

**LIST OF TOPICS FOR CONSIDERATION BY THE
RESERVE ASSETS TECHNICAL EXPERT GROUP (RESTEG)**

	Name of Issue	Paragraph(s) in BOPCOM Paper 05/70	Brief Description of Issue
1.	Characteristics of Instruments Classified as Reserve Assets <ul style="list-style-type: none"> • Pledged Assets 	Paragraphs 15-16	The <i>Data Template Guidelines</i> provide a clear view on the treatment of pledged assets, and it is proposed that the new <i>Manual</i> adopts the <i>Guidelines</i> ' text. These principles could also apply to encumbrance and ring fencing arrangements, that limit usability of foreign currency assets held by the monetary authorities. In the light of country experience, further clarification on the treatment of pledged assets and collateral guarantees could be considered.
2.	Characteristics of Instruments Classified as Reserve Assets <ul style="list-style-type: none"> • Foreign Currency 	Paragraph 17	Only foreign assets are eligible as reserve assets in line with the <i>Guidelines</i> . Nonconvertible foreign currency assets will not be included. Issues such as the inclusion in reserve assets of the monetary authorities' holdings of non convertible currencies of neighboring countries used for trade could be discussed.
3	Characteristics of Instruments Classified as Reserve Assets <ul style="list-style-type: none"> • Currency of Denomination 	Paragraph 18	Currency of denomination and that of settlement are different in some financial instruments. In this context, indexation of assets to another currency is also relevant. There is no clear guidance in <i>BPM5</i> , nor the <i>Guidelines</i> on the treatment of such assets.
4.	Characteristics of Instruments Classified as Reserve Assets <ul style="list-style-type: none"> • Liquidity (marketability) 	Paragraph 19	Marketability is a relevant factor for determining an asset's liquidity. But can marketability be better defined than at present?
5.	Treatment of Specific Instruments/Transactions Investment Funds	Paragraphs 22-25 and Background Paper	Some countries have renewed interest in the creation of investment funds in their different modalities, similar to those created by oil producing countries in last decades. What criteria in addition to: a) liquidity of the assets; b) claims on nonresidents, and c) under the effective control and readily available to the monetary authorities, can help determine if the external assets of investment funds can be considered as reserve assets?

	Name of Issue	Paragraph(s) in BOPCOM Paper 05/70	Brief Description of Issue
6.	Treatment of Specific Instruments/Transactions <ul style="list-style-type: none"> • Pooling Assets 	Paragraphs 26-30	Pooling arrangements are collective investment schemes under which funds collected from participants are held in an investment vehicle that conduct re-investments. Such schemes raise issues not only on availability for use and the effective control of the monetary authorities over the assets but also cases in which (i) the funds may be re-invested in residents liabilities, and where (ii) the fund's assets might be re-invested in assets denominated in a country's own currency. Clearer guidance on the treatment and classification of such arrangements is needed.
7.	Treatment of Specific Instruments/Transactions <ul style="list-style-type: none"> • Treatment of Bank Deposits in Resident Banks 	Paragraphs 32-34	<i>BPM5</i> and the <i>Guidelines</i> agree to include monetary authorities' foreign currency deposits in resident banks as reserve assets, provided such deposits are under the direct and effective control of the monetary authorities. However, recording practices differ from country to country. Tightening up the existing <i>BPM5</i> exceptions may be warranted.
8.	Treatment of Specific Instruments/Transactions <ul style="list-style-type: none"> • Treatment of Reverse Transactions 	Paragraph 36	Should the option for recording repos, set out in paragraph 85 of the <i>Guidelines</i> be restricted, leaving the solution in paragraph 85 (i) as the single approach to adopt for repos and related activities? Changing the guidance would: a) avoid overstatements of reserve assets, and; b) uniform treatment of reverse transactions, improving international comparability of reserve data.
9.	Treatment of Reserve Related Liabilities <ul style="list-style-type: none"> • Reserve Related Liabilities 	Paragraphs 46-47	Data on reserve liabilities of the monetary authorities are among those required for Fund surveillance and other users have expressed interest in this concept. Should it be introduced into the updated <i>BPM5</i> and, if so, how is the concept to be defined. Regarding the latter the <i>Balance of Payments Textbook</i> (paragraphs 625-640) and Data Template (Section II) can be drawn upon.

	Name of Issue	Paragraph(s) in BOPCOM Paper 05/70	Brief Description of Issue
10.	Treatment of Reserve Related Liabilities <ul style="list-style-type: none"><li data-bbox="347 407 695 436">• Liability Aspects of SDRs	Paragraphs 48-49	SDRs have some liability-like aspects: interest can be incurred on SDRs and a country is required to repay its allocation of SDRs when the country leaves the membership of the Fund. Also, arrears on SDRs related payments are liabilities. Should SDRs that are allocated be classified as (unconditional) liabilities, at present they are not liabilities in the <i>BPM5</i> nor <i>SNA</i> , and if so, how could such liabilities be incorporated into the framework?