INSTRUCTIONS FOR COMPLETING FORM BOP30

Point of contact

Balance of Payments Section
Central Statistics Office
Ardee Road
Rathmines
Dublin 6

Tel. 353 1 498 4028 or 498 4234

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I. INTRODUCTION

Form BOP30 is intended to cover the activities of Irish Investment Managers. For banking and insurance respondents only client account data is required as own account investment data will be obtained from our banking and insurance surveys. **Care should be taken to exclude any related investment activities in International Financial Services (formerly called IFSC) as these activities are being surveyed separately.**

The notes in this section are intended as guidelines on completing the form and care should be taken to read them before completing it. However, not all situations can be covered in this note. Please contact us if you need further guidance.

The BOP30 form is designed to give a summary of all transactions of the Investment Manager. All changes in assets and liabilities are to be reported including the following:

- Client investment (and own account investment where appropriate) into Irish Managers' funds together with dividends and retained earnings attributable to these investors i.e. unit holders, shareholders etc.
- Fees including investment advice, administration, custodian services, commissions brokerage etc.
- The investments of the Investment manager in tradeable securities and other assets, both transactions and balance sheet positions. Also required are the valuation changes due to market price and exchange rate changes. The income earned from investments is also needed on an accruals basis.

II. WHO SHOULD REPORT

All Investment Managers are required to complete the form.

A single form is required covering the aggregate activities of the Investment Manager. **All entities that receive a copy of the survey forms must respond** with a completed return to CSO **within 21 days** of receipt of the survey forms.

III. WHAT SHOULD BE REPORTED

Balance Sheet data and related income flows are to be reported giving a geographical analysis of the flows and positions in assets and liabilities managed by Irish Investment Managers.

1. Reporting currency

In general respondents are expected to report in millions of Euro's (€m), going to the appropriate decimal place to avoid nil entries. If reporting in Euro's is inconvenient please report in your main foreign currency clearly denoting the currency used.

When reporting in Euros, balances denominated in foreign currencies are to be converted at mid-market exchange rates on the balance sheet date, and transactions at actual rates on the date of transaction (if available, otherwise at the average market rate in the period). If a budget exchange rate is used please indicate this rate on the form.

2. Period covered

Ideally reports should relate to the calendar period specified. If your accounting period is not the calendar period and cannot be readily adjusted, you should report for your accounting period ending closest to the calendar period and indicate this clearly on your return. It would be very useful if you could give details in a separate note of any major transactions or events which would cause differences between the reported data and calendar period data.

3. Insufficient space on the form

If you do not have enough space on any page for any item please supply a separate schedule showing the required information.

4. Residency / country data

All assets/liabilities are to be reported on a country basis as follows:

- securities which are categorised as assets are to be attributed to the country of residence of the *issuer* of the securities.
- securities which are liabilities are to be attributed to the country of the *holder* of the securities.

Country attribution should be based on where the entity is ordinarily domiciled. If there is doubt as to the issuers' country of domicile, then, as a general rule, the country of residence of any enterprise can be taken as where it is legally incorporated, or in the absence of legal incorporation, where it is legally domiciled. Irish branches or subsidiaries of foreign companies are considered to be Irish residents. *Securities issued by international organisations e.g. EIB, World Bank, EBRD, etc. are not to be allocated to the country in which the organisation is located but rather to the individual international organisation code.*

Particular care should be taken when reporting transactions with banks. For example, borrowings from foreign banks which have Irish branches or subsidiaries should be included under country Ireland if the liability is carried on the books of the Irish bank.

5. Valuation

Market value should be used to report all holdings of securities. Do not report the face value of the security as the market value. The valuation approach for Equities and Bonds and Notes is set out below:

Valuation of equity securities

Equity securities should be reported at market prices. For enterprises listed on the stock exchange, the market value of your holding of their equity securities should be calculated using the market price prevailing on their main stock exchange at the start and end of the calendar period as appropriate.

For unlisted enterprises, if market value is not available, estimate the market value of your holding of equity securities by using one of the following:

- a recent transaction price;
- director's valuation; or
- net asset value. (*Net asset value* is equal to total assets, including intangibles, less non-equity liabilities and the paid up value of non-voting shares). Assets and liabilities should be recorded at current, rather than historical value.

