Implementation of the 2008 SNA and BPM6 in the area of financial accounts

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A. Introduction

The UN Statistics Division, at its 39th and 40th sessions in February 2008 and February 2009, adopted the new System of National Accounts (2008 SNA) as the international statistical standard for national accounts and encouraged countries to implement it.[2] In the area of balance of payments, the revised IMF Balance of Payments and International Investment Position Manual, 6th edition (BPM6) was published at the beginning of 2009 and the new OECD Benchmark Definition of Foreign Direct Investment (BD4) was released in 2008.

The revision of the European System of National and Regional Accounts (1995 ESA) as a legal framework for EU countries based on the 2008 SNA is under way.[3] Eurostat's timetable foresees that the revised Regulation will be adopted by the European Parliament and Council in 2011 and implemented from 2011 to 2013, so that the new data can be compiled and transmitted by all EU countries in 2014. A crucial step in preparing the coordinated implementation of the revised ESA in the European Union will be to review the current legal acts related to economic and financial statistics within the European Community (EC) and to assess what amendments are necessary to comply with the new standards. This exercise will cover, notably, the ECB Regulations and also some EC Regulations with an overall impact on the compilation of euro area accounts (EAA).

This paper highlights the changes in the new 2008 SNA (and also in the BPM6) in the area of financial accounts compared to the 1993 SNA (and the BPM5) before focusing on implementation issues. It refers, in particular, to the European situation, where the implementation of the new ESA will be based on a legal act. The worldwide implementation of the 2008 SNA is likely to be subject to different national timetables. This paper then discusses some key elements to be implemented, namely, a more detailed sectorisation of financial corporations, the functioning of securitisation schemes, the description of specific financial assets and liabilities, and the design of from-whom-to-whom financial accounts by embedding monetary aggregates. It also refers to the support provided to the implementation process by two Handbooks co-drafted by the ECB: the BIS/ECB/IMF *Handbook on securities statistics* and the UN/ECB *Handbook on financial production, flows and stocks*.

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[2] The 2008 SNA will be released in one volume. Countries are recommended to use the 2008 SNA as the framework for integrating economic and related statistics and in the international reporting of national accounts. The Inter-Secretariat Working Group on National Accounts (ISWGNA) will shortly make available an edited version of the 2008 SNA on the project website. The ISWGNA has also been asked to formulate a strategy for the implementation of the 2008 SNA, taking into account the different levels of implementation of already existing international statistical standards in the various countries.

[3] Council Regulation (EC) No 2223/96 on the European system of national and regional accounts in the Community.

B. Changes in the new 2008 SNA and BPM6 compared to the 1993 SNA and BPM5

The update of the 2008 SNA was essentially based on a list of 44 issues for discussion.[4] Some of them were linked to topics related to relatively new financial phenomena. Table 1 of Annex 1 provides an overview of the issues related to financial products. In order to obtain a more complete picture of the updating process, it is also necessary to look at the issues for discussion in the context of defining institutional units and of classifying sectors. One of the central topics refers to questions on how to determine the relevant features of institutional units and how to group them into institutional sectors or subsectors. In this context, the financial corporation sector has been refined through the specification of nine subsectors, as shown in Table 2 of Annex 1. Another issue focuses on how to separately identify financial corporations involved in financial intermediation activities such as securitisation transactions, securities lending and repurchase agreements. As many of these activities are increasingly cross-border, a related issue deals with the question of how to determine the main residence criteria of a unit (Table 3 of Annex 1).

Taking into account that many refinements of the SNA may have adverse effects on the continuity of statistical data, there has long been some inertia towards substantially changing the system as a whole. This is also in line with the request of many researchers and analysts to keep macroeconomic time series as "stable" as possible over a long period of time. Nevertheless, financial innovations need to be incorporated into the SNA, as recommended in the current update, keeping the overall relevance of the system in policy and analysis up to date.

C. Governance structure of the implementation process in Europe

Looking at the implementation of the 2008 SNA from a European perspective, the revision process of the 1995 ESA is under way. However, its importance goes far beyond that of the SNA as a recommended statistical standard, as it is a legal instrument with a significant impact on key policy decisions in the European Union. Among other things, it refers to the so-called excessive deficit procedure (EDP), the contribution to the EU budget allocation of regional funds by the European Union and the contributions of member states to the capital of the ECB. Consequently, any changes in the new SNA will need to be carefully assessed in the current ESA revision process.

According to Eurostat, the tentative timetable foresees that the Regulation will be adopted by the European Parliament and Council and published in the Official Journal in 2011. The new ESA methodology will thereafter be implemented and the national accounts will be revised, including the back series, so that the new data can be transmitted by all countries in 2014. Three task forces will facilitate the implementation of the revised ESA: the task force on pensions, on research and development, and on bank services.

In the area of balance of payments, the BPM6 and new BD4 are seen as the basic statistical standards to be implemented. As balance of payments and international investment position data are seen as an essential building block for the euro area rest of the world account, the revised results will become available somewhat earlier than those of the other sector accounts. In this context, it was agreed that the BD4 should be implemented beforehand (in 2010) taking into consideration the decision of the OECD Council to implement the new version of the benchmark definition with 2009 as a reference year.

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[4] The 44 issues for discussion are listed on the UN Statistics Division website: http://unstats.un.org/unsd/sna1993/issues.asp.

