

CONFIDENTIAL
BOP 81E

CENTRAL BANK OF MALTA
CASTILLE PLACE
VALLETTA



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION

STATISTICS

FOREIGN DIRECT INVESTMENT QUESTIONNAIRE

Authority:

The data is being requested in terms of the Central Bank of Malta Act (CAP, 2004) as amended.

Confidentiality:

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

Purpose:

The data is 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 Mr. George Gauci at the Central Bank of Malta on telephone number **25500000**.

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 enterprise 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 according to whether the entity has a centre of

economic interest in Malta, for instance when an enterprise engages in production of goods and services

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. All transactions should be recorded on a gross basis.

4.2 Valuation of financial account transactions/positions

4.2.1 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.

4.2.2 Data on the reported position for equity investment

4.2.2.1 Investment position equity investment

Equity Investment 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 year.

For enterprises 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 year.

For unlisted enterprises 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
- ◆ Own Funds at Book value which can consist of paid up capital, all types of reserves, and non-distributed profits net of losses.

5. Structure and coverage of Form BOP 81E:

5.1 Headings at the top of Part A and Part B

Part A - collects annual information on equity investments by the reporting company in non-resident enterprises.

Part B – collects annual information on equity investments by non-residents in the reporting enterprise.

In column B - Country report the country where the non-resident company is domiciled.

In column C - Position at beginning of period report the market value of equity investment (including retained earnings/losses) held by the reporting enterprise and its domestic

subsidiaries (if reported on a consolidated basis) in non-resident enterprises at the beginning of the year. The opening position should agree with the closing position you reported for the previous year.

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 year.

In column D - Increase due to transactions report purchases of equity investment made by the reporting enterprise in the non-resident company during the year. This should agree with the amounts reported in the monthly returns.

In column E - Decrease due to transactions report any sale of equity securities made by the reporting enterprise in the non-resident company during the year. This should agree with the amounts reported in the monthly returns.

In column F - Profit and loss report profits (or losses) after tax, excluding extraordinary items and before profit appropriation attributed to equity investment holdings in the non-resident enterprise. Extraordinary profits (or losses) should be reported in column J - “Other changes”.

In column G - Dividends declared report any dividend declared (in proportion to equity participation in the non-resident entity) during the period.

In column H - Market price changes report changes in the market value of the reported security. See note 4 on valuations.

In column I - 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 J - Other changes report all other differences in value relative to the data in the submitted report. In order to reduce the number of questions that might be asked after the report is submitted, it is advisable to provide separate clarification for substantial amounts. Examples include extraordinary profits and 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 K - Position at end of period report the market value of equity investment (including retained earnings/losses) held by the reporting enterprise and its domestic subsidiaries (if reported on a consolidated basis) in non-resident enterprises at the end of the reporting year.

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 year.

In column L – Dividends

- **Part A – Dividends received** report any dividends received from subsidiaries and associated companies.
- **Part B - Dividends paid** report any dividends and remittances of profits paid to non-resident direct investors (those holding more than 10%).

5.2 Headings at the top of Part C

In column B - Country of foreign real estate report the country where the property has been purchased.

In column C - Position at beginning of period report the opening position of the market value of the property held abroad by the reporting enterprise.

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 year.

In column D - Purchases by residents report purchases of foreign real estate made during the reporting year by the reporting enterprise. Purchases are to be valued at the price of the transfer of ownership, i.e. the price at which the real estate was purchased.

In column E - Sale by residents report sales of foreign real estate made during the reporting year by the reporting enterprise. Sales are to be valued at the price of the transfer of ownership.

In column F - Market price changes report changes in the market value due to valuation differences, such as revaluations in the property market. Such valuations may be estimated.

In column G - Exchange rate changes report the impact on the foreign real estates investment due to changes in the exchange rate between the Euro and other currencies in which these real estates 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 H - Other changes report all other differences in value relative to the data in the submitted report. In order to reduce the number of questions that might be asked after the report is submitted, it is advisable to provide separate clarification for substantial amounts.

In column I - Position at end of period report the market value of the property at the end of the reporting year. If no market value is available an (recent) assessment of the value may be used.

In column J - Net income from real estate report the difference between rental income and operating expenses relating to the foreign real estate held.

6. Explanatory notes regarding rows to be filled in:

6.1 Part A – FDI Assets

In row 1 “Equity investment abroad in subsidiaries and affiliates – 10% or more” report equity investment in a non-resident enterprise in which the reporting entity owns 10 percent or more of the ordinary shares (that are not or no longer freely tradable) or voting power.

This includes those entities that are subsidiaries, associates and branches either directly or indirectly owned by the reporting entity. 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 that contrasts with the motives of, say, investors in securities. Equity investment of less than 10 percent should not be reported as foreign direct investment (the latter investment should be reported as portfolio investment, see the monthly report that has to be completed).

Equity investment also includes:

- Capital contributions by the reporting enterprises in the non-resident company.
- Repayments of share capital made by the non-resident company.
- Conversion of loans into shares, conversion of stock dividends, etc.

6.2 Part B – FDI Liabilities

In row 2 “Equity investment in Malta – 10% or more” 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. For example: investors in securities.

6.3 Part C – Foreign real estates investment

In row 3 “Purchase and sale of real estate” report holdings of foreign real estate (land, buildings, etc.) which is held directly (not via a non-resident equity investment) by the reporting enterprise.