

STATISTICS

Integrated IIP: Direct Investment and Portfolio Investment

MARCH 6-7, 2024

**IMF Statistics Department – United Nations
Economic Commission for Europe
SNA / BPM Joint Virtual Outreach Seminar**

Themes of this presentation will be mainly covered in the following chapters of BPM7



Chapter 5.
**Classifications of
Financial Assets
and Liabilities**



Chapter 6.
**Functional
Categories**



Chapter 7.
**International
Investment
Position**



Chapter 8.
Financial Account



Chapter 9.
**Other Changes
in Financial Assets
and Liabilities
Account**

The background features a light blue and white color scheme with various financial data visualizations. There are several line graphs with circular markers, some showing upward trends. A bar chart is visible in the lower right quadrant. A numerical value '37.93' is displayed in the center. The overall aesthetic is clean and professional, typical of a financial report or presentation.

Integrated IIP: Direct Investment

37.93

Direct Investment: Main Changes

- Breakdown of **direct investment data by sector** as **new standard components**
 - Breakdowns by direct investment relationship (e.g., reverse investment) and reinvestment of earnings → *memorandum items* (in 'standard items')
- **Dividends and withdrawal of equity**
 - The concept of **superdividends** will no longer apply to direct investment.
 - Any **distributions of accumulated reserves from ordinary earnings** should be treated as **dividends**.
 - However, **exceptional distributions related to the sales of assets** should be recorded as **withdrawals of equity**.
 - Superdividends for direct investment may be reported on a supplementary basis

