

# Classification and terminology of financial assets and liabilities in the updated SNA

## Summary conclusion

### ***Recommendations***

1. The main recommendations of the paper are:
  - (a) To divide the category monetary gold and SDRs;
  - (b) To introduce the term debt securities to replace securities other than shares;
  - (c) To replace the term “shares and other equity” by “equity” and split it further into the sub-categories “quoted shares”, “unquoted shares” and “other equity”;
  - (d) To separate investment fund shares/units from ‘shares and other equity’ and form a new category investment fund shares/units;
  - (e) To consider distinguishing various types of investment fund shares/units (e.g. money market, bond, equity, real estate, mixed fund, and perhaps hedge fund shares/units) either as an “of which” additional split (in the case of shares/units in money market funds, with a view to providing a link with monetary aggregates) or as a non-mandatory memorandum item (for the other categories of investment fund shares/units);
  - (f) To consider a split of financial derivatives into risk categories;
  - (g) To broaden the category insurance technical reserves by introducing a sub-category reserves for calls on standardised guarantees;
  - (h) To introduce a box linking measures of money to the balance sheets and the financial accounts; and
  - (i) To include a box in the new SNA on debt
2. Recommendations (b) and (c) had been addressed in an earlier meeting and were not reopened.

### ***Outcomes***

- (a) The AEG agreed that the effect of the decision on SDRs earlier in the meeting needs to be taken into account in making a decision. The AEG agreed that this category should be retained in the short term and that the possibility of splitting it should be considered during consultations with financial statisticians on the classification of financial assets.
- (b) The AEG agreed.

- (c) The AEG agreed.
- (d) The AEG agreed that investment fund shares/units should be separately identified as “Investment fund shares” under the heading “Equity and investment funds”; the sub-categories will be as follows:

*Equity and investment fund shares*  
*Equity*  
     *Quoted shares*  
     *Unquoted shares*  
     *Other equity*  
*Investment fund shares*

- (e) The AEG agreed these should be supplementary items. Money market funds might be a standard item.
- (f) The AEG agreed on the split between options and forwards (and employee stock options). A split by risk categories would be too detailed for most countries and should be supplementary. There is unfinished business here; another look at the breakdown of financial derivatives will be needed when the issues coming from leases and licences are resolved.
- (i) The AEG agreed.

(j.k) The AEG agreed to include the sort of information suggested. The Editor will consider the exact format of this sort of information throughout the text.

3. The proposed classification of financial instruments is the following:

***Financial assets and liabilities***

*Monetary gold and SDRs*  
*Currency and deposits*

*Currency*  
*Transferable deposits*  
*Other deposits*

*Debt securities*

*Short-term*  
*Long-term*

*Loans*

*Short-term*  
*Long-term*

*Equity and investment fund shares*

*Equity*  
     *Quoted shares*  
     *Unquoted shares*  
     *Other equity*  
*Investment fund shares*

*Insurance technical provisions and provisions for calls under standardised guarantees*

*Insurance technical provisions*

*Net equity of households in life insurance provisions and pension funds*  
*Provisions for unearned premiums and for claims outstanding*  
*Provisions for calls under standardised guarantees*  
*Financial derivatives and employee stock options*  
*Financial derivatives*  
*Options*  
*Forwards*  
*Employee stock options*  
*Other accounts receivable/payable*  
*Trade credit and advances*  
*Other accounts receivable/payable*