INSTRUCTIONS FOR COMPLETING FORM BOP44

Point of contact

Balance of Payments Section
Central Statistics Office
Ardee Road
Rathmines
Dublin 6

Tel. 353 1 498 4062 or 498 4234

INDEX

I. INTRODUCTION

Form BOP 44 is intended to cover the activities of Stand-alone Treasury companies which provide internationally traded financial services.

The notes in this section are intended as guidelines on completing the form and care should be taken to read them before completing it. However, not all situations can be covered in these notes. Please contact us if you need further guidance.

The BOP 44 form is designed to give a summary of all transactions of the Stand-alone Treasury company. All changes in assets and liabilities are to be reported including the following:

- Principal and income flows, on an accruals basis, relating to the lending, leasing, sales finance activities and other income flows.
- Ownership and investment into the Treasury company by shareholders.
- Operating costs of company including fees; those relating to investment advice, administration, custodian services, commissions, brokerage etc.
- Profits earned and dividends payable.
- Investment assets of the Treasury company in Equities, Bonds and Notes, Bank Deposits etc. Transactions and balance sheet positions, together with related investment income earned, on an accruals basis, are to be reported. Also required are the valuation changes due to market price and exchange rate changes.

II. WHO SHOULD REPORT

Stand-alone Treasuries are required to complete the form.

All entities that receive a copy of the survey forms must respond with a completed return to CSO **within 21 days** of receipt of the survey forms.

III. WHAT SHOULD BE REPORTED

Profit & Loss and Balance Sheet data is to be reported giving a geographical analysis of the flows and positions in assets and liabilities of the Treasury company.

1. Categories of investment

We require assets and liabilities to be reported over the following categories:

- shareholders with 10% holding or more.
- group companies holding less than 10%.
- unconnected third parties with less than 10% shareholding.
- subsidiaries and associates of the company.

Please read the definition of direct investment in Section VI - Definitions of these notes.

2. Reporting currency

In general respondents are expected to report in Euros, (€m's rounded to the nearest million provided this does not cause material inaccuracies). If reporting in Euros is inconvenient please report in your main foreign currency clearly denoting the currency used.

When reporting in Euros, balances denominated in foreign currencies are to be converted at mid-market exchange rates on the balance sheet date, and transactions at actual rates on the date of transaction (if available, otherwise at the average market rate in the period). If a budget exchange rate is used please indicate this rate on the form.

3. Period covered

Ideally reports should relate to the calendar period specified. If your accounting period is not as specified and cannot be readily adjusted, you should report for your accounting period ending closest to the specified period and indicate this clearly on your return. It would be very useful if you could give details in a separate note of any major transactions or events which would cause differences between the reported data and calendar period data.

4. Insufficient space on the form

If you do not have enough space on any page for any item please supply a separate schedule showing the required information.

5. Residency / country data

All transactions, assets and liabilities are to be reported on a geographical basis using the country codes on the enclosed list. Particular care should be taken in respect of the following cases:

- securities which are reported as assets are to be attributed to the country of residence of the *issuer* of the securities.
- securities which are reported as liabilities are to be attributed to the country of the *beneficial owner* of the securities.

Country attribution should be based on where the counterparty is ordinarily domiciled. If there is doubt as to the country of domicile, then, as a general rule, the country of residence of any enterprise can be taken as where it is legally incorporated. In the absence of legal incorporation, the country where its centre of economic activity exists or where it is legally domiciled should be entered.

Irish branches or subsidiaries of foreign companies are considered to be Irish residents. *Securities issued by international organisations e.g. EIB, World Bank, etc. are not to be allocated to the country in which the organisation is located but rather to the individual international organisation code.*

Particular care should be taken when reporting transactions with banks. For example, borrowings from foreign banks which have Irish branches or subsidiaries should be included under country "Ireland" if the liability is carried on the books of the Irish bank.

6. Valuation

Market value should be used to report all holdings of securities. Do not report the face value of the security as the market value. The valuation approach for Equities and Bonds and Notes is set out below:

Valuation of equity securities

Equity securities should be reported at market prices. For enterprises listed on the stock exchange, the market value of your holding of their equity securities should be calculated using the market price prevailing at the open and close of business in the period.

For unlisted enterprises, if market value is not available at the close of business at period end, please estimate the market value of your holding of equity securities by using one of the following:

- a recent transaction price;
- director's valuation; or
- net asset value. (*Net asset value* is equal to total assets, including intangibles, less non-equity liabilities and the paid up value of non-voting shares). Assets and liabilities should be recorded at current, rather than historical value.

