Chapter 11: The financial account – Comments of the worldwide review - Overview

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Comments overview:

Date	Country/AEG member	Internal: format
2/20/2007	Netherlands (SN)	*Template*
2/16/2007	ECB	*Template/Letter*
2/14/2007	Mexico	*Other format/Word document*
2/14/2007	OECD	*Word template and PDF document*
2/14/2007	Denmark	*PDF document*
2/13/2007	Norway (SN)	*Word Template*
2/13/2007	USA	*PDF document*
2/13/2007	IMF	*Word template and PDF document*
2/12/2007	UNSD	*Word Template*
2/12/2007	Ireland (CSO)	*Word template and PDF document*
2/12/2007	Eurostat	*Word Template*
2/12/2007	Czech Republic (CSO)	*Word Template*
2/12/2007	Switzerland	*Letter*
2/12/2007	Johan Prinsloo (AEG)	*PDF document*
2/12/2007	Australia (ABS)	*Word Template*
2/12/2007	Germany (FSO)	*Word Template*
2/12/2007	Israel (CBS)	*Word template and PDF document*
2/9/2007	Hong Kong (CSD)	*Word Template*
2/6/2007	Finland	*Word template and PDF document*

Chapter 11: The financial account – Part I: General comments

Country	Comment
Netherlands (SN)	In general, we think that this chapter is very clear. Especially the more general parts A and B have been written in a very readable style that even can be understood by non-specialists. The financial instruments described are not coded, which is quite inconvenient. One may want to add the relevant codes. Of course, this would be relevant throughout the whole SNA. The paragraph on financial derivatives is rather comprehensive as compared to the description of other instruments in part C. This possibly harms the balance within the chapter. Note that all paragraphs in the "clean" draft chapter start with 19 instead of 11.
ECB	The 'role' of the financial account is (together with the capital account) twofold: It closes the transaction accounts, but it is also part of the accumulation accounts. This should be clearly illustrated. The relationship between flows and stocks is one of the key issues in national accounts and it has gained a lot of importance in analysis and policy. Therefore, one focus should be, when describing the financial account (and the capital account) on their role in the context of the accumulation accounts and balance sheets (in addition to be part of the sequence of transaction accounts). Accordingly, the presentation of the accumulation accounts and balance sheets could also begin with the description of the opening balance sheet and its content in terms of non-financial and financial assets, liabilities and net worth. In this context the description of the financial account would mean to concentrate only on transaction-related issues like the time of recording, valuation, the quadruple-entry system, etc. after having described the classification of financial assets and liabilities in the balance sheet chapter. Another interesting presentation to be mentioned would be to combine the capital account and the financial account showing the close link between the net acquisition of non-financial and financial assets and net saving, net capital transfers and net incurrence of liabilities. Net lending/net borrowing could still be shown as the balancing item of both transaction accounts.

	On the classification of financial assets we are almost content with the proposed amendments. The definition of monetary gold has to be modified following the recent discussions on also distinguishing between gold bullion (allocated monetary gold) and unallocated gold accounts. (A draft text on monetary gold has been attached to the cover letter.) As the end there is only one subcategory of monetary gold and SDRs having no counterpart liability which is gold bullion. There is also a need to redraft the paragraphs dealing with allocated and unallocated nonmonetary gold. In general, the denomination "financial transactions" seems preferable to "transactions in financial assets and liabilities".
Mexico	No template. General Comment: The Financial Account is the chapter from the 1993 SNA that has more modifications, that is because the financial market changes very rapidly and the international recommendations have had to be adapted to be valid. It is considered that the last modifications to the 1993 SNA included in the revision 1 are adequate since they allow incorporating the reality that prevails in the financial ambit. As in any other case, the possibility of fulfilling its registry will depend on the availability of statistical information and of the existence of the financial instrument in the country that is being measured; it is the case of employee stock options, instrument that do not have much relevance in the Mexican market yet.`
OECD	No general comment
Denmark	No template
Norway (SN)	The tables could be simplified. There are some errors in the text.
USA	No template
IMF	The general presentation is clear, and the text reads easily. At a later stage, once the comment period for the new SNA and BPM6 is complete we need to ensure that the texts are the same. However, the sense of the chapter is essentially on how the financial account is the counterpart to non-financial activity (whether the measurement of production - FISIM - or the settlement of trade activity), while we consider the text should also reflect that the financial account has value in its own right. An example in paragraph 11.11, which focuses on financing net positions, whereas in reality the net position is likely to reflect large gross transactions. In addition, there is a lack of rationale behind the classification of financial assets. What is proposed is more a list than a classification. This classification aspect is addressed in chapter 26.B and should probably be better placed in chapter 11.

UNSD	UNSD is happy with the chapter.
Ireland (CSO)	Overall the chapter is rather satisfactory.
Eurostat	• It is difficult to check the general consistency when all chapters concerned (e.g. 17, 21 covering securitisation in public sector?) are not yet available. This may need to be checked again. • It would be useful to recall some general and theoretical considerations in chapter 26 also in chapter 11 (such as on Money in paragraphs 11.56 and 11.57 in the current SNA). • The general structure is rather different from corresponding Chapter XI in SNA 93, especially in the emphasis on new financial instruments. Although it is quite necessary to explain the basic principle of financial derivatives or stock options (for instance), it might not be necessary to give too many details inside a conceptual manual on innumerable instruments whose specific nature may change or evolve depending on countries or time.
Czech Republic (CSO)	It seems to us that the recommendations for the financial account were incorporated clearly.
Switzerland	No template
Johan Prinsloo (AEG)	No template
Australia (ABS)	Structure. Although the chapter has been revised according to the outcomes of the AEG discussion, there is concern within the ABS that the omission of the extensive preamble included in old chapter 11 without substantial revision to the remaining text makes this chapter less readable and understandable. The old preamble also set up the reader for chapters 12 and 13 to some extent. The cross references to new chapter 26 and other places are expected to provide a diligent reader with the full picture, but this is not fully materialised, and makes it hard going. We suggest the editor attempt a revision with a view to cross linking or defining in situ every unexplained term raised and cross linking or providing a rationale for the recommendations. If this is too messy or difficult, consideration should be given to reinstating the preamble, perhaps in the form of an introduction to chapters 10, 11, 12 and 13. Asset boundary. The discussion in 11.18, 11.19, and 11.21 could benefit from a clear statement of the treatment of "liabilities", "provisions" and "contingencies" in core accounts and supplementary tables, and the principles on which the inclusion/exclusion is recommended. The text develops a case along the lines of known/unknown size and probabilities of payment but does not deliver a 'punchline'. For example, provisions as defined should be recorded as assets/liabilities in the System at 'best estimate', because it is certain that future payment will be required without a quid-pro-quo. We would also suggest that 'constructive obligations', which are not legal liabilities but are regarded as certain by both parties should also be recorded as assets/liabilities in the System.

Consolidation. There is an unsatisfactory and disconnected discussion of consolidation, see table 11.1 (aggregates are unconsolidated), 11.14 (subsectors and consolidated financial sector), 11.37 (description of various practices without a recommendation), 11.46 (interbank deposits).

