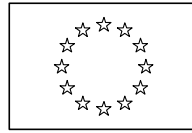


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Harmonised Balance of Payments Reporting Rules for Multinationals

Prepared by Eurostat



EUROPEAN COMMISSION
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**Unit B-5: International trade in
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EUROPEAN CENTRAL BANK
DIRECTORATE GENERAL STATISTICS

**Balance of Payments Statistics and
External Reserves Division**

Harmonised Balance of Payments reporting rules for multinationals¹

September 2002

1 Introduction

Europe is marked by a diversity of national Balance of Payments/International Investment Position (BOP/IIP) formats. For (European) enterprises with affiliates in other European countries, this situation problematic as reporting requires a specific data processing for each EU Member State or other European country where affiliates are domiciled. Harmonisation of European BOP/IIP reporting rules for multinational companies is expected to increase the efficiency of the reporting process and will foster the level playing field for the companies concerned. The quality of data to be reported by the multinational enterprises would benefit as well from common reporting rules because of both transparency/consistency of reporting guidelines and time coming free to pay more attention to the source data to be delivered.

The idea of one common reporting format for multinational companies was object of a request in mid-2000 by the European Round Table of Industrialists (ERT) to the President of the European Central Bank to consider implementation of a harmonised BOP/IIP reporting model in the EU. The ECB and the European Commission (Eurostat) created, as a result of this request, the European Steering Group on Multinationals (SGM)². The SGM has been commissioned to assess the costs and benefits of the idea of harmonised reporting rules for multinational companies. To this end, the SGM started to run a feasibility study and testing (test completion of report forms) with multinational companies.

The feasibility study (Feasibility Questionnaire) and test completion exercise of report forms started off with a first group of European enterprises domiciled in Denmark (Carlsberg), Sweden

¹ This paper was drafted by Peter Hofman from De Nederlandsche Bank and benefited from comments by Marius van Nieuwkerk, Elena Caprioli and Jean-Marc Israël.

² The Steering Group has the following members: Marius van Nieuwkerk (Chairman), Jean-Marc Israël/Luca Buldorini (ECB), Jean-Claude Roman/Elena Caprioli (Eurostat), Stuart Brown (Office for National Statistics UK), Francois Renard (Banque de France), Almut Steger (Deutsche Bundesbank) and Peter Hofman (Secretary).

(Ericsson), Finland (Nokia), France (Renault), Germany (ThyssenKrupp) and the Netherlands (Philips). Individual meetings with these companies in order to start up the activities mentioned took place between November 2001 and January 2002. In chapter 4 of this document, the analysis of replies to the Feasibility Questionnaire will be discussed³.

Preliminary conclusions resulting from information received from multinationals up to now can be summarised as follows:

- The picture sketched on the feasibility of the uniform BOP/IIP reporting model can only be provisional as only part of the enterprises to be contacted have provided information. Further, the test completion of draft report forms with real data has not yet been delivered apart from one enterprise.
- Despite a number of critical notes of the enterprises contacted up to now, the overall picture of experiences so far is that the proposed uniform reporting model appears to be feasible.

2 Main elements of the uniform BOP/IIP reporting model

Both the Feasibility Questionnaire and the Uniform Reporting Model have been elaborated by the Technical Group Direct Reporting of Eurostat. The concept of the uniform BOP/IIP reporting model can be explained as follows:

General characteristics

- All source information needed has to be reported directly to the BOP compiler of the country where the reporting enterprise is domiciled. So no intermediary reporting role for domestic banks is foreseen.
- The proposed system focuses on a close link-up with the reporting enterprise's accounting system. This link-up would guarantee in principle both a business-friendly way of providing the required source information including needed detail and a good approximation of the moment of change of ownership between a resident and a non-resident party in the transaction (transaction-based reporting instead of reporting information on the basis of the moment of settlement via e.g. the company's treasury). Transaction-based information or the principle of accrual accounting is required by the international statistical standards for BOP compilation (IMF BOP Manual).
- The proposed reporting frequency for multinationals is monthly (in principle many large enterprises balance the books every month within a number of days after the end of the month; it regards relevant input to the Monthly Key Items reporting obligation of EMU members to the ECB). As some of the information required is only available on an annual basis (especially regarding foreign direct investment), there is also a small set of annual report forms.
- Required detail of information: Where applicable, full geographical breakdown (it seems to be most practical for large enterprises); detail of products of services and of financial instruments in conformity with requirements of international institutions.
- Reporting of information on international trade in goods is excluded from the uniform model as there are already existing (harmonised) channels of information (EU: Intrastat/Extrastat).

³ Meanwhile, meetings with other multinational companies, being part of a second wave and a third wave of testing, has started. Finally, nearly twenty multinational companies will be involved in the assessment exercise on standardisation of BOP/IIP reporting rules (for a complete overview of test companies involved, see annex 1).

- The uniform model comprises two sub-systems, namely a sub-system for reporting on international trade in services and a sub-system for reporting on foreign financial assets and liabilities. On both sub-systems, some more detail will be provided in the next two paragraphs.

Sub-system on international trade in services

Information is required both on services supplied to non-residents and on services purchased from non-residents. It includes the services classification at the EBOPS level of detail as published in the UN/EC/OECD/IMF/WTO/UNCTAD Trade in Services Manual. Debits and credits have to be reported separately. This sub-system includes also the reporting on transfers (if applicable). See annex 2 for schematic picture of the structure of the reporting model for the services/transfers part.

Sub-system on foreign financial assets and liabilities

- The reporting by type of foreign financial asset or liability, such as e.g. short-term loans, is based on a fully reconciled model of both positions (input for IIP statement) and flows (input for BOP statement). The concept of the reconciled model enables both the reporting enterprise (before sending the BOP report to the compiler) and the BOP compiler (after receipt of the BOP report from the respondent) to check the plausibility of the information. This is an important tool of quality control.
- The structure of the reconciled model comprises the position of foreign financial asset or liability at both beginning and at end of the reporting month, the transactions (increase/decrease in asset or liability), exchange rate changes, market price changes and other changes in the position. The model thus implies that changes in the position are fully explained by cause. In annex 3 the general structure of the fully reconciled model is presented.
- The investment income (interest or dividend) related to the foreign financial asset or liability concerned is part of the reconciled model as well. For interest, a separate reconciled model of reporting, related to the asset or liability involved is required (see annex 3).

3 Other technical aspects of relevance

The following practical aspects, of relevance for both the assessment exercise and possible future implementation of the system, can be mentioned:

IT aspects

Inclusion of a BOP/IIP reporting functionality in ERP (Enterprise Resource Planning) software and in other commercial accounting software used by enterprises could diminish the efforts needed to be done by the reporting enterprise on behalf of automation of the BOP/IIP reporting process. Multinational enterprises use in principle accounting software packages of the specialised important software houses. In the context of the assessment exercise, it seems highly relevant to learn about preferences of multinational companies regarding IT support as well as about the potentialities at software houses to adapt accounting software in future on behalf of BOP/IIP reporting. A first meeting held between large software houses (responsible for nearly 75 % of the European market) and the SGM resulted in the finding that IT solutions are in principle technically possible (but 'keep matters simple on behalf press-the-button solutions') and that one important prerequisite of considering software adaptations is fully standardised reporting rules

and codes in Europe. There are of course other prerequisites to be fulfilled as well before software adaptation would be carried out.

International Accounting Standards

International Accounting Standards (IAS) will become an EU legal requirement (IAS Regulation) from 2005 for consolidated accounts of EU-quoted companies. The IAS Regulation will directly concern around 7,000 listed EU companies⁴. Member states will have the option to extend this requirement to unlisted companies and to the production of individual accounts: as a result, the degree of application of the IAS may differ from country to country. The IAS imply in principle both standardisation and modernisation compared to current national accounting rules.

