

# Chapter 1

## Introduction

---

### A. Purposes of the *Manual*

---

1.1 The ~~sixth~~ seventh edition of the *Integrated Balance of Payments and Integrated International Investment Position Manual (BPM67)*, the *Manual* serves as the standard framework for statistics on the posi-tions, transactions, and other changes in financial assets and liabilities, and positions between an economy and the rest of the world.

1.2 The main objectives of this *Manual* are as follows:

- (a) To provide and explain concepts, definitions, classifications, and conventions for statistics on the external accounts, i.e., the international investment position (IIP), the balance of payments (BOP), and other changes in financial assets and liabilities, and international investment position statistics;
- (b) To enhance international comparability of data through the promotion of guidelines adopted internationally;
- (c) To show the links of balance of payments and international investment position statistics ~~the external ac-~~ counts to other macroeconomic statistics and promote consistency between different data sets; and
- (d) To provide a brief introduction to uses of data on the external accounts ~~balance of payments, other changes in financial assets and liabilities, and international investment position, as the international accounts~~ of an economy.
- (e) To provide principles and guidelines to improve the way the external accounts are communicated and disseminated.

1.3 Data collection and other compilation procedures ~~and dissemination~~ are not generally within the scope of a conceptual manual such as this one. Decisions on such issues should take into account circumstances, such as practical and legal constraints, ~~and relative size,~~ that need to be judged in each economy and that may

**Commented [A1]:** The IMF Committee on Balance of Payments Statistics has decided to change the title to "*Integrated Balance of Payments and International Investment Position Manual*" to highlight the focus on the integrated framework, i.e., the integration between the BOP and IIP and the full stock/flow reconciliation.

## Chapter 1 Introduction

explain departures from guidelines. The IMF's *Balance of Payments and International Investment Position Compilation Guide* provides information on these issues.

1.4 The *Manual* provides a framework that is applicable for ~~a range of all~~ economies, from the smallest ~~to the largest economies~~ and ~~from the~~ least developed ~~economies~~ to the ~~most~~more advanced ~~and complex~~ economies. As a result, it is recognized that some items may not be relevant in all cases (see also paragraphs [1.15-1.16]). It is the responsibility of national compilers to apply international guidelines in a way appropriate to their own circumstances. In implementing this *Manual*, compilers are encouraged to assess the materiality and practicality of particular items according to their own circumstances and are further encouraged to revisit these decisions from time to time to see whether circumstances have changed. Such decisions necessarily rely on the professionalism and expert knowledge of the compilers.

1.5 Factors to take into account when determining the items to be collected and the techniques used include whether or not foreign exchange controls exist, the relative importance of particular types of economic activities, and the diversity of institutions and the range of instruments used in financial markets. In addition, data collection for some items in the framework may be impractical if the item is small and the data collection cost is high. Conversely, compilers may wish to identify other items of particular economic interest in their economy for which additional detail may be required by policymakers and analysts.

1.6 This *Manual* is harmonized with the *System of National Accounts 2008-2025 (2008-2025 SNA)*, which was updated in parallel. Relevant elements of the ~~*Monetary and Financial Statistics Manual 2000 and Government Finance Statistics Manual 2001/2014*~~ and *Monetary and Financial Statistics Manual and Compilation Guide 2016* will be revised to maintain their harmonization with the two updated manuals. Conceptual interlinkages mean that ~~balance of payments and international investment position~~external accounts compilers should consult with other statisticians to ensure consistent definitions and provide data that can be reconciled where they overlap. As part of the update of the macroeconomic statistical standards, a common glossary of terms and definitions in macroeconomic statistics has been developed to facilitate harmonization across statistical domains.

1.7 The definitions and classifications in this *Manual* do not purport to give effect to, or interpret, various provisions (which pertain to the legal characterization of official action or inaction in relation to such

transactions) of the Articles of Agreement of the International Monetary Fund.