At a minimum a recommendation need to be made, and the principles for doing so explained. Recent work by the OECD WPFS might be relevant here. In doing so, it should be noted that the total aggregates shown in table 11.1 do not reflect total activity in those instruments, as data are not available for households, intra level of government transactions and intra-group transactions of trading corporations in most countries. To this extent, an unconsolidated account cannot be compiled.

Deposits. We remain concerned that there is no clear internationally acceptable definition of a deposit that discriminates this instrument from loans. Therefore places in this chapter that discuss deposits do so in a vacuum. Although deposits cannot be defined there are some principles and conventions which may assist implementers, and these should be enunciated before any detail is discussed.

A discussion of why "deposit money" is important for some economic analysis, and the two dimensions (institutional and instrument) of the broadening concepts of deposit money may assist implementers.

Equity. The statement in 11.23 that shares cannot be equated with identified claims over the designated institutional units is not quite right. It is true in commercial accounting where the accounting unit is the corporation. But in our view the accounting unit in SNA is the economy/sectors of the economy; under this view corporations are born, live and die. Shareholders have a claim on the residual net worth, and thus in SNA accounts a symmetrical asset/liability pair for equity makes sense. This is also the view of the drafters of BPM, so 11.23 should be reconciled with BPM.

Rationale. In a number of places prescription without a stated principle occurs. The ones we have noted are 11.50 debt securities (there are a lot of undefined terms and fine detail without principle),

11.57 and 11.63 (short/long classification based on original, not remaining term to maturity; it would be worthwhile discussing a convention for revolving instruments),

11.70-71 (excess dividends),

11.75 (definition of deposit substitute, money market instrument, and why a real estate fund should be classified to the financial sector),

11.83 (the wealth of discussion concerning standardised guarantees in the AEG is not reflected in this paragraph)

11.99 (why pension entitlement funding should be separately identified from other accounts payable/receivable).

	Measurement Issues. 11.25 Household sector measurement. The emphasis should be on necessary and sufficient coverage, not on comparisons with the more intensive data required for measurement of financial corporations. The paragraph reads as an apology for the use of counterparty rather than direct measurement, which is the wrong message.
	11.35 The text would benefit from a discussion of commercial accounting standards (netting only when there is a legal right to do so).
	11.80-81 are correct but should be expanded to discuss issues to do with recognition of both claims (payable) and premiums (receivable) by insurers.
	11.87 A discussion of how SNA recording of derivatives differs from commercial accounting treatment would be helpful.
Germany (FSO)	The following comments are just tentative impressions, since firstly chapter 11 seems not completed yet and secondly since the questionnaire to chapter 11 and the structure of chapter 11 differ (e.g. sections F to I do not exist in the draft chapter). A final assessment can therefore not be provided at the moment, particularly not for new features like pension entitlements, standardised guarantees or super dividends/capital injections.
	The new parts about investment fund shares are quite short and therefore not sufficiently clear.
	The description concerning pension entitlements should cross-checked with the so called pension compromise.
Israel (CBS)	The additions of definitions and explanations about the main financial instruments are very helpful.
	The part explaining derivatives is a bit long and has a number of repetitions. Most of these instruments are new, and one should perhaps mention that new instruments may be developed in the future.
	One-off guarantees are not mentioned under the memorandum items.
	See also comments in PDF.
Hong Kong (CSD)	The guidelines given in this chapter are clear and well organized.
Finland	Recommendations concerning the recording of employee stock options (par. 11.97) should be amended to better reflect the AEG proposal. See detailed comments on PDF.

Chapter 11: The financial account – Part II: Comments on specific draft paragraphs or passages

1. One of the points that has been under discussion even as the chapter was being draft was the treatment of inter-bank deposits. Are you satisfied with the inclusion of inter-bank deposits under currency and deposits for the reasons explained in section C2?

Country	Comment
Netherlands (SN)	We wonder whether countries that are not able to compile a detailed flow of fund table will be able to report reliable estimates for this subcategory (which in fact can be considered as a cell in a who-to-whom-matrix). From a conceptual point of view, we think there may be reason to separately register interbank loans under the category of loans and register interbank deposits under the category of deposits. However, we agree that the borderline between interbank loans and deposits sometimes is very vague. For that reason, we can agree with the proposal to register them both within the subcategory of interbank deposits.
ECB	The new proposal is to present the inter-bank deposits on a net basis (e.g. deposits minus loans). In the ESCB's reporting scheme on money and banking statistics inter-MFI loans and deposits are reported on a gross basis. Then, through consolidation to derive the monetary aggregates and counterparts inter-MFI deposits/loans are netted out. Usually there is a discrepancy which is allocated under 'excess of inter-MFI liabilities'. Following the proposal this discrepancy would be allocated under inter-bank deposits and would be presented on a net basis (e.g. deposits minus loans). While it might be useful to present this term is a more detailed from-whom-to-whom framework with corresponding subsectors of financial corporations. There is no need to introduce it separately as an additional sub-item as we do not do so for similar subcategories like inter-company loans. Therefore, we would recommend showing inter-bank deposits as part of transferable deposits. Concerning the distinction between deposits and loans in macroeconomic statistics a document has been provided by the ECB which gives some hints about the usefulness of the split between loans/deposits and proposes to include some practical ex ante criteria to distinguish between both (see: http://www.imf.org/external/np/sta/bop/pdf/bopteg30-bp.pdf)
Mexico	No template

OECD	No comment
Denmark	No template
Norway (SN)	First, why separate bank loans and deposits from other loans and deposits as instruments? The sectorization will take care of the sector dimension. Second, why net inter-bank deposits when the SNA follows a general “gross principle”?
USA	No template
IMF	The reasons for identifying interbank deposits separately are well explained. However, the text of paragraph 11.46 is not absolutely clear: are we talking of interbank deposits only, or do we include also interbank loans? In such case, the questions arises as to whether interbank loans should be distinguished from interbank deposits, and an "interbank position" item should also appear under the general item "loans". Looking at table 11.2, and last sentence of paragraph 11.46, it seems that the item interbank position also includes interbank loans.
UNSD	No comment
Ireland (CSO)	I am content with the decision, but the argumentation in the draft text concentrates on why it is useful to distinguish interbank positions from positions of banks vis-à-vis others and conflates that with the argument to combine interbank positions into one instrument. Even here, some of the remarks seem to be rather non-sequitur-ial. The draft does not seem to advance any arguments other than “by convention” to favour recording them as deposits rather loans. Are there any?
Eurostat	Following the AEG recommendation on issue 44c, further clarifications should be provided on how the distinction between deposits and loans can be made especially for transactions between financial institutions.
Czech Republic (CSO)	We are satisfied if inter-bank deposits are identifiable separately.
Switzerland	No template
Johan Prinsloo (AEG)	No template

Australia (ABS)	We do not believe inter-bank deposits should be recorded in this way – in our view, they should be treated as any other deposit (and inter-bank lending treated as any other lending), so we do not find the reasons put forward to be convincing. Furthermore, the use of the term inter-bank deposits is a misnomer as it is inter-bank positions (both deposits and loans) that is being discussed.
Germany (FSO)	No comment
Israel (CBS)	Yes
Hong Kong (CSD)	As the nature of inter-bank deposits is different from other types of deposits, the separation of this item would facilitate better analysis of the market situation. However, data availability is an issue that needs to be resolved before the implementation of the new classification. For consistency of presentation between the currency and deposit, it may warrant deliberation of the need of having the similar breakdown of inter-bank loans as one of the categories of loans.
Finland	No comment

