

CONFIDENTIAL
BOP 62A

CENTRAL BANK OF MALTA
CASTILLE PLACE
VALLETTA



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION

STATISTICS

EXCHANGE BUREAUX QUARTERLY QUESTIONNAIRE

Authority:

The data are being requested in terms of the Central Bank of Malta Act (CAP. 204) as amended.

Confidentiality:

The Central Bank of Malta Act guarantees the strict confidentiality of all information collected.

Purpose:

The data are required to prepare statements on both Malta's balance of payments transactions as well as the international investment position.

Guidelines

1. Filing of Reports:

Kindly send the completed form to the Central Bank of Malta, Valletta within **three weeks** of receipt. If you need any assistance please contact any of the following: Mr Ivan Ciappara, Ms Vivien Rizzo or Ms Dorianne Sammut at the Central Bank of Malta on telephone number **25500000** or send an email to bop@centralbankmalta.org.

The reports must be submitted electronically in the form or format set by the Central Bank of Malta.

The name in capital letters, email address and telephone number of the authorised official must be identified in the allotted space.

2. Reporting Entity:

This report should be completed on a consolidated basis in respect of the institution named on the form and any of its branches in Malta.

3. Residency:

For balance of payments purposes, a resident is defined as any individual, enterprise, bank or any other organisation that is ordinarily domiciled in Malta. Branches, subsidiaries and affiliates of non-resident enterprises domiciled in Malta are also regarded as residents of Malta. "Ordinarily domiciled" is defined as an entity that has a centre of economic interest in Malta; such as, for instance, an enterprise that engages in the production of goods or services for export.

Only those International Trading Companies that are legally registered in Malta and have a physical presence as well as a significant degree of economic activity in Malta are to be considered as resident.

A non-resident of Malta is any individual, enterprise, bank or other organisation that is ordinarily domiciled in a country other than Malta. Overseas branches and subsidiaries of Maltese enterprises/banks are regarded as non-residents.

4. Valuation and time of recording

4.1 Recording of transactions

Transactions are to be valued at the actual market prices agreed upon by the transacting parties. Transactions should be recorded when an economic value is created, transformed, exchanged, transferred or extinguished. **Net transactions should not be shown. All transactions should be recorded on a gross basis.**

4.2 Services, income and current transfers transactions

Service transactions are to be recorded when the services are actually rendered (i.e. delivered or received); the date often coinciding with the date on which the service/s is/are produced.

Interest income is recorded on an accrual basis, while dividends are to be recorded as of the date on which they are paid.

Taxes, fines and other forms of transfers to another non-resident party are to be recorded upon occurrence of the underlying transactions or other flows that give rise to such claims and liabilities.

4.3 Valuation of financial account transactions/positions

4.3.1 Transactions

Financial account transactions are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price.

Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

4.3.2 Data on the reported position for equity and debt securities

4.3.2.1 Investment in equity securities

Assets

Investment in equity securities should be reported at the closing market prices converted to Euro using the exchange rate prevailing at the close of business on the last working day of the quarter.

Liabilities

For institutions listed on a stock exchange, the market value of the reporting enterprise's issue of equity securities should be calculated using the market prices prevailing on the respective stock exchange at the close of business on the last working day of the quarter.

For unlisted institutions that are not in a position of quoting a market value for their equity issued capital, the respondent is requested to give an estimate by using one of the following methods:

- A recent transaction report;
- 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 reported at current rather than at historical value)

4.3.2.2 Issue of debt securities

Any issue of debt securities should be recorded using one of the market valuation methods listed below (in descending order of preference) and converted to Euro using the exchange rate prevailing at the close of business on the last working day of the quarter.

- A quoted, traded market price at the close of business on the last working day of the quarter.
- The 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.
- For discount or zero coupon securities, the issue prices plus the amortisation of the discount.
- For debt instruments issued at a premium, the issue price less the amortisation of the premium.

5. Structure of Form BOP 62 -:

Form BOP 62 collects information on balance of payments transactions and the external financial assets and liabilities of the reporting institution.

5.1 Headings at the top of Part A and B

The model of Part A and B consists of two parts (i.e. assets/liabilities and for the related interest).

