

THE CENTRAL BANK OF MALTA INTRODUCES HARMONISED STATISTICS ON SECURITIES ISSUES

Statistical information on issues and issuers of securities makes an important contribution to the assessment and analysis of monetary conditions. For borrowers, the issuance of securities is an alternative to bank financing while investors or buyers of securities may view such instruments as substitutes for bank deposits and other negotiable instruments. Statistics on securities issues are also important for financial market analysis, since they indicate the depth of the markets. Moreover, structural displacements in financing between the banking system and the securities markets may affect the transmission of monetary policy.

From this issue of its *Quarterly Review*, and on its website, the Central Bank of Malta will henceforth be publishing a set of statistics on securities issues in accordance with Article 15 of the ECB Guideline on monetary, financial institutions and markets statistics (recast) of 1 August 2007 (ECB/2007/9). These statistics have been compiled on a quarterly basis starting from data referring to the March quarter of 2004. They are based primarily on data provided by the MSE and credit and other financial institutions, as well as on information gathered from other sources. The statistics will show end-of-period outstanding amounts, net issues during each period and a sectoral analysis, and will cover issues by residents of Malta in any currency converted into euro using end-of-period exchange rates. The outstanding issues at the end of each reporting period will be equal to the outstanding issues at the end of the previous period plus the sum of gross issues during the period minus redemptions, adjusted for valuation changes and reclassifications. Net issues during a reporting period are the balance of all issues minus all redemptions made during the period. Issuers of securities are defined as those entities engaged in issuing securities and incurring a legal obligation to the holders of such instruments in accordance with the terms of the issue.

The statistics are presented in two Tables. The first, Table 1.20, covers debt securities (i.e. securities other than shares), while the second, Table 1.21, comprises issues of quoted shares. Debt securities comprise all financial assets that are usually negotiable and traded on recognised exchanges and that do not grant the holder any ownership rights in the institutional unit issuing them. Instruments included in this category can be characterised as providing the holder with the unconditional right to a fixed or contractually determined variable income in the form of coupon payments (interest) and/or a stated fixed sum on a specified date or dates starting from a date fixed at the time of issue. They include issues of such instruments as Malta Government Stocks, bonds – including privately placed bonds – Treasury bills and promissory notes.

Quoted shares cover all shares whose prices are quoted on a recognised stock exchange or other form of regulated market. They comprise all financial assets that represent property rights in corporations. Hence, they include capital shares issued by limited liability or public limited companies quoted on the MSE or on other exchanges, and dividend shares [i.e. shares issued instead of cash dividends]. Issues of unquoted shares, investment fund shares/units and financial derivatives are excluded.

The data are generally compiled in accordance with the European System of National Accounts (ESA 95) methodology, but some conceptual differences exist. For instance, while quoted shares are shown at market value, as stipulated by the ESA 95 methodology, debt securities, which

should also be valued at market prices, are not reported so in all cases by the Bank. Instead, these are reported at nominal (i.e. face) value. This method of valuing debt securities, however, is consistent with the method adopted by the Bank for International Settlements (BIS) in its reporting of international debt securities. This makes possible the consistent calculation of total euro-denominated debt securities issued by non-residents of the euro area, which are also included in the ECB's statistics on securities issues.

The statistics on securities issues, MFI balance sheets and general government debt are conceptually consistent. Differences exist only with regard to valuation principles, with nominal values being applied to securities issues and general government debt statistics and market values to statistics on MFI balance sheets.