



# Building Blocks: Flows, Stocks, Accounting Rules, Residence, Institutional Units, and Sectors

#### MARCH 6-7, 2024

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

# AGENDA



BPM7 Chapter 3/2025 SNA Chapter 4. Flows, Stocks, and Accounting Rules BPM7 Chapter 4/2025 SNA Chapter 5. Residence, Institutional Units, and Sectors

### **Chapter Structure and Valuation**

This chapter will follow the 2008 SNA chapter structure (*i.e., Chapter 3: Accounting Principles*)

- Valuation
- Concessional lending—never record a transfer element in the "central framework"
- Except for concessional loans provided by employers to employees
- Imports and exports of goods—no change to the current standard
- Observed transaction value conceptually preferred
- To be introduced in the next version of the manuals (subject to further testing)
- Stocks of debt securities at nominal value—supplement to the existing market valuation



BPM7 Chapter 3/2025 SNA Chapter 4. Flows, Stocks, and Accounting Rules

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### **Transactions and Time of Recording**

### **Transactions**

- Partitioning of assets/transactions
  - Two examples (use of a car by households for production, travel packages and tours)
- Time of recording of redistributive transactions
- Not record fine/penalty transactions until the unit issuing the fine has an "unconditional claim to the funds"; and
- If a judgment or ruling is subject to further appeal, an unconditional claim exists "when the appeal is resolved

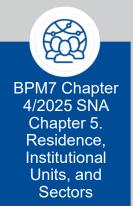
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### **Economic Ownership**

- Economic ownership of (non-renewable) natural resources, biological resources, and renewable energy resources will be clarified
- Economic ownership of Intellectual Property Products (IPPs)
  - Previously produced IPP depends on the underlying arrangement
  - Decision tree from the UNECE Guide to Measuring Global Production
  - Special purpose entities (SPEs)
- Clarification on provisions—financial asset related, nonfinancial asset related, and unrelated to asset ownership

### **Chapter Structure and Sectoring**

- This chapter follows the 2008 SNA chapter structure (i.e., Chapter 4: Institutional units and sectors)
- Sectoring of fintech companies clarified
  - Classify them within the existing institutional sectors/subsectors without introducing a new sector "Fintech"
  - Countries with significant fintech activities—may introduce an "of which" category



### **2025 SNA Sectoring**

#### **Nonfinancial Corporations Sector**

Non-financial corporations (S11) Financial corporations (S12) • Domestically controlled (S11DO) Domestically controlled (S12DO) 0 Public nonfinancial corporations (S11001) Public financial corporations (S12001) • Of which: Public nonfinancial corporations which are • Of which: Public financial corporations which are part of domestic multinationals (S110011) part of domestic multinationals (S120011) National private nonfinancial corporations (S11002) National private financial corporations (S12002) • Of which: National private nonfinancial corporations Of which: National private financial corporations which are part of domestic multinationals (S110021) which are part of domestic multinationals (S120021) • Foreign controlled (S11003) Foreign controlled (S12003) 0 • Of which: SPEs Of which: SPEs

#### Financial Corporations Sector—updated breakdown

Households Sector—subsectoring according to levels of income and wealth; and other criteria

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**Financial Corporations Sector** 

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## **BPM7 Sectoring**

Central bank Monetary authorities Deposit-taking corporations Of which SPEs General government Other financial corporations Money market funds (MMFs) **Non-MMF** investment funds **Insurance corporations Pension funds Other financial intermediaries Of which: Central clearing counterparties** Captive financial institutions and money lenders, and financial auxiliaries **Of which SPEs** Nonfinancial corporations (NFCs)

Of which SPEs

Households (HHs) and non-profit institutions serving households (NPISHs)

### **Special Purpose Entities (SPEs)**

- The term SPEs should be used only for those entities with direct and indirect foreign control
- Special purpose units of general government—general government sector
  - Non-resident are treated as separate units—introduce enhanced imputations to better reflect the fiscal operations of government controlled SPEs
- Captive financial institutions wholly owned and controlled solely by resident parent entities—not considered SPEs
- Resident-controlled affiliates should be referred according to their typology (conduits, captives, etc.)—not classified as an SPEs

### **Units and Control**

- Head offices (HO) and holding companies (HC)
  - Guidance for determining whether a HO/HC is a separate institutional unit
  - Distinguishing HC from HO
- Ownership and control of corporations
  - Criteria for classifying the corporations controlled by non-resident—treatment consistent with BPM
  - For example, corporation B is said to be subsidiary of corporation A if corporation A holds more than 50 percent of voting power in corporation B

# **THANK YOU FOR YOUR ATTENTION!**