Chapter 11: The financial account – Part II: Comments on specific draft paragraphs or passages

2. Is there sufficient, too much or too little detail on the different types of debt securities in section C3?

Country	Comment
Netherlands (SN)	In general we think the level of detail of the description of debt securities is okay. In addition, we wonder whether the description of repurchase agreements (para. 11.55 and 11.56) should be shifted to section C.4 (loans), because repos have to be registered as loans.
ECB	There is not very much detail. It might be useful to better clarify the distinction between loans and debt securities and also to explain some more borderline cases. Otherwise the ordering is rather haphazard. For example, paragraph 11.50 introduces "short- term securities", followed by “securitization” in paragraph 11.51. In fact, the ECB made contributions which could clarify the definition and the borderline cases between loans and debt securities, The proposed guidance is contained in Para. 19 of the note attached (ch11_annex_1.doc) and the decision tree in ch11_annex_2.doc. http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2ECBannex1.pdf http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2ECBannex2.pdf
Mexico	No template
OECD	No comment
Denmark	No template
Norway (SN)	No comment
USA	No template
IMF	The level of details seems appropriate. However, there is a need to review the text due to some repetitions, mistakes, and inappropriate wording. See text for relevant examples. There should also be a reference to stripped securities and depository receipt. The latter are covered in the new BPM. This chapter should be consistent wherever possible with the new BPM.
UNSD	No comment

Ireland (CSO)	I think the balance is about right. However it would be worth introducing the detailed paragraphs from .53 onwards by a sentence disclaiming any attempt to be comprehensive. A possible addition would be to mention the distinction between registered and bearer securities, if only to acknowledge to compilers that the practical problems in measuring and counterparting the latter are more severe.
Eurostat	1. The part on securitisation (§ 11.51) may need further elaboration. 2. The classification according to maturity into short-term and long-term is presented only as a supplementary sub-classification, i.e. optional in fact (§ 11.63), whereas the AEG recommended for SNA issue 44 to adopt explicitly this distinction.
Czech Republic (CSO)	Perhaps some more detail could be taken over from MFSM and the MFSM Compilation Guide.
Switzerland	No template
Johan Prinsloo (AEG)	No template
Australia (ABS)	The detail is OK but lacks context and principled discussion.
Germany (FSO)	No comment
Israel (CBS)	Sufficient detail
Hong Kong (CSD)	The level of details for different types of debt securities is sufficient.
Finland	No comment

Chapter 11: The financial account – Part II: Comments on specific draft paragraphs or passages

3. Is the coverage of the items related to insurance, pension and standardised guarantees satisfactory? (There will be an overview of all items relating to these schemes in chapter 17 on Cross-cutting and Other Special Issues).

Country	Comment
Netherlands (SN)	In our opinion, the description in section C.6 is rather brief. But maybe this problem will be solved by adding chapter 17.
ECB	This is difficult to assess. For that it might be necessary to know and see the cross-cutting chapter. Nevertheless, it might be eventually better to have the description in a more concentrated form in the chapter on financial assets.
Mexico	No template
OECD	No comment
Denmark	No template
Norway (SN)	It is our understanding that the treatment of insurance etc. in SNA 93 Rev.1.is the same as in SNA 93. We would have preferred that insurance, pension and standardised guarantees had been explained in more detail (as in SNA93).
USA	No template
IMF	The coverage seems appropriate.
UNSD	No comment
Ireland (CSO)	Satisfactory in a difficult situation. Its focus on the entries in the financial accounts does read a little oddly (although understandable since this is what this chapter is about), and perhaps there should be explicit remarks to the effect that there is a plethora of entries in the other accounts, and that the relationship between the entries in the balance sheets and those in the financial transactions account are not straightforward.
Eurostat	No comment
Czech Republic (CSO)	We expect that together with the future chapter 17 could be description of the coverage of the items related to insurance, pension and standardised guarantees satisfactory.
Switzerland	No template

Johan Prinsloo (AEG)	No template
Australia (ABS)	On its own the standardized guarantees discussion is thin but references to Ch17 may overcome this. Also, the AEG discussion included significant discussion of guarantees by government, not only with respect to financial intermediaries as stated here.
Germany (FSO)	No comment
Israel (CBS)	Yes
Hong Kong (CSD)	The coverage of items is satisfactory.
Finland	No comment

Chapter 11: The financial account – Part II: Comments on specific draft paragraphs or passages

4. Sections F to I describe briefly other possible dimensions to the accounts.

Country	Comment
Netherlands (SN)	As far as we can see, there are no sections F to I in this chapter.
ECB	It is not clear which sections are meant. The sections on equity (11.67-11.73) and financial derivatives (11.84-11.96) are far too long and unclear how and where they fit in the financial account.
Mexico	No template
OECD	No comment
Denmark	No template
Norway (SN)	No comment
USA	No template
IMF	We do not see Sections F to I in chapter 11
UNSD	No comment
Ireland (CSO)	Question mark (??)
Eurostat	No comment
Czech Republic (CSO)	It is not clear what the sections F to I are.
Switzerland	No template
Johan Prinsloo (AEG)	No template
Australia (ABS)	We are not sure which sections this refers to?
Germany (FSO)	In section C7 some information about the implications of the treatment of investment funds as institutional units would be helpful for the user of the SNA. Therefore in section 11.74 information should be included if the accounting of investment fund shares is the same when they are legal entities (and institutional units) or not. Sections 11.76 and 11.77 should be more detailed. Some typical example for the different types of investment funds would be helpful.
Israel (CBS)	In draft chapter no such sections, only A to C

Hong Kong (CSD)	No comment
Finland	No comment

Chapter 11: The financial account – Part II: Comments on specific draft paragraphs or passages

5. Do you agree to moving the section on flow of funds from this chapter to one (chapter 26) dealing with the link between the SNA and monetary and financial statistics?

Country	Comment
Netherlands (SN)	We do not have a clear preference where to put the description of flow of funds.
ECB	The financial account (financial transactions) should be presented here and flow of funds in Chapter 26 (as described by the comments on this chapter), as this is the basis for the use of the financial accounts by users. There are many examples of how the use of financial accounts provides users with essential information to interpret economic flows.
Mexico	No template
OECD	No comment
Denmark	No template
Norway (SN)	No comment
USA	No template
IMF	We prefer the flow of funds section in chapter 26 to be an annex to this chapter (as it is in the current SNA). In addition, as indicated above, section B on "classification of financial instruments" would perfectly fit into the core of chapter 11.
UNSD	No comment
Ireland (CSO)	Yes.
Eurostat	No comment
Czech Republic	Yes, we agree.