B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Country	Sector of Issuer	Position at Beginning of Period	Increase due to Transactions	Decrease due to Transactions	Market price changes	Exchange rate changes	Other Changes	Position at End of Period	Position of accrued interest at Beginning of Period	Accrued interest in the course of the period	Received and sold interest in the course of the period	Paid and purchased interest in the course of the period	Revaluation and other changes	Position of accrued interest at the end of the period	Dividends received\ paid

5.1.1 Part A and Part B - Assets and Liabilities

In column B - Country report the country of residence of the creditor or debtor in the case of loans and deposits. In case financial derivatives are reported, the country of residence of the foreign counterpart should be specified. For portfolio investment report the country of residence of the issuer, while for foreign direct investment report the country of residence of the foreign direct investor. If the opening and closing positions for particular countries are

less than €10,000, the amounts relating to these countries may be consolidated and attributed to the country having the largest amount.

In column C - Sector of issuer report the breakdown by the sector of issuer. This breakdown must be made using the following three-letter abbreviations in the sector of issuer column:

- **MON (Monetary Authorities).** These include central banks and other institutions that are involved in the issuance of means of payment, maintain the internal and external value of the currency and hold all (or part of) a country's official reserves, as well as the International Monetary Fund (IMF) and the Bank for International Settlements (BIS);
- **MFI (Monetary Financial Institutions).** These include merchant and universal banks, savings banks (including savings and credit associations), postal cheque and giro services, post banks, giro banks, agricultural credit associations, co-operative credit institutions, credit associations and specialised banks. For MFIs established within the Euro zone you can consult the MFI list (also available on the ECB's website at <http://www.ecb.int/>);
- **GOV (Government).** This sector includes the administrative institutions of the state, such as ministries and non-profit organisations that are regulated and funded principally by the central government. It also includes local organisations responsible for public administration, such as, for instance, local councils;
- **OFI (Other Financial Institutions).** This category comprises all financial institutions with the exception of monetary institutions, other MFI's pension funds and insurance companies. Examples are specialised financial institutions like lease companies, venture capital companies, insurance agents, stockbrokers, stock exchange institutions and holdings whose sole activity is the management of a group of subsidiaries;
- **NFI (Non-Financial Institutions).** Non-financial institutions are companies with corporate personality whose main activity involves the production of goods and services;
- **INS (Insurance Companies);**
- **PFN (Pension Funds);**
- **OTH (Other Sectors).** This category comprises all sectors that are not included elsewhere, such as sole traders, firms without legal personality and households (including non-profit organizations serving households such as trade unions, professional organizations, charities etc).

In column D - Position at beginning of period report the opening position of the market value of the foreign financial claims and liabilities of the reporting enterprise at the beginning of the quarter. The opening position should agree with the closing position reported at the end of the preceding quarter.

Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the previous quarter.

In column E - Increase due to transactions report those transactions relating to the acquisition of the reporting institution financial claims on and/or liabilities to non-residents. Examples of transactions that increase the assets or liabilities of the enterprise include:

- Loans to non-residents;
- Increase in deposits held with foreign banks;
- Drawdowns of foreign loans obtained from non-residents;
- Purchase of the reporting enterprise's shares by non-residents.

In column F - Decrease due to transactions report those transactions relating to the disposal of the reporting institution financial claims on and/or liabilities to non-residents. Examples of transactions that decrease the assets or liabilities of the enterprise include:

- Withdrawals from deposits held in foreign banks;
- Repayments of foreign loans obtained from non-residents;
- Receipt in respect of receivables/payables;
- Sales of the reporting enterprise's shares by non-residents.

In column G - Market price changes report changes in the market value of the reported security. See note 4.3 on valuations.

In column H - Exchange rate changes report the impact on the stock of financial assets and liabilities due to changes in the exchange rate between the Euro and other currencies in which these assets and liabilities are denominated. Middle exchange rates against the Euro can be found on the web site of the Central Bank of Malta (i.e. <http://www.centralbankmalta.com>).

In column I - Other changes report all other differences in value relative to the data in the previous report. In order to reduce the number of questions that might be asked after the report is submitted, it is advisable to provide separate details for substantial amounts. Examples include reclassifications (such as from portfolio to direct investment when the 10 percent equity holding is exceeded), unilateral cancellation of debt by a creditor etc.

In column J - Position at end of period report the market value of the claims and liabilities of the reporting enterprise at the end of the quarter. Positions denominated in foreign currencies should be converted to the Euro using the exchange rate prevailing at the close of business on the last working day of the quarter.

5.1.2 Interest and Dividends

In column K – Position of accrued interest at the beginning of the period report the amount of accrued interest at the beginning of the reporting quarter. The position must agree with the position at the end of the previous quarter.

Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the quarter.

In column L - Accrued interest in the course of the period report interest accrued (i.e. receivable/payable) during the course of the period. Accrued interest should be converted to the Euro by using the middle rate of the appropriate buy and sell rates for the period when the interest accrues. Thus, in column L report:

- Interest due and not received (in Part A) – i.e. accrued interest receivable, which has not yet been debited to the relevant accounts.
- Interest accrued and unpaid (in Part B) – i.e. accrued interest payable, which has not yet been credited to the relevant accounts.

In column M – Received and sold interest in the course of the period report interest actually received or sold during the reporting period. When interest matures and part of this interest is not received, please record all the interest in Column M. However, report that part of the interest not yet received under “*Other Assets held abroad (please specify)*” as “*interest arrears*”. Please refer to example 2.

In column N – Paid and purchased interest in the course of the period report interest actually paid or purchased during the reporting period. When interest matures and part of this interest is not paid, please record all the interest in Column N. However, report that part of interest not yet paid under “*Other liabilities with non-residents (please specify)*” as “*interest arrears*”. Please refer to example 2.

In column O – Revaluation and other changes report all other differences in value relative to interest data reported earlier (e.g. exchange rate changes).

In column P - Position of accrued interest at end of period report the amount of accrued interest at the end of the reporting period. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the period.

In column Q – Dividends received/paid report any dividends and remittances of profits earned from the ownership of stock (shares) or equivalent equity interest in enterprises. These amounts should be recorded on the basis of dividends actually received/paid from/to non-residents during the period. Moreover, any property income earned/ paid should also be reported in this column.

5.2 Part C - Business Services

This section of the questionnaire collects information on the international service transactions and transfers conducted by the reporting institution.

In column B “Country” report the country of residence of the non-resident transacting party. If the transactions for particular countries are less than €10,000, the amounts relating to these countries may be consolidated and attributed to the largest country.

In column D “Receipts from non-residents” include amount received or receivable for services (and transfers) provided to non-residents for which payment is made directly to the reporting institution by a non-resident entity.

In column E “Payments to non-residents” include amounts paid or payable for services (and transfers) provided by non-residents, and paid for directly by the reporting institution.

Example:

A Maltese institution received commission fees (financial services) of £25 thousands from a company in the UK and paid computer services of \$35 thousands to a company in the USA. Moreover, this institution purchased communication services of \$15 thousands from Germany.

Transaction exchange rates:

€/£ = 1.5

€/\$ = 2.5

A	B	C	D	E
Part C	Country	Sector of Issuer	Receipts € '000	Payments € '000
Communication	JAPAN			6
Computer Services	USA			14
Financial Services	UK		17	

6. Explanatory notes regarding rows to be filled-in:

Please note that the shaded cells in the entire questionnaire need not to be completed either because the information requested is not required on a quarterly basis and/or because the category in the question is not applicable.

6.1 Part A - Assets held with non-residents

In row 1 “Cash in foreign currency and coins” report the foreign currency notes and coins in the vaults or tills of the reporting institution and all of its branches.

In row 7 “Loans to foreign parent” report those financial assets created through the direct lending of funds (including financial leases) by the reporting enterprise (in the role of subsidiary to foreign parent - lender) to its foreign parent (borrower) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

In row 8 “Loans to subsidiaries and affiliates” report those financial assets created through the direct lending of funds (including financial leases) by the reporting enterprise (lender) to its subsidiaries and affiliates abroad (borrower) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

In row 9 “Loans to other non-residents: long-term” report those financial assets created through the direct lending of funds (including financial leases) by the reporting enterprise (lender) to other non-residents (borrower) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

Under this item report only loans to other non-residents with **an original maturity of one year or over**.

In row 10 “Loans to other non-residents: short-term” See row 9 above. However, only loans with a **maturity of less than one year** should be reported under this item.

In row 12 “Deposits held in foreign banks and other institutions abroad” include all claims reflecting evidence of deposit other than transferable deposits. These include non-transferable savings deposits, time deposits and deposits in savings and loan associations, building societies etc. These deposits are generally redeemable on demand or at a short notice but cannot be readily transferred to another party by way of cheque or similar payment order.

Exclude: Negotiable certificates of deposit, which should be classified in row 18 if these, are of a maturity of more than one year; and in row 19 if these are of a maturity of less than one year.

In row 13 “Current account deposits held abroad” report transferable deposits that are exchangeable on demand at par without restriction or penalty, freely transferable by cheque or giro order, and otherwise commonly used to make payments. Any overdrawn accounts should be netted.