---

## B. Structure of the *Manual*

---

1.8 The *Manual* has ~~14~~<sup>20</sup> chapters and ~~9~~<sup>14</sup> ~~appendixes~~<sup>annexes</sup>. The introductory chapters deal with issues that cut across the accounts (Chapters 1–6) and are followed by chapters that cover respectively each main account (Chapters 7–14<sup>3</sup>). ~~The next chapters address topical issues (Chapters 15–18) and analytical use of data (Chapter 19), before the *Manual* closes~~<sup>ending</sup> with a chapter on communication and dissemination<sup>analysis</sup> of data (Chapter 20). Seven of these chapters have been developed as common chapters with the 2025 SNA.<sup>1</sup> The *Manual* states general principles that are intended to be applicable in a wide range of circumstances. ~~As well, it~~<sup>also</sup> applies the principles to some specific topics that have been identified as needing additional guidance. Definitions are given throughout the text, shown in italics.

1.9 Consistent with this structure, different aspects of a topic are dealt with in different chapters to minimize repetition. For example, the classification of portfolio investment is a cross-cutting issue (Chapter 6), as are valuation and timing issues (Chapter 3). The position, transaction, other changes, and income aspects are dealt with in Chapters 7, 8, 9, and ~~12~~<sup>1</sup>, respectively. Linkages are emphasized by extensive cross-references. In addition, for trade, direct investment, financial derivatives, reverse transactions, insurance, and financial leases<sup>espensions</sup>, and positions and transactions with the IMF, ~~appendixes~~<sup>annexes</sup> have been included to allow the reader to see the linkages among the different accounts for that topic. A separate annex on sustainable finance in external sector statistics is included to support compilers on the type of data they can provide to users on sustainable finance activities (environment, social, and governance (ESG) and climate change) as well as other data on macroeconomic implications of climate change.

### 1. Introductory chapters

1.10 The introductory chapters (Chapters 1–6) cover the following:

---

<sup>1</sup>The common chapter text is identical across the two standards, but the versions of the common chapters included in the *Manual* contain additional details relevant for the external accounts while the versions included in the 2025 SNA contain additional details relevant for the national accounts.

## Chapter 1 Introduction

- (a) Chapter 1 gives background to the *Manual*.
- (b) Chapter 2 covers the accounting and dissemination frameworks.
- (c) Chapter 3 deals with accounting ~~principles~~rules (common chapter with the 2025 SNA).
- (d) Chapter 4 deals with issues associated with ~~units, sectors, and~~residence, institutional units, and sectors (common chapter with the 2025 SNA).
- (e) Chapter 5 deals with the classifications of financial assets and liabilities.
- (f) Chapter 6 explains the functional categories.

## 2. Chapters for each account

1.11 Chapters 7–14~~3~~ deal with the main accounts of the framework. Each account reflects a single economic process or phenomenon and has a single chapter. The order of chapters is a matter of convention; as in the previous edition, in this edition, the international investment position~~integrated IIP~~ appears first to reflect the increased emphasis on its compilation and analysis ~~since the release of the fifth edition (BPM5)~~ and to explain financial assets and liability positions before dealing with the investment income they generate.

1.12 Each chapter starts with a statement of general economic principles. A simplified table designed to give an overview of the account is also included in each chapter. The text provides general definitions of items in the account. Specific cases are given as examples of the application of the general definitions and to clear up ambiguities. A full understanding of each account also requires applying the wider principles that apply across several accounts, such as valuation, timing, residence, and classification, as covered in the introductory chapters.

## 3. Topical chapters

1.13 Chapters 15–18 are new chapters that include in-depth descriptions of statistical issues related to globalization, digitalization, Islamic finance, and informal activities. They are common chapters with the 2025 SNA.

## **43. Analysis**

1.13 Chapter 194 provides an introduction to the analysis of data, with particular reference to macroeconomic relationships as a whole.

## **5. Communication and dissemination**

1.13a Chapter 20 deals with communication and dissemination of macroeconomic statistics. It is a new chapter that has been developed as a common chapter with the 2025 SNA.

## **64. Appendixes Annexes**

1.14 Appendixes Annexes provide more details on specific issues that go across several accounts, including changes from BPM5, currency unions, exceptional financing, debt reorganization, currency unions, remittances, positions and transactions with the IMF, sustainable finance and climate change, data by partner economy, changes from BPM6, and a listing of standard components and selected other items.

## **75. Standard components and supplementary memorandum items**

1.15 A list of standard items for presenting and reporting the balance of payments and international investment position external accounts is given in Appendix 9 Annex 14. Standard items consist of standard components and memorandum items.

