ to AA-)**

The market value of qualifying covered bonds, not self-issued, rated AA- or better.

- **Other level 2A assets**

The value of all other qualifying level 2A assets not mentioned above.

- **Total level 2A assets**

The total value of all qualifying level 2A assets

Level 2B assets

- **Non-financial common equity shares**

The market value of qualifying non-financial common equity shares

- **Non-financial corporate bonds (rated A+ to BBB-)**

The market value of qualifying non-financial corporate debt securities (including commercial paper) rated A+ to BBB-.

- **RMBS (rated AAA+ to AA)**

The market value of qualifying RMBS rated AA or better.

- **Other level 2B assets (Sovereign or central bank debt securities, rated BBB- to BBB+)**

The value of all other qualifying level 2B assets not mentioned above (i.e. The market value of qualifying sovereign or central bank debt securities, rated BBB- to BBB+ that are not already included under 'other level 1 assets' as 'non-0% RW securities issued in domestic or foreign currencies').

- **Total level 2B assets**

The total value of all qualifying level 2B assets

- **Total liquid assets**

The total value of all qualifying level 1, level 2A, and level 2B assets listed above.

Other assets

Other market securities

- **Financial sector common equity shares**

The market value of financial common equity shares

- **Financial sector corporate bonds (all ratings)**

The market value of financial corporate bonds (including commercial paper)

- **Own issued covered bonds (all ratings)**

The market value of self-issued covered bonds (covered bonds issued by the reporting institution).

- **ABS**

The market value of non-HQLA qualifying asset-backed securities (ABS).

- **of which: are term ABS**

The market value of non-HQLA qualifying term asset-backed securities (ABS)

- **of which: are ABCP**

The market value of non-HQLA qualifying asset-backed commercial paper (ABCP)

- **Bankers' Acceptances**

Include bankers' acceptances that are not reported in the above categories.

- **Other market securities**

The market value of other non-HQLA qualifying securities not mentioned above.

- **Of which: are ETFs**

- **Insured residential mortgages**

The value of residential mortgage loans insured either under the National Housing Act or by other insurance companies/agencies. This includes both portfolio insured and individually insured mortgage loans. Note: this category should not include NHA-MBS insured mortgages that are pooled and unsold which are captured as HQLA level 1 assets.

- **Uninsured residential mortgages**

The value of all residential mortgage loans not classified as insured.

- **Non-residential mortgages**

The value of all mortgage loans on property not classified as residential property, including such commercial structures as hotels, stores, office buildings, garages, theatres, warehouses, industrial plants, institutional properties, farms and vacant land.

- **Non-mortgage loans**

The value of all non-mortgage loans, including loans to financial institutions, Canadian governments, foreign governments, lease receivables, individuals for non-business purposes, individuals and others for business purposes, own acceptances purchased, and loans made by security subsidiary.

- **Other**

The value of 'other assets eligible for pledging not listed above. These may include less-commonly pledged items such as non-marketable securities, commodities holdings, land, buildings, furniture and equipment (less accumulated depreciation), receivables and other assets which could reasonably be considered eligible for pledging. This section should exclude insurance-related assets, accrued interest, goodwill, deferred tax assets, intangibles and other assets unlikely to be considered eligible for pledging.

- **Total other assets**

The total value of all 'other assets' listed above.

- **Total all assets classes**

The total value of all assets qualifying as level 1, level 2A, level 2B assets and all 'other assets' listed above (Excluding Central Bank Reserves – that cannot be drawn in times of stress).

Totals and Adjustments

- **Netting Adjustment (c48)**

The purpose of this column is for the reporting of netting impacts in order to facilitate reconciliation with the balance sheet. The column is for the reporting of netting adjustments only, other known adjustments are to be reported in c51, and unknown reconciliation differences are expected to be covered by the 2% error tolerance built into the cross return rules with the M4 and LCR.

- **Amounts for non-reported collateral movements vis-a-vis brokerage clients (prime and retail) (c49)**

This column is for the reporting of total collateral positions vis-à-vis brokerage clients when a reporting exclusion has been granted. If a reporting exclusion is granted the requirement for detailed daily reporting in c1-c47 is waived; however, the reporting of the total values is still required here on a monthly basis.

- **Amounts for non-reported subsidiaries (c50)**

This column is for the reporting of total collateral positions with non-reported subsidiaries when a reporting exclusion has been granted. If a reporting exclusion is granted the requirement for detailed daily reporting in c1-c47 is waived; however, the reporting of the total values is still required here on a monthly basis.

- **Other Known Adjustments (e.g. accounting adjustments) (c51)**

This column is for the reporting of small known adjustments for items that cannot readily be reported in the main return (e.g. small capitalized expenses). Adjustments for netting impacts are to be made in c48 and unknown reconciliation differences are expected to be covered by the 2% error tolerance built in to the cross return rules with the M4 and LCR.

- **Balance sheet amount (as appears on M4) (c52)**

This column is to be a verbatim reporting of M4 values.

- **Consolidated Entity Total (month-end value equals M4 within threshold) (c53)**

This column is for the reporting of totals of the consolidated entity and is the sum of c47 through c51.

CHANGE CONTROL LOG			
Amendment Number	Effective Reporting Date	Page Number	Description
1	October 2016		NEW
2	January 2017	Attachment	Minor edits to reporting template: formula errors corrected in A10:A14:C9, B28:C1:C47, B56:C47 conditional formatting applied to select return rules, minor label edits.
		Attachment	Reporting example file expanded to include alternative version of example 6.
		Attachment	Rule summary file updated with respect to treatment of CHT seller's swap.
		Page 5	Data formatting section updated and XML schema provided.
		Page 9,10	Update on the reporting of crown corporations.
		Page 12	Clarification on cash reporting.
		Page 16	Clarification on bankers' acceptance reporting
		Attachment	Minor label edits to reporting template: missing labels added to Part B section 1, security lending label clarified as non-centrally cleared.
		Page 7	Clarification on security lending reporting
3	October 2017	1	<u>Add:</u> ◆ Instructions under Reporting Dates
		9	<u>Add:</u> ◆ Instructions under Canadian Government and Agencies – Bank of Canada
		10	<u>Add:</u> ◆ Instructions under Canadian Government and Agencies – Other ◆ Instructions under Foreign Governments and Central Banks – Other Foreign Governments and Central Banks <u>Modify:</u> ◆ CDSS changes to CDCC
		11	<u>Add:</u> ◆ Instructions under FMIs/CCPs Abroad – Foreign Exchange Systems ◆ Instructions under Other Counterparties – Other Domestic Counterparties
		12	<u>Add:</u> ◆ Instructions under Other Counterparties – Foreign Counterparties
		14	<u>Add:</u> ◆ Instructions under Total level 1 assets
		17	<u>Add:</u> ◆ Instructions under Total all assets classes

CHANGE CONTROL LOG			
Amendment Number	Effective Reporting Date	Page Number	Description
4	November 2018	2	<u>Add:</u> ◆ Instructions under General Instructions
		5, 6	<u>Add:</u> • Instructions under Section 1 - Assets
		7	<u>Add:</u> • Instructions under Section 3 – Collateral Movements
		10, 11	<u>Add:</u> • Instructions under Canadian Financial Market Infrastructures (FMIs) and Central Counterparties (CCPs)
		11	<u>Add:</u> • Instructions under FMIs/CCPs Abroad
5	July 2022	9	<u>Add:</u> • Instructions under Part B, Section 1 - LYNX
		10	<u>Add:</u> • Instructions under Other (bank notes)
		17	<u>Add:</u> • Instructions under Other market securities