In row 15 “Equity investment abroad in subsidiaries and affiliates” report equity investment in a non-resident enterprise in which the reporting institution owns 10 percent or more of the ordinary shares or voting power. This includes those entities that are subsidiaries, associates and branches either directly or indirectly owned by the reporting institution. Also, the purpose of the equity investment must be one of acquiring a more or less permanent interest in the enterprise; whereby a certain degree of control (i.e. ‘significant influence’ and a ‘long-term relationship’) is obtained in the management of the enterprise, which contrasts

with the motives of, say, investors in securities. Equity investment of less than 10 percent should be reported in row 16.

In row 16 “Equity securities” include equity securities invested directly abroad. Any equity securities invested through a local investment service provider should be excluded.

- Ordinary shares;
- Participating preference shares;
- Depository receipts e.g. American depository receipts;
- Shares/units in mutual funds and investment trusts;
- Equity securities that have been lent under a securities lending arrangement.
- Equity securities that have been sold under repurchase agreements

Excluded are:

- Non-participating preference shares;
- Rights, options, warrants, and other derivative instruments;
- Equity securities that have been bought under repurchase agreements;
- Equity securities that have been acquired under a securities lending arrangement.

In row 18 “Bonds and notes” include bonds & notes invested directly abroad. Any bonds and notes invested through a local investment service provider should be excluded. Under this item include 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.

Examples of long-term debt securities are:

- Bonds such as treasury, zero coupon, deep-discounted, currency-linked, floating rate, convertible bonds and eurobonds;
- Assets-backed securities such as mortgage-backed bonds;
- Index-linked securities;
- Non-participating preference shares;
- Floating rate notes (FRN) such as variable rate notes (VRN), perpetual notes (PRN), etc.;
- Euro-medium term notes;
- Debentures;
- Negotiable certificates of deposit with contractual maturity of more than one year;
- Debt securities that have been lent under a securities lending arrangement;
- Debt securities that have been sold under repurchase agreements.

Excluded are:

- Derivative instruments;
- Loans;
- Trade credits and accounts receivable;

- Money market instruments with contractual maturity of one year or less;
- Debt securities that have been bought under repurchase agreements;
- Debt securities that have been acquired under a securities lending arrangement.

In row 19 “Money market paper” include money market paper invested **directly abroad**. Any money market paper invested through a local investment service provider should be **excluded**. Under this item include bills, commercial paper, bankers’ acceptances, etc. that usually give the holder the unconditional right to receive a stated, fixed sum of money on a specified date and have an original maturity of one year or less. Money market instruments are usually issued at a discount in organised markets.

Examples of short-term debt securities are:

- Treasury bills/notes;
- Bankers’ acceptances;
- Certificates of deposit with contractual maturity of one year or less;
- Commercial and financial paper;
- Promissory notes;
- Debt securities that have been lent under a securities lending arrangement;
- Debt securities that have been sold under repurchase agreements.

Excluded are:

- Bonds with optional maturity dates; the latest of which is more than one year after issue;
- Debentures;
- Negotiable certificate of deposits with contractual maturity of more than one year;
- Debt securities that have been bought under repurchase agreements;
- Debt securities that have been acquired under a securities lending arrangement;
- Derivative instruments;
- Loans;
- Trade credits and accounts receivable.

In row 21 “Receivables from foreign parent” cover receivables from a foreign direct investor who is resident in another economy and in which the direct investor owns 10 percent or more of the ordinary shares or voting power in the reporting institution. Examples of receivables include wages and salaries outstanding, prepayments of insurance premiums etc.

In row 22 “Receivables from subsidiaries and affiliates” see row 21. However, report receivables from a subsidiary or affiliate in which the reporting institution owns 10 percent or more of the ordinary shares or voting power.

In row 23 “Receivables from other non-residents: long-term” see row 21. However, report receivables from other non-residents with a maturity of more than one year.

In row 24 “Receivables from other non-residents: short-term” see row 21. However, report receivables from other non-residents with a maturity of less than one year.

In row 25 “Other assets held abroad” include any asset not specified above. Please provide details of such assets in rows 26 to 28.