This will contribute to harmonise financial reports thus enhancing comparability across the European Union. Harmonisation of accounting rules will go to the benefit also of statisticians who are collecting data from enterprises in EU countries. Where there are still relevant open spots between IAS and international statistical standards (and that may be still the case), action – coordinated by the European institutions (Commission (Eurostat) and ECB) and statistical fora (CMFB and STC) – is planned for the short-term. Standardised BOP/IIP reporting rules can benefit from these efforts.

A step ahead would be that international statistical and accounting standards get closer to each other. A European country has decided to adopt ESA95 to hold its public accounts, thereby fostering clear and consistent approach for the “Excessive Deficit Procedure” and national accounts. Other may follow. In the same vein, if business accounting was consistent with SNA93, ESA95 and BPM5 concepts, reporting burden would much reduce as the relevant statistical information could more easily be derived from general ledgers of the companies. Prospects for changing international statistical standards should take this aspect into account to increase e.g. accuracy and reliability. At the same time, it may be worth using the slot open by recent discussions on fake accounting to promote the setting of a single set of international accounting standards (notably between US GAAP and European IAS) and sponsor any development in business accounting that better matches with statistical standards (e.g. on valuation of assets).

European Company Statute

A Regulation will come into force in this field in 2004. The status, when adopted, of ‘European Company’ (‘Societas Europaea’ or SE) will give companies operating in more than one Member State the option of being established as a single company under Community law and so able to operate with one set of rules. It is not yet clear whether statistical reporting would fall under the regime of the Regulation. If so, it would be a further driving force for standardisation of BOP/IIP reporting rules for multinational companies.

4 Analysis of results of the Feasibility Questionnaire exercise

The analysis of verbal replies to the Feasibility Questionnaire in this document has been based on the contribution of the six companies of the first wave (see chapter 1) and one company (Procter & Gamble) being part of the third wave (non-EU companies involved). The results to be discussed are still provisional as the test completion of draft report forms by companies have not yet been delivered apart from one enterprise. The test completion exercise is expected to provide more hard evidence on the feasibility of the proposed model. Further, the number of seven

⁴ Source: Eurostat

companies is still less than half the total number of multinational companies of nearly twenty to be involved in the test project.

The Feasibility Questionnaire comprises five parts (see Annex 4), each of them focusing on a specific BOP item. Below, analysis of results will be presented by part of the Feasibility Questionnaire. In order to keep matters concise and thus clear in this document, only major points are mentioned. The following can be reported:

Part A: General Issues

- The frequency of monthly reporting is no problem for six out of seven companies. One enterprise mentions that a major part of the information (mother company) is only available on a quarterly basis.
- The provision of information to be reported within 15 working days after the end of the calendar month is acceptable to all seven companies. One company mentions that there is no official closing of the books in January and July, which may cause a problem for group companies (i.e. daughter companies).
- All seven companies are able to provide full geographical breakdown of information to be reported. One enterprise mentions that there is a problem for gross transactions. Another enterprise noted that geographic information is only available in decentralised databases.
- All seven companies use/start to use SAP accounting software (generally, SAP R3 platform). Some companies also use other accounting software (thus non-SAP) for among others treasury and consolidation purposes.
- As it could be expected, six out of seven companies say that initial IT investment is needed to provide the information according to requirements of the proposed harmonised model. One enterprise critically comments the required detail (components, geography, reconciliation foreign financial assets/liabilities) compared to what it has to report nowadays.
- As a major pro of the proposed uniform reporting model, not surprisingly, the efficiency gain with regard to the (monthly) reporting process is raised by responding enterprises. As a con, also not a surprise, the initial investment needed in order to be able to report in the new way is repeated (also mentioned elsewhere in the questionnaire).
- Six out of seven enterprises say that BOP/IIP reports will not be generated at a central location on behalf of affiliates domiciled in different European countries.
- **Assessment:** The overall impression of replies with regard to the General Issues part is that the attitude of enterprises is generally speaking positive, but there are some critical notes raised by one or a few companies such as regarding required detail of information and specific technical matters. It is obvious that for the majority of enterprises initial IT investment is required.