(CSO)	
Switzerland	No template
Johan Prinsloo (AEG)	No template
Australia (ABS)	Ambivalent – Ch 11 has a structural issue, not addressed by Ch. 26. See general comments
Germany (FSO)	No comment
Israel (CBS)	Yes
Hong Kong (CSD)	No comment
Finland	No comment

Chapter 11: The financial account – Part III: Other specific comments (or format of template was not used)

Country	Comment
Netherlands (SN)	Para. 11.6: It is stated that 'even transactions in kind, …, conceptually lead to entries in the financial account'. We wonder if this is correct. We think that in principle transactions in kind do not lead to financial transactions, unless elements of the in-kind transaction are not completed simultaneously.
	Para. 11.21: We do not see the rationale for the inclusion of this new (?) paragraph.
	Section B.2: We would prefer to start this section (valuation on transactions) with a statement on how transactions have to be valued. See for example paragraph 5.134 of the current ESA or the first line of paragraph 11.44 of the current SNA.
	Para. 11.28: Maybe, it should be made clear that margins on foreign currency exchange are only to be treated as services in the case of financial intermediaries.
	Para. 11.35, (b) and (c): It may be more appropriate to replace the word 'asset' by 'financial instrument'.
	Para. 11.46: It is stated here that the reference is assumed to be the interbank rate. We think that one may want some more flexibility here.
	Para. 11.50: There seems to be a lot a repetition in the text of this paragraph.
	Para. 11.55: It is stated that 'the arrangement appears to involve two separate transactions in financial assets'. For reasons of clarity it might be desirable to mention these two transactions. See also our comments under II.2.
	Para. 11.73: Reinvested earnings in the case of owner-occupied dwellings seem to be a very rare case, or even impossible in the absence of a legal entity. Some of the income may be used for improvements to the dwelling, but all income is first actually transferred to the non-resident owner.
	Para. 11.82: In our opinion, there may be cases for which the increase in pension entitlements in the financial account does not (fully) match the entry in the use of income account. In these cases some specific capital transfers should be added to the change in pension entitlement (D8) to match the change in pension entitlements in the financial account.
	Para. 11.89: There seems to be some repetition in the first part of this paragraph.
ECB	11.40 SDRs: Something in addition to SDRs allocated?

11.41 What does this sentence mean?

11.42 Issuers of currency differently specified throughout the paragraph.

11.43 Transferable deposits might be …

11.44 We have still reservations to show inter-bank deposits as a separate subcategory (they should be included into transferable deposits).

11.45 Cross-classification according to original maturity is quite helpful in the context of defining monetary aggregates.

11.46 The question arises whether to discuss allocated and unallocated gold here or under monetary gold (based on the discussions mentioned under 11.39).

11.50 Short-term debt securities instead of debt securities.

11.51 It is rather unusual to discuss 'securitisation' under the heading debt securities.

11.55 The same applies to repurchase agreements. They are treated either as loans or as deposits.

11.60 Has the concept of 'remaining' maturity already been explained?

11.61 What does hire-purchase credit mean?

11.62 This paragraph is rather repetitive. See section on financial leases.

11.63 to 11.65 These paragraphs should be merged. The second sentence of paragraph 11.65 is unclear.

11.66 Why not to discuss non-performing loans under loans? It would increase the user-friendliness of the manual.

11.68 What is the 'claim to the residual value of corporations'? Please specify. Are the claims not restricted to equity?

11.69 It is stated that this in not a transaction.

11.70 The outcome of the discussion in the TFHPSA was to treat differently capital injections and withdrawal of equity. The paragraph 11.70 already deals, in its first sentence, with capital injections by the owners, then switches to withdrawal of equity. Then, paragraph 11.71 deals again with capital injections which is to some extend disturbing.

11.74 Not sure whether the argument of timeliness is decisive. It seems to be more relevant that from-whom-to-whom financial accounts are more the exception than the standard by taking into account the available data sources. Agreed terminology should be used (debt securities, equity)

11.75 Do they only invest in non-financial assets in the form of real-estate? See other non-financial asset (ships, airplanes, etc.) funds.

11.78 More important seems to be another classification criterion like the type of underlying asset.

11.79 Not sure whether the first sentence describes properly the features of the financial asset. The term ‘schemes’ is misleading (it could be interpreted as an institutional unit like a pension scheme). Doesn’t the aspect of insurance risk play a crucial rule for the different types of financial assets provided by the corresponding corporations?

11.86 The term ‘debt instruments’ should be avoided.

PDF document: 11.5 There is a notion of flow there which may not fully reflect the notion of pure balance which the net lending is. A more static definition is suggested, like the excess of financial investment over liabilities of one sector is matched by the excess of liabilities over financial investment of other sectors and the Row. (or saving/investment for the non-financial accounts).

11.12 DATA IN PARA NOT FULLY CONSISTENT WITH TABLE.

Remove Section 4. Contingent assets.

11.22 "In monetary statistics, some off-balance sheet items…" WHY IN MONETARY STATISTICS?

11.45 In the new draft, transferable deposits are defined with 3 conditions, one of them being “freely transferable by cheque”. We would advise to make a definition not depending on a payment instrument that is outdated in advanced economies and being used less every day in Europe (e.g. see Blue Book). Furthermore, the new definition may result in a definition of transferable deposits that only covers a part of transferable deposits through other means. Therefore it is proposed to define Transferable deposits as deposits that are directly usable to make payments

Table 11.2 THE TABLE WOULD BE EASIER TO READ IF IT WERE CLEARER THAT THE FIRST PART COVERS ASSETS AND THE SECOND PART LIABILITIES

11.46 Replace first sentence by last sentence. Take out third, fourth and fifth sentences.

11.46 Inter-bank deposits show deposits less loans...: then we should also state that loans between banks should be netted with these interbank deposits, and always be renamed "interbank deposits"?

11.47 "…. In some cases, other institutional units…": this looks too vague. It would be useful to explain what this may mean. If done already, a reference to where the explanation is would help.

11.47 "claims not evidenced by loans should be included in loans". Defining "loans" by "being evidenced by loans" sounds tautological and unclear. The first sentence of BPM6 para 5.25 seems more appropriate 5.25 . That paragraph also quotes Reimund Mink's paper suggesting that "When one party is a depository corporation, a possible convention is that an asset position of a depository institution is classified as a loan and a liability position be classified as a deposit."
I think this convention should be made systematic in BPM6 and the revised SNA.

11.48 it should be clarified that this refers only to non-monetary gold

11.50 The definition of debt securities should be the same as in para 5.30 of BPM6 [itself drawn from MFSM].

11.51 The description of securitisation is very misleading in my view. Securitisation refers to the sale of assets to an "ad hoc"entity, which issues bonds to purchase them. So the holders of the initial assets and those of the bonds are not the same. Repackaging suggests that we are talking of one assets being transformed. I think this should be redrafted.

11.52 Loans that are traded and for which there is evidence of a market with quotations in the market are reclassified to debt securities (A loan which is traded once is not necessarily to be reclassified). Basic idea is precisely to avoid volatility in instrument classes in setting clear criteria for differentiating loans from securities. Loans that are re-packaged then become securities as there has been clear expression of willingness, and at least consultation, between the lender and borrower for this. Or loans that have passed the maturity and, thus, at least one party has not abode with his/her obligations, become non-performing; they may then become securities if they are object of transactions.

11.52 the wording is different from BPM6 para 5.31.
Here I would propose to use the formulation of BPM6:
"Loans that have become negotiable de facto should be classified under debt securities. Given the significance of reclassification, there needs to be evidence of secondary market trading before a debt instrument is reclassified from a loan to a security. Evidence of trading on secondary markets would include the existence of market makers and bid-offer spreads for the debt instrument. (MFSM paragraph 134 verbatim for 1st sentence; Debt Guide paragraph 3.29 almost verbatim) While one-off transactions in loans are common, but are insufficient to constitute a secondary market without market makers and bid-offer spreads."