6.2 Part B - Liabilities to non-residents

In row 30 “Loans from foreign parent” report those financial liabilities created through the direct borrowing of funds (including financial leases) by the reporting enterprise (borrower) from its foreign parent (lender) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

In row 31 “Loans from subsidiaries and affiliates” report those financial liabilities created through the direct borrowing of funds (including financial leases) by the reporting enterprise (borrower) from its subsidiaries and affiliates abroad (lender) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

In row 32 “Loans from other non-residents: long-term” report those financial liabilities created through the direct borrowing of funds (including financial leases) by the reporting enterprise (borrower) from other non-residents (lender) through an arrangement in which the lender either receives no security evidencing the transaction or receives a non-negotiable document or instrument.

Under this item report only loans from other non-residents with **a maturity of one year or over**.

In row 33 “Loans from non-residents: short-term” See row 32 above. However, only loans with **a maturity of less than one year** should be reported under this item.

In row 35 “Called up share capital (of non-residents) – more than 10%” report holdings of more than 10% ordinary shares (that are not or no longer freely tradable) held by non-residents in the reporting enterprise. Any share premium should also be recorded.

The purpose of the equity investment must be to acquire a more or less permanent interest whereby a certain degree of control (i.e. ‘significant influence’ and a ‘long-term relationship’) is obtained in the management of the enterprise; this is in contrast with the motives of for example: investors in securities.

In row 36 “Called up share capital issued (of non residents) less than 10%” report holdings of less than 10% of ordinary shares issued on a foreign stock exchange and held by a non resident corporate or unincorporated body in the reporting institution. Any share premium should also be recorded.

Any individual holdings of more than 10% should be reported in row 35.

Any share premium should also be recorded.

In row 38 “Payables to foreign parent” cover payables to a direct investor who is resident in another economy and owns 10 percent or more of the ordinary shares or voting power in the reporting institution.

In row 39 “Payables to subsidiaries and affiliates” see row 38. However, report payables to a subsidiary or affiliate in which the reporting company owns 10 percent or more of the ordinary shares or voting power.

In row 40 “Payables to other non-residents: long-term” See row 38. However report payables to other non-residents with a maturity of more than one year.

In row 41 “Payables to other non-residents: short-term” See row 38. However report payables to other non-residents with a maturity of less than one year.

In row 42 “Other liabilities with non-residents” include any liability not specified above. Please provide details of such assets in rows 43 to 45.

7.3 Part C – Business Services & Transfers

In row 46 “Accounting, auditing, book-keeping and tax consultancy services” include those activities related to accounting, book-keeping and tax consultancy services.

In row 47 “Advertising, market research and public opinion polling” include design, creation, marketing, placement and purchase of advertisement, trade fair exhibition services and promotion, market research and public opinion polls.

In row 48 “Business and management consultancy and public relations services” include planning, organisation cost projecting and human resource management.

In row 49 “Communication services” include telecommunications (broadcasting, satellite, electronic mail etc.), postal, courier, newspaper and magazine delivery services.

In row 50 “Compensation of employees” include wages, salaries and other benefits in cash or in kind, earned by individuals – in economies other than those in which they are residents – for work performed for (and paid by) residents of those economies; together with contributions paid by employers on behalf of employees to social security schemes or to private insurance or pension funds to secure benefits for employees.

Employees include seasonal or other short-term workers who have a centre of economic interest in their own economies.

In row 51 “Computer and information services” include data base development, storage and on line series facilities, data processing, tabulation processing services (on a time share or specific basis) and processing management services, hardware consultancy, software design, development and customised implementation and programming, maintenance and repairs of computers and peripheral equipment and news agency service.

In row 52 “Financial services” include fees for intermediation services such as lending, financial leasing, letters of credit, bankers acceptances, lines of credit, foreign exchange transactions and travellers’ cheques transactions, commissions and fees associated with security brokerage, placements of issues, underwriting, redemption, swaps, options and commodity futures and portfolio and other financial management fees.

In row 53 “Legal services” include legal advice, representation and documentation services.

In row 54 “Insurance services (please specify)” include insurance premiums and claims for insurance placed directly abroad by the reporting enterprise. Please specify any insurance services (e.g. life, freight, accident, marine etc.) in rows 55 and 56.

In rows 57 “Other services” include any other services in rows 58 to 60 transacted between residents and non-residents.

In row 61 “Taxes” include any taxes paid to non-residents as well as any refund of taxes from abroad. Interest charges on the late payment of taxes should also be included.

In row 62 “Penalties and fines” include any fines or penalties received/paid by the reporting institution.

In rows 64 to 66 “Other transfers (please specify)” include any other transfers transacted between residents and non-residents not specified elsewhere.