D. What needs to be implemented?

From an ECB monetary policy perspective, it is important to integrate new elements reflecting financial innovation into the revised ESA and also into the economic and financial statistics available at the ECB. This essentially refers to the framework of euro area accounts, which require rather precise specifications of the institutional units and their classifications. Economic activities are described by transaction and other changes in position, and the architecture of the system is based on a complete sequence of accounts, including balance sheets. Therefore, implementation is necessary in terms of: institutional units and their classification in sectors and subsectors; new financial instruments; and a more detailed presentation of the accounts.

1. Financial corporations

The subsectors of the financial corporations sector have been expanded to allow a more useful presentation of their activities in the context of financial innovation. The definition of the units making up the various subsectors was changed to reflect the nature of their output (financial services) rather than their activities. Risk management and liquidity transformation were added to financial intermediation as activities which better capture the nature of the performance of the various financial corporations. Accordingly, the list of subsectors has been expanded to nine to accommodate the more detailed description of financial corporations as illustrated in Table 2 of Annex 1.

Combining the subsectors "central bank", "credit institutions" and "MMFs" (money market funds) coincides with "MFIs" (monetary financial institutions) as defined by the ECB.[5] MFIs cover those financial intermediaries through which the effects of monetary policy are transmitted to other entities of the economy. They are the central bank, deposit-taking corporations and MMFs. Financial intermediaries dealing with the pooling of risk are included in the subsectors "insurance corporations and pension funds". The "other financial institutions" cover the subsectors "investment funds except MMFs", "other financial intermediaries", "financial auxiliaries" and "captive financial institutions and money lenders".

Of particular importance are "investment funds except MMFs" as collective investment undertakings investing in financial and/or non-financial assets with the sole objective of investing capital raised from the public by issuing shares or units. Investment funds can be open or closed (open- or closed-end investment funds). Some investment funds invest in other funds ("funds of funds"). Hedge funds as a type of investment fund cover a heterogeneous range of collective investment schemes, typically involving high minimum investments, light regulation, and a wide range of investment strategies. Private equity funds are used for making investments in equity securities and are typically limited partnerships with a fixed term of 10 years (often with annual extensions). At inception, institutional investors make an unfunded commitment to the limited partnership, which is then drawn over the term of the fund.

Some efforts have been made to clarify the classification of specific institutional units within the financial corporations sector. These units are financial vehicle corporations engaged in the securitisation of assets (FVCs) and other institutions such as special purpose entities (SPEs), conduits and brass plate companies. The new SNA classifies FVCs as part of the subsector "other financial intermediaries, except insurance corporations and pension funds" (Table 4 of Annex 1). The new ECB Regulation, approved in December 2008, foresees the

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5 Regulation (EC) No 2423/2001 of the ECB of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13) and its corrections and amendments.

collection of data on these types of financial corporations. The Regulation defines FVCs as institutional units carrying out securitisation transactions. They incur debt securities, the credit risk of which is transferred to the investors in these debt securities, and they also acquire assets underlying the issuance of debt securities. FVCs may be constituted under contract law (as common funds managed by management companies), trust law (as unit trusts), company law (as public limited companies) or any other similar mechanism.[6]

FVCs are distinguished from entities that are created solely to hold specific portfolios of financial assets and liabilities. When the entity does not bear market or credit risk, it is combined with its parent corporation, if resident in the same country as the parent corporation. When the entity is set up outside the economic territory in which the parent corporation is located, it is considered resident in the country in which the entity is incorporated, even if it has little or no physical presence. In such cases, it is treated as a separate institutional unit of the financial corporation subsector "captive financial institutions and money lenders" of the host economy.

2. Securitisation

The securitisation of assets or future income streams is a well-established process that has already been operating for several decades. However, financial innovation has led to the establishment and extensive use of new financial corporations to facilitate the creation, marketing and issuance of debt securities. Furthermore, securitisation schemes have become increasingly sophisticated and are driven by different considerations such as cheaper funding costs than those available through banking facilities, a reduction in regulatory capital requirements, risk transfer and the diversification of funding sources. Securitisation results in debt securities for which coupon or principal payments (or both) are backed by specified financial or non-financial assets or future income streams.[7] A variety of assets or future income streams may be used including: residential and commercial mortgage loans; consumer loans; corporate loans; government loans; credit derivatives; and future revenue.

Securitisation schemes vary within and across debt securities markets. The schemes can be grouped into three broad types. The first type, usually known as on-balance sheet securitisation, involves debt securities backed by an income stream generated by the assets. The assets typically remain on the balance sheet of the debt securities issuer (the original asset owner) as a separate portfolio. The issuance of debt securities provides the original asset owner with funds. The second type of scheme, often referred to as "true sale" securitisation, involves debt securities issued by an FVC where the underlying assets have been transferred from the original asset owner's balance sheet. The proceeds received from selling the debt securities to the investors fund the purchase of the assets. The income stream from the pool of assets (ie typically the interest payments and principal repayments on the loans) is used to make the coupon payments and principal repayments on the debt securities.

The third type of scheme, often referred to as "synthetic" securitisation, involves the transfer of credit risk related to a pool of assets without transferring the assets themselves. The original asset owner buys protection against possible default losses on the pool of assets using credit default swaps (CDS). The proceeds from the issuance of the debt securities are

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[6] Regulation (EC) No 24/2009 of the ECB of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2008/30).