- (a) *Standard components are items that are fully part of the framework and contribute to the totals and balancing items.*
- (b) *Memorandum items are part of the standard presentation, but are not used in deriving totals and balancing items.* For example, whereas nominal value is used for loans in the standard components, memorandum items provide additional information on loans at fair value, as discussed in paragraphs [7.45–7.46].

## Chapter 1 Introduction

In addition,

- (c) *Supplementary items are outside the standard presentation, but are compiled depending on circumstances in the particular economy*, taking into account the interests of policymakers and analysts as well as resource costs (see the items in italics in [Appendix 9Annex 14](#)).

**1.16** The list of standard items should not inhibit compilers from publishing additional data of importance to their economy. IMF requests for information will not be limited to standard items when further details are required to understand the circumstances of particular economies or to analyze new developments. IMF staff occasionally will consult with authorities to decide on the reporting of additional details. Few economies are likely to have significant information to report for every standard item. Furthermore, data for several components may be available only in combination, or a minor component may be grouped with one that is more significant. The standard items should nevertheless be reported to the IMF as completely and accurately as possible in accordance with the compilation framework. ~~Compilers are in a better positions than IMF staff to make estimates and adjustments for items that do not exactly correspond to the basic series of the compiling economy where relevant.~~

---

## C. History of the *Manual*

---

**1.17** Each new edition of the *Manual* is introduced in response to economic and financial developments, changes in analytical interests, and accumulation of experience by compilers.

**1.18** The IMF showed early interest in statistical methodology with its publication of the first edition of the *Balance of Payments Manual* in January 1948. The major objective of that first *Manual* was to provide a basis for regular, internationally standardized reporting to the IMF. The *Manual* was a continuation of work started by the League of Nations to develop guidelines for [balance-of-paymentsBOP](#) statistics. Economists and other specialists from many countries contributed to the *Manual*, and representatives of some 30 countries and international organizations met in Washington, D.C., in September 1947 to finalize the first draft of the *Manual*.

**1.19** The first edition of the *Manual* consisted primarily of tables for reporting data and brief instructions for completing them. No general discussion of [balance-of-paymentsBOP](#) concepts or compilation methods

## Chapter 1 Introduction

was included, so it can be said that the *Manual* grew out of the listing of standard components.

**1.20** The second edition was published in 1950, greatly expanding the material describing the concepts of the system.

**1.21** The third edition was issued in 1961. It moved beyond the previous editions by providing both a basis for reporting to the IMF and a complete set of balance-of-paymentsBOP principles that could be used by countries to serve their own needs.

**1.22** The fourth edition was published in 1977. It responded to the important changes in the way in which international transactions were carried out and to changes in the international financial system. Much fuller treatments of the underlying principles of residence, valuation, and other accounting principles were provided. The *Manual* also introduced flexibility in the use of the standard components to construct various balances, with no single presentation preferred.

**1.23** The fifth edition was published in ~~September 1993, following a long period of development that included expert group meetings convened by the IMF in 1987 and 1992 as well as two working parties covering the current and financial accounts. This edition and~~ was marked by harmonization with the *System of National Accounts 1993 (1993 SNA)*, ~~which was developed at the same time.~~ The decision to harmonize the guidelines was a result of increasing interest in linking different macroeconomic data sets and avoiding data inconsistencies. *BPM5* brought about a number of changes in definitions, terminology, and the structure of the accounts, including removing capital transfers and nonproduced nonfinancial assets from the current account to a newly designated capital account, the renaming of the capital account as the financial account, and splitting services from primary-earned income (which previously had been called factor services). Additionally, *BPM5* introduced microfoundations of units and sectors, consistent with the *SNA*, rather than treating the economy as a single unit. In addition, the *Manual* was extended beyond balance-of-paymentsBOP statistics to include the international investment positionIIP.