One other reason why a repo may be seen as a collateralised loan is that most price changes affect only the initial holder of the security. It would be useful to add this point.

Gold swaps to be treated as repos: point under review by the BOPCOM and DG-S.

11.58 [IS THIS CORRECT? HOW CAN THERE BE SYMMETRICAL RECORDING IF - AS IS LIKELY - THE HOLDER DOESN’T KNOW IN WHICH TRANCHE A PARTICULAR SECURITY WAS ISSUED?]

11.59 The first sentence appears redundant with the second.

11.61 The bullet point (c) is not mentioned in the BPM6, and does look to duplicate with bullet point (b)

11.61 [INDEED - BUT WHY NOT SAY THE SAME FOR DEPOSITS?]

11.62 "all" risks and rewards are said to be transferred: shouldn't this be "or virtually all", or even "most"?

11.65 [=RESIDUAL MATURITY; BUT WHY ONLY FOR LOANS? WHY NOT FOR DEPOSITS AND DEBT SECURITIES?]

11.73 CANNOT THE NON-RESIDENT OWNER ‘CONSUME’ THE IMPUTED HOUSING SERVICES THROUGH A NOTIONAL EXPORT OF SERVICES? WHY TREAT HIM DIFFERENTLY FROM A RESIDENT OWNER?

11.79 some explanations would be welcome on why net contributions or premiums are defined as actual contributions or premiums plus distributed property income less… An assumption was that contributions were paid by households, while property income was distributed to them. Please clarify.

Editorial suggestions in tracking changes are also included in the PDF document:

http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2ECB2.pdf

Letter: I should also say that we have recommended extensive changes to Chapter 11, where the original draft seemed to us to be too long and repetitive, particularly in Section 7 on financial derivatives and employee stock options. Finally, we have redrafted the paragraphs on monetary gold following recent discussions with the IMF and members of the RESTEG (see Annex 2)

New proposed text: Monetary gold is gold to which the monetary authorities (or others who are subject to the effective control of the monetary authorities) have title. Monetary gold held as reserve assets comprises gold bullion (including gold bullion held in allocated gold accounts) and unallocated gold accounts with nonresidents that give title to claim the physical delivery of gold. 1 To qualify as reserve assets, gold accounts must be available upon demand to the monetary authorities. Monetary gold might also cover unallocated gold accounts with residents which are not part of reserve assets even if they are readily available on demand to the monetary authorities.

Gold bullion normally takes the form of bars and to a smaller extent of coins or ingots with a purity of at least 995/1,000; it is usually traded on organized markets or through bilateral arrangements between central banks. Therefore, valuation of transactions is usually not a problem.

	Unallocated gold accounts are usually built-up in a two-stage procedure: The monetary authority demonetises gold bullion which is recorded in the other changes in volume of assets account and deposits gold bullion in an unallocated gold account. The accounts are usually with non-residents but might also be with residents. If the unallocated gold account is with a non-resident and gold is readily available on demand, it is recorded in reserve assets. *Allocated and unallocated gold accounts are to be distinguished from accounts that are linked to gold (deposits indexed to gold) but do not give title to claim physical delivery of gold. The latter are classified as currency and deposits, and included within reserve assets provided they meet the criteria of reserve assets. Unallocated gold accounts with nonresidents that are not readily available are also classified as currency and deposits but are not included in reserve assets.* *1 Concerning the treatment of allocated and unallocated nonmonetary gold please refer to paragraph 11.48*
Mexico	No specific comments
OECD	11.4: last sentence: "exchange of two financial instruments", and not "a" financial instrument" 11.1: last sentence: include "in principle," and add another sentence at the end: "In practice, there is often a statistical discrepancy between the two magnitudes" 11.4 second sentence: add "or liability" , indeed there can be exchanges of liabilities (debt assumption, for example). 11.13: typo: and holding gains 11.15 typo: to which sector, rather than on which sector Table 11.1, net lending/borrowing 148 rather than 145, and 38 rather than 36. 11.18 Add at the end: The SNA includes some, but not all, of the provisions recognised in business accounts. The recognition of all provisions is in the research agenda of the SNA." 11.21 typo "stream" and not "steam" 11.22: typo of paragraph number: not in italics bold. 11.23 insert before last sentence: "Indeed, these liabilities are part of the own funds of corporations are thus not seen as liabilities by them." 11.28 typo: two dots at end of paragraph

11.28 The second sentence is confusing and should be amended. It gives the impression that the issue is the breakdown between interest and service charge. The issue is more the extraction from the financial transaction of all which is recorded in the non financial accounts. I propose therefore: Some elements of the amount corresponding to transactions observed for some financial assets may be considered in the SNA as separate non financial transactions, whether interest or service charge, and should be deducted from the amount or added to the amount of the transaction to obtain the valuation of the financial transaction.

Also after the next sentence (Foreign currency etc...) one could add for clarification: Thus the valuation of the financial transaction in the financial accounts will be the mid-price value.

Note that I have said "deducted or added" because for the seller one has to add the difference with the mid price.

11.30 A paragraph should be included here regarding the treatment of reinvested earnings and the problem of double counting that was raised by the task force on equity.

11.35 (b) typo: netting within specific type of asset

11:35: typo: font size

11.37 In accordance with AEG recommendation, make the wording of last sentence more stringent: "Another area where the compilation of a supplementary consolidated account is strongly recommended (rather than "can reveal useful basic information") is within the general government sector...."

11.41 middle: typo: in the event they give up their membership

11.45: typo: font size

11.50 typo, certificates

11.51: Chapter 21 (and not Chapter 20)

11.55 typo: repurchase agreements are classified (suppress "to be").

11.61 typo: font size

11.62: In subsequent periods, the interest payments made by the lessee must be divided into SNA interest and a financial service charge.

11.71 typo: suppress twice: "to be" in "to be recorded" or "to be included".

11.75 typo: investment funds

11.72: This is chapter 21 and not Chapter 2

11.82: the only transaction ... is the difference..."

11.80 The editor has here deleted a lot of material for unknown reasons. The non life insurance task force had proposed (and the AEG accepted) a new terminology regarding non-life insurance technical provisions. Here is the exact wording (see the report of the task force to the AEG top of page 42). "Non-life insurance technical provisions comprises provisions for unearned premiums and provisions for outstanding claims (including automobile, health, term-life, marine, aviation, and transport and other accident/injury, income maintenance and other forms of non-life insurance). The former are considered to be assets of the policy-holders, while the latter are assets of the beneficiaries."

"Provisions for unearned premiums first result from the fact that, in general, insurance premiums are paid in advance. Insurance premiums are due to be paid at the start of the period covered by the insurance, and this period does not normally coincide with the accounting period itself. Therefore, at the end of the accounting period when the balance sheet is drawn up, parts of the insurance premiums payable during the accounting period are intended to cover risks in the subsequent period. These prepayments of premiums are assets of the policyholders and form part of the insurance technical provisions. The amounts of premiums recorded in the accounts as transactions between policyholders and insurance enterprises consist of the premiums earned - those parts of the premiums that are paid in the current period or the preceding period and that are intended to cover risks outstanding during the current period. The SNA definition of provisions for unearned premiums also includes the provision for unexpired risks and provisions for bonuses and rebates."