Part B: Services

- Five out of seven enterprises indicate problems in producing the degree of detail for products of services required. Four companies see difficulty to provide the detail required directly from the report already available, but indicate that the problem could partly be solved in future through IT investment. One enterprise asks explicitly for an ERP(IT)-embedded solution to do the job efficiently in future (such an approach may be beneficial for other ERP software users as well).

- All seven enterprises mention that distinction between cross-border intra-group and ditto extra-group trade in services is possible. But a majority of enterprises say that intra-group trade can only be reported for affiliates in which the mother company has a majority stake or control otherwise.
- **Assessment:** The required degree of detail for international trade in services is indicated as possibly being difficult to produce by the majority of enterprises consulted up to now. Additional IT efforts (or also manual work) are needed. Maybe an ERP-embedded solution, as proposed by some enterprises, is a good practical solution in future.

Part C: Portfolio assets and liabilities

- Identification of investment in securities issued by non-residents is in principle possible, but of limited or of no relevance for most of the companies.
- The majority of the companies say explicitly that they can provide information on securities held at foreign custodians; a minority mentions explicitly that this item is not or hardly relevant.
- Four enterprises say they can identify investment in securities issued by affiliates; the others mention explicitly that this aspect is not relevant.
- Five enterprises mention that in principle reporting security-by-security on portfolio investment is possible (one enterprise mentions however not with ISIN) and the others say the matter is irrelevant anyway.
- All enterprises say that they have no information on (foreign) holders of securities issued by the reporting company (some of them reply this matter is irrelevant anyway).
- All enterprises mention that can make the distinction between portfolio investment and foreign direct investment if that is applicable.
- **Assessment:** Portfolio investment is reported as being of little or of no relevance to non-financial enterprises. If there is any portfolio investment, it appears that most of the information required could be provided.

Part D: Foreign direct investment (equity participation)

- Four enterprises say they can identify equity investment by non-resident shareholders in their company if applicable. Three other enterprises mention explicitly that the matter is of no relevance. Two enterprises indicate explicitly that inclusion of information on indirect shareholders is not possible.
- All seven enterprises reply, as could be expected, that they can identify equity investment by the reporting enterprise in non-resident companies (with a distinction between a participation in the share capital of less than 10 % and 10 % or more). Three enterprises say explicitly that data on indirect ownership can not be provided and two enterprises, on the contrary, provide a positive answer in this regard.
- Four enterprises indicate that they are able to provide information – although manual work would have to be done - on financial transactions (equity, debt and income) with foreign shareholders of the reporting enterprise if that is applicable. Three other companies say in fact that such transactions are not relevant.
- All seven enterprises say, not surprisingly, that they are able to provide information on financial transactions with foreign affiliates (foreign enterprises in which the reporting enterprise owns shares). Only two enterprises repeat that they are able to report financial transactions with enterprises in which shares are owned indirectly. There are differing

company rules which affiliates to consolidate and which not and they may require additional effort from the respondent concerned in order to be able to provide foreign direct investment information in conformity with international statistical standards.