Valuation of Bonds and Notes

Bonds and notes should be recorded, excluding accrued interest (clean price basis) using one of the market valuation methods listed below in order of preference and converted to Euros, at the mid-market exchange rate prevailing at the open and close of business in the period:

- a quoted traded market price;
- the net present value of the expected stream of future payments/receipts associated with the securities;
- for unlisted securities, the price used to value securities for accounting or regulatory purposes, etc.; or
- for deep discount or zero coupon securities, the issue price should be used. Accrued interest should be recorded separately, as appropriate, in the Section dealing with 'Income earned but not paid'.

7. Treatment of securities involved in repurchase and securities lending arrangements

- Securities **acquired** under repurchase or securities lending arrangements are to be **excluded** from this form and the related collateralised loan is to be included in *Section 3.5 - Short-term loans.*

- Securities **sold** under repurchase or securities lending arrangements are to be **included on the appropriate line in** *Section 3.6 - Securities & Investments.*

- Securities **acquired** under repurchase or securities lending arrangements and subsequently sold to a third party should be reported as a **negative** holding, against the original collateralised loan.

- All valuations of securities under repurchase or securities lending arrangements should be at **market value.**

8. Treatment of depositary receipts

Depositary receipts, which denote ownership of equity or debt securities issued to non-residents, for instance, American depositary receipts (ADR) or bearer depositary receipts (BDR), should be attributed to the country of residence of the issuer of the security underlying the depositary receipt.

- Financial intermediaries should not report holdings of any securities against which depositary receipts have been issued and sold.

- If a depositary receipt has been issued before the financial institution arranging the issue has acquired the underlying securities, then that financial institution should report a negative holding in the underlying security.

9. Treatment of stripped securities

Stripped securities (strips) are securities that have been transformed from a principal amount with periodic interest coupons into a series of zero coupon securities, with the range of maturities matching the coupon payment dates and the redemption date of the principal amount.

- For official strips i.e. where an underlying issue has been designated as eligible for stripping and the issuer appoints strip dealers the strips remain the direct obligation of the original issuer and the residence of the issuer of the strips remains the same as for the original security.

- Entities who request that a settlement or clearing house create strips from an existing security issued should not report ownership of the underlying security once the strips have been created.

- For unofficial strips issued without the authorisation of the original issuer (e.g. where strips have been created and issued by a dealer with a trust or other vehicle holding the original security to back the new stripped securities in the form of a certificate issued by the trust), then the residence of the issuer of the strips is that of the entity that has issued the strips. In turn, such an issuer of strips should report its ownership of the original underlying securities which continue to exist.

- Strips with an original maturity of one year or less are classified as money market instruments.

IV. STRUCTURE OF FORM

Section 1 deals with statistical register information. Section 2 covers the profit and loss data. However, the remaining sections have a common format. It may be useful to become familiar with the elements of this format before completing the form.

Headings on the top of each page

Country of asset/ liability	Opening value of asset/ liability at 01/01/97	Changes during the year				Closing value of assets/liabilities at 31/03/97	Interest payable /earned
		Transactions		Valuation and other changes			
		Increases in assets/ liabilities	Decreases in assets/ liabilities	Exchange rate changes	Market price and other changes	(1+2-3+4+5)=	
One country per line	*1*	*2*	*3*	*4*	*5*	*6*	*7*
	€m's						

Country of asset/liability .... is the country in which the asset/liability is located. The country of asset is defined as the country of the **issuer** of the security (**not the currency or market of issue**). The country of liability is defined as the country of the creditor. Assets/liabilities with/to international organisations e.g. EIB, World Bank, etc. should be categorised under the appropriate instruments in Sections 3 and 4 and coded as appropriate for country analysis.

Opening and closing values are to be valued at market prices using mid-market exchange rates ruling at the date in question. For non-equity assets/liabilities market value should **exclude** accrued interest earned but not paid/received (clean price basis). In the case of equity investments, if market price or a recent transaction price is not available, net asset value should be used. Where market prices (or net asset values in the case of equities) cannot be readily determined, price/earnings valuation or other methods of estimating market value are acceptable. The valuation method used should be noted on the form.

Transactions are to be valued at the price at which they are entered in your books i.e. market price excluding accrued interest.

- Transactions involving the conversion of one type of foreign asset or liability for another should be shown as equal and opposite entries in the appropriate lines. An example follows below:

Example 1: An Irish Treasury - X, converts a bond valued at €100,000,000 issued by a German company Y into 50,000,000 shares in Y during the quarter. X Treasury had no other investment in Y. The treatment of interest has been excluded for simplicity.