"Provisions for claim outstanding are held by insurance enterprises in order to cover the amounts they expect to pay out in respect of claims that are not yet settled or claims that may be disputed. Valid claims accepted by insurance enterprises are considered due for payment when the eventuality or accident that gives rise to the claim occurs - however long it takes to settle disputed claims. Provision against outstanding claims are therefore considered to be assets of the beneficiaries and liabilities of the insurance enterprises. The SNA definition of provision for claims outstanding includes provisions for incurred but not (enough) reported incident and provisions for the equalisation of claims."

"The financial account of the SNA records changes in provisions for unearned premiums and provisions for claims outstanding that result from transactions between policyholders and insurance enterprises under the general heading of changes in insurance technical provisions, but changes in these provisions resulting from holding gains or losses are recorded in the revaluation account and not in the financial account"

	The financial account of the SNA records changes in provisions for unearned premiums and provisions for claims outstanding that result from transactions between policyholders and insurance enterprises under the general heading of changes in insurance technical provisions, but changes in these provisions resulting from holding gains or losses are recorded in the revaluation account and not in the financial account
	11.81: Add a sentence (task force on insurance) : "Life insurance entitlements include provisions against outstanding risks, and provisions for with-profit insurance, and unit-linked life insurance."
	11.85 typo: do not mix "e.g" and "etc.."
	11.90 d typo: "involves"
	11.90 e "swaps" "involves"
	11.100 title typo: suppress dot before Other.
	No additional comments in PDF file:
	http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2OECD2.pdf
Denmark	11.12 The 148 is not the same as the 146 in the table. And the 146 is not the difference between 181 and 33. In the table there is a parallel problem for the total economy
	11.23 This does not seem to incorporated in the present version of 11.2 11.47 We find it very unfortunate that the classification of instruments depend on national definitions of broad money. This will harm international comparability and lead to asymmetries. This comment also holds for par. 10.55 and 10.96.
	11.53 Zero-coupon bonds are ~~long-term~~ securities
Norway (SN)	Table 11.1 The table is difficult to read. The asset and liability sides should not be split and the general item “net acquisition of financial assets/net incurrence of liabilities” should be avoided. Net lending/net borrowing should be at the bottom of the table.
	11.15 We suggest that the first two “indicates”/”indicate” are replaced by “describes”/”describe”. Should ”indicate financial claims” be replaced by ”represent financial claims”? We suggest that “A more detailed and complex analysis of financial flows between sectors is discussed in chapter 26. The analysis there illustrates debtor/creditor relationships by type of financial assets” is replaced by “Chapter 26 describes how a full analysis of debtor and creditor sector for each instrument can be portrayed. Such an analysis is known as a detailed flow of funds table.”

11.16 We suggest that the first sentence should be taken out. It is misleading since we do not add sectors with net lending positions on one side and sectors with net borrowing positions on the other hand. Sentence two (“For the economy as a whole….”) is sufficient.

11.35 The difference between the netting principles shown in (d) and (e) is not clear.

11.39 We suggest changing the text to: “Monetary gold is owned by monetary authorities and others subject to the authorities’ effective control. Only gold that is held………”

11.4 Is this paragraph necessary?

11.46 We suggest that “Chapter 26 describes how a full analysis of debtor and creditor sector for each instrument can be portrayed. Such an analysis is known as a detailed flow of funds table” should be replaced by “Chapter 26 describes a detailed flow of funds table.”

11.47/11.55 We do not see the reason for defining repos as deposits even if repos may be part of the national definition of money. The loan treatment is well established.

11.49 What is the meaning of this paragraph? An interpretation of the last sentence is that households accept deposits as liabilities.

11.69 The “first type” is presented in 11.69 and the third in 11.72. Could have been more compact.

11.71/11.72 The sentences “….,and represent not just a reduction of debt but a positive addition to the enterprise’s net worth” and “it is returned to the net worth of the enterprise….” are misleading.

First, contrary to business accounts in the SNA the net worth is a residual. Net worth is not a financial instrument. In the sentences mentioned above net worth could be replaced by equity.

We suggest that the second sentence to be replaced with the following:

“In the distribution of primary income account, the share of operating surplus less distributed dividends proportionate to the foreign investor's share of equity is shown as being withdrawn and distributed to him as reinvested earnings. Because it is not actually withdrawn, it is returned to the equity of the enterprise by a recording under this heading in the financial account.”

11.81/11.82 The very short paragraphs on life insurance and pension entitlements can give the impression that recording in the financial account is merely the difference between net premiums receivable and claims payable. The present SNA is more detailed in this respect explaining other factors like premium supplements and service charges.

11.96 The sentence “…..in order to reserve the term deposits for monetary aggregates” could have been written earlier in the chapter.

Printing errors 11.26 (provides), 11.79 (thee), 11.90 (involves, swas)

USA

Table 11.1 Households net lending should be 148, implying total economy should be 38.

11.17 Add mention that one-off guarantees are to be recorded in a memorandum item?

	11.55 Should recommendations from issue 43b (debt indexed to foreign currency) be added here?
	11.55 Need to add explanation of short positions as negative asset when an asset acquired under a reverse transaction is on-sold outright.
	11.55 There is no explicit reference to the use of securities, rather than cash, as collateral for a provision of other securities (as described in the AEG recommendation).
	The wording is confusing, seeming to suggest that the central bank is receiving both the foreign currency and the gold deposit, rather than the intended meaning of an exchange of foreign currency for a gold deposit.
	11.79 Insurance, pension and standardised guarantees schemes. Need to update this paragraph and paragraph 11.82 to reflect "compromise solution." Also, make clear that this paragraph also refers to standardised guarantees
	11.80 The AEG recommendations asked to distinguish the term "technical provisions" from the common term "provisions used on business accounts. No mention of extension to include bonuses and rebates for incurred but not reported incidents and for equalization provisions.
	11.97 The AEG recommendation says that if it is not possible to spread the value between the grant and vesting dates, the value should be recorded at the vesting date. Also, will valuation be covered in more detail elsewhere (e.g., chapter 17)? Perhaps should mention that changes in value between vesting and exercise are considered holding gain/loss.
IMF	11.9 Treatment of contingencies. Strictly speaking, this is not absolutely true: entries may also take place in the revaluation account. For example when, under debt reorganization, a nominal asset is exchanged against an instrument with a market value, and there is a difference in value between the two.
	11.9 The wording "means of payments" is rather unusual, and somewhat ambiguous: does it refer liquid assets only, such as "currency and deposits" . In our view, it should be a generic terms which encompasses any kind of financial assets.
	11.9 This is not necessarily true: if the transaction is settled through bank deposits involving a resident and a non resident bank, entries will also affect liabilities.
	The financial account provides information on changes in both financial assets and liabilities, with the net borrowing and/or lending of a sector being a resulting item.
	11.11 The financial account provides information on changes in both financial assets and liabilities, with the net borrowing and/or lending of a sector being a resulting item.
	11.18 "Not the definition of contingent: see SNA 11.25"
	11.21 Style : this sentence is not complete: a verb is missing.

11.23 The implication is that only debt represents a legitimate claim. The point made about gold is correct, but not about equity.

11.23 The argumentation is fallacious. It is not because equity capital has no fixed redemption value that it should be considered as a "liability by convention".