[7] This definition of securitisation is broader than the one specified in the ECB Regulation, which is similar to the second and third types of securitisation scheme described above.

placed by an FVC on a deposit, and the interest accrued on the deposit, together with the premium from the CDS, finances the coupon payments on the debt securities issuances. If there is a default, the original asset owner continues to receive the coupon and principal payments, as some of these funds are redirected away from some investors to cover the default losses. Synthetic securitisation without an FVC occurs when the original asset owner issues credit-linked notes (CLN). CLN are debt securities that are backed by reference assets, such as loans and bonds, with an embedded CDS allowing credit risk to be transferred from the issuer to the investors. The investors sell the credit protection on the reference assets to the protection buyer (or issuer) by making an upfront payment to the buyer. If no default occurs during the life of the note, the redemption value of the note is paid to the investors at maturity. If a default occurs, the investors receive the redemption value of the note less the value of the default losses.

Implementing the new ECB Regulation will enable the collection of data on FVCs and will cover the transactions and positions of these institutional units vis-à-vis other market participants, specifically MFIs. Given the role of MFIs as originators and loan servicers for many FVCs, an integrated reporting scheme is planned for FVCs and MFIs in order to limit the reporting burden as far as possible, and to achieve the best possible quality of statistics. In particular, data on securitised loans granted by these institutions, but which originated and continue to be serviced by MFIs, and by other resident sectors and non-residents will have to be reported. However, questions remain on how to establish reporting schemes to collect data on FVCs created outside the euro area and by non-MFIs.

3. Categories of financial assets and liabilities

Several refinements of the various financial asset and liability categories have been included in the new SNA (see also Table 5 of Annex 1). In relation to the accounting of repurchase agreements, some detailed changes have been included, such as the statement that "on-selling is common" and that, in this case, a negative asset is recorded for the lender to avoid double-counting. Furthermore, repos should be covered not only in terms of cash collateral but also in terms of security collateral, as well as gold swaps, loans and deposits.

For securities, a more detailed breakdown is recommended: equity is split into shares (listed and unlisted), other equity, and investment fund shares or units. In addition, a more comprehensive specification of debt securities is foreseen, taking into account the development of security-by-security databases. Debt securities are described with breakdowns by (original) maturity, currency, and type of interest. For financial derivatives, borderline cases between them and securities are discussed. Furthermore, a distinction is made between options and forwards, while employee stock options are shown separately. Further breakdowns are suggested as supplementary items such as credit derivatives or embedded derivatives.

Detailed consideration has been given to the accounting treatment of insurance technical provisions, specifically, pension entitlements, guarantees and reinsurance technical provisions.

4. Pension entitlements

Questions arose as to whether all pension entitlements should be covered within the asset and liability boundary. This question is closely linked to the issue of how far provisions, as shown in business accounting, should be treated as financial assets and liabilities. For the time being, the institutional differences among countries related to pension schemes (capitalised versus pay-as-you-go) generate significant differences in the accounts, making international comparisons difficult, even though such institutional differences also lead to different economic behaviour. In particular, pension assets (in other words, future pension rights) in countries with mainly capitalised systems are recorded as household wealth, while future pension rights in countries with government-sponsored pay-as-you-go schemes (like in France, Germany, Italy and Spain) are not recorded. Of course, the entitlements are also more certain in the former case.

The future treatment of such government-sponsored pay-as-you-go schemes in the new SNA was especially controversial. In essence, there is now consensus on distinguishing between pension schemes sponsored by general government, which should be recorded in the core national accounts, and schemes that should be recorded only in a supplementary table on pensions. The updated SNA will include such a new mandatory table showing the flows and stocks of all pension schemes. For the benefit of the users of the accounts, all countries will be expected to produce the new table, and it was suggested that this table should be compulsory for all EU countries through the new ESA Regulation.

In 2007, the work of the Eurostat/ECB Task Force on Pensions concentrated on the design of the supplementary table for social insurance pension schemes. The overall logic of the table is to present the opening and closing stocks of pension entitlements for all social insurance pension schemes (including social security), and the transactions and other economic flows during the period that account for the difference between the opening and the closing positions, thus systematically showing the pension obligations for all these schemes and facilitating international comparability (see also Table 6 of Annex 1).

5. Guarantees

Guarantees have a significant impact on the behaviour of economic agents, both by influencing their decisions on production, income, investment or saving and by modifying the lending and borrowing conditions in financial markets. Some borrowers would have no access to loans in the absence of guarantees, while others would benefit from comparatively low interest rates. Guarantees are particularly significant for the general government and public sectors as government activities are often linked to the issuance or activation of guarantees.

The 1993 SNA indicates that only guarantees that are classified as financial derivatives should be recorded in the standard accounts, with supplementary information to be provided where contingencies are important for policy and analysis. In the 2008 SNA, three types of guarantees are distinguished: CDS; standardised guarantees; and one-off guarantees.[8] While general agreement on the treatment of CDS (as financial derivatives) and one-off guarantees (as contingencies) was achieved, some questions remain concerning the treatment of standardised guarantees.

Guarantees for which the probability of default can be established but do not meet the definition of a financial derivative, and hence are related to an actual financial arrangement between the lender and the borrower, are treated as standardised guarantees. Classic examples are export credit guarantees or student loan guarantees. The expected loss to be considered is a probability-weighted concept. Although each individual guarantee is unlikely to be called, it is likely for the group as a whole that some payments will have to be made. So, for each individual guarantee, an amount is recorded that would be a percentage of the loan guaranteed based on loans of similar risk. The estimated future payments would be discounted and would take account of any likely recoveries where payment under the guarantee gives the guarantor rights over defaulting assets or other collateral.

