

IMF COMMITTEE ON BALANCE OF PAYMENTS STATISTICS
RESERVE ASSETS TECHNICAL EXPERT GROUP (RESTEG)

OUTCOME PAPER (RESTEG) # 4

Marketability (Liquidity)

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- (1) **Topic:** Marketability (Liquidity)
- (2) **Issues:** See RESTEG Issues Paper #4
- (3) **Outcome of the Discussions:**

(i) RESTEG agreed that the new *Manual* should provide a further and clearer description of the characteristics of readily availability, along the lines set out in paragraph 8 of the Issues Paper.¹ RESTEG considered that the description should cover both securities and deposits, noting that some assets such as deposits can be liquid but not marketable, and vice versa. However, RESTEG cautioned against too detailed a specification, particularly with regard to the concept of minimum cost. Rather, general principles should be set allowing some flexibility in application.

(ii) RESTEG agreed that an explicit time limit in determining readily available should not be provided in the new *Manual* but considered that some further explanation could be provided.

(iii) On creditworthiness of the counterpart (or assets), RESTEG agreed that a general reference to the high quality of reserve assets should be included in the new *Manual*, but there should not be a specific mention to a specific rating or grade.

- (4) **Rejected Alternatives:**

Specifying a time limit to determine readily available and including a specific rating or grade to judge creditworthiness.

- (5) **Action:**

RESTEG outcomes to be incorporated in the draft Manual for IMF Committee on Balance of Payments Statistics (BOPCOM) review.

¹ The relevant sentences in paragraph 8 state: “In providing guidance on what is meant by liquidity or marketability the new *Manual* could draw on the *Guidelines*’ text on marketability (in line with the footnote 19 of the *Guidelines*), and the definition of market liquidity in the *FSI Guide* to come up with a single criterion. This criterion would emphasize the ability to buy, sell, and liquidate an asset for foreign currency (cash) with minimum cost and time.”