- On valuation of foreign direct investment, the picture is mixed. Two enterprises mention they dispose of information for the three principles mentioned in the questionnaire, namely market value, net asset value and historical value. Two other companies dispose of information regarding market value and historical value and another company can provide information based on net asset value and on historical value. One company disposes only of information based on net asset value. Finally, another company says that information in the context of US GAAP is available regarding consolidated information. Summarising, it can be said that all enterprises are able to provide market valuation, required by international statistical standards or a close, acceptable, approach to the ideal, namely net asset value.
- One can say that the majority of enterprises use market value as the book value, unless information is not available. In the latter case, the historical value or the net asset value may be used as an alternative.
- Six enterprises confirm that a full reconciliation of equity investment – on an annual basis – of positions and flows is feasible. One enterprise did not provide a reply on this topic.
- Four enterprises indicated that information on variables related to Outward FATS⁵ such as staff and turnover is in principle possible, although not completely in some cases as was proposed in the model. Two other enterprises gave a negative reply and for one company the reply was unclear.
- **Assessment:** All enterprises are able to provide the needed information for this BOP item, which is at least highly relevant for the category of non-financial multinational enterprises. Both the reconciliation of positions and flows of equity investment and the (approximation) of market valuation appear to be feasible for the seven companies concerned. That is a positive finding. It is, not surprisingly, the cross-border equity investment assets that count in the majority of cases, not the liabilities side (the latter is of little or of no relevance).

Part E: Other assets and liabilities

- All seven enterprises say that they know the country of residence of its foreign debtors and foreign creditors (apart from a few specific aspects in some cases).
- Six enterprises confirm that they can deliver the reconciliation of positions and flows on a monthly basis. For one of the six enterprises it is not clear whether sufficient breakdown by financial instrument as proposed in the uniform model is possible. A seventh enterprise could not confirm, which needs further investigation.
- All seven enterprises confirm that the 'accrual' principle regarding interest income with the distinction interest accrued (position/transactions) and interest paid/received can be delivered on a monthly basis by financial instrument.
- For the breakdown of assets and liabilities by four categories of foreign counterpart as proposed in the uniform model⁶, the picture is mixed. Five enterprises can deliver the required detail here in principle although not completely in a specific case (and sometimes manual work is required). For two other enterprises, the required breakdown can be provided

⁵ FATS stands for Foreign Affiliates Trade Statistics

⁶ Vis-à-vis respectively (i) non-resident daughter companies (liabilities) or foreign shareholders (assets), (ii) other non-resident group companies, (iii) third parties: non-resident banks and (iv) third parties: non-resident non-banks. This breakdown is used on behalf of both a correct application of the directional principle on the one hand and a complete sector breakdown required by international institutions on the other hand.

only partially. As such a breakdown is important for a correct BOP compilation, some further investigation seems needed regarding companies concerned.

- Information on loans or borrowing relating to repos can be provided, but such transactions are not always relevant for enterprises concerned.
- All seven enterprises confirm that a distinction between short-term and long-term for all assets and liabilities can be made. One enterprise gave partially an unclear answer.
- Four enterprises mention that they can make a separation of capital and interest for financial leases and one enterprise mentioned that financial leases were not relevant. Two enterprises replied that the afore-mentioned distinction is not possible.
- Six enterprises (reply of one enterprise is missing) confirm that non-tradable bonds and notes can be included under short-term and long-term loans as proposed in the uniform model.
- Five enterprises say that it is possible – as proposed in the uniform model - to report current accounts at one place (under the asset table), independent whether it regards receivables or payables. One enterprise mentions that compensation is not allowed according to US GAAP. One reply was missing.
- **Assessment:** Generally speaking, the seven enterprises are able to provide the information as required in the draft uniform model for multinationals. There is among others a confirmation on the monthly delivery of the reconciliation of positions and flows, including for interest income, which is a core element of the proposed new system. There are here and there some deficiencies, but the overall picture of replies is a positive one.

5 Overall assessment of the feasibility study so far

Summarising, the following can be mentioned:

- As said before, this document can only provide a provisional picture of the feasibility study. More enterprises (second and third wave of assessment of feasibility of the uniform model started recently) have to deliver their contribution to the study to be followed by a test completion of the draft report forms. The latter exercise is to be considered as a confirmation (or not) of what has been stated during the Feasibility Questionnaire phase.
- Not all information required by the proposed uniform reporting model is directly available, Initial IT investment will be needed.
- All seven enterprises, whose replies for the Feasibility Questionnaire are used for this document (an interim picture for the project), use SAP accounting software as either sole platform or as an important tool for company administration.
- The relevance/importance of ERP-embedded solutions, facilitating BOP/IIP reporting processes in a structural way, is acknowledged.
- As a major pro of the idea of standardisation of BOP/IIP reporting rules, enterprises mention efficiency gains; a major con, neither surprising, is the required initial IT investment.
- With regard to services, difficulties are reported for producing the degree of detail for services required (EBOPS classification). The problem could be solved in the future through IT solutions.
- Portfolio investment is for non-financial enterprises of little or no relevance (on the basis of seven replies up to now). For the second wave, inclusion of an important insurance company is foreseen, which is of relevance to test requirements of the uniform model on portfolio investment among others.