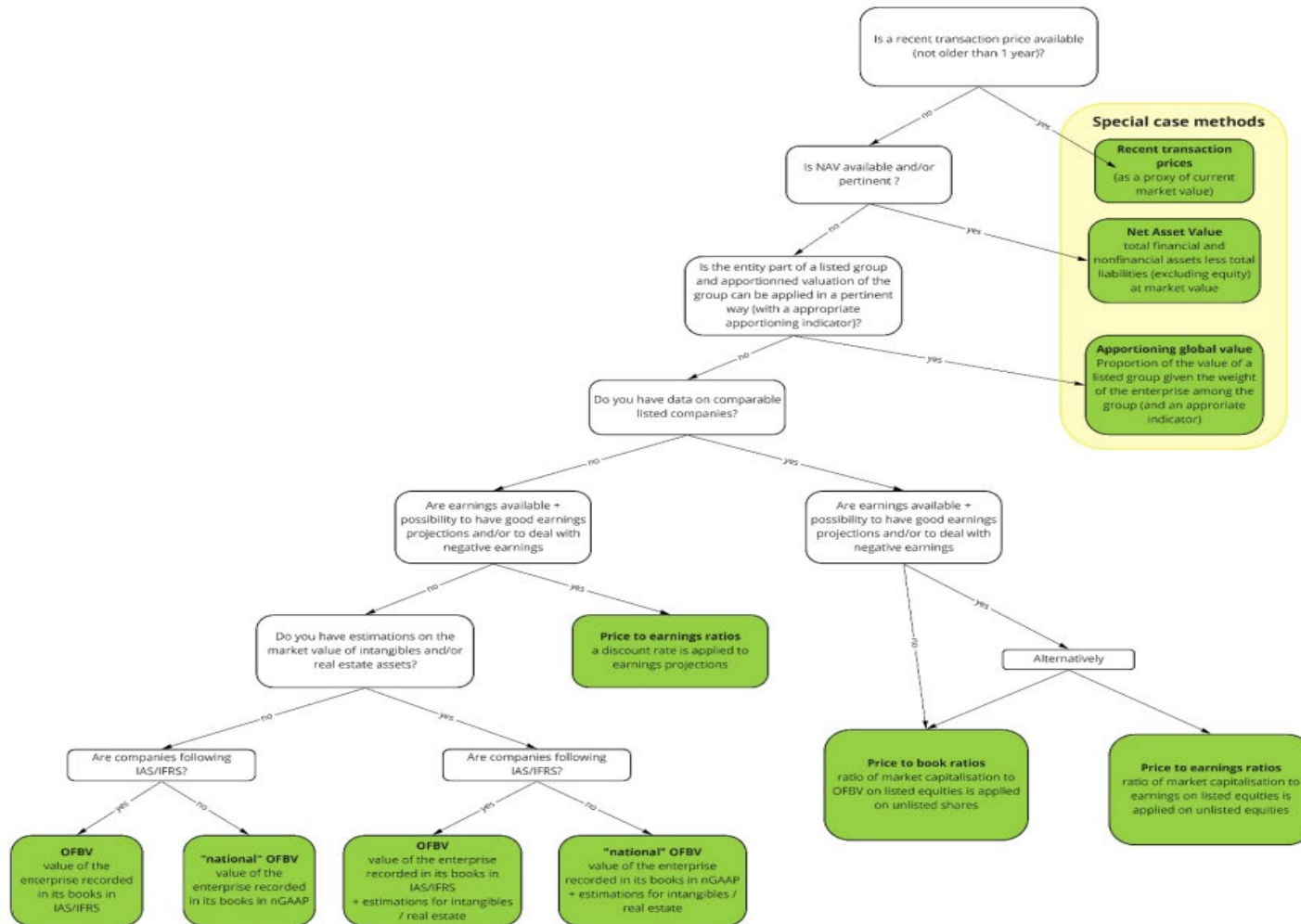


Direct Investment: Main Changes (2)

- **Valuation of unlisted equity**
 - **Three preferred methods** (with a **decision tree** for implementation guidance)
 - *Own funds at book value*
 - *Recent transaction price*
 - *Market capitalization*
 - **Equity in quasi-corporations**—three preferred methods approach.
 - Treatment of **negative equity**—to be elaborated.
 - *Discussions at BOPCOM and AEG:*
 - *Allow negative equity as the default option*
 - *Zero out only in exceptional cases (“strictly limited liability”)*



Decision tree for the valuation of unlisted equity



Direct Investment: Clarifications

- **Investments in investment funds shares**
 - Always portfolio investment irrespective of the equity held.
 - However, investments by the fund are still to be treated as direct investment, should they fulfil the criterion regarding *significant influence/control*
- **Equity in international organizations**
 - Excluded from DI → *Other Equity and Equity in International Organizations* in ***other investment***.
- **Differences between transaction prices and the values recorded in positions** should be treated as ***other price changes*** (e.g., unlisted equity).





Direct Investment: Updated Annex on Direct Investment (Annex 6)

- Supplementary framework by **ultimate investing economy (UIE)** and the **ultimate host economy (UHE)**, and **identification of pass-through funds**.
- **Corporate inversions, Greenfield investment and extension of capacity** — definition and guidance on supplementary data collection.
- **Public-private partnerships, Cash pooling** — concepts, scope, and statistical treatments.



Direct Investment: New Supplementary Data

- Data on **greenfield investment and extension of capacity**
- Data on **corporate inversions**
- Direct investment statistics by **ultimate investing economy**
- Direct investment statistics that **look through SPEs to the first operating unit** as a first step in presenting data by ultimate host economy
- Direct investment statistics identifying **pass-through funds**
- Data on **superdividends** may be reported on a supplementary basis
- Direct investment **inter-company lending** (as supplement to the reconciliation table)



New Data
Related to Direct
Investment

The background features a light blue and white color scheme with various financial data visualizations. There are several line graphs with circular markers, some showing an upward trend. A bar chart is visible in the lower right quadrant. Faint numerical values like '18.34' and '37.93' are scattered across the background. The overall aesthetic is clean and professional, typical of a financial report or presentation.

Integrated IIP: Portfolio Investment



Portfolio Investment: New Concepts

- **Superdividends** introduced in Portfolio Investment
 - **Large and irregular payments** made by corporations to their shareholders or owners that are **funded from accumulated reserves or sales of assets**.
 - The difference between the payment and the distributable income of the relevant accounting period is **recorded as a superdividend under withdrawal of equity**.
- **Reinvestment of earnings**
 - Added as a **supplementary item** in BPM7.



Portfolio Investment: New Supplementary Data

- **Debt securities at nominal values** as a supplement to market valuation.
 - Report debt securities at nominal value as a supplement to market valuation.
 - Introduce table to reconcile nominal and market valuation of debt securities liabilities.
- **Reinvestment of earnings**



Portfolio Investment: Clarifications

- **Short positions** — brief clarification on their recording
- **Positions in unlisted portfolio investment equity securities** without an observable market price — may be valued using the methods for direct investment unlisted equity.
- **Remaining maturity** — clarifications and additional guidance
 - Treatment of debt instruments repaid in installments.
 - Concept of remaining maturity and its proxy for recording.
 - Currency composition information encouraged.



THANK YOU FOR YOUR ATTENTION!