Valuation of Bonds and Notes

Bonds and notes should be recorded excluding accrued interest (clean price basis) using one of the market valuation methods listed below in order of preference and converted to Euros, using the mid-market exchange rate prevailing at the start and end of the period end as appropriate :

- a quoted traded market price;
- the net present value of the expected stream of future payments/receipts associated with the securities;
- for unlisted securities, the price used to value securities for accounting or regulatory purposes, etc.; or
- for deep discount or zero coupon securities, the issue price should be used. Accrued interest should be recorded separately, as appropriate, in the Section dealing with 'Income earned but not paid'.

6. Treatment of securities involved in repurchase and securities lending arrangements

- Securities acquired under repurchase or securities lending arrangements are to be **excluded** from this form and the related collateralised loan is to be included as Assets in **Section 2.2.2 - short-term loans.**
- Securities sold under repurchase or securities lending arrangements are to be **included as Assets- Investments, on the appropriate line in Section 2.1.**
- Securities acquired under repurchase or securities lending arrangements and subsequently sold to a third party should be reported as a **negative** holding, against the original collateralised loan.
- All valuations of securities under repurchase or securities lending arrangements should be at **market value.**

7. Treatment of depositary receipts

Depositary receipts, which denote ownership of equity or debt securities issued, for instance, American depositary receipts (ADR) or bearer depositary receipts (BDR), should be attributed to the country of residence of the issuer of the security underlying the depositary receipt.

- Financial intermediaries should not report holdings of any securities against which depositary receipts have been issued and sold.
- If a depositary receipt has been issued before the financial institution arranging the issue has acquired the underlying securities, then that financial institution should report a negative holding in the underlying security.

8. Treatment of stripped securities

Stripped securities (strips) are securities that have been transformed from a principal amount with periodic interest coupons into a series of zero coupon securities, with the range of maturities matching the coupon payment dates and the redemption date of the principal amount.

- For official strips i.e. where an underlying issue has been designated as eligible for stripping and the issuer appoints strip dealers the strips remain the direct obligation of the original issuer and the residence of the issuer of the strips remains the same as for the original security.
- Entities who request that a settlement or clearing house create strips from an existing security issued should not report ownership of the underlying security once the strips have been created.
- For unofficial strips issued without the authorisation of the original issuer (e.g.where strips have been created and issued by a dealer with a trust or other vehicle holding the original security to back the new stripped securities in the form of a certificate issued by the trust) then the residence of the issuer of the strips is that of the entity that has issued the strips. In turn, such an issuer of strips should report its ownership of the original underlying securities which continue to exist.
- Strips with an original maturity of less than one year are classified as money market instruments.

IV. STRUCTURE OF FORM

There are common aspects to most of the pages throughout this form. It may be useful to familiarise yourself with these before completing the form.

Headings on the top of each page

<table>
<tr><td rowspan="3">Country of asset/ liability

One country per line</td><td rowspan="3">Opening value of asset/liability at 01/01/98

1</td><td colspan="4">Changes during the year</td><td rowspan="3">Closing value of assets/liabilities at 31/03/98

(1+2-3+4+5)=
6</td><td rowspan="3">Interest Payable

7</td></tr>
<tr><td colspan="2">Transactions</td><td colspan="2">Valuation and other changes</td></tr>
<tr><td>Increases in assets/ liabilities
2</td><td>Decreases in assets/ liabilities
3</td><td>Exchange rate changes
4</td><td>Market price and other changes
5</td></tr>
<tr><td></td><td colspan="7">€m's</td></tr>
</table>

Country of asset/liability .... is the country in which the asset/liability is located. The country of asset is defined as the country of the **issuer** of the security (**not the currency or market of issue**). The country of liability is defined as the country of the creditor. Assets/liabilities with/to international organisations e.g. EIB., World Bank, etc. should be categorised under the appropriate instruments in **Sections 2 and 3** and coded as appropriate for country analysis.