The entries on BOP44 are:									
		Country	1	2	3	4	5	6	7
						€m's			
Section 3.6.2	Bonds and notes	Germany	100		100			0	
Section 3.6.1	Equities	Germany	0	100				100	

- Net transactions should not be shown. All transactions should be recorded on a gross basis. However, for some items such as trade payables and receivables this may not be possible. Where payments due have been netted against receipts due from the same or other debtors in a single payment/receipt the gross amounts should be reported on the appropriate lines. Where a single payment covers more than one item separate amounts should be shown under the appropriate headings.

  Valuation and other changes (Columns 4 and 5) are changes in the value of your assets or liabilities for reasons other than a transaction. Value changes caused by exchange rate changes should be reported in Column 4. Market price changes, revaluations, adjustments because of restatements of opening position compared with the closing position reported in previous forms etc. are to be included in Column 5. An accompanying note describing significant entries would be very helpful in reducing follow-up queries.

  Interest is to be recorded on an accruals (i.e. earned) basis (see EXAMPLE 2) throughout the form analysed by country and instrument type. Separate details of related outstanding interest/income at the beginning and end of the period are to be included in *Section 3.7 - Accrued income earned but not paid.*

Example 2**: (Please note that the example is on an annual basis to clarify the recording principle**)
An Irish Treasury places €100,000,000 (translated into US$) on deposit in a US bank on 1st April 1997.
Interest at 12% is paid semi-annually, payable 1st April and 1st October.
Interest earned on the accruals basis for 1997 €9,000,000 (100,000,000 @ 12% * ¾)
Interest Paid on 1st October€6,000,000
Accrued interest outstanding€3,000,000 (1.10.97 - 31.12.97)
To keep this example simple exchange rates have been eliminated.

The entries on BOP44 are:									
		Country	1	2	3	4	5	6	7
						€m's			
Section 3.6.6	Cash and Deposits	US	0	100				100	9
Section 3.7	Income accrued but not paid:								
	Bank Deposits		0	9	6			3	
MEMORANDUM		n/a	0	109	6			103	9

Memorandum Questions in Sections 3 and 4 deal with all claims on and liabilities to foreign banks (already included in the earlier categories). It is important to read the definition of foreign bank in Section VI of these notes. The purpose of these questions is to avoid double-counting with aggregate data on international banking statistics supplied by the Bank for International Settlements (BIS) and the International Monetary Fund (IMF) which is used elsewhere in the BOP compilation. It is appreciated that it may be difficult for you to determine the status of the relevant counterparty. In case of doubt, please contact this Office.

V. SECTIONS OF THE FORM

SECTION 1 covers Statistical Register Information designed to give details on the Treasury company.

SECTION 2 requests a geographical analysis of the profit and loss data for the Treasury company which provides internationally traded financial services. *In all cases interest income is to be recorded on an accruals basis*. Capital and exchange gains/losses, realised and unrealised, are to be excluded from income and entered separately under item 2.3.

Section 2.1 (a)
- interest income Interest (on an accruals basis), earned on loans to third parties and deposits with third parties should be entered here.

- finance lease interest income The interest element of lease payments *received* should be entered here.

- operating lease income Income on operating leases should be entered here.

- fee income Fee income relating to **financial services only** should be entered here.

Section 2.1(b)
Other interest receivable and similar income

- interest from group companies Interest received from group companies on loans issued or deposits, should be entered here on an accruals basis, including interest income from sales financing arrangements.

- interest from Bonds & MMI's Requests interest income on an accruals basis from Bonds & Notes or Money Market Instruments.

- interest income from Derivatives Net interest income receivable (include with positive sign)/payable (include with negative sign) on interest rate swaps, cross-currency interest rate swaps, and forward rate agreements (FRA's), should be recorded here. All other income on derivatives which is not related to interest payments/receipts should be recorded under Capital & Exchange gains/losses.

Section 2.2(a)
Interest payable

- group borrowings All interest payable to related companies, on loans and deposits, should be entered here, on an accruals basis.

- other borrowings All interest payable to third parties should be entered here on an accruals basis.