- Major aspects of the proposed concept for foreign direct investment, such as reconciliation of positions and flows and requirements on valuation, appears to be feasible. That is a positive finding for an important BOP component.
- For the category of other foreign financial assets and liabilities, the overall finding resulting from the feasibility study up to now is in principle very positive.
- The overall picture of the experiences so far is that the concept of the uniform BOP/IIP reporting model seems acceptable despite a number of critical aspects raised by enterprises concerned.

Annex 1

Companies involved in project uniform BOP/IIP reporting model for multinationals⁷

EU:

First wave:

- 1) Carlsberg, Denmark (November 21, 2001).
- 2) Ericsson, Sweden (November 22, 2001)
- 3) Nokia, Finland (November 23, 2001)
- 4) Renault, France (November 29, 2001)
- 5) ThyssenKrupp, Germany (December 17, 2001)
- 6) Philips, Netherlands (January 24, 2001)

Second wave:

- 7) Delta Holding, Greece (May 21, 2002)
- 8) Solvay, Belgium (July 5, 2002)
- 9) Repsol, Spain
- 10) Amorim, Portugal
- 11) OMV, Austria
- 12) Generali, Italy
- 13) Jefferson Smurfit, Ireland
- 14) Vodafone, United Kingdom (to be held October 3, 2002)

Non-EU:

Third wave:

- 15) Norsk Hydro, Norway
- 16) Nestlé, Switzerland (to be held September 23, 2002)
- 17) Profilo Holding, Turkey
- 18) Procter & Gamble, European headquarters, Belgium/United Kingdom (July 4, 2002)
- 19) ExxonMobil, European headquarters, Netherlands (June 17, 2002)

⁷ Date of start-up meeting in brackets.

Structure of the reporting model for international trade in services and for transfers

Amount in Thousands of euros

Reporting model for international trade in services

Input code	Country code of the non-resident counter part	Intra-Group Transactions		Extra-Group Transactions	
		Services supplied to non-residents	Services purchased from non-residents	Services supplied to non-residents	Services purchased from non-residents

Structure of the reporting model for foreign financial assets and liabilities

Amounts in thousands of euros

Reconciliation model for direct reports

Type of assets/liabilities	Country of the foreign assets/liabilities	Assets/liabilities						Interest						
		Position at the beginning of the month (excl. accrued interest)	Changes during the month			Position at the end of the month (excl. accrued interest)	Position of accrued interest at the beginning of the month	Changes during the month			Position of accrued interest at the end of the month			
			Transactions	Revaluation				Other changes	Transactions	Interest accrued during the month		Interest received during the month	Interest paid during the month	
				Increase in assets/liabilities	Decrease in assets/liabilities									Exchange rate changes
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

Reconciliation of assets/liabilities=position at the beginning of the month (column 3)+changes during the month (column 3)+changes during the month (columns 4, 5, 6, 7 and 8)=position at the end of the month (column 9)

Reconciliation of interest=position at the beginning of the month (column 10)+changes during the month (columns 11, 12, 13 and 14)=position at the end of the month (column 15)

QUESTIONNAIRE ON THE FEASIBILITY

OF THE HARMONISED MULTINATIONAL REPORTING

Part A: General Issues

The respondent is invited to comment on these general issues relating to the project of an harmonised multinational reporting for balance of payments purposes.