**1.23a** The sixth edition was issued in 2009. While the overall structure of the framework and broad definitions remained mostly unchanged, this edition emphasized the increased importance of balance sheet analysis for understanding international economic developments, particularly vulnerability and sustainability. It provided considerably more detailed guidance on the IIP and much greater discussion of revaluations and other volume

## Chapter 1 Introduction

changes and their impact on the values of assets and liabilities. The increased focus on positions was reflected in the amended title as *Balance of Payments and International Investment Position Manual*, with the abbreviation *BPM6* used to highlight the historical evolution from previous editions of the *Manual*, which were known as *BPM4*, *BPM5*, and so on. Additionally, this edition strengthened the focus on themes related to globalization, including goods for processing, merchanting, and migrant workers and their associated remittance flows. It also provided enhanced guidance on new financial arrangements, such as special purpose entities (SPEs), and financial instruments, such as financial derivatives, securitization, index-linked securities, and gold accounts. Another important change was the introduction of the terms *net acquisition of financial assets* and *net incurrence of liabilities* that replaced *credit* and *debit* in the standard presentation of the financial account and thereby inverted the sign of the financial account balance.

1.24 The IMF subsequently published the ~~*Monetary and Financial Statistics Manual 2000 and Government Financial Statistics Manual 2001*~~2014 and *Monetary and Financial Statistics Manual and Compilation Guide 2016*. These manuals also brought about further harmonization of the ~~statistical guidelines~~macroeconomic statistical standards, reflecting increasing concerns about the ability to link different statistical data, minimizing data inconsistency, and enhancing analytical potential.

1.25 In 1992, the IMF established the IMF Committee on Balance of Payments Statistics (~~the Committee~~BOPCOM), as a continuing body for consultation with national compilers and international organizations. A procedure was established for partial revisions of statistical guidelines between major revisions, as was done in the late 1990s for financial derivatives and aspects of direct investment. ~~(The procedures for partial revisions are set out in Section E.)~~

1.26 A number of related publications have been developed since the ~~1993-2009~~ edition. ~~An updated version of the~~*The Balance of Payments and International Investment Position Compilation Guide* was published in ~~1995~~2014. The *Guide* complemented *BPM6* ~~the Manual~~ by providing practical advice on the collection and compilation of statistics. ~~The Balance of Payments Textbook was released in 1996. It has a teaching orientation, for instance, giving numerical examples to illustrate general principles.~~

1.27 Some aspects of ~~international accounts~~external sector statistics with particular interest were covered in specialized guides. Those guides ~~—most of which were updated following the publication of BPM6—~~

## Chapter 1 Introduction

are *Coordinated Direct Investment Survey Guide (2008/2015)*, *Coordinated Portfolio Investment Survey Guide (1996 and 2004/2017)*, *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (2000/2013)*, *International Merchandise Trade Statistics: Concepts and Definitions (2010)*, *Manual on Statistics of International Trade in Services (2002/2010)*, *Handbook on Measuring Digital Trade (2023)*, *External Debt Statistics: A Guide for Compilers and Users (2003/2013)*, *Handbook on Securities Statistics (2015)*, *Reporting Guidelines for the BIS International Banking Statistics (2019)*, *Bank for International Settlements Guide to the International Banking Statistics (2003)*, *International Transactions in Remittances: Guide for Compilers and Users (2009)*, and the *OECD Benchmark Definition of Foreign Direct Investment (2008)*. Relevant elements of these specialized guides will be revised to maintain their harmonization with the updated *Manual*.

---

### D. The 2008-2025 Revision

---

**1.28** At its ~~2004~~ March 2020 meeting, ~~the Committee~~ BOPCOM decided to initiate an update of the *Manual*, targeting publication of the seventh edition in 2025 by around 2008. It was considered that, although the overall framework of the ~~fifth~~ sixth edition did not need to change, a new *Manual* should incorporate the numerous elaborations and clarifications that had been identified since ~~1993~~ 2009 and address issues identified in the research agenda. ~~Also, the sixth edition should strengthen the theoretical foundations and linkages to other macroeconomic statistics.~~

**1.29** ~~The Committee~~ BOPCOM also decided to conduct the update in parallel with the updates of the ~~1993-2008~~ SNA and *OECD Benchmark Definition of Foreign Direct Investment, fourth edition*. For the first time, the *Manual* and SNA update processes were fully coordinated. As part of this arrangement, joint research groups (task teams) were formed to propose common recommendations on specific topics included in both the *BPM* and the *SNA* research agendas. BOPCOM and the Advisory Expert Group on National Accounts (AEG) organized several joint meetings to reach agreements on cross-cutting issues, while the *BPM7* and *2025 SNA* editorial teams collaborated and coordinated closely throughout the process. Seven chapters were prepared as common chapters for the seventh edition of the *Manual* and the *2025 SNA*, and a common glossary of terms and definitions in macroeconomic statistics was developed to ensure maximum

## Chapter 1 Introduction

consistency across statistical domains.

