

**Twenty-Seventh Meeting of the
IMF Committee on Balance of Payments Statistics
Washington, D.C.
October 27–29, 2014**

Update on Reserves-Related Initiatives

**Prepared by the Statistics Department
International Monetary Fund**

Update on Reserves-Related Initiatives

1. There are several initiatives underway in the IMF Statistics Department (STA) in the area of reserve assets. This paper aims at informing the members of the IMF Committee on Balance of Payments Statistics (Committee) of developments in this area since their meeting in October 2013. These developments cover three areas: update on data sharing and confidentiality; update of STA's efforts to explore the feasibility and desirability of collecting additional data on foreign currency intervention activities and developing a statistical definition of foreign exchange market intervention; and STA's work on producing and disseminating a table showing reserves held in non-SDR basket currencies as a share of total foreign exchange reserves.

I. UPDATE ON DATA SHARING AND CONFIDENTIALITY

2. This section updates the Committee on the status of efforts to broaden the sharing of information reported on three IMF surveys of reserve assets, namely, the Survey of Currency Composition of Foreign Exchange Reserves (COFER), the Survey of Securities Held as Foreign Exchange Reserves (SEFER), and the Instrument Composition of Transactions in Foreign Exchange Reserves (INFER). Due to the sensitive nature of data reported to STA on these confidential surveys on reserve assets, and in consideration of some concerns expressed about the proposals in this area at recent Committee meetings, work in this area has advanced at a deliberative pace.

A. COFER

3. As reported at last year's Committee meeting (see BOPCOM-13/19), the COFER initiative led to the publication in June 2013 of COFER data with expanded currency coverage. More specifically, COFER specifically identified the Canadian dollar and Australian dollar for the first time in June 2013, with release of quarterly data beginning with the fourth quarter of 2012. In the coming months, STA is planning to repeat the survey of currencies held in reserves.

4. Also as noted in last year's paper, work was advancing in connection with the release of the names of countries/jurisdictions that participate in COFER. The release of names for those jurisdictions that have given their explicit consent continues to be planned to occur after the launch of the Special Data Dissemination Standard (SDDS) Plus.¹

¹ The COFER dataset is one of the data categories of the SDDS Plus.

B. SEFER

5. In March 2014, the results of the first end-June 2013 data collection under the Coordinated Portfolio Investment Survey (CPIS) were released together with the results of the first end-June 2013 SEFER. The increased frequency to twice a year is one of several enhancements adopted in the end-June 2013 survey round. In addition to more timely collection and release of the data, the enhanced CPIS and SEFER collected a broader range of data on an encouraged basis, including on the institutional sector (such as central bank, other deposit-taking corporations, other financial corporations, and nonfinancial corporations) of the nonresident issuer of securities. Complete CPIS and SEFER results are available on the IMF website at <http://cpis.imf.org/>. STA highly appreciates the support from the Committee members and the national authorities on these important enhancements to the CPIS and SEFER.

6. As mentioned in the October 2013 Committee meeting, STA has been considering several enhancements related to the sharing of SEFER information. More specifically, it has been considering releasing the names of SEFER reporters; developing sub-aggregates solely for internal IMF use that would contain broad geographical classifications of the data (while respecting current data confidentiality rules); and/or expanding internal IMF staff access to the individual SEFER data (to a little above the current number (five)), while maintaining strict confidentiality with regard to the disclosure of individually identifiable data to all others.

7. On the release of names of SEFER reporters, as presented at the previous Committee meeting (paragraph 8 of BOPCOM–13/19), STA has adopted a step-by-step approach, first assessing the implications of both the release of COFER names and the new semi-annual release of the SEFER data. The release of the COFER names is planned to occur following the launch of the SDDS Plus. STA will again engage the members of the Committee before it releases SEFER names.