11.27 All that is being said is that countries should measure what is statistically significant in their own country.

11.28 It would be better to start out with the statement of the underlying principle, that is, transactions should be recorded at market prices. Then go into the instances where the market price is not obvious. I am also not sure that it is appropriate to include most of the discussion in chapter 17: elaboration here on how to treat the buried service charge in securities transactions or FISIM merits inclusion in the chapter on financial account.

11.32 Avoid "money", a word that has too many different meanings.

11.33 There is a float when there is a time lag between the recording of a transaction between two parties, once this transaction has taken place. This has to do with bank clearing procedures, and postal system (hence affecting in particular transferable deposits and other account receivables, rather than trade credits).

11.34 All that is written is true, but it does not make clear what is the recommended standard. Also, there is no mention here of consolidation of institutional units within a group within a sector (though it may be discussed elsewhere). Even though the concept of "enterprise group" is not recognized in the SNA, it is frequently used as the unit from which data are collected for both financial accounts and direct investment.

11.39 All of this section should have exactly the same wording as the new BPM.

11.41 Clarify that the liability is to the IMF SDR Department.

11.42 Clarify that the liability is to the IMF SDR Department.

11.43 Redundancy: interbank deposits are usually transferable

11. 44 Currency union central banks also issue currency. This matter could be dealt with where currency unions are discussed in the SNA.

11.45 No mention about which sector the claims are on.

11.45 Why is "should" used, when paragraph 11.47 says "often useful" (last sentence).

11.46 Most of this text relates to FISIM and is not relevant to this chapter. It should be moved to chapter 6.

11.46 The counterpart sector abroad is to be identified. Why is "banks" being used. Does this include the central bank as well ?

11.47 By definition, all saving deposits are non transferable.

11.47 Cash ?

11.47 The reference to classification of these accounts in 11.96 should be crossed referenced.

11.47 About the use of the adverb "often": see below, comment on "b".

11.47 It is not clear what "cross classify means: classify separately ? Disaggregate ?

11.47 It is not an option (see adverb "often" in previous paragraph), but rather is mandatory. Separate data on all foreign assets and liabilities is needed.

11. 49 Is this how we want to treat these "deposits". It muddles up the whole concept of deposit taking corporations.

11.50 This distinction between bills and bonds is questionable, given the existence of (many) zero coupon bonds, the implication from the definition of bills is that zero coupon bonds are bills. I am not sure that it is what we want.

11.50 Normally, bonds are long term instruments.

11.50 There is a good deal of repetition, e.g. of non participating preference shares (in paragraphs 11.50 and 11.52)

11.51 Actually, securitization involves more than security "backing", i.e., more than using securities as collateral. Securitization also involves selling the cash flows from the securities.

11.51 Where is the discussion of issues backed by income flows ?

11.51 Where is the mention of securitization units ? They are not restricted to the public sector.

11.51 Paragraph 5.42 of the draft BPM6 could be used: "For reclassification, there needs to be evidence of secondary market trading, including the existence of market makers and bid-offer spreads. While one-off transactions in loans are common, they are insufficient to constitute a secondary market without market makers and bid-offer spreads."

11.54 Only applies to price (CPI, PPI, etc.) indexation. Linking to commodity prices may mean that the interest stream is matched by a revenue stream, e.g. if indexation is to the price of oil, revenues are from the sales of oil. Such an arrangement is not related to the conservation of purchasing power.

11.54 Interest is not recorded when paid but when accrued.

11.56 Wrong paragraph number in the reference.

11.56 As we are dealing with definitional aspects, this sentence should probably shown in bold characters.

11.59 Optional maturity date is not the appropriate terminology. What is being discussed here is "callable securities".

11.59 Is it what is really meant. Should it be "earliest" instead ?

11.60 Unfortunately, the definition of "remaining maturity" (defined as "up to" or "more than" one year) comes later (paragraph 11.65)

11.61 It should be noted that this distinction is only really applicable to positions.

11.69 This development is unrelated to the topic sentence.

11.71 It's correct. But be careful that the wording "net worth" has a different meaning in national accounts. It could be confusing for the reader.

11.71 Not a good choice of word (transfer is often related to payments). Perhaps : "provision, whether compensated or not, by owners of fixed and other assets".

11.71 As "shares" only apply to incorporated enterprises, equity might be used instead.

11.75 Be careful with the construction of the sentence (and the following one also), which muddles up assets and liabilities.
Proposal: "......maturity of less than one year. The liabilities of the MMF's are often transferable and..."

11.94 What is a third currency ? A non domestic currency ?

11.97 Note should be made of instances where stock options are not issued to employees:
- some may be issued by a non resident parent company to the employees of an affiliated company (only indirect employer-employee relationship);
- some may be issued to separate contractors, as a compensation for the provision of goods and/or services.

11.97 Exercise period usually is not "immediately following the vesting date". Exercise often takes place much later, often when the person retires, or quits the company, or within a specific period after.

11.100 Other. "Interest that accrues but is not paid is included in this item only if the accrued interest is not added to the value of the asset on which the interest is payable (as is usually the case)." This is not the recommended treatment however.

Editorial suggestions in tracking changes are also included in the file.

http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2IMF2.pdf

UNSD No PDF document

Ireland (CSO)	19.4. (Note that, in principle, in such cases, entries should ideally be made in the internal flow-of-funds tables of the issuer of the security (assuming this is not one of the two parties to the secondary market transaction) and of the issuer (bank) of the means of payment concerned, if the old and new counterparties are in different institutional sectors. In practice, these are not made on an ongoing basis, and such reassignments are detected (if at all) only at the time of drawing up the balance sheets) 19.12 [Comment: table currently shows 146], 19.14 [Comment: not clear what this very short paragraph is saying, or what, if anything, it leads on to. Give some examples? Is it not also true (although for different types of analysis) for the sub-sectors of government?] 19.16 [Comment: 36 in the table] 19.17 [Comment: I suggest using italics to identify the subject of each example. 19.17 Comment: perhaps insert a reference to the different treatment of standardised guarantees, dealt with in the next paragraph?] 19.18 [Comment: perhaps a new paragraph at this point, since the rest of this one deals with standardised guarantees? 19.20 [Comment: decide whether to use the singular or plural form of the apostrophe - singular is probably better] 19.23 [Comment: should this read “equity”?]. 19.26 [Comment/reminder: ensure that items are clearly labeled as standard or supplementary] 19.26 [Comment: it is not clear whether this paragraph is a justification of the promised mentions of supplementary items, or whether it is signaling that there may be yet other desirable breakdowns, that will not actually be further described in the text. If the latter, then some such phrase such as “additional to or as alternatives to the standard and supplementary items” might be “additional to or as alternatives to the standard and supplementary items” might be useful.] 19.35 In the balance sheets (see Chapter 13) [Comment: and in the asset accounts also?] nettings of types (a) and (b) are also usually applied, and nettings of types (c), (d) and (e) are sometimes applied.

19.37 In this section, definitions are given for each financial instrument, in some cases illustrated by examples. Reference is sometimes also made to other items with which the standard items can sometimes be confused. [Comment: would it be useful to associate each definition in this section with its standard code ((A)F.1, (A)F.2 etc?]
[Comment: would it be useful (possible?) to distinguish between standard items and supplementary items? It would perhaps be sufficient to indicate the supplementary status only for the supplementary items?]

