

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

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**OUTCOME PAPER (RESTEG) # 8**

**Treatment of Reverse Transactions**

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(1) **Topic:** Treatment of Reverse Transactions

(2) **Issues:** See RESTEG Issues Paper #8

(3) **Outcome of the Discussions:**

(i) There were mixed views among the members of RESTEG on the proposed treatment of excluding securities out on repo from reserve assets and reclassifying them as portfolio investment assets. Those in favor highlighted the concern over the double counting of reserve assets, while those who disagreed pointed to the asymmetric treatment that would arise with securities acquired under reverse repos (i.e., these are not classified as reserve assets).

(ii) The members of RESTEG who disagreed with the proposed treatment favored the inclusion of the repo loan in reserve-related liabilities (so leaving net reserves unchanged before and after the repo), but others noted that if this repo loan was from a resident there would be an increase in net reserves arising from such a repo, on the assumption that such loans are not included in the BOP/IIP because they are resident-to-resident.

(iii) The members of the group agreed that the secretariat would undertake some more work on these issues with the intent of trying to reconcile the positions stated.

(iv) The members of the group agreed that the treatment of securities under securities lending should be the same as securities underlying repos, but it was recognized that securities under security lending could be readily available to be included in reserves if they could be called back at very short notice.

(4) **Rejected Alternatives:**

None.

(5) **Action:**

*RESTEG secretariat to undertake further work with the intent of reconciling positions stated.*