**1.30** The IMF released, through the Committee, an *Annotated Outline* for the update of the *Manual* in April 2004. It included proposals and options for the style and content of the revised *Manual*. It was circulated to central banks and statistical agencies, as well as being made available on the Internet. Input was invited from compilers and others on a global basis. The Committee BOPCOM established task teams technical expert groups to undertake detailed consideration of issues and make recommendations on general principles, the current account, and direct investment. In addition, BOPCOM and the AEG set up joint task teams to deal with issues related to financial and payments systems, globalization, the informal economy, Islamic finance, and communication while AEG task teams on digitalization and wellbeing and sustainability also addressed issues that were relevant to the external accounts. These task teams presented recommendations in Guidance Notes (GNs) on the issues identified in the research agenda. The GNs underwent global consultation prior to being discussed and approved by BOPCOM and the AEG. currency unions, direct investment, reserves, and other issues, respectively. Draft versions of the *Manual* chapters and annexes of *BPM7* were published-posted on the IMF website for global consultation during December 2023 to [October] 2024 in March 2007 and March 2008, with invitations for worldwide comment. In addition, other-revised editions-versions of selected chapters and annexes-the whole document were circulated to Committee BOPCOM members and other interested-parties-key stakeholders for review. A series of regional outreach seminars was conducted between January-May 2023 and September-2008-April 2024 to explain the changes in the *Manual* and gain-solicit comments on the content.<sup>2</sup> This process led to a revised version of the *Manual* submitted to the Committee BOPCOM for endorsement in [November 2008-2024]. A near-final version was published in [March 2025] and the final version, including language edits, in [MMM YYYY].

**1.31** Three-Four major themes that have emerged from the revision are globalization, increasing elaboration of balance sheet issues, and financial innovation-external sector sustainability; globalization; financial innovation and digitalization; and sustainable finance and climate change.

**1.32** The *Manual* addresses the increased need for data to assess external sector sustainability. In

---

<sup>2</sup>[A second series of regional outreach seminars focusing on implementation was conducted after the release of the near-final version of the *Manual*.]

## Chapter 1 Introduction

particular, it acknowledges the need for a detailed understanding of changes in positions to provide a comprehensive picture of external sector sustainability and vulnerability. Therefore, it places the stock/flow reconciliation—also known as the integrated IIP—at the center of *BPM7*, while giving additional importance to the currency breakdowns of both the BOP and IIP. For the first time, other changes in financial assets and liabilities are included in the standard components with a breakdown into other changes in volume, exchange rate changes, and other price changes. [The move to a fully integrated view of transactions, other changes, and positions has been recognized in the amended title as *Integrated Balance of Payments and International Investment Position Manual*.] Additionally, the *Manual* includes supplementary breakdowns of trade by currency to facilitate analyses of how trade flows respond to exchange rate movements. As a new feature, it also includes a standardized statistical definition of net international reserves, which can be used as an indicator of an economy's external vulnerability. ~~Globalization has brought several issues to greater prominence. An increasing number of individuals and companies have connections to two or more economies and economies increasingly enter into economic arrangements. In particular, there has been increasing interest in the residence concept and in information on migrant workers and their associated remittance flows. Additionally, globalized production processes have become more important, so treatments have been developed to provide a fuller and more coherent picture of outsourced physical processes (i.e., goods for processing) and sales and management of manufacturing that do not involve physical possession (i.e., merchanting). Guidance is provided on the residence and activities of special purpose entities and other legal structures that are used for holding assets and that have little or no physical presence. The results of work on international trade in services and remittances are included. Furthermore, for the first time, specific guidance on the treatment of currency unions is included.~~