Opening and closing values are to be valued at market prices using mid-market exchange rates ruling at the date in question. For non-equity assets market value should **exclude** interest earned but not paid/received (clean price basis). In the case of equity investments, if market price or a recent transaction price is not available, net asset value should be used. Where market prices (or net asset values in the case of equities) cannot be readily determined, price/earnings valuation or other methods of estimating market value are acceptable. The valuation method used should be noted on the form.

Transactions are to be valued at the price at which they are entered in your books i.e market price excluding accrued interest.

- Transactions involving the conversion of one type of foreign asset or liability for another should be shown as equal and opposite entries in the appropriate lines. An example follows below:

Example 1: An Irish Investment Manager -X Asset Managers , converts a bond valued at €100,000,000 issued by a German company Y into 50,000,000 shares in Y during the period. X Asset Managers had no other investment in Y. The treatment of interest has been excluded for simplicity.

The entries on BOP 30 are:

	Country	1	2	3	4 €m's	5	6	7
Section 2.1.2.2 Bonds and notes	Germany	100		100			0	
Section 2.1.1 Equities	Germany	0	100				100	

- Net transactions should not be shown. All transactions should be recorded on a gross basis. However, for some items such as trade payables and receivables this may not be possible. Where payments due have been netted against receipts due from the same or other counterparty in a single payment/receipt the gross amounts should be reported on the appropriate lines. Where a single payment covers more than one item separate amounts should be shown under the appropriate headings.

Valuation and other changes (Columns 4 and 5) are changes in the value of your assets or liabilities for reasons other than a transaction. Value changes caused by exchange rate changes should be reported in Column 4. Market price changes, revaluations, adjustments because of restatements of opening position compared with the closing position reported in previous forms etc. are to be included in Column 5. An accompanying note describing significant entries would be very helpful in reducing follow-up queries.

Interest is to be recorded on an accruals (i.e. earned) basis (see EXAMPLE 2) throughout the form analysed by country and instrument type. Separate details of related outstanding interest/income at the beginning and end of the period are to be included in ***Section 2.4 Investment income earned but not paid.***

EXAMPLE 2**:(Please note that the example is on an annual basis to clarify the recording principle**) An Irish Investment Manager places €100,000,000 (translated into US$) on deposit in a US bank on 1st April 1997.
Interest at 12% is paid semi-annually, payable 1st April and 1st October.
Interest earned on the accruals basis for 1997 €9,000,000 (100,000,000 @ 12% x ¾).
Interest Paid on 1st October €6,000,000.
Accrued interest outstanding €3,000,000 (1.10.97 - 31.12.97).
To keep this example simple exchange rates have been eliminated.

The entries on BOP 30 are:

		Country	1	2	3	4 €m's	5	6	7
Section 2.1.6	Cash and Deposits	US	0	100				100	9
Section 2.4	Income accrued but not paid:								
	Bank Deposits		0	9	6			3	
MEMORANDUM		n/a	0	109	6			103	9

Memorandum Questions in Sections 2 and 3 deal with all claims on and liabilities to foreign banks (already included in the earlier categories). It is important to read the definition of foreign bank in Section V1 of these notes. The purpose of these questions is to avoid double-counting with aggregate data on international banking statistics supplied by the Bank for International Settlements (BIS) and the International Monetary Fund (IMF) which is used elsewhere in the BOP compilation. It is appreciated that it may be difficult for you to determine the status of the relevant counterparty. In case of doubt, please contact this Office.