The guarantee may be contracted by either the creditor or the debtor, but the asset is always recorded in the balance sheet of the entity that holds the right to claim and receive funds

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8 See also IAS 37 on Provisions, Contingent Liabilities and Contingent Assets.

from the guarantor. Rerouting transactions is necessary when the entity that pays the premium is not the one that holds the asset. Given the similarity of such cases with insurance contracts (both relying on the spreading of risk over a large number of independent contracts), they are treated as insurance technical provisions. Its valuation would be consistent with the treatment of guarantees as provisions.

The expected losses are recorded as paid to the guarantor, becoming reserve assets of the guarantor who also incurs a matching liability at the same time. An equivalent asset would be added to the balance sheet of the sector receiving the guarantee, ie that of the entity which granted the initial loan. It is recognised that this could imply an overstatement of its assets and net worth. This situation may have already arisen in the 1993 SNA, where a lender buys a credit derivative for protection against a deterioration of the creditworthiness of the borrower. Some additional information on loan provisioning made by the creditor in the case of non-performing loans will be provided as a memo item or in a set of supplementary accounts in the new SNA to assist analysts assessing this “overstatement” on the asset side.

6. Reinsurance technical provisions

With reinsurance, specific financial transactions take place between reinsurers and direct insurers: transactions in reinsurance technical provisions and transactions in financial claims with ceding corporations. Reinsurance technical provisions due to reinsurance contracts are shown as the direct insurer’s financial claims on the reinsurer without consolidating them. Reinsurance technical provisions are included in various subcategories of insurance technical provisions. To separate them, they may have to be identified by type of insurance (non-life, life, pensions) or by type of provision (unearned premiums, unpaid claims, insurance provisions).

Financial claims of reinsurers with ceding corporations are financial assets that reinsurers have with direct insurers (the ceding corporations) – as collateral provided to cover insurance liabilities that a direct insurer retains from the liquid funds which it has to pay to a reinsurer under a reinsurance contract. Such claims are established based on short- or long-term reinsurance contracts with no significant underwriting risk transfer. They include the recognition and measurement of a deposit asset or liability at the inception of such contracts. Such claims are usually classified as long-term loans.

7. Embedding money into from-whom-to-whom accounts

Monetary aggregates comprise money stock, and changes in it, and are reflected in the developments of the so-called counterparts of money, which are derived by exploiting certain accounting identities. All countries measure monetary developments; in many cases, it is considered that monetary growth is related to developments in economic activity and, over the longer term, in inflation, and that it contains valuable information concerning financial stability. Numerous definitions of money are possible; the national choice is likely to be an empirical matter, depending on what measure or measures best relate to developments in the national economy.

An initial step has been made towards allowing the integration of money into the new SNA, taking into account the appropriate breakdowns of financial institutions and instruments.[9] A three-dimensional system of the financial accounts and balance sheets, with a breakdown of the financial corporation sector and of the financial asset and liability categories as proposed for the new SNA and by counterpart, opens up the possibility of identifying money in a matrix,

[9] This was already included in the 1995 ESA as Annex 5.1: “Link with measures of money”.

and, thus, of analysing monetary developments in the widest possible financial framework and in a way that allows them to be related more easily to the economic developments recorded in the production and income accounts.

A system to be developed identifies the relevant holders, issuers, and financial assets and, among the holders, distinguishes between financial and non-financial sectors, since their money holdings may have different implications for economic activity and inflation. The money-issuing sector is assumed to consist of the resident MFIs. Money holders are the remaining resident sectors, including the remaining financial corporation subsectors. Modifications might have to be made in cases where central government is treated as a money issuer and the remaining government subsectors as money holders. Holdings of money by the money-issuing sector itself are netted out. The rest of the world is assumed to be money-neutral. Financial assets as monetary variables are considered to comprise: currency; liquid deposits with the central bank and deposit-taking corporations; marketable short-term debt securities issued by the money-issuing sector; and shares or units issued by MMFs.[10]

E. Support provided to the implementation process by handbooks co-drafted by the ECB

1. BIS/ECB/IMF *Handbook on securities statistics*

The *Handbook on securities statistics* prepared by the BIS, the ECB and the IMF develops a framework on how to present relevant, coherent and internationally comparable securities statistics used in financial stability analysis and monetary policy formulation. Hence, the Handbook will assist policymakers and analysts in these areas, as well as national agencies that prepare securities statistics within their existing presentation frameworks.

Part one of the Handbook (as already posted on the IMF website) deals with debt securities issues. It outlines how to classify debt securities according to existing international statistical standards, and extends these groupings by also discussing new classifications. Essentially, five classifications are applied: by issuing sector, currency, maturity, interest rate, and market. Specific attention is also dedicated to the description of securitisation and structured debt securities.[11] It is envisaged that the Handbook will be extended to cover debt securities holdings and other types of securities.

2. UN/ECB *Handbook on financial production, flows and stocks*

Some support is intended to be provided to the implementation process by a future UN/ECB *Handbook on financial production, flows and stocks*. It may explain how to compile transactions, other flows and balance sheets for financial corporations in the context of institutional sector accounts. The Handbook will be for use by staff in statistical institutions, central banks and other institutions engaged in collecting, compiling and disseminating national accounts data as well as for users requiring a better understanding of such data.

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[10] R Mink, "Money, financial investment and financing", paper presented at the ISI Conference in Lisbon, August 2007.

[11] The Handbook has been released to the public on the IMF's website: www.imf.org/external/np/sta/wgsd/index.htm.