**1.33 Globalization** continues to pose challenges to traditional macroeconomic statistics, which are based on the concepts of residence and economic presence. In a world where multinational enterprises (MNEs) operate seamlessly across borders and production is often fragmented in global value chains across borders, there is a need for supplementary presentations to provide alternative views or additional details that complement traditional macroeconomic statistics. Thus, the *Manual* introduces new data series such as separate identification of factoryless goods production and a breakdown of data by domestically and foreign-controlled

## Chapter 1 Introduction

corporations. It also includes a harmonized definition of special purpose entities (SPEs) and encourages compilers to identify such entities where their activities are material for their economies. The *Manual* reflects increased interest in **balance sheet** analysis for understanding international economic developments, particularly vulnerability and sustainability. Greater emphasis and elaboration of the financial instrument classification in the *SNA* and *Monetary and Financial Statistics Manual* are designed to facilitate linkages and consistency. The *Manual* provides considerably more detailed guidance on the international investment position. It also provides much greater discussion of revaluations and other volume changes and their impact on the values of assets and liabilities. The results of detailed work over the past decade on international investment position, direct investment, external debt, portfolio investment, financial derivatives, and reserve assets are incorporated into the new *Manual*. The move to an integrated view of transactions, other changes, and positions has been recognized in the amended title as *Balance of Payments and International Investment Position Manual*, with the acronym *BPM6* used to highlight the historical evolution from previous editions of the *Manual*, which were known as *BPM5*, *BPM4*, and so on.

**1.34** **Developments in financial innovation and digitalization** have led to the emergence of new financial instruments and services. An example of financial instruments developed since the latest revision are crypto assets with and without a corresponding liability. Since crypto assets without a corresponding liability do not fit into any existing *BPM6* category of assets, they are treated as nonproduced nonfinancial assets in a separate category within the capital account. The existing standards already allow proper treatment and recording of other emerging financial instruments and services. Still, the *Manual* introduces supplementary “of which” categories for fintech companies within the subsector classification and for fintech-related financial instruments and services when considered relevant. In addition, the *Manual* provides guidance on digital intermediation platforms, cloud computing, nonfungible tokens, and other issues related to digitalization. **Financial innovation** is the emergence and growth of new financial instruments and arrangements among institutional units. Examples of instruments covered include financial derivatives, securitization, index linked securities, and gold accounts. An example of institutional arrangements are special purpose entities and complex, multicountry corporate structures. Enhanced guidelines cover direct investment in cases of long and complex chains of ownership, revised in conjunction with the revised *OECD Benchmark Definition of Foreign Direct*

## Chapter 1 Introduction

~~Investment. Revised treatments of insurance and other financial services are adopted. The *Manual* also provides expanded treatment on the issues of loan impairments, debt reorganization, guarantees, and write-offs.~~

~~1.35 The demand for data related to **sustainable finance and climate change** is growing rapidly. In response, the *Manual* includes a new annex that provides initial ideas on the organization of external sector statistics to support analysis of climate change-related risks as well as sustainable finance activities that contribute to environment and climate-friendly outcomes. Separate identification of ESG/green bonds and loans are included as new supplementary breakdowns (both flows and positions). Moreover, the annex identifies key areas where additional or more granular external accounts data could support policy work on environmental and climate risks (e.g., direct investment by counterparty economy and industrial sector, and international cooperation grants to low-income countries). It also presents some data items that, based on national circumstances, could inspire compilers in the compilation of additional data for assessment of environmental and climate change-related risks. In addition, the *Manual* incorporates changes arising from other statistical manuals, particularly the 2008 SNA. The harmonization with other macroeconomic statistics is strengthened in terms of presentation by more details on the underlying economic concepts and their associated links with the equivalent parts of the SNA and other manuals. Other changes were made in response to requests to provide clarification or further detail on particular topics.~~

~~1.36 The overall structure of the accounts and broad definitions are largely unchanged in this edition, so the changes are less structural than those made for the fifth edition. Rather~~For the changes in this edition, economic and financial developments and evolution of economic policy concerns are taken into account, and clarification and elaboration of these developments are provided. A list of changes made in this edition of the *Manual* is included as ~~Appendix 8~~Annex 13.