V. SECTIONS OF THE FORM

SECTION 1A	Covers Statistical Register Information designed to give details on the reporting entity.
SECTION 1B	Requests data on financial services fees payable and receivable analysed by country and recorded on an accruals basis.
SECTION 2 ASSETS	is designed to cover the investments managed by the Investment Manager
Equities (2.1.1)	records equity investments valued at market price by country of issuer (**not currency or market of issue**).
Bonds and notes (2.1.2)	Bonds and notes relate to holdings of *Irish Bonds -Government issues and other issues* ***(Section 2.1.2.1****) and holdings of foreign issues by country* ***(Section 2.1.2.2)*** Bonds and notes are to be recorded so that details of capital and interest are shown separately. The capital element is to be recorded at market prices excluding accrued interest. The entry under “Interest payable/earned”(column 7) should be interest payable on the accruals basis in the period. Outstanding interest and the movement in interest are to be entered in ***Section 2.4*** *Investment income earned but not paid - Bonds and notes.* Examples 3 and 4 illustrate the treatment of bonds
Zero coupon and Deep discount bonds (2.1.2)	These bonds should be valued at the current market price of the original investment excluding the effect of accrued interest and recorded in ***Section 2.1.2*** *- Bonds and notes.* The accrued interest that is capitalised over the term of the bond should be recorded as income. Therefore the difference between the issue price and the redemption price is recorded as interest over the term of the zero coupon bond in column 7 “Interest earned” of ***Section 2.1.2*** *- Bonds and notes* The outstanding interest accumulating over the term of the bond is to be recorded in ***Section 2.4*** *Interest earned but not paid - Bonds and notes*. Other market price changes should be recorded under “Market price and other changes” column in ***Section 2.1.2***

Example 3 : (Please note that the example is on an annual basis to clarify the recording principle)
An Irish Investment Manager buys a 12% US bond on 1st April for €102,000,000 (€100,000,000 market value excluding accrued interest + €2,000,000 accrued interest).
Interest at 12% is paid semi-annually, on 31st January and 31st July.
Interest earned on the accruals basis for the year: €9,000,000 (100,000,000 @ 12% for 9 months).
Interest Paid on 31st July : €6,000,000.
Accrued interest outstanding at year end: €5,000,000 (1st August - 31st Dec).
For simplicity the effect of exchange rates has been ignored.

The entries on BOP 30 are:

	Country	1	2	3	4	5	6	7
					€m's			
Section 2.1.2.2 Bonds and Notes	US	0	100				100	9
Section 2.5 Income accrued but not paid:								
Bonds and Notes		0	11 (9+2)	6			5	

Example 4:
An Irish Investment Manager buys a 12% US bond on 1st April for €103,000,000 (€100,000,000 + €3,000,000 interest) and sells it one month later for €104,000,000 (€100,000,000 market value excluding accrued interest + €4,000,000 accrued interest). Interest at 12% is paid semi-annually, on 1st January and 1st July.
For simplicity the effect of exchange rates has been ignored.

The entries on BOP 30 are:

	Country	1	2	3	4	5	6	7
					€m's			
Section 2.1.2.2 Bonds and Notes	US	0	100	100			0	1
Section 2.5 Income accrued but not paid:								
Bonds and Notes		0	4 (3+1)	4			0	

Example5: (Please note that the example is on an annual basis to clarify the recording principle)
An Irish Investment Manager invests €60,000,000 in a US zero-coupon bond on 1st January which is issued at a discounted price of $60 and will be redeemed at par value i.e. $100, in five years time. The interest rate that applies is 10.75% on a compound basis.
For simplicity the effect of exchange rates has been ignored

The entries on BOP 30 are:

	Country	1	2	3	4	5	6	7
					€m's			
Section 2.1.2.2 Bonds and Notes	US	0	60				60	6.5
Section 2.5 Income accrued but not paid:								
Bonds and Notes		0	6.5	0			6.5	

Money market instruments (2.1.3)

Money Market instruments should be treated in the same way as conventional bonds or zero coupon bonds as appropriate.

Derivatives (2.1.4)

Over-the-counter and exchange traded derivative contracts**, with the exception of OTC options sold** should be treated as assets. All derivative contracts are to be included in the opening and closing positions at marked-to-market value **not nominal value**. *Contracts with a negative marked-to-market value should be subtracted from contracts with a positive marked-to-market value. These should be included as* **assets** in **Section 2.1.4**.

Please note the following:

In relation to exchange traded derivatives:

- If **variation margin** calls result in a payment or receipt of funds, they should be recorded as transactions in derivatives in **Section 2.1.4**. Payments should be entered as "increases in assets"; while receipts as "decreases in assets".
- **Initial margins** and other repayable deposits held as margin accounts should be included as assets in "Cash and bank deposits**" (*Section 2.1.6 of the form***).
- Any transaction in the underlying instrument or commodity should be excluded from derivatives but included under the appropriate financial instrument heading e.g. equities, bonds etc.