19.44 [Comment: where is this distinction required? Not in any of the standard tables, surely? Is it a recommendation to assist the compiler in valuing holdings accurately, so that (s)he can make proper allowance for exchange rate movements?]
19.45 (a) [and?]

19.45 (c) [Comment: not clear what this is otherwise to!]

19.45 (c)[Comment: in what set of standard tables is this called for?]

10.45 (d) Within the item “transferable deposits” there are two reasons to distinguish interbank [Comment: should this be hyphenated as in the text below?] deposits from other transferable deposits (i.e. transferable deposits belonging to non-bank units). These are now discussed.

19.47 [Comment: would the remark in para 11.49 about the sectors that take liabilities be better (or also?) placed here, to lead into the list of typical forms?]

11.49 [Comment: perhaps transfer or add this to 11.47 above?]

19.49 3. Debt securities [Comment: would it be useful to insert a sentence or two about registered and unregistered (bearer) securities, and the practical problems of recording transactions in the latter and allocating holders to sectors? Maybe this is somewhere else already?]

11.54 [Comment: is a sentence or two needed about handling exchange rate movements?]

19.56 [Comment: the sequence of sentences in this
para is not very clear. Not clear whether some sentences explain others or are qualify ("however") others]

19.60 [Comment: make clear that this is not a requirement or even a
fundamental recommendation of the System?]

19.61 (c) [Comment: not clear how (a), (b) and (c) are linked by "or's and/or "and's"]

19.61 [Comment: but not shown in table 11.2?]

19.61 [Comment: move this sentence further up the paragraph? Or else delete the
list of sectors in the sentence near the start?]

19.64 normally [Comment: ???]

19.65 normally [Comment:???]

19.66 [Comment: the sequence of original paras .67 and some of the parts of .68 is a bit lumpy. This attempt may not be much of an improvement]. 19.67?

19.69 [Comment: The three types described all seem to refer to transactions
between shareholders and the corporation. Does explicit mention not also need to be made of secondary market transactions, to which the corporation is not itself a party?]

19.69 [Comment: Is not the first, logically, the issue of new shares, whether
on the stock exchange or otherwise? Does this transaction need to be described? And if it does, does redemption need a sentence or two also?]

19.69 [Comment: as written, this refers to secondary market transactions, but it has little to do with the following sentences about bonus issues! It should probably read: " … it relates to the issue of new shares (original or additional) and the redemption of existing shares]. Some transactions that at face value seem to constitute transactions in shares are not treated as such in the System

19.70 [Comment: perhaps start a new paragraph here?

19.70 [Comment: is it intended that only the excess over a "normal" dividend (or over that year's operating surplus?) should be reclassified to the financial account? If so, this should be explicitly stated. The word "all" does not convey this precisely enough.]

19.70 [Comment: do liquidating dividends arise only when the enterprise becomes bankrupt? What about an orderly winding-up?]

19.70 Query: Only from a quasi-corporation?]

[Comment: this sentence has been moved from the original para .71, where it seemed out of place. Maybe it in fact belongs closer to the top of this para?]

19.71 [Comment 1: is this intended to be the same as publicly owned - check terminology with other chapters.

19.71 Comment 2: Does all of the discussion in this and the following two (three?) sentences refer to these types of enterprise? If so (and I think it does – it is hard to envisage some of these sorts of payment, especially the recurring subsidy-type payment, in the case of privately-owned companies, even within an enterprise group?) then an introductory sentence to this effect is warranted.

19.71 Comment 3: Need to make clear if all statements apply equally to quasicorporations]

19.71 [Comment: consider a new paragraph here, to distinguish transactions that are to be treated as equity injections?]

19.71 [Comment: does this mean debt to the owner?]

19.71 [Comment: why not also to corporations?]

19.71 [Comment: this text has been relocated to 11.70 above].

19.73 [Comment: does this rather throw-away sentence need some elaboration?]

19.74 [Comment: I'm not sure I follow this argument. What I think it is saying is something like this: Investment funds are institutional units. Nevertheless, they are not shown as such in the ordinary sector accounts (but surely they are, in fact, under the sector classification proposed for this edition?), but only in the less readily available flow of funds accounts. Therefore, to allow analysts to distinguish direct acquisitions/holdings by investors of end-product securities (shares, bonds etc) from those that they acquire via their holdings in investment funds, it makes sense to distinguish the latter as a distinct type of asset class. Is this the correct understanding? Is there a confusion in the original wording between investment funds (a class of institutional unit) and investment fund shares (an asset class). Would some or all of the argument belong to the institutional unit chapter?]

19.75 [Comment/query: is residual fully intended here? Is a long-term bond close to maturity a money market instrument?]

19.79 [Comment: what does the “therefore” follow from?]

19.80 [Comment: text should say which is subtracted from which. It is not obvious that premiums will always and everywhere be greater than claims, especially if the reader is thinking of a single policy-holder. Perhaps worth mentioning somewhere that this item (and many others in this area) is usually not observable at the level of the individual institutional unit, and is an aggregate constructed by the compiler.]

19.81 [Comment: same as for 11.80]

19.82 [Comment: same as for 11.80 and 11.81]

19.87 [Comment: not immediately obvious what this reference to different accounts means.]

19.88 [Comment/query: is this the same as the broker in the first sentence of this para?]

19.89 [Comment: does this bit of text not repeat something said elsewhere already?]

19.89 [Comment: is there a surplus word or two here?]

19.95 [Comment: does this imply that standard legal agreements etc have been described earlier somewhere? If so, I didn’t spot it.]

19.97 [Comment: I think this description is a bit too succinct, especially the last two sentences. How can a “value” be spread over time?]

19.98 [Comment: Why is this exhaustive list of sectors given? What purpose does it serve? What is distinctive about this item to require it?]

19.99 [Comment: not clear what “this” is.]

19.100 [Comment: insert “such as”, or is the list exhaustive?]

19.101 [Comment: A slightly plaintive note? Should/can the reader be led to a discussion of these somewhere else?]

	Editorial suggestions in tracking changes are also included in the file. http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2Ireland2.pdf
Eurostat	No PDF document
Czech Republic (CSO)	No PDF document
Switzerland	No PDF document
Johan Prinsloo (AEG)	No PDF document
Australia (ABS)	No PDF document
Germany (FSO)	No PDF document
Israel (CBS)	11.84 The definitions and explanations seem to be close to the ones given in the derivatives financial from the BoP framework. However, the order of the explanations seems different and there are a number of repetitions in the various paragraphs, which may make it a bit difficult to follow the explanations. 11.85 This paragraph could give more specific examples or be omitted. 11.88 Methods for arriving at service element could be explained or at least mentioned shortly Some editorial suggestions in tracking changes are included in the PDF document: http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2Israel2.pdf
Hong Kong (CSD)	No PDF document
Finland	11.97 Text should be changed to better reflect the AEG proposal. We suggest the following amendments: Ideally, the value of the option should be spread over the period between the grant date and vesting date. Alternatively, due to practical reasons, the value could be recorded at vesting date. No editorial suggestions in tracking changes. http://unstats.un.org/unsd/sna1993/projectmanagement/comments/chapter11dv2finland2.pdf