- finance charges, leasing	The interest element of financial lease payments should be recorded here.
- interest payable on Bonds & MMI's	Interest payable on Bonds or MMI's issued, should be Interest payable on Bonds or MMI's entered here
Section 2.2(b) Fees payable	All fee payments in respect of **financial services** should be entered here e.g. brokerage, commissions etc.
Section 2.3 Capital&Exchange gains /losses	All capital and exchange gains/losses, both realised and unrealised, should be entered here. These gains/losses are to be excluded from income and entered separately under this item.
Section 2.4 General expenses	This section requests a breakdown of the operating costs of the Treasury company, Expenses are analysed under the following headings: Wages and salaries, Professional fees such as legal and accounting/audit fees, computer services, insurance premiums and depreciation.
Section 2.5 Other operating costs	Any operating costs (excluding depreciation) not already detailed in the previous items should be entered here.
Sections 2.6 - 2.9	These items correspond with the entries on your P&L account for tax, profits, dividends and retained earnings.
SECTION 3 ASSETS	This section deals with the balance sheet information relating to assets and requires instrument and geographic analysis.
Section 3.1 Tangible fixed assets	The market value of fixed assets such as the business premises, computer and other office equipment, furniture. Aircraft or other assets leased on ***operating leases*** *(where the Treasury company is the lessor)* should be included. Vehicles owned by the company should also be included.
Section 3.2 Debtors	Any trade debtors should be entered in this section. These are to be categorised under the following headings: • Intra-group debtors which are sub-divided into:- a) debtors who are your immediate parent b) debtors who are your direct and indirect subsidiaries and associated companies c) debtors who are other group companies • Debtors who are third parties
Section 3.3.1 & Section 3.3.2 Finance leases	The opening and closing values in **financial** leases should be entered here together with any transactions and valuation changes. The capital element only should be reported in the position and transactions data, *Columns 1,2,3 and 6*. Accrued interest should be reported separately in *Column 7.* Finance leases are to be categorised as Intra-group (with similar sub-categories as for Debtors, see 3.2 above) and to third parties.
Section 3.4 & 3.5 Long-term and Short term loans	Loans made by the Treasury company including collaterized loans should be entered in this section. Long-term relates to loans having an **original maturity** of more than one year - *regardless of the remaining time to maturity.* Short-term relates to loans and overdrafts having an **original maturity** of one year or less. Both are to be categorised as Intra-group (with similar sub-categories as for Debtors, see 3.2 above) and to third parties.

Section 3.6 Securities and Investments	This section covers the investments of the company in tradable securities, property, unit trusts and cash and deposits. Also required are data on derivatives positions.
Section 3.6.1 Equities	records equity investments valued at market price for Treasury companies by country of issuer (**not currency or market of issue**).
Section 3.6.2 Bonds and notes	Bonds and notes are to be recorded so that details of the capital and interest are shown separately. The capital element is to be recorded at market price **excluding accrued interest**. The entry under *"Interest earned" (column 7)* should be interest earned on an accruals basis in the period.
	Outstanding interest and the movement in interest are to be entered in *Section 3.7 Accrued income earned but not paid - Bonds and notes.* Examples 3, 4 and 5 overleaf illustrate the treatment of bonds.
Zero coupon and Deep discount bonds (3.6.2)	Zero coupon bonds and deep discount bonds should be valued at the current market price of the original investment excluding the effect of accrued interest and recorded in *Section 3.6.2 - Bonds and notes.*
	The accrued interest that is capitalised over the term of the bond should be recorded as income. Therefore the difference between the issue price and the redemption price is recorded as interest over the term of the zero coupon bond in column 7 "Interest earned" of *Section 3.6.2 - Bonds and notes.*
	The outstanding interest accumulating over the term of the bond is to be recorded in *Section 3.7 Accrued income earned but not paid - Bonds and notes*.
	Other market price changes should be recorded under "Market price and other changes" in *Section 3.6.2 - Bonds and notes.*

Example 3 : (Please note that the example is on an annual basis to clarify the recording principle).
An Irish Treasury buys a 12% US bond on 1st April for €102,000,000 (€100,000,000 market value excluding accrued interest + €2,000,000 accrued interest). Interest at 12% is paid semi-annually, on 31st January and 31st July.
Interest earned on the accruals basis for the year €9,000,000 (100,000,000 @ 12% for 9 months). Interest Paid on 31st July €6,000,000. Accrued interest outstanding at year end €5,000,000 (1st August - 31st Dec). *For simplicity the effect of exchange rates has been ignored.*

The entries on BOP44 are:

		Country	1	2	3	4	5	6	7
						€m's			
Section 3.6.2	Bonds and Notes	US	0	100				100	9
Section 3.7	Income accrued but not paid:								
	Bonds and Notes		0	11 (9+2)	6			5	

Example 4: An Irish Treasury buys a 12% US bond on 1st April for €103,000,000 (€100,000,000 + €3,000,000 accrued interest) and sells it one month later for €104,000,000 (€100,000,000 market value excluding accrued interest + €4,000,000 accrued interest). Interest at 12% is paid semi-annually, on 1st January and 1st July.*For simplicity the effect of exchange rates has been ignored.*

The entries on BOP44 are:

		Country	1	2	3	4	5	6	7
						€m's			
Section 3.6.2	Bonds and Notes	US	0	100	100			0	1
Section 3.7	Income accrued but not paid:								
	Bonds and Notes		0	4 (3+1)	4			0	

Example 5: (Please note that the example is on an annual basis to clarify the recording principle).
An Irish Treasury invests €60,000,000 in a US zero-coupon bond on 1st January which is issued at a discounted price of $60 and will be redeemed at par value i.e. $100, in five years time. The interest rate that applies is 10.75% on a compound basis.
For simplicity the effect of exchange rates has been ignored.