- ☛ In case your answer is different for diverse types of international transactions (services, Portfolio, other assets and liabilities, foreign direct investment, etc.) please indicate your comments separately.

Nr	GENERAL ISSUES	YES	NO	COMMENTS
1	The harmonised model for Balance of Payments (BOP) reporting by multinationals to be proposed for a test exercise is based on a direct reporting of the needed information. The proposed model of direct reporting is focused on retrieval of information from the companies' accounting system. Would you be able to provide your international transactions/positions monthly ?			
2	Are you able to provide your international transactions/positions with the reconciliation data (i.e. stock beginning of period, transactions, other changes, stock end of period) within 15 working days from reference period?			
3	With regard to preferred electronic reporting, have you at the moment any preference for a transmission format such as: (EDIFACT, XML, EXCEL, etc)?			
4	Are you able to report transactions and positions of each company of your group in a separate report ?			
5	Given the organisation of your accounting system, will the report to each national BOP compiler be produced at a centralised level?			
6	Please provide an outline of your accounting system (indicating also the software used) and financial relationships among the various affiliates (in house-bank)			
7	Are you able to report your transactions/positions with a full geographical dimension (availability of the country code of residence of the counterpart in the accountancy)?			
8	At the present stage, do you foresee the need to make substantial investment in order to provide the information required?			
9	Referring to the reporting model which is presented : What are the main pros and cons of the multinational project, compared to your present system of BOP reporting ?			
10	What are the conditions necessary for your participation to this project ?"			

Part B: Trade in services

The respondent is invited to examine the following proposals, to comment on their feasibility, and to indicate the possible delay of reporting, taking into consideration the availability and the detail of data offered by its accountancy.

Information should be made available for each enterprise of the group separately.

Nr	ISSUES	YES	NO	COMMENTS
1	Are there any specific difficulties to derive from your accountancy the detailed list of services and transfers (see the attached list) in combination with a detailed country breakdown?			
2	Will it be possible for you to separate intra-group (i.e. control related) transactions from extra-group transactions? If so, which is your definition of group?			
3	Are all the items requested available separately in your accounting system. In particular: <ul style="list-style-type: none">- Can you separate Goods from related services (transport and insurance)?- Are you in a position to distinguish buying and selling of rights from fees for the use of right?- In case of construction projects: can you indicate the information you have available in your book-keeping?- Are you able to distinguish properly operational and financial leasing?- Can you distinguish among financial services, income and capital flows?			

PART C: Portfolio assets and liabilities

The respondent is invited to examine the following proposals, to comment on their feasibility, and to indicate the possible delay of reporting, taking into consideration the availability and the detail of data offered by its accountancy.

Information should be made available for each enterprise of the group separately.

nr	ISSUES	YES	NO	COMMENTS
1	<i>Can you identify securities issued by non-residents ?</i>			
2	Can you identify securities held by foreign custodians ? And their nationality ?			
3	<i>Can you identify securities issued by an affiliate enterprise ?</i>			
4	Do you have information on holders of securities issued by your company?			
5	Do you have data available on a security-by-security basis ? <i>If your answer is yes, what kind of securities identification codes do you have in your system (ISIN-Code , CUSIP-Code, Others ?</i>			
6	From the data available in your system, are you able to distinguish between investments which give you a 10% or more stake in the enterprise and those where the stake is less than 10% ? If not, how would you distinguish between investments in affiliated and non-affiliated companies ?			

Part D: Foreign Direct Investment

The respondent is invited to examine the following proposals, to comment on their feasibility, and to indicate the possible delay of reporting, taking into consideration the availability and the detail of data offered by its accountancy.

