INTEGRATED REGULATORY REPORTING (AMENDMENT NO 6) INSTRUMENT 2010

Powers exercised

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

(1) section 138 (General rule-making power);
(2) section 156 (General supplementary powers); and
(3) section 157(1) (Guidance).

B. The rule-making powers listed above are specified for the purposes of section 153(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 6 August 2010.

Amendments to the Handbook

D. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

Citation

E. This instrument may be cited as the Integrated Regulatory Reporting (Amendment No 6) Instrument 2010.

By order of the Board
22 July 2010

Annex

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

16 Annex 25 G Guidance notes for data items in SUP 16 Annex 24R

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FSA015 – Sectoral information, including arrears and impairment

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Columns B-G, rows 1 – 11: "Balances of accounts in arrears/default by band"

The balance of the account in arrears should be reported within these columns, rather than the amount of the arrears. This should be reported after deducting write-offs but before deducting provisions.

Columns B to F are headed with the following:

Column B: 1.5 < 2.5%

Column C: 2.5 < 5%

Column D: 5.0 < 7.5%

Column E: 7.5 <10%

Column F: >=10%

"<" means less than, ">" means greater than and ">=" means an amount greater than or equal to.

For example where accounts are 2.5% in arrears this will go into column C which is headed for amounts from 2.5% to less than 5%.

The analysis is based on ~~expressing~~ working out the amount of arrears on each loan as a percentage of the balance outstanding on the loan and then reporting the total balance of the account in the~~, allocating cases to~~ relevant arrears ~~bands~~ band, providing details of cases moving up into more serious arrears bands……arrears of cases.)

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(ii) for these purposes…cases in this table.

In some cases there may be loans where the security has been taken and is in the process of being realised (a 'property in possession'). While this is happening it is likely the underlying loan continues to exist and may be accruing arrears. Therefore the loan balance should still be included within the relevant arrears band in columns B-F.

Column B rows 12-26

Include …contractually due.

Where a proportion of the balance is past due, this column should be populated with the total balance of the exposure for which a portion is past due. For example, for a loan of £100,000 where a payment of £5,000 is contractually past due, a value of £100,000 should be recorded in column B, not £5,000.

Column C rows 12 – 26

Include here…deemed to be impaired.

Where a proportion of the balance is impaired, this column should be populated with the total balance of the exposure, not just the amount by which the account is deemed impaired.

Column D rows 12 – 26

Include here the ~~amount by which~~ total balance of any other *exposures* which, whilst not past due, are deemed to be impaired. Do not just record the amount of the impairment charge.

Where a *firm* is using UK GAAP rather than IFRS any balances in columns D and E should relate to exposures which, even though they are not past due, have been deemed to require either a general or specific provision.

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Column H: All balances (accounting) at period end

This is the total value of the on balance sheet ~~exposures~~ *exposures* in each category, valued in line with the *firm's* accounting policies.

A *firm* should report here the balance sheet valuation of its *exposures* valued in accordance with IFRS or UK GAAP as appropriate.

Whether the balances in column H are reported net or gross of impairments or provisions, they should be consistent with how balances are calculated for the *firm's* statutory accounts.

FSA015 is intended to relate to on balance sheet arrears. That means that securitisations that attract off-balance sheet treatment should not be included. However, if a securitisation attracts on-balance sheet treatment (for instance because there is recourse to the *firm* or, in the case of consolidated returns, the securitisation SPV is included in the scope of the consolidation), it should be included. The appropriate rows of column H should be completed for all the sectors to which the *firm* has an exposure, even if these are all fully performing and there are no associated write-offs or impairment charges.

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Column M: Other Adjustments

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The "in period" for columns J to M means the amount of write-offs or impairment charges since the last reported FSA015.

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Sectors (rows)

UK and Non-UK

~~Where~~ For Retail and Corporate sectors (lines 1-20), where a split of *exposures* between UK and non-UK is required, this should be done based on the location of the lending entity.

Financial sector and Non-financial institutions categories (lines 21-26) should be split by domicile of the counterparty to which the *firm* has an *exposure*. If the *firm* does not have details of the counterparty then it should report the UK/Non-UK split in the same way as done for Retail and Corporate sectors i.e. using the location of the lending entity.