The entries on BOP44 are:

		Country	1	2	3	4	5	6	7
						€m's			
Section 3.6.2	Bonds and Notes	US	0	60				60	6.5
Section 3.7	Income accrued but not paid:								
	Bonds and Notes		0	6.5	0			6.5	

Money market instruments (3.6.3)

Money market instruments should be treated in the same way as conventional bonds or zero coupon bonds as appropriate.

Derivatives (3.6.4)

Over-the-counter and exchange traded derivative contracts**, with the exception of OTC options sold** should be treated as assets. All derivative contracts are to be included in the opening and closing positions at marked-to-market value **not nominal value**. *Contracts with a negative marked-to-market value should be subtracted from contracts with a positive marked-to-market value. These should be included as* **assets** in **Section 3.6.4**.

Please note the following:

In relation to exchange traded derivatives:

- If **variation margin** calls result in a payment or receipt of funds, they should be recorded as transactions in derivatives in **Section 3.6.4**. Payments should be entered as "increases in assets"; while receipts as "decreases in assets".
- **Initial margins** and other repayable deposits held as margin accounts should be included as assets in "Cash and bank deposits**" (*Section 3.6.6 of the form***).
- Any transaction in the underlying instrument or commodity should be excluded from derivatives but included under the appropriate financial instrument heading e.g. equities, bonds etc.

In relation to over-the-counter derivatives:

- For **interest rate swaps** and **forward rate agreements** (FRAs) net interest receipts should be reported as transactions in derivatives and recorded as "decreases in assets" in **Sections 3.6.4.** Net interest payments, which are effectively decreases in liabilities, should be recorded as "increases in assets" in **Sections 3.6.4.**
- For **cross currency interest rate swaps** net interest flows should be treated as transactions in derivatives.

At expiry of the contract, in addition to the net interest flow:

◆a settlement resulting in a net receipt of currency should also be recorded as a transaction in derivatives in **Section 3.6.4** under "decreases in assets". If the settlement results in a net payment of currency the amount involved

should be recorded as a transaction in derivatives in Section 3.6.4 under "increases in assets"

◆if a settlement results in an exchange of principals the difference between the principal translated at the exchange rate agreed in the swap contract and at the market rate at settlement should be recorded as a transaction in derivatives as described above.

- For **forward foreign exchange contracts** at expiry the difference between the amounts converted at the contract rate and at the market rate prevailing should be recorded as a transaction in derivatives in **Section 3.6.4.** If this settlement results in a gain this gain should be recorded as “decreases in assets”; losses, which are effectively decreases in liabilities, should be recorded as “increases in assets”.

- For **options** purchased the related premium payments should be recorded as transactions in derivatives under “increases in assets” in **Section 3.6.4.**

  ◆If the **option** is exercised the net settlement flows should be recorded as transactions in derivatives as “decrease in assets” in **Section 3.6.4.**

  ◆Similarly, if the **option** being exercised results in the delivery of the underlying instrument the difference between amounts converted at the strike price and at the market price of the underlying instrument (net settlement) should be recorded also as transactions in derivatives. However, the underlying instrument should be recorded as a transaction in that instrument at market price.

  Any transaction in the underlying instrument or commodity should be recorded at market price under the appropriate instrument heading in **Section 3.6 - Investments**. See the following examples

Example 6: A Treasury company purchases a call option on an equity currently trading at 100c from a US Investment house.

- The premium is 4c.
- The strike price is 110c.
- The market price at the expiry date 3 months later is 115c.
- The option is for 10,000,000 shares.

The premium is recorded as a transaction in derivatives of €400,000 (10,000,000 X €0.04). The closing position should be entered in column 6 and the changes in the marked to market value of the contract over the life of the option are recorded under “Valuation and other changes”.

At expiry the Treasury company records a transaction of €(10,000,000 X 0.05) = €500,000, **the difference between the strike price and the market price** under column 3 and the closing position in derivatives is zero. The equities purchased are included at market price under *Section 3.6.1 equities*.

The entries on BOP44 are:									
		Country	1	2	3	4	5	6	7
						€m's			
Section 3.6.4.3	Derivatives O-T-C Options	US	0	0.4	0.5	0.1		0	0
Section 3.6.1	Equities	US	0	11.5	0			11.5	

Example 7: An Irish Treasury enters into a forward contract during the quarter to buy $16,000,000 for € at a rate of €1 = $1.60 at the quarter end.

At the outset the contract has zero value. Changes in the marked to market value of the contract over its life are recorded under "Valuation and other changes".