## E. Revisions between Editions of the *Manual* Research Agenda

~~1.37 The IMF and the Committee~~BOPCOM have developed procedures for updating the *Manual* on an ongoing basis between major revisions. Under these procedures, updates can be divided into four ~~three~~ types:

**Commented [A2]:** BOPCOM discussed a proposal on "Task Team to Develop a Framework for Maintaining and Updating International Economic and Environmental Accounting Systems and Manuals: Terms of Reference" in October 2023. Since there may be changes to the update procedures, the *BPM7* editorial team proposes to describe these procedures outside the *Manual* (similar to the SNA approach).

## Chapter 1 Introduction

- (a) ~~editorial amendments;~~
- (b) ~~clarifications beyond dispute;~~
- (bc) ~~interpretations clarifications; and~~
- (cd) ~~changes.~~

Each of these types of updates has a different set of steps that are to be followed in the consultation process.

~~1.38 Editorial amendments~~ refer to wording errors, apparent contradictions, and, for non-English versions of the *Manual*, translation errors. These corrections affect neither concepts nor the structure of the system. IMF staff will draft these amendments, which will be brought to the Committee BOPCOM for advice. An errata sheet will then be produced, and the amendments will be publicized on the IMF website.

~~1.39 A clarification beyond dispute~~ arises when a new economic situation emerges or when a situation that was negligible when the *Manual* was produced has become considerably more important, but for which the appropriate treatment under existing standards is straightforward. IMF staff will draft these clarification notes, based on existing recommendations, and after advice from the Committee BOPCOM, they will be publicized on the website and by other means.

~~1.40 An interpretation clarification may be needed~~ arises when an economic situation arises for which the treatment under the *Manual* may is not be clear. Several solutions on how to treat the situation may be proposed, because it is possible to have different interpretations of the *Manual*. In this case, IMF staff, in consultation with the Committee BOPCOM, will draft preliminary text that will be sent to panels of experts, and to the InterSecretariat Working Group on National Accounts (ISWGNA) (if also relevant to the *SAI*). IMF staff will propose a final decision, in consultation with the Committee BOPCOM. Interpretations Clarifications will be publicized on the IMF website and by other means.

~~1.41 A change to the framework arises may be needed~~ when an economic situation occurs that is not properly covered by the mManual (for instance, new financial instruments or asset classes) or in which it becomes apparent that the concepts and definitions of the framework are not relevant or are misleading and will

## Chapter 1 Introduction

require change. In such a situation, parts of the *Manual* may need to be substantially rewritten to reflect the needed changes. In such a case, IMF staff, in consultation with the Committee BOPCOM, will prepare proposals that will be disseminated widely to panels of experts, the ISWGNA (if also relevant to the *SN4*), and all IMF member countries. The Committee BOPCOM will advise how such changes should be incorporated into the framework, whether promulgated immediately through a booklet separate document detailing the amendments to the *Manual* or by issuing a new *Manual*. Information will be produced and provided to all countries with changes also publicized on the IMF website and by other means.

1.42 The IMF website will provide a consolidated list of these decisions. The decisions may be incorporated directly into the electronic version of the *Manual*.

**1.43** A research agenda has been identified for possible future work. It includes the following:

The research agenda will be added at a later stage

- (a) — ultimate investing economy and ultimate host economy in direct investment (see paragraph 4.156);
- (b) — whether direct investment relationships can be achieved other than by economic ownership of equity (e.g., through warrants or repos) (see paragraph 6.19);
- (c) — pass through funds (see paragraphs 6.33–6.34);
- (d) — reverse transactions (including short positions and investment income that is receivable/payable while a security is on lent) (see paragraphs 5.52–5.55, 7.28, 7.58–7.61, and 11.69);
- (e) — extended use of fair values of loans (see paragraphs 7.48–7.49);
- (f) — how the risk and maturity structure of the financial assets and liabilities should be taken into account in the reference rate for calculations of financial services indirectly measured (see paragraphs 10.126–10.136);
- (g) — investment income, in particular the different treatments of retained income for different investment types and the borderline between dividends and withdrawal of equity (see Chapter 11, Primary Income Account);

Chapter 1 Introduction

- ~~(h) — debt concessionality, in particular whether the transfer element should be recognized and, if so, how it should be recorded (see paragraphs 12.51 and 13.33); and~~
- ~~(i) — emissions permits (see paragraph 13.14).~~