In relation to over-the-counter derivatives:

- For **interest rate swaps** and **forward rate agreements** (FRAs) net interest receipts should be reported as transactions in derivatives and recorded as "decreases in assets" in **Sections 2.1.4.** Net interest payments, which are effectively decreases in liabilities, should be recorded as "increases in assets" in **Sections 2.1.4.**
- For **cross currency interest rate swaps** net interest flows should be treated as transactions in derivatives.

At expiry of the contract, in addition to the net interest flow:

♦a settlement resulting in a net receipt of currency should also be recorded as a transaction in derivatives in **Section 2.1.4** under "decreases in assets". If the settlement results in a net payment of currency the amount involved should be recorded as a transaction in derivatives in Section 2.1.4 under " increases in assets".

♦ if a settlement results in an exchange of principals the difference between the principal translated at the exchange rate agreed in the swap contract and at the market rate at settlement should be recorded as a transaction in derivatives as described above.

- For **forward foreign exchange contracts** at expiry the difference between the amounts converted at the contract rate and at the market rate prevailing should be recorded as a transaction in derivatives in **Section 2.1.4.** If this settlement results in a gain this gain should be recorded as "decreases in assets"; losses, which are effectively decreases in liabilities, should be recorded as "increases in assets".

- For **options** purchased the related premium payments should be recorded as transactions in derivatives under "increases in assets" in **Section 2.1.4.**

♦ If the **option** is exercised the net settlement flows should be recorded as transactions in derivatives as "decrease in assets" in **Section 2.1.4.**

♦ Similarly, if the **option** being exercised results in the delivery of the underlying instrument the difference between amounts converted at the strike price and at the market price of the underlying instrument (net settlement) should be recorded also as transactions in derivatives. However, the underlying instrument should be recorded as a transaction in that instrument at market price.

Any transaction in the underlying instrument or commodity should be recorded at market price under the appropriate instrument heading in **Section 2.1 - Investments**. See the following examples

Example 6: An Irish Investment Manager purchases a call option on an equity currently trading at 100c from a US Investment house.

- The premium is 4c
- The strike price is 110c.
- The market price at the expiry date 3 months later is 115c
- The option is for 10,000,000 shares.

The premium is recorded as a transaction in derivatives at €400,000(10,000,000 X €0.04). The closing position should be entered in column 6 and the changes in the marked to market value of the contract over the life of the option are recorded under "Valuation and other changes". At expiry the Irish Investment Manager records a transaction of €(10,000,000 X 0.05) = €500,000, **the difference between the strike price and the market price** under column 3 and the closing position in derivatives is zero. The equities purchased are included at market price under *Section 2.1.1 equities*".

The entries on BOP 30 are:

		Country	1	2	3	4	5	6	7
						€m's			
Section 2.1.4.3	Derivatives								
	O-T-C Options	US	0	0.4	0.5		0.1	0	0
Section 2.1.1	Equities	US	0	11.5	0			11.5	

Example 7: An Irish Investment Manager enters into a forward contract to buy $16,000,000 for € at a rate of €1 = $1.60.

At the outset the contract has zero value. Changes in the marked to market value of the contract over its life are recorded under "Valuation and other changes".

At the time of delivery the market rate is €1 = $1.50. The Irish Investment Manager taking delivery records a transaction under column 3 (an asset position in the foreign exchange forward is extinguished) of $16,000,000/1.6 - $16,000,000/1.5 = €667,000.

The entries on BOP 30 are:

		Country	1	2	3	4	5	6	7
						€m's			
Section 2.4.4	Derivatives Forward contracts	US	0	0	0.7	0.7		0	0

Property and land (2.1.5) Investment assets in property and land should be included here.

Cash and Bank Deposits (2.1.6) All deposits held should be entered, by country of bank.

Units purchased in Units Trusts (2.1.7) Units purchased in Funds managed by third parties should be entered here.