F. Revision and implementation of the new European System of National and Regional Accounts (ESA)

1. Implementing the new manuals and amending the current ECB legal acts

To ensure full consistency of the various datasets at the European level, a suitable approach for the revision of the ECB legal acts appears to be to wait until the 1995 ESA has been revised and to integrate the changes thereafter. This means that the preparatory work and the subsequent drafting of the texts may start in 2010 (commencing with the legislative process for the ESA Regulation).

A crucial step in preparing the coordinated implementation of the manuals is the review of the current ECB legal acts (Annex 2) and the assessment of which amendments are necessary to comply with the new standards. For that purpose, all ECB legal acts must be amended. The results of this review are included in the attached tables (Annex 3). This would enable the amendment process of all legal acts to be completed well in advance of their implementation date (assuming the legislative procedure for amending the ESA follows the envisaged schedule). If they are all approved by 2012 at the latest, taking into account the statistical domains where there is a need to set up new data collection systems and/or to adjust national legislation (eg in the area of external statistics), sufficient time will be left for their implementation by national central banks and reporting agents, to the extent necessary. In the meantime, it is advisable to anticipate the changes emanating from the new standards at the earliest possible occasion, in view of the requirement to provide back series according to the new methodology.

2. Necessary amendments of current EC legal acts

The same review applies to EC Regulations with an overall impact on the compilation and dissemination of quarterly national accounts and EAA. With regard to quarterly government accounts, data requirements were laid down in four Community Regulations which must be amended.[12] They refer to the provision of quarterly government revenue, expenditure, deficit, financial accounts and balance sheet data. The fourth Regulation concerns the provision of quarterly government debt broken down by financial instrument.

Further adjustments will be needed to update the Regulation dealing with the compilation of quarterly non-financial accounts by institutional sector, in collaboration with the European Commission. The provision of such national non-financial accounts was prepared by a Joint ECB/Commission Task Force and laid down in a European Parliament and Council Regulation on quarterly sector accounts in 2005.[13]

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[12] Regulation (EC) No 1221/2002 of the European Parliament and Council on quarterly non-financial accounts for general government; Commission Regulation (EC) 264/2000 on the implementation of Council Regulation (EC) No 2223/96 with respect to short-term public finance statistics; Regulation (EC) No 501/2004 of the European Parliament and Council on quarterly financial accounts for general government; and Council Regulation (EC) No 1222/2004 concerning the compilation and transmission of data on the quarterly government debt.

[13] See Regulation (EC) No 1161/2005 of the European Parliament and Council of 6 July 2005 on the compilation of quarterly non-financial accounts by institutional sector. Member states with less than 1% of EU 25 GDP are not required to provide quarterly non-financial accounts by institutional sector except for general government and the rest of the world.

Annex 1

Table 1

Issues related to new financial products discussed in the context of the SNA update

Issue	Item
1	Repurchase agreements
2	Employer retirement pension schemes
3	Employee stock options
4	Valuation of non-performing loans, loans and deposits
4a	Non-performing loans
4b	Valuation of loans and deposits; write-off and interest accrual on impaired loans
5	Non-life insurance services
6	Financial services
35	Tax revenue, uncollectible taxes and tax credits (recording of taxes)
37	Activation of guarantees (contingent assets) and constructive obligations
42	Retained earnings of mutual funds, insurance corporations and pension funds
43	Interest and related issues
43a	Treatment of index-linked debt instruments
43c	Fees payable on securities lending and gold loans
44	Financial assets classification

Source: http://unstats.un.org/unsd/sna1993/issues.asp

Table 2

Subsectors of the financial corporations sector in the 2008 SNA and draft ESA

2008 SNA/draft ESA	Grouping as described in the draft ESA
Central bank	Monetary financial institutions (MFIs)
Deposit-taking corporations except the central bank	
Money market funds (MMFs)	
Investment funds, except money market funds	Other financial institutions
Other financial intermediaries	
Financial auxiliaries	
Captive financial institutions and money lenders	
Insurance corporations	Insurance corporations and pension funds
Pension funds	

Table 3

Issues related to institutional units, groupings of units and residence of units

Issue	Item
24	Public-private partnerships (PPPs) (including buy-own-operate-transfer (BOOT) schemes)
25	Units
25a	Ancillary units
25b	Holding companies, special purpose entities (SPEs), trusts; treatment multi-territory enterprises; recognition of unincorporated branches
25c	Privatisation, restructuring agencies, securitisation and special purpose vehicles (SPVs)
38a	Change of economic ownership (as term)
39	Residence
39a	Meaning of national economy
39b	Predominant centre of economic interest (as term)
39c	Clarification of non-permanent workers and entities with little or no physical presence
C26	Currency unions
C30	Financial corporations classification

Source: http://unstats.un.org/unsd/sna1993/issues.asp

Table 4

Subsector "other financial intermediaries, except insurance corporations and pension funds" and its subdivision

Other financial intermediaries, except insurance corporations and pension funds

- Financial vehicle corporations engaged in securitisation transactions (FVCs)
- Security and derivative dealers
- Financial corporations engaged in lending
- Specialised financial corporations

Table 5

Financial assets and liabilities classification (issue 44) by category (2008 SNA)

