

Notice

Syndicated loans to foreign and domestic borrowers

External transactions

I Syndicated loans granted by domestic financial institutions to foreign borrowers

1 Reporting by domestic financial institutions pursuant to section 67 of the Foreign Trade and Payments Regulation (*Aussenwirtschaftsverordnung*) of loan disbursements to foreign borrowers

Loan disbursements must be reported by the domestic financial institution which makes the payment for its own account either to the foreign borrower or to another domestic party for the foreign borrower's account (outgoing payment) and records a corresponding claim in its books. In reporting practice, this means that the domestic lead manager or the domestic syndicate members must report the loan disbursement in the amount of their own tranche. The following exemptions are to be observed.

- 1 The disbursement of loans with an original term of up to 12 months does not have to be reported (section 67 (2) number 3 of the Foreign Trade and Payments Regulation).
- 2 The disbursement of loans with an original term of more than 12 months has to be reported only if the loans take the form of loans against borrowers' notes, registered debt securities or similar non-negotiable securities (code 123). Pursuant to circular 2/2005 of the Deutsche Bundesbank, on the basis of an exemption pursuant to section 72 of the Foreign Trade and Payments Regulation Monetary Financial Institutions (MFIs) do not have to submit reports of other loans with an original term of more than 12 months (code 121) as an outgoing payment.

2 Reporting by domestic financial institutions of repayments, interest and commissions pursuant to sections 67 and 70 of the Foreign Trade and Payments Regulation

Repayments, interest and commissions must be reported by the domestic financial institution which receives the payment for its own account either from the foreign borrower or from another domestic party for the foreign borrower's account (incoming payment). In reporting practice, this means that the domestic lead manager or the domestic syndicate members must report the repayments, interest and commissions received in the amount of their own tranche. The following exemptions are to be observed.

- 1 The repayment of loans with an original term of up to 12 months does not have to be reported (section 67 of the Foreign Trade and Payments Regulation).
- 2 The repayment of loans with an original term of more than 12 months has to be reported only if the loans take the form of loans against borrowers' notes, registered debt securities or similar non-negotiable securities (code 123). Pursuant to circular 2/2005 of the Deutsche Bundesbank

on the basis of an exemption pursuant to section 72 of the Foreign Trade and Payments Regulation, Monetary Financial Institutions (MFIs) do not have to submit reports of repayments for other loans with an original term of more than 12 months (code 121).

3 Form in which reports should be submitted

Reports of loan disbursements and repayments should be submitted on the reporting form appended as Annex Z4 to the Foreign Trade and Payments Regulation; reports of interest income should be submitted on Annex Z14. Code 123 should be used for disbursements and repayments associated with loans against borrowers' notes, registered debt securities and similar non-negotiable securities; code 184 is already entered on Annex Z14 for interest payments. Commissions received should be reported on Annex Z4 to the Foreign Trade and Payments Regulation using code 533 (see Deutsche Bundesbank, *Notes on the Coding List for the Balance of Payments Statistics*).

As loan disbursements and repayments for own account always have to match the status of domestic financial institutions' own accounts, there is a direct link between these transactions and the loan book figures reported by MFIs for the monthly balance sheet statistics and their external position.

II Syndicated loans granted to domestic borrowers (enterprises and individuals) involving foreign lenders

1 Reporting of payments pursuant to section 67 of the Foreign Trade and Payments Regulation in connection with syndicated loans to domestic borrowers

When loans are disbursed, the domestic borrowers must report the proportional amounts that are attributable to foreign lending syndicate banks (incoming payments). Domestic borrowers must report the proportions of loan repayments and interest payments made by them that are attributable to the foreign syndicate banks as outgoing payments.

Disbursements of and repayments on loans with an original term of up to 12 months do not have to be reported (section 67 (2) number 3 of the Foreign Trade and Payments Regulation).

In all other cases, reports should be submitted on Annex Z4 to the Foreign Trade and Payments Regulation. For loan disbursements or repayments to domestic financial enterprises code 261, for loan disbursements and repayments to domestic non-financial enterprises and respectively individuals code 941 has to be used (for loans against borrowers' notes, registered debt securities and similar non-negotiable securities, code 263 is to be used, whereas code 963 should be used for loans against borrowers' notes, registered debt securities and similar non-negotiable securities to domestic non-financial enterprises and respectively individuals). Code 284 has to be used for interest payments.

Domestic syndicate banks are not subject to reporting requirements. However, syndicate banks are requested to inform domestic borrowers of their reporting requirements pursuant to section 67 of the Foreign Trade and Payments Regulation.

2 Reporting pursuant to section 66 of the Foreign Trade and Payments Regulation of claims and liabilities arising from financial relationships with foreign financial institutions

Syndicate banks are requested to inform domestic borrowers of the monthly reporting requirement regarding the proportional amounts that are attributable in accounting terms to foreign syndicate banks pursuant to section 66 of the Foreign Trade and Payments Regulation (on Annex Z5 to the Foreign Trade and Payments Regulation).

Information on the foreign trade and payments reporting system

Hotline: 0800 1234 111 (freephone – only available if call is made from a German landline)
Internet: www.bundesbank.de under Service/Reporting systems/External sector statistics
Newsletter (in German): www.bundesbank.de under Service/Newsletter (category: Meldewesen Aussenwirtschaft)
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