Summary of discussions

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The Workshop followed the proposed agenda, starting with a discussion on the variety of uses of securities statistics and the range of data sources available for their compilation. The methodological approaches for compiling securities statistics were reviewed for some countries. Two sessions were devoted to specific methodological questions connected to statistics on the issuance of debt securities. Discussions also took place on data related to the holding/ownership of securities as well as on the advantages and disadvantages of security-by-security databases. Finally, the concluding panel covered possible cooperative efforts to improve securities statistics and make them more comparable internationally.

With respect to the ***use of debt securities statistics*** it was noted that they were important for monitoring monetary as well as financial stability and were good indicators of an economy's financial depth. This meant that user requirements might be rather varied, which could have an impact on the way statistics are, or need to be, collected and disseminated. At the same time, a broad consensus emerged early in the discussions on the need for internationally agreed methodological standards for securities statistics, which would allow relevant developments in major financial centres and in emerging markets to be captured (for the latter, for instance, a currency breakdown of debt securities issues might be more relevant than for the former).

The conference confirmed that there are a wide range of ***sources on securities market activity*** that could be used by data compilers. One major problem was the poor quality of many data sources, in particular those from commercial data providers. It would be helpful if all sources, and private data vendors in particular, could use a common internationally recognised classification for issues and issuers. There was clearly a role for statistical agencies, depositories and numbering agencies in harmonising the relevant nomenclature. This would assist not only institutional and commercial data providers but also reporting agents approached to collect information on securities holdings (eg custodians or institutional investors).

Due to the lack of appropriate international standards, it was clear that the ***practice of national compilers*** of securities statistics differed significantly. One major difference seemed to be with respect to the geographical breakdown of securities issuance. Reflecting the state of development of their national securities markets, compilers in emerging markets often collected debt securities data on a "location of issue" basis by focusing on the issuers in the "local" securities market. This could be appropriate where strict regulations applied to securities market activity, including capital controls. Another approach would use the principle of "residency of issuer", whereby issuance by residents would be captured at a global consolidated level (ie irrespective of the jurisdiction where securities were issued). This seemed to be the preferred approach for countries with more developed and open securities markets.

Notwithstanding the various national practices, it was noted that there were a number of ***methodological statistical standards*** which could be used as a reference for securities statistics, including the SNA and BOP manuals and guidelines (they would provide, for instance, a description of the concept of residency, sector and instrument classifications, and various principles for valuation and stock/flow measurement). These standards could be used as a reference for a more specific methodological framework for debt securities statistics. It was recognised, however, that the standards were mostly developed to facilitate general macroeconomic analysis and might need to be amended to properly cover requirements for monetary and financial stability analysis. Also, there were differences

between the methodologies of the SNA, the BOP and the Monetary and Financial Statistics (although a full-fledged integrated system of financial accounts, including a who-to-whom presentation, should, in principle, iron out the current discrepancies between the different manuals).

Several ***specific methodological challenges*** for debt securities statistics were identified. One example was the location of securities issuance involving offshore financial centres, where the location of the issue, the residence of the issuer and the residence of the possible guarantor might all be different. Hybrid securities posed a major challenge in terms of instrument classification. There were also issues related to the valuation of securities, including asset-backed instruments, and to the treatment of short sales of debt securities.

Despite these hurdles, there was strong support for defining standards that would follow fundamental economic and financial concepts, as set out in the stylised framework in the background paper produced by the BIS. There was an expectation that a simple conceptual framework could be developed relatively quickly. The alternative approach of addressing the specific data requirements for monetary and financial stability purposes one by one and in full detail was seen as too cumbersome. It would be useful if the conceptual framework could also provide specific metadata for debt securities data.

Discussions covered questions related to the issuance of debt securities and to ***securities holdings***, ie the relevant statistics that would allow the tracking of the (ultimate) ownership of securities. Some of the existing compilation exercises for securities holdings were presented, including the IMF's Coordinated Portfolio Investment Survey (CPIS), in which many central banks participated. The CPIS focuses on cross-border securities holdings. Interestingly, many countries, even those that participated in the CPIS, did not yet collect data on holdings of securities at the national level. Much more work was therefore needed in this area, including at the conceptual level.

The role of ***security-by-security databases*** as a means for improving securities statistics received considerable attention. A general consensus emerged that they were, in principle at least, a very useful tool. At the same time, questions were raised regarding the reliability of the underlying data sources, particularly those purchased from data vendors. Another concern was that such initiatives could shift a significant part of the collection burden from reporting agents to official compilers. The traditional reporting of aggregate positions required that the classification of securities and issuers be performed by the respective reporting agent (eg banks or custodians). With a security-by-security database, the burden would shift to the compilers of securities statistics, typically central banks. There was a general recognition that the costs of developing a security-by-security database could be significant.

Towards the end of the conference a broad consensus emerged to encourage ***cooperative efforts to improve securities statistics***. Support was expressed for two international initiatives launched to improve the comparability of debt securities statistics. The IMF had reactivated its Working Group on Securities Databases, which had agreed to draft a Handbook on Securities Statistics. The latter was expected to address the key methodological issues identified at the conference. The Working Group intended at a later stage to also look at the costs and benefits of promoting national security-by-security databases that could be linked to constitute a global security-by-security database (along the lines of the ECB's Centralised Securities Data Base).

The BIS has started a project to improve its domestic and international securities statistics. The central banks in the countries currently covered by its domestic securities statistics will eventually be contacted in order to achieve regular reporting of existing national securities data using a simple harmonised framework, similar to the stylised framework in the background paper produced for the conference (as indicated above, it was expected that this would be reflected in the Handbook on Securities Statistics).