Financial asset and liability category/subcategory	Issues discussed within the context of updating the 1993 SNA and BPM5
Monetary gold and SDRs	
Monetary gold	Treatment of subcomponents of monetary gold Fees payable on gold loans (43c)
SDRs	SDRs as an asset and as a liability
Currency and deposits	
Currency	
Transferable deposits Interbank positions Other transferable deposits Other deposits	Repurchase agreements (1) Valuation of loans and deposits (4b) Financial services (6)
Debt securities Short term Long term	Treatment of index-linked debt instruments (43a) Fees payable on securities lending (43c)
Loans Short term Long term	Repurchase agreements (1) Non-performing loans (4a) Valuation of loans and deposits; write-off and interest accrual on impaired loans (4b) Financial services (6)
Equity and investment fund shares or units	
Equity	
Listed shares	
Unlisted shares Other equity	Valuation
Investment fund shares or units	Retained earnings of investment funds (42)
Money market fund shares or units	
Other investment fund shares or units	
Insurance technical provisions	Retained earnings of insurance corporations and pension funds (42)
Non-life insurance technical provisions (including provisions for calls under standardised guarantees)	Non-life insurance services (5) Activation of guarantees (contingent assets) and constructive obligations (37)
Life insurance provisions	
Pension entitlements	Employer retirement pension schemes (2)
Provisions for calls on standardised guarantees	
Financial derivatives and employee stock options	
Financial derivatives	
Options	
Forwards	
Employee stock options	Employee stock options (3)
Other accounts receivable/payable	Tax revenue, uncollectible taxes, and tax credits (recording of taxes) (35)
Trade credits and advances	
Other accounts receivable/payable	

Table 6

Supplementary table on pension schemes in social insurance

Rela-tions	SNA code	*Row No*	Recording	Core national accounts						Not in the core accounts		Total pension schemes	Counter-parts: pension entitle-ments of resident house-holds[4]
			Sponsor	Non-general government			General government						
								Defined benefit schemes for general government employees[2]			Social security pension schemes		
				Defined con-tribution schemes	Defined benefit schemes and other[1] non-defined contri-bution schemes	Total	Defined contri-bution schemes	Classified in financial corpora-tions	Classified in general govt	Classified in general govern-ment			
			Column number	A	B	C	D	E	F	G	H	I	J
			Opening balance sheet										
	F63	1	Pension entitlements										
			Changes in pension entitlements due to transactions										
Σ 2.1 to 2.4	D52 01	2	Increase in pension entitlements due to social contributions										
	D52 01	2.1	Employer actual social contributions										
	D52 11	2.2	Employer imputed social contributions										
	D52 31	2.3	Household actual social contributions										
	D52 41	2.4	Household social contribution supplements[5]										
		3	Other (actuarial) change of pension entitlements in social security pension schemes										
	D53 21	4	Reduction in pension entitlements due to payment of pension benefits										
2 + 3 – 4	D7	5	Changes in pension entitlements due to social contributions and pension benefits										
		6	Transfers of pension entitlements between schemes										
		7	Changes in pension entitlements due to pension scheme reforms										
			Changes in pension entitlements due to other flows										
		8	Changes in entitlements due to revaluations[6]										
		9	Changes in entitlements due to other changes in volume[6]										
			Closing balance sheet										
1 + Σ 5 to 9	F636 12	10	Pension entitlements										
			Related indicators										
	P1	*11*	*Output*										
		12	*Assets held at the end of the period to meet pensions*[7]										

Notes: [1] Such other non-defined contribution schemes, often described as hybrid schemes, have both a defined benefit and a defined contribution element. [2] Schemes organised by general government for its current and former employees. [3] These are non-autonomous defined benefit schemes whose pension entitlements are recorded in the core accounts. [4] Counterpart data for non-resident households will only be shown separately when pension relationships with the rest of the world are significant. [5] These supplements represent the return on members' claims on pension schemes, both through investment income on defined contribution schemes' assets and for defined benefit schemes through the unwinding of the discount rate applied. [6] A more detailed split of these positions should be provided for columns G and H based on the model calculations carried out for these schemes. [7] This row includes financial and non-financial assets held for the sole purpose of paying future pensions, excluding claims by the pension scheme on its sponsor; an explanation should be provided of which assets have been included.

The cells shown as █ are not applicable; the cells in ▒ will contain different data from the core accounts.

Annex 2:
ECB legal acts in the area of statistics

Monetary financial institutions and markets statistics

(a) Regulation (EC) No 2423/2001 of the ECB of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13), OJ L 333, 17.12.2001, p 1.

(b) Regulation (EC) No 993/2002 of the ECB of 6 June 2002 correcting Regulation ECB/2001/13 concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2002/4), OJ L 151, 11.6.2002, p 11.

(c) Regulation (EC) No 2174/2002 of the ECB of 21 November 2002 amending Regulation ECB/2001/13 concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2002/8), OJ L 330, 6.12.2002, p 29.

(d) Regulation (EC) No 1746/2003 of the ECB of 18 September 2003 amending Regulation (EC) No 2423/2001 (ECB/2001/13) concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2003/10), OJ L 250, 2.10.2003, p 17.

(e) Regulation (EC) No 2181/2004 of the ECB of 16 December 2004 amending Regulation (EC) No 2423/2001 (ECB/2001/13) concerning the consolidated balance sheet of the monetary financial institutions sector and Regulation (EC) No 63/2002 (ECB/2001/18) concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations (ECB/2004/21), OJ L 371, 18.12.2004, p 42.

(f) Regulation (EC) No 4/2007 of the ECB of 14 December 2006 amending Regulation (EC) No 2423/2001 (ECB/2001/13) concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2006/20), OJ L 2, 5.1.2007, p 3.