At the time of delivery the market rate is €1 = $1.50. The Irish Treasury taking delivery records a transaction under column 3 (an asset position in the foreign exchange forward contract is extinguished) of ($16,000,000/1.6) - ($16,000/1.5) = €667,000.

The entries on BOP44 are:									
		Country	1	2	3	4	5	6	7
						€m's			
Section 3.6.4.4	Derivatives Forward contracts	US	0	0	0.7	0.7	0	0	0

Section 3.7
Accrued income earned but not paid

Accrued income relating to income earned (accrued) but not paid by instrument should be entered here. The data required is

Column 1 - Income accrued but unpaid at the beginning of the period.

Column 2 - Income purchased and net income earned in the period.

Column 3 - Income sold and income received in the period.

Column 4 - Exchange movements on income in the period.

Column 5 - No entry.

Column 6 - Income accrued but unpaid at end of period.

A geographical analysis is not required.

Section 3.8
Other assets

Any other assets including tax should be included and detailed where necessary. These are to be categorised as Intra-group (with similar sub-categories as for Debtors, see 3.2 above) and with third parties.

SECTION 4
LIABILITIES
Section 4.1 & 4.2
Long-term and short-term loans

Long-term refers to loans having an **original maturity** of more than one year - *regardless of the remaining time to maturity.*
Short-term refers to loans and overdrafts having an **original maturity** of one year or less. Loans are to be categorised under the following headings:

- Intra-group loans which are sub-divided into:-
  a) from your immediate parent
  b) from your direct and indirect subsidiaries and associated companies
  c) from other group companies

- Loans from third parties

Section 4.3
Creditors

Trade creditors should be included here. These are to be categorised into Intra-group (with similar sub-categories as for Loans, see 4.1 above) and third party creditors.

Section 4.4
Finance leases

Opening and closing values and related transactions in finance leases where the company is the lessor should be entered here. The capital element of the lease should be included in *columns 1-6*. The interest payable should be entered in *column 7 - interest payable.* These are to be categorised into Intra-group (with similar sub-categories as for Loans, see 4.1 above) and with third parties..

Section 4.5
Derivatives sold

These cover all derivatives sold where a definite liability has been established, and normally only includes options sold (see notes above on Section 3.6.4 and also Section 6 - Definitions). These are to be categorised into Intra-group (with similar sub-categories as for Loans, see 4.1 above) and third parties.

Section 4.6
Other accounts payable and accruals

This section covers all other liabilities such as payables and accruals. These are to be categorised into Intra-group (with similar sub-categories as for Loans, see 4.1 above) and third parties.

If these items are substantial, a note explaining the nature of the liability would be helpful.

Section 4.7
Accrued income due but not paid

This section covers accrued income due but not paid. It should be completed in the same way as outlined in *Section 3.7* above.

Section 4.8
Bonds and notes issued

Bonds and notes issued by the company, having an original maturity of one year or more should be entered here, analysed by the country of the beneficial holder of the security. These are to be categorised into Intra-group (with similar sub-categories as for Loans, see 4.1 above) and third parties.

Section 4.9
Money Market Instruments

Money Market Instruments issued by the company, having an original maturity of one year or less should be entered here, analysed by the beneficial owner of the security. These are to be categorised into Intra-group (with similar sub-categories as for Loans, see 4.1 above) and third parties.

SECTION 5

Section 5.1

Investment by shareholders holding **10% or more** of the company's equity (**Section 5.1.1).**

Investment by group companies holding **less than 10%** of the company's equity (**Section 5.1.2).**

Investment by third parties with **less than 10%** of the company’s equity **(Section 5.1.3).**

Investment into the treasury company by subsidiaries and associates **(Section 5.1.4).**

VI. DEFINITIONS

Equity

Equity securities are ordinary shares which give the holder the right to a proportional share of the net assets of the company. Other forms of security which do not have this characteristic even if described as "shares" e.g. non-participating preference shares should be included under *Bonds and notes.*

Include:

- ordinary shares;
- stocks;
- participating preference shares;
- depositary receipts (e.g., American depositary receipts) denoting ownership of equity securities issued, see these notes Section III.8 (**What should be reported**);
- equity securities that have been sold under repurchase agreements; and
- equity securities that have been lent under a securities lending arrangement, see Section III.7 (**What should be reported**).

Exclude:

- non-participating preference shares (include these instruments under *Bonds and notes*);
- rights, options, warrants, and other derivative instruments;
- equity securities that have been bought under repurchase agreements; and
- equity securities that have been acquired under a securities lending arrangement, see Section III.7 (**What should be reported**).