Long-term and Short-Term Loans (2.2.1 & 2.2.2)	Loans made by the Investment Manager including collateralized loans should be entered in this section • Long-term are loans having an **original maturity** of more than one year *regardless of the remaining time to maturity* at the survey reference date (see definitions). • Short-term are loans and overdrafts having an **original maturity** of less than one year (see definitions).
Other Assets (2.3)	Any other assets not included under previous headings should be included here
Accrued Income earned but not paid (2.4)	Accrued income relating to income earned (accrued) but not paid by instrument should be entered here. The data required is: Column 1 - Income accrued but unpaid at the beginning of the period. Column 2 - Income purchased and net income earned in the period. Column 3 - Income sold and income received in the period. Column 4 - Exchange movements on income in the period. Column 5 - No entry. Column 6 - Income accrued but unpaid at end of period. A geographical analysis is not required.
Summary data on assets under management) (2.5)	An analysis of assets under management by type of asset is required i.e. Pension Funds, Insurance, Private Client etc.
SECTION 3 LIABILITIES	covers the liabilities of Irish Investment Manager.
Long-term and Short-term loans (3.1.1 & 3.1.2)	Long-term are loans having an **original maturity** of more than one year *regardless of the remaining time to maturity* at the survey reference date (see definitions). Short-term are loans and overdrafts having an **original maturity** of less than one year (see definitions).

Derivatives – OTC Options Sold (3.2)

OTC options sold (written) should be treated as liabilities and reported in **Section 3.2**. All other over-the-counter and exchange traded derivative contracts should be included as transactions in **assets** in **Section 2.1.4 Derivatives**

Please note the following:

- The premium receipts in relation to options sold should be recorded as transactions in derivatives under "increases in liabilities" in Section 3.2
- If the option is exercised on a net settlement basis the resulting flow should be recorded as a transaction in derivatives under "decreases in liabilities" in section **3.2.**
- Similarly, if the option being exercised results in the delivery of the underlying instrument, the difference between amounts converted at the strike price and at the market price of the underlying instrument (net settlement) should be reported as a transaction in derivatives and recorded as described above. However, the transaction in the underlying instrument should be recorded at market price under its appropriate instrument type heading.

Other accounts payable and accruals section(3.3)

covers all other liabilities such as payables and accruals. If these items are substantial a note explaining the nature of the liability would be helpful.

SECTION 4 LIABILITIES TO CLIENTS

requests details of the value of investments Managed by the manager. All entries in this section should be recorded at the market price prevailing at the appropriate dates.

VI. DEFINITIONS

Equity

Equity securities are ordinary shares which give the holder the right to a proportional share of the net assets of the company. Other forms of security which do not have this characteristic even if described as "shares" e.g. non-participating preference shares should be included under Bonds and notes.

Include:

- ordinary shares;
- stocks;
- participating preference shares;
- depositary receipts (e.g., American depositary receipts) denoting ownership of equity securities issued, see Section III.6 of these notes (**What should be reported**);
- equity securities that have been sold under repurchase agreements; and
- equity securities that have been lent under a securities lending arrangement, see Section III.5 (**What should be reported**);

Exclude:

- non-participating preference shares (include these instruments under Bonds and notes);
- rights, options, warrants, and other derivative instruments;
- equity securities that have been bought under repurchase agreements; and
- equity securities that have been acquired under a securities lending arrangement, see Section III.5 (What should be reported);

Bonds and notes - (having an original maturity of more than one year)

Bonds and notes refer to bonds, debentures, notes, etc. that usually give the holder the unconditional right to a fixed money income or contractually determined variable money income and have an original term to maturity of over one year.

Include:

- bonds such as treasury, zero coupon, stripped, see Section III.7 (**What should be reported**); deep discounted, currency linked (e.g., dual currency), floating rate, equity-related (e.g., convertible bonds), Eurobonds;
- asset-backed securities such as mortgage backed bonds, collateralized mortgage obligations (CMO);
- index-linked securities (e.g., property index certificates);
- non-participating preference shares;
- floating rate notes (FRN) such as perpetual notes (PRN), variable rate notes (VRN), structured FRN, reverse FRN, collared FRN, step up recovery FRN (SURF), range/corridor/accrual notes;
- Euro medium-term notes (EMTN);
- schuldscheine (German) notes;
- bonds with optional maturity dates, the latest of which is more than one year after issue;