(g) Regulation (EC) No 1489/2007 of the ECB of 29 November 2007 amending Regulation (EC) No 2423/2001 (ECB/2001/13) concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2007/18), OJ L 330, 15.12.2007, p 20.

(h) Regulation (EC) No 63/2002 of the ECB of 20 December 2001 concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations (ECB/2001/18), OJ L 10, 12.1.2002, p 24.

(i) Regulation (EC) No 2181/2004 of the ECB of 16 December 2004 amending Regulation (EC) No 2423/2001 (ECB/2001/13) concerning the consolidated balance sheet of the monetary financial institutions sector and Regulation (EC) No 63/2002 (ECB/2001/18) concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations (ECB/2004/21), OJ L 371, 18.12.2004, p 42.

(j) Notice of the ECB on the imposition of sanctions for infringements of balance sheet statistical reporting requirements, OJ C 195, 31.7.2004, p 8.

(k) Regulation (EC) No 1027/2006 of the ECB of 14 June 2006 on statistical reporting requirements in respect of post office giro institutions that receive deposits from non-monetary financial institution euro area residents (ECB/2006/8), OJ L 184, 6.7.2006, p 12.

(l) Regulation (EC) No 958/2007 of the ECB of 27 July 2007 concerning statistics on the assets and liabilities of investment funds (ECB/2007/8), OJ L 211, 14.8.2007, p 8.

(m) Regulation (EC) No 24/2009 of the ECB of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2008/30).

(n) Guideline of the ECB of 1 August 2007 on monetary, financial institutions and markets statistics (recast) (ECB/2007/9), OJ L 341, 27.12.2007, p 1.

Financial accounts and government finance statistics

(a) Guideline of the ECB of 21 November 2002 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2002/7), OJ L 334, 11.12.2002, p 24.

(b) Guideline of the ECB of 17 November 2005 amending Guideline ECB/2002/7 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2005/13), OJ L 30, 2.2.2006, p 1.

(c) Guideline of the ECB of 20 April 2006 amending Guideline ECB/2002/7 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2006/6), OJ L 115, 28.4.2006, p 46.

(d) Unofficial consolidated text [1 (a)–(c)]. Produced by the Office for Official Publications of the European Communities 28.4.2006.

(e) Guideline of the ECB of 15 November 2007 amending Guideline ECB/2002/7 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2007/13) OJ L 311, 29.11.2007, p 47.

(f) Guideline of the ECB of 17 February 2005 on the statistical reporting requirements of the ECB and the procedures for exchanging statistical information within the European System of Central Banks in the field of government finance statistics (ECB/2005/5), OJ L 109, 29.4.2005, p 81.

(g) Guideline of the ECB of 3 February 2006 amending Guideline ECB/2005/5 on the statistical reporting requirements of the ECB and the procedures for exchanging statistical information within the European System of Central Banks in the field of government finance statistics (ECB/2006/2), OJ L 40, 11.2.2006, p 32.

(h) Guideline of the ECB of 18 December 2006 amending Guideline ECB/2005/5 on the statistical reporting requirements of the ECB and the procedures for exchanging statistical information within the European System of Central Banks in the field of government finance statistics (ECB/2006/27), OJ C 17, 25.1.2007, p 1.

(i) Guideline of the ECB of 15 November 2007 amending Guideline ECB/2005/5 on the statistical reporting requirements of the ECB and the procedures for exchanging statistical information within the European System of Central Banks in the field of government finance statistics (ECB/2007/14), OJ L 311, 29.11.2007, p 49.

External transactions and positions

(a) Guideline of the ECB of 16 July 2004 on the statistical reporting requirements of the ECB in the field of balance of payments and international investment position statistics, and the international reserves template (ECB/2004/15), OJ L 354, 30.11.2004, p 34.

(b) Guideline of the ECB of 31 May 2007 amending Guideline ECB/2004/15 on the statistical reporting requirements of the ECB in the field of balance of payments and international investment position statistics, and the international reserves template (ECB/2007/3), OJ L 159, 20.6.2007, p 48.

(c) Unofficial consolidated text of Guideline ECB/2007/3 [as corrected by a corrigendum, published in OJ L 244, 19.9.2007, p 30]. Produced by the Office for Official Publications of the European Communities, 10.7.2007.

(d) Recommendation of the ECB of 16 July 2004 on the statistical reporting requirements of the ECB in the field of balance of payments and international investment position statistics, and the international reserves template (ECB/2004/16), OJ C 292, 30.11.2004, p 21.

(e) Recommendation of the ECB of 31 May 2007 amending Recommendation ECB/2004/16 on the statistical reporting requirements of the ECB in the field of balance of payments and international investment position statistics, and the international reserves template (ECB/2007/4), OJ C 136, 20.6.2007, p 6.

Annex 3

Monetary financial institutions and markets statistics

(a) Regulation concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13) and its corrections or amendments:[14] www.ecb.int/ecb/legal/pdf/l_33320011217en00010046.pdf.