8. In regard to generating a regular set of sub-aggregate tables solely for internal IMF use (while respecting current data confidentiality rules), STA staff have explored alternative tables that would present regional sub-aggregates of the SEFER data. Unfortunately, due to the presence of a relatively small number of large SEFER reporters in some regions, these explorations failed to result in the development of tables that would both safeguard the strict confidentiality of the data and provide useful information for IMF analysts. For this reason, instead STA considers that broader sharing of confidential SEFER data (discussed below) would be a more constructive approach, assuming respondent concerns about data confidentiality could be overcome in that context.

9. Thus, on slightly expanding internal access to the strictly confidential data, STA considers that this approach would improve the quality of IMF analyses and surveillance

activities against the backdrop of the growing interest in interconnectedness. With expanded access, confidential data might be shared with up to six additional staff (two each) across three other IMF departments involved in multilateral surveillance and interconnectedness analysis (the Monetary and Capital Market Department; Strategy, Policy, and Review Department; and Research Department).

10. STA would consult reporters on whether they are willing to agree to the broader sharing of confidential SEFER data or not; and if they are willing, whether they agree (i) to the sharing of all end-period SEFER data they have reported, thereby including historical data, or (ii) only end-period SEFER data they report after they agreed to the broader data sharing, thereby not including historical data. In the latter circumstance, data collected under a past pledge of confidentiality would continue to be governed by the confidentiality rules in effect at the time the data were reported. For reporters that do not agree to broader sharing of their data, access would continue to be limited to the current number (five) of STA staff who now have access.

11. STA notes that several SEFER reporter have previously been opposed to broadened sharing of their confidential SEFER data (six of the 33 SEFER reporters who responded to the survey conducted in 2012 objected to broadened sharing of confidential data).

12. If this proposal is supported, the proposed change would be highlighted in the invitation letter to SEFER reporters and on the Integrated Correspondence System report forms.

C. INFER

13. STA had proposed to revise its confidentiality pledge, which limited the use of INFER data to the calculation of global aggregates, in order to allow the data also to be used to develop sub-aggregates for internal IMF use, while maintaining the present strict confidentiality rules for individually identifiable data. The sub-aggregates would allow Fund staff who are involved in economic analysis to obtain a better understanding of global capital flows and financial interconnectedness. Additional data would not be requested from any country authorities to create the sub-aggregates.

14. With the agreement of the Committee, in the summer of 2013 STA sent letters to national authorities to obtain their views on the proposal to develop sub-aggregates for internal IMF use, while maintaining the present strict confidentiality rules for individually

identifiable data. Thirty-five responses were received, and 34 supported the proposal (one did not). The result was discussed at the Committee meeting in October 2013.

15. STA's plan to develop regional subaggregates of INFER data was expressed in the invitation letters for the end-2013 survey round², which were sent to economies in June 2014. As of September 2014, about 90 economies submitted their INFER data to STA, and no economies expressed an objection to STA's plan.

16. STA has developed a draft table (see Attachment 1) that displays broad geographical regions essentially corresponding to the IMF's area departments (i.e., African, Asia and Pacific, European, Middle East and Central Asia, and Western Hemisphere Departments). It is intended that this table be exclusively used within the IMF. The draft table also shows the individual type of instrument (i.e., equity securities, long and short-term debt securities, currency and deposits, and other) in the left-hand column. This table shows percentages of each instrument rather than dollar values to maintain the confidentiality rules for individually identifiable data.

17. STA would appreciate the views of Committee members on the draft table.

II. UPDATE ON FOREIGN CURRENCY INTERVENTION ACTIVITIES

18. At the October 2013 Committee Meeting, STA presented the results of the RESTEG survey on intervention in foreign currency markets. The results were summarized under two main broad themes: defining and measuring foreign exchange intervention and current country dissemination practices; and a draft definition of intervention. Committee members were reminded that the initiative on currency intervention activities originated from the IMF Executive Board's discussion on Data Provision for Surveillance Purposes, during which it was argued that the IMF would find expanded data on intervention activities useful given its role in multilateral surveillance. For surveillance purposes data on intervention would not necessarily need to be publicly released. An early step in the process focused on seeking consensus on a definition of foreign exchange intervention.

