

## Supplement to SNA/ M1.05/10.1

### Classification of Financial Instruments

SNA Update Issue 44a

BOPCOM Outcomes on Questions/Points for Discussion

#### Questions/Points for discussion

- (1) *Does the Group agree with the broad outline of the classification on:*
- (a) *the debt/equity/other grouping in general?*
  - (b) *“debt securities” as a term in preference to “securities other than shares”?*
  - (c) *other terms used?*
  - (d) *the specific items appearing under each of the debt, equity, and other groupings?*
  - (e) *the link between income and asset categories?<sup>1</sup>*
  - (f) *any other issues?*

***The IMF Committee on BOP Statistics agreed in general terms with all the proposals.***

***On (a), in response to concerns that the term “debt” suggested only the liability, it was suggested to use “debt instruments” instead as focusing on the relationship created by the instrument.***

***On (d), it was noted that the possible items for financial gold had been superseded by discussion on unallocated gold accounts.***

***On (e), concerning the link between income and asset categories, it was noted that if such a presentation was also to be included in the SNA, the SNA version would need to be modified, to include generation of income account items (production and generation of income being domestic processes, they are not covered by the BOP) and to exclude reinvestment of earnings (which is a separate item in the BOP, but which is combined with other acquisition of equity in the SNA).***

- (2) *Does the Group agree with the proposals for shares and other equity on:*
- (a) *showing mutual funds separately as standard or supplementary items?*
  - (b) *showing money market mutual funds separately?*
  - (c) *any other issues?*

<sup>1</sup> Supplementary is defined here as an item that is defined and discussed in the manual, but is not a standard item, i.e., it is voluntary, to be included where considered relevant.

***The IMF Committee on BOP Statistics agreed with the proposals being included as supplementary items. There was also support from some members for both the proposed mutual fund items to be standard items, based on their growth, importance, particular characteristics, and separate economic function. (As collective investment schemes, they have some aspects in common with pension funds and life insurance.) In addition, money market mutual funds need to be identified for compatibility with monetary statistics. This view was reinforced in subsequent discussions concerning mutual fund retained earnings and direct investment. However, others considered that an internationally consistent definition of mutual funds would be required first, to clarify the inclusion or exclusion of hedge funds, unregulated mutual funds, etc.***

- (3) Does the Group agree with the proposals for financial derivatives and ESOs on:
- (a) the instrument-type split for financial derivatives as standard or supplementary items? or underlying financial risk category?
  - (b) any other issues?

***The IMF Committee on BOP Statistics agreed with the proposals being included as supplementary items.***

- (4) Does the Group agree with the proposals for other items on:
- (a) trade-related credit being a standard or supplementary item?
  - (b) any other issues?

***The IMF Committee on BOP Statistics agreed with the proposal being included as a supplementary item.***