Item	Number of Whereas (…) or Article …	Reference to 1995 ESA	Need for change
Consolidated balance sheet of MFIs Branches, head offices, etc Definition of sectors Definition of assets	(1), (2), (12), Annex I.3	Chapter 2	Check new text Check new text Check new text and codes Check new text
Asset and liability categories (by maturity, currency)	Annex I.1; III.4–8		Check new text and codes
Asset and liability terminology: Securities other than shares Shares and other equity	Annex I.2, various tables		Modify text for: debt securities; equity; money market fund shares/units; investment fund shares/units other than MMF shares/units
Deposits (breakdowns by subsector, maturity/currency, use of balances representing prepaid amounts in the context of electronic money)	(13), (17)		Check new text
Loans (breakdowns by subsector, maturity/currency, type, write-offs/writedowns, reclassifications)	(13), (14), (15), 4.1		Check new text
Securities (valuation changes)	(14), (15), 4.1		Check new text
Debt securities (covers money market paper)	(16)		Check new text
Definition of reporting agents, reporting population, resident, residing	1, 2		Check new text
Sector and subsector classification **Asset and liability categories by counterparty**	Annex I.2, various tables III.9; IV.3–5, 8; V.9	Reference to sectors and subsectors: S.11, S.123, S.124, S.125, S.13, S.1311-S.1314, S.14, S.15	New subsector classification of financial corporations; check new text and codes
MFIs	3 Annex I.1.8	Reference to subsectors S.121 and S.122	Check new text and codes
MMFs	4.6 Annex I.1.7		Check new text
Mergers	Annex II		Check new text

[14] A new Regulation, including a recast, is expected to have been approved by the end of 2008. The work mentioned below would then apply to this new text, related Guideline and guidance notes.

(b) Regulation (EC) No 63/2002 (ECB/2001/18) concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations (ECB/2004/21) and amendments.

Item	Number of Whereas (…) or Article …	Reference to 1995 ESA	Need for change
MFIs as reporting population	(1), (5)		Check new text
Credit institutions and other institutions	1.3–5, 2		Check new text (new subsector of financial corporations)
Definition of reporting agents, reporting population, resident, residing	1.1		Check new text
Sector classification: households and non-financial corporations	(1), 1	Sector codes	Check new text and codes
Asset and liability categories: deposits and loans (by currency)	(1), 1.4–5		Check new text

(c) Regulation (EC) No 958/2007 of the ECB of 27 July 2007 concerning statistics on the assets and liabilities of investment funds (ECB/2007/8).

Item	Number of Whereas (…) or Article …	Reference to 1995 ESA	Need for change
Investment funds (IF) as reporting population	(1), (3), (6), (7), (8), 1–6, 8		Check new text (new subsector of financial corporations)
NCB, MFIs, OFIs	1, 2.2		Check new text
Residency and institutional sector	Annex I.2–3 Annex II.3	Definition of sectors and subsectors, reference to paragraphs in ESA	Check new text and codes
Asset and liability categories	Annex I.3 Annex II.1	Asset categories with reference to paragraphs in ESA	Check new terminology

Financial accounts and government finance statistics

(d) Guideline of the ECB of 21 November 2002 on the statistical reporting requirements of the ECB in the field of quarterly financial accounts (ECB/2002/7) and amendments.

Item	Number of Whereas (…) or Article …	Reference to 1995 ESA	Need for change
ECB requirements in the field of quarterly euro area financial accounts	(4), 2	1995 ESA	Check text
Sector and subsector classification	2, Annex I, III	Reference to 1995 ESA sectors and subsectors	New subsector classification of financial corporations; check new text and codes
Asset and liability categories	Annex I, III	Reference to ESA 1995 categories and subcategories	Check new text and codes

(e) Guideline of the ECB of 17 February 2005 on the statistical reporting requirements of the ECB and the procedures for exchanging statistical information within the European System of Central Banks in the field of government finance statistics (ECB/2005/5) and amendments.

<table>
<tr><th>Item</th><th>Number of Whereas (…) or Article …</th><th>Reference to 1995 ESA</th><th>Need for change</th></tr>
<tr><td>ECB requirements in the field of quarterly government finance statistics</td><td>(6)–(9),</td><td>1995 ESA</td><td>Check text</td></tr>
<tr><td>Revenue and expenditure</td><td>Annex I, T1
Annex II.2</td><td rowspan="3">Reference to 1995 ESA categories</td><td rowspan="3">Check new text and chapter on general government</td></tr>
<tr><td>Deficit-debt adjustment</td><td>Annex I, T2
Annex II.2</td></tr>
<tr><td>Debt</td><td>Annex I, T3
Annex II.2</td></tr>
<tr><td>Sector and subsector classification</td><td>Annex II.1</td><td>Reference to 1995 ESA sectors and subsectors</td><td>New subsector classification;
check new text and codes</td></tr>
<tr><td>Definitions (debt, revenue and expenditure, deficit-debt adjustment)</td><td>1</td><td></td><td>Check new chapter on general government</td></tr>
</table>

External transactions and positions

(f) Guideline of the ECB of 16 July 2004 on the statistical reporting requirements of the ECB in the field of balance of payments and international investment position statistics, and the international reserves template (ECB/2004/15) as amended by Guideline ECB/2007/3 of 31 May 2007.

Item	Number of Whereas (…) or Article …	Need for change
Time of recording of dividends	Annex III.1.1	Dividends to be recoded when the shares go "ex dividends" for quoted shares
Explanations of the scope of direct investment, and of the directional principle. The issue of whether the OFBV is a close proxy for market value may also need to be examined	Annex III.1.3	Add a reference to "fellow enterprises" and to transactions with fellow enterprises
Recording of monetary gold	Annex III.1.7	Check if the sentence on this sub-item is still fully valid
Breakdowns to be reported	Annex II – tables	Sectors to separately identify "other financial corporations" Changes in direct investment standard components

EC legal acts in the area of statistics and manuals

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