- debentures;
- negotiable certificates of deposits with contractual maturity of more than one year;
- other long-term securities;
- bearer depositary receipts denoting ownership of debt securities issued, see Section III.6 (**What should be reported**);
- debt securities that you have sold under repurchase agreements; and
- debt securities that you have lent under securities lending arrangement, see Section III.5 (**What should be reported**);

Exclude:

- derivative instruments;
- loans;
- trade credit and accounts receivable;
- money market instruments (e.g., treasury notes, banker's acceptances, certificates of deposit with contractual maturity of one year or less, note issuance facilities, revolving underwriting facilities, and promissory notes);
- debt securities that you have bought under repurchase agreements; and
- debt securities that you have acquired under a securities lending arrangement, see Section III.5 (**What should be reported**);

Asset-backed securities

In reporting the market value of holdings of asset-backed securities, the respondents must be aware of the possibility of early partial redemption of principal. The market value of the principal amount outstanding at close of business on period end should be reported; if principal has been repaid, this market value will not be the same as the original face value revalued at end-period market prices.

Money market instruments (with an original maturity one year or less)

Money market instruments are securitised instruments for which there is an organised secondary market. Money-market instruments are generally of shorter maturity than bonds.

Include:

- Bankers acceptances;
- Commercial paper;
- Floating rate notes;
- Negotiable certificates of deposit with a contractual maturity of one year or less:
- Treasury bills and other short term tradable Government debt securities;
- Bonds with an original maturity of one year or less;
- Any other of the debt securities having an original maturity one year or less.

Derivatives

Financial derivatives are financial instruments that are linked to the price performance of an underlying security, commodity etc. and which involve the trading of financial risk. They should be classified under the relevant headings in the form:

- Interest rate and cross currency swaps;
- Exchange traded - options and futures;
- Over -the-counter options;
- Forwards.

The following are not to be regarded as derivatives:

- **Contingencies such as guarantees and letters of credit**. These are not considered to be financial derivatives as their purpose is not to facilitate the trading of financial risk but rather to make payments under specified conditions
- **Embedded derivative-like features** of standard financial instruments that are an inseparable part of the underlying instrument are not considered to be financial derivatives for statistical purposes because the risk element cannot be separately traded
- **A fixed price contract** is not a financial derivative if the main purpose is to deliver an underlying item in exchange for cash (or some other asset). For example, a commercial contract to deliver a commodity is not a derivative unless, like commodity futures it is traded as a standardised contract on an exchange in a way that financial risk can be traded.

Long-term and short-term loans are in general conducted between an individual or syndicated lender and an individual borrower. As with bonds, long-term means having original maturity of more than one year.

Repurchase and Security lending arrangements

A *repurchase agreement* (repo) is an arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price on a specified future date. A *reverse repo* is the same transaction seen from the other side, that is, an agreement whereby a security is purchased at a specified price with a commitment to resell the same or similar securities at a fixed price on a specified future date. *Securities (or stock) lending* is an arrangement whereby the ownership of a security is transferred in return for collateral, usually another security, under the condition that the security or similar securities will revert to its original owner at a specified future date.

Other accounts payable and accruals includes all assets and liabilities not classified to one of the earlier headings.

Profits

Profits for *Balance of Payments purposes* broadly follow the same method of calculation as standard Profit & Loss statements for Profits after tax and minority interests. However, the following should be ***excluded***:

- capital and exchange gains/losses, realised or unrealised;
- the write-off of abnormal bad debts and related provisions;
- revaluation gains/losses; and,
- extraordinary items.

Credit institutions

Credit institutions are regarded as providers of conventional banking services by the banking authorities in the country concerned.

Irish credit institutions include:

♦ Irish branches of Irish banks and building societies; and,

♦ Irish branches of foreign banks; and,

♦ Irish bank subsidiaries of foreign companies (bank and non-bank).

Irish ***credit institutions exclude:***

♦ foreign branches of Irish banks;

♦ foreign banks i.e. that are located abroad;

♦ foreign banking subsidiaries of Irish companies.

Official international agencies such as the European Investment Bank, the World Bank etc. should not be treated as banks but as other non-residents.

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