

IP No. 122	Issue Paper	
Securities pledged to creditors	1,000	
Securities		1,000
<i>To reclassify loaned securities that the secured party has the right to sell or repledge</i>		
Money market instrument	1,020	
Cash		1,020
<i>To record investment of cash collateral</i>		
<i>At conclusion:</i>		
Cash	1,025	
Interest		5
Money market instrument		1,020
<i>To record results of investment</i>		
Securities	1,000	
Securities pledged to creditors		1,000
<i>To record return of security</i>		
Payable under securities loan agreements	1,020	
Interest (“rebate”)	4	
Cash		1,024
<i>To record repayment of cash collateral plus interest</i>		
 <u>Journal Entries for the Transferee</u>		
<i>At inception:</i>		
Receivable under securities loan agreements	1,020	
Cash		1,020
<i>To record transfer of cash collateral</i>		
Cash	1,000	
Obligation to return borrowed securities		1,000
<i>To record sale of borrowed securities to a third party and the resulting obligation to return securities that it no longer holds</i>		
<i>At conclusion:</i>		
Obligation to return borrowed securities	1,000	
Cash		1,000
<i>To record the repurchase of securities borrowed</i>		
Cash	1,024	
Receivable under securities loan agreements		1,020
Interest revenue (“rebate”)		4
<i>To record the receipt of cash collateral and rebate interest</i>		