Bonds and notes-(having an original maturity of more than one year)

Bonds and notes refer to bonds, debentures, notes, etc. that usually give the holder the unconditional right to a fixed money income or contractually determined variable money income and have an original term to maturity of over one year.

Include:

- bonds such as treasury, zero coupon, stripped, see Section III.9 (**What should be reported**), deep discounted, currency linked (e.g. dual currency), floating rate, equity-related (e.g., convertible bonds), Eurobonds;
- asset-backed securities such as mortgage backed bonds, collateralized mortgage obligations (CMO);
- index-linked securities (e.g. property index certificates);
- non-participating preference shares;

- floating rate notes (FRN) such as perpetual notes (PRN), variable rate notes (VRN), structured FRN, reverse FRN, collared FRN, step up recovery FRN (SURF), range/corridor/accrual notes;
- Euro medium-term notes (EMTN);
- schuldscheine (German) notes;
- bonds with optional maturity dates, the latest of which is more than one year after issue;
- debentures;
- negotiable certificates of deposits with contractual maturity of more than one year;
- other long-term securities;
- bearer depositary receipts denoting ownership of debt securities issued see Section III.8 (**What should be reported**);
- debt securities that you have sold under repurchase agreements; and
- debt securities that you have lent under securities lending arrangement see Section III.7 (**What should be reported**).

Exclude:

- derivative instruments;
- loans;
- trade credit and accounts receivable;
- money market instruments (e.g., treasury notes, banker's acceptances, certificates of deposit with contractual maturity of one year or less, note issuance facilities, revolving underwriting facilities, and promissory notes);
- debt securities that you have bought under repurchase agreements; and
- debt securities that you have acquired under a securities lending arrangement see Section III.7 (**What should be reported**).

Asset-backed securities

In reporting the market value of holdings of asset-backed securities, the respondents must be aware of the possibility of early partial redemption of principal. The market value of the principal amount outstanding at open and close of business in the period should be reported; if principal has been repaid, this market value will not be the same as the original face value revalued at end-period market prices.

Money market instruments (with an original maturity of one year or less)

Money market instruments are securitised instruments for which there is an organised secondary market. Money market instruments are generally of shorter maturity than bonds.

Include:

- Bankers acceptances;
- Commercial paper;
- Floating rate notes;

- Negotiable certificates of deposit with a contractual maturity of one year or less;
- Treasury bills and other short term tradable Government debt securities;
- Bonds with an original maturity of one year or less;
- Any other of the debt securities having an original maturity of one year or less.

Derivatives

Financial derivatives are financial instruments that are linked to the price performance of an underlying security, commodity etc. and which involve the trading of financial risk. They should be classified under the relevant headings in the form;

- Interest rate and cross currency swaps;
- Exchange traded - options and futures;
- Over-the-counter options;
- Forwards.

The following are not to be regarded as derivatives:

- **Contingencies such as guarantees and letters of credit**. These are not considered to be financial derivatives as their purpose is not to facilitate the trading of financial risk but rather to make payments under specified conditions.
- **Embedded derivative-like features** of standard financial instruments that are an inseparable part of the underlying instrument are not considered to be financial derivatives for statistical purposes because the risk element cannot be separately traded.
- **A fixed price contract** is not a financial derivative if the main purpose is to deliver an underlying item in exchange for cash (or some other asset). For example, a commercial contract to deliver a commodity is not a derivative unless, like commodity futures, it is traded as a standardised contract on an exchange in a way that financial risk can be traded.

Long-term and short-term loans are in general conducted between an individual or syndicated lender and an individual borrower. As with bonds, long-term means having original maturity of more than one year.

Repurchase and Securities lending arrangements

A *repurchase agreement* (repo) is an arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a fixed price on a specified future date. A *reverse repo* is the same transaction seen from the other side, that is, an agreement whereby a security is purchased at a specified price with a commitment to resell the same or similar securities at a fixed price on a specified future date. *Securities (or stock) lending* is an arrangement whereby the ownership of a security is transferred in return for collateral, usually another security, under the condition that the security or similar securities will revert to its original owner at a specified future date.

Other accounts payable and accruals includes all assets and liabilities not classified to one of the earlier headings.