Information should be made available for each enterprise of the group separately.

nr	ISSUES	YES	NO	COMMENTS
1	Are you able to identify the non resident shareholders of your enterprise to be considered as direct investors (owning $\geq 10\%$ and $<10\%$ with a permanent interest): -direct shareholders -indirect shareholders -related shareholders (own subsidiaries and associated enterprises) ?			
2	Are you able to identify the non resident shares owned by your enterprise to be considered as direct investments (owning $\geq 10\%$ and $<10\%$ with a permanent interest): -direct ownership -indirect ownership -ownership in related shareholders (own mother company) ?			
3	Are you able to provide financial data (equity, debt and income) on transactions with shareholders of your company: - direct shareholders: $>50\%$ $\geq 10\%$ $<10\%$ with a permanent interest - indirect shareholders $>50\%$ $\geq 10\%$ $<10\%$ with a permanent interest - related shareholders (own subsidiaries and associated enterprises) ?			
4	Are you able to provide financial data (equity, debt and income) on transactions with the enterprises in which your enterprise owns shares: - direct shareholders: $>50\%$ $\geq 10\%$ $<10\%$ with a permanent interest - indirect shareholders			

	<p>>50% >=10% <10% with a permanent interest</p> <p>- related shareholders (own subsidiaries and associated enterprises) ?</p>			
5	<p><i>Can you provide on a yearly basis data on a security-by-security basis related to the positions in equity capital?</i></p> <p>If no information on a security by security basis is available can your enterprise provide aggregated data for each counterpart?</p>			
6	<p>Do you dispose of the following information:</p> <ul style="list-style-type: none"> -market value -net asset value -historical value? <p>And which valuation principle is used as book value:</p> <ul style="list-style-type: none"> -market value -net asset value -historical value? 			
7	<p><i>Can you provide on a monthly basis gross transaction data (sales/purchases) security by security during the reporting period based on actual transaction prices ?</i></p> <p><i>If no information on a security by security basis is available can your enterprise provide aggregated data on a gross basis for each counterpart on actual transaction prices ?</i></p>			
8	<p>Can your enterprise provide for the positions annual data of all above mentioned components (e.g. equity capital, loans and deposits...) the revaluation factors applied including:</p> <ul style="list-style-type: none"> - income (e.g. dividends, reinvested earnings, interests) -exchange rate changes -price changes -other changes ? 			
9	<p>Can your enterprise provide on an annual basis other economic information for each company of the group such as:</p> <ul style="list-style-type: none"> -staff -turn-over -exports -imports -inter company trade ? 			

Part E: Other assets and liabilities

The respondent is invited to examine the following proposals, to comment on their feasibility, and to indicate the possible delay of reporting, taking into consideration the availability and the detail of data offered by its accountancy.

Information should be made available for each enterprise of the group separately.

nr	ISSUES	YES	NO	COMMENTS
1	Do you know the country of residence of your foreign debtors and foreign creditors ? Can you report the country breakdown?			
2	<i>Are you able to apply the stock/ flow reconciliation model with the monthly calculation of :</i> <ul style="list-style-type: none"> ▫ Value changes on each receivable / debt ? 			
3	Are you able to apply the “accrual” principle with the monthly distinction between : <ul style="list-style-type: none"> ▫ Interest accrued (transaction and position) ▫ Interest received / paid on each receivable / debt ? 			
4	Are you able to provide the break down of all assets and liabilities into four possible counterparts : <ul style="list-style-type: none"> ▫ Foreign shareholder / daughter ▫ Other group companies ▫ Foreign banks ▫ Foreign non banks Including trade credits granted / received ?			
5	Are you able to provide the separation of funds lent or borrowed in relation to repurchase agreements from other loans and borrowings ?			
6	<i>Are you able to provide the distinction between short term / long term (less or more than one year) for all assets and liabilities ?</i> <i>Including trade credits granted / received ?</i>			
7	<i>Is the separation of capital and interest for financial leases available?</i>			
8	<i>Is it possible the reporting of non-tradable bonds and notes under short or long-term loans?</i>			
9	Is it possible the reporting of current accounts at one place, under the asset table, whatever the sense of the account (receivable or debt) ? <ul style="list-style-type: none"> ▫ Bank accounts ▫ Group companies accounts 			

