INSTRUMENTS WHICH QUALIFY FOR INCLUSION IN THE TRADING BOOK

(1) a) Transferable securities;
    b) Units in collective investment undertakings.

(2) Money-market instruments[5].

(3) Financial-futures contracts, including equivalent cash settled instruments.

(4) Forward interest rate agreements (FRAs).

(5) Interest-rate, currency and equity swaps.

(6) Options to acquire or dispose of any instruments falling within this paragraph of the annex including equivalent cash-settled instruments. This category includes in particular options on currency and on interest rates.

Other instruments which may be included in the trading book in their own right include:-

(a) Bonds, loan stocks, debentures, etc.

(b) Non-convertible preference securities.

(c) Convertible securities such as preference shares and bonds and bonds with embedded options.

(d) Mortgage backed securities and other securitised assets.

(e) Certificates of deposit.

(f) Treasury bills, bank bills (bankers acceptances), local authority bills.

(g) Commercial paper.

(h) Euronotes, medium term notes, etc.

(i) Floating rate notes, FRCDs, etc.

(j) Foreign Exchange forward positions.

(k) Commodities

(l) Derivatives based on the above instruments from (a) to (k) and interest rates.

(m) Interest rate exposure embedded in other financial instruments.

[5] *This does not include deposits and loans.*

(n) Shares.

(o) Depository receipts.

(p) Convertible preference securities (non-convertible preference securities should be treated as bonds).

(q) Convertible debt securities which convert into other instruments as above listed from (n) – (r) and are treated as equities.

(r) Derivatives based on the above instruments from (n) to (q).

A credit institution shall include any other instrument not listed above which it deems as being qualified for inclusion in the trading book.