Direct Investment

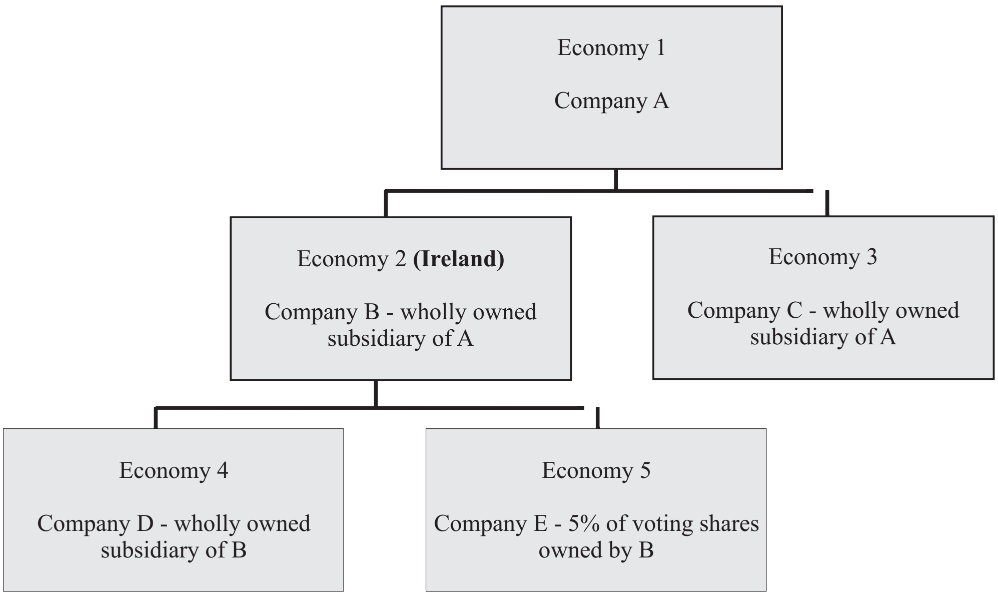
Direct Investment and Portfolio Investment. For Balance of Payments purposes, direct investment involves an entity (the direct investor) acquiring an intended long-term interest in another enterprise (the direct investment enterprise). This long-term interest is defined as a holding of at least 10% of the voting share capital. The direct investment relationship can extend to a number of companies in the wider group. Fellow enterprises are defined as those enterprises that are under the control or influence of the same immediate or indirect investor, but neither fellow controls or influences the other fellow enterprise.

Investors not classified as direct investors are "portfolio" investors. Examples are:

(i) an individual with a less than 10% holding of the voting shares

(ii) companies in which you hold less than 10% of the voting shares.

The diagram and paragraph below illustrate these investment relationships and the reporting categories on the form:



Economy 2 is Ireland and Company B is the Reporting Entity:

- Company A is the immediate parent (direct investor) of company B. Company B reports its consolidated value to its shareholder, Company A, in Section 5 in the "by shareholders with 10% holding or more" category.

- Company D is a direct subsidiary (direct investment enterprise) of Company B. Company B reports the consolidated value of its investment in Company D in Section 3, sub-category 6.1. This is unusual for treasury companies. Please notify us if such a situation exists, using the contact numbers on page 1.

- Company B is a portfolio investor in Company E. Company B reports the consolidated value of its investment in Company E in Section 3, sub-category 6.1.

- As Company A is the immediate parent (direct investor) of Company B, Company B reports transactions with Company A in the category titled "Intra-group - (a) from your immediate parent" in Sections 3 and 4 of the form.

- As Company D is a direct subsidiary (direct investment enterprise) of Company B, Company B reports transactions with Company D in the category titled "Inter-group - (b) from your direct and indirect subsidiaries and associated companies" in Sections 3 and 4 of the form.

- Company C is another group company under the control of the same immediate investor but Companies B and C do not control each other (Company C is a fellow company of Company B). Company B reports transactions with Company C in the category titled “Intra-group - (c) from other group companies” in Sections 3 and 4 of the form.

- Company B is a portfolio investor in Company E and reports transactions with Company E under the category titled “from third party” in Sections 3 and 4 of the form.

Third parties

All persons, individual or corporate, not classed as direct investors or direct investment enterprises are to be covered under this heading. Examples are:

(i) unconnected shareholders who each control less than ten per cent of the shares;

(ii) government or supra-national agencies; and

(iii)the affiliates of other Irish companies.

Profits

Profits for *Balance of Payments purposes* broadly follow the same method of calculation as standard Profit & Loss statements for Profits after tax and minority interests. However, the following should be ***excluded***:

- capital and exchange gains/losses, realised or unrealised;
- the write-off of abnormal bad debts and related provisions;
- revaluation gains/losses; and
- ·extraordinary items.

Credit Institutions

Credit institutions are regarded as providers of conventional banking services by the banking authorities in the country concerned.

Irish credit institutions include :

- Irish branches of Irish banks and building societies;
- Irish branches of foreign banks; and
- Irish bank subsidiaries of foreign companies (bank and non-bank).

Irish credit institutions exclude:

- foreign branches of Irish banks;
- foreign banks i.e. that are located abroad; and
- foreign banking subsidiaries of Irish companies.

Official international agencies such as the European Investment Bank, the World Bank etc. should not be treated as banks.

Updated March 2012