² The following paragraph was included in the INFER invitation letters that were sent to the INFER coordinator in each economy: *"As in the past, the information you provide will be kept in strict confidence. To date, the data have only been used for the compilation of global balance of payments aggregates. However, starting with data for 2013, we also plan to use INFER data to develop sub-aggregates exclusively for internal IMF use, while maintaining the present strict confidentiality rules regarding access to individual country data."*

19. Regarding the direction of the initiative, the Committee has indicated the need to seek high-level support to continue working with RESTEG. In this vein, continued high-level support within the IMF was secured and work on this initiative will continue.

20. As next steps, STA is reaching out to analysts and users (including three functional departments in the IMF: Research Department; Monetary and Capital Markets Department; and Strategy, Policy and Review Department), and other relevant groups and agencies, to continue working on a statistical definition of foreign exchange market intervention.

21. STA will continue to consult with the Committee as work advances. Also, STA agreed to keep members of the Reserve Assets Technical Expert Group apprized of progress.

III. DISSEMINATION OF TABLE ON NON-SDR BASKET RESERVES-TO-TOTAL FOREIGN EXCHANGE RESERVES

22. The IMF staff has developed a table, derived from data that are reported on the monthly Reserves Data Template (RDT), which shows the breakdown of non-SDR basket currencies as a percentage of total foreign exchange reserves by RDT reporters (Attachment 2).³ This table displays quarterly data and ratios derived from information that is in the public domain. While the table has recently been disseminated within the IMF and there are plans to update and disseminate the information quarterly, it has not yet been disseminated to the public. Given the table is re-disseminating public information, STA is considering posting it on the external website.

³ The RDT is filed monthly by subscribers to the IMF's SDDS and by a few other economies.

Questions for the Committee:

1. *Do Committee members support STA's proposed way forward in connection with SEFER enhancements (i.e., first assessing the release of names of COFER reporters; discontinuing work on developing sub-aggregates; and expanding internal access to individually identifiable SEFER data from 5 staff at present to no more than 11 staff across four specified IMF departments)?*
2. *Do Committee members have comments on the draft INFER regional sub-aggregates, including the draft table, Attachment 1? (As noted, this table would be used exclusively for internal IMF use.)*
3. *What are the views of the Committee on the IMF's proposal to publicly disseminate a table (following the sample in Attachment 2) on a quarterly basis that shows the breakdown of non-SDR basket currencies as a percentage of total foreign exchange reserves?*

ATTACHMENT II

Sample Table on Non-SDR Basket to Total Reserves

Currency Composition of Reserves: SDR Basket

Database : Reserves Template

PRDEDFSQLEDF_RT

Name		M:2014:1	M:2014:2	M:2014:3	M:2014:4	M:2014:5	M:2014:6
		January	February	March	April	May	June
Australia	not in SDR Basket	2944.61	2946.63	2950.42	2971.54	2986.54	3038.06
	Total Reserves	46666.67	46350.95	57360.24	57770.80	60342.56	59224.98
	<i>Ratio (non SDR basket to Total Reserves in %)</i>	6.31	6.36	5.14	5.14	4.95	5.13
Austria	not in SDR Basket	6556.61	6621.95	6615.48	6718.64	6719.26	6849.33
	Total Reserves	24439.63	24548.46	24203.46	25043.57	25481.96	25759.18
	<i>Ratio (non SDR basket to Total Reserves in %)</i>	26.83	26.98	27.33	26.83	26.37	26.59
Belarus	not in SDR Basket	6.50	6.50	4.40	7.70	5.20	9.10
	Total Reserves	6227.78	6143.57	5715.07	5480.05	5392.65	6426.02
	<i>Ratio (non SDR basket to Total Reserves in %)</i>	0.10	0.11	0.08	0.14	0.10	0.14