BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

INVESTMENT FUND STATISTICS

Reporting Instructions

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General information

1. The Investment Funds returns incorporate the statistical requirements to fulfil the international obligations emanated following the European Central Bank Regulations (1) Regulation (EU) No 1073/2013 (ECB/2013/38) concerning statistics on the assets and liabilities of investment funds (IFs), (2) Regulation ECB/2016/22 on securities holding statistics, (3) Guideline ECB/2018/19 on external statistics and (4) Guideline ECB/2013/24 on financial accounts and other national requirement both internal and external. The Regulation (EU) No 1073/2013 (henceforth IF Regulation) is addressed directly to reporting institutions and imposes obligations directly on them. In this regard, the Bank (henceforth the Bank) is obliged to carry out the compulsory collection of the statistics as required by IF Regulation from those investment funds which are either incorporated or legally domiciled in Malta, and to transmit such aggregated statistics to the ECB. The following instructions are to be considered over and above the instructions in the said IF Regulation.

2. For the purpose of these reporting schedules:

An Investment Fund (IF) means a collective investment undertaking that:

(a) invests in financial and non-financial assets, to the extent that its objective is investing capital raised from the public; and

(b) is constituted pursuant to Community or national law under:

(i) contract law (as a common fund managed by management companies);

(ii) trust law (as a unit trust);

(iii) company law (as an investment company); or

(iv) any other similar mechanism.

The following are included within the definition of IF:

(a) those undertakings whose units or shares are, at the request of the holders, repurchased or redeemed directly or indirectly out of the undertaking's assets; and

(b) those undertakings which have a fixed number of issued shares and whose shareholders have to buy or sell existing shares when entering or leaving the fund.

The following are not included in the definition of IF:

(a) pension funds within the meaning of Article 2(2)(a) of and Annex B to Regulation (EC) No 2533/98; and
(b) money market funds within the meaning of Annex I to Regulation (EC) No 2423/2001 of the European Central Bank of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institutions sector (ECB/2001/13) (1).

For the purposes of the definition of IF, 'public' shall encompass retail, professional and institutional investors.

'**Resident**' means resident within the meaning of Article 1 of Regulation (EC) No 2533/98. For the purposes of these schedules, and in the absence of any significant physical dimension to a legal entity, its residence shall be determined by the economic territory under whose laws the entity is incorporated. If the entity is not incorporated, legal domicile shall be used as a criterion, namely the country whose legal system governs the creation and continued existence of the entity.

'Reporting agent' shall mean the legal and natural persons and the entities within the meaning of Article 2 of Regulation (EC) No 2533/98, which are subject to the ECB's statistical reporting requirements.

3. The actual reporting population shall consist of the Investment Funds (IFs) resident in Malta. The IF itself or, in the case of IFs that do not have legal personality under their national law, the persons legally entitled to represent them shall be responsible for reporting the statistical information required.

4. Upon attainment of the MFSA licence, all IFs are expected to submit statistical returns to the CBM. In the event, that the Fund is not active yet, and hence no NAV available, the respective entity should submit a nil full set of returns (described in point 6) on a quarterly basis. Once the first NAV is calculated, it is the Reporting Agent's obligation to immediately notify the Bank. The Reporting Agent will then be guided accordingly as to the new reporting obligations for the respective Fund.

5. During the initial Registration Phase, the IF Compliance Officer is expected to provide information on the following:

- Umbrella Fund
- Sub Fund Name
- Master/Feeder/Not Applicable
- Frequency by which the NAV is calculated

- Financial Year End
- Email Address of Reporting Agents
- Company Name of Reporting Agents
- Controlling Rights
- Management Company Name
- The Lei Code/National Identified of Management Company

Statistical Reporting Requirements

1. The actual reporting population shall report data on its assets and liabilities on a fund-by-fund basis. The monthly, quarterly and yearly schedules are to be sent to the Bank by the 21st calendar day of the month following the reference period. Quarterly stock data must match monthly stock data. Quarterly flows must match the sum of monthly flows. For 80% Funds, the monthly flow[1] data reported in the ML_incl_PL Sheet for three months must match the sum of reported quarterly flows reported in the more detailed L2 sheet. For 20% Funds, the sum of quarterly flows reported in the ML_incl_PL sheets for four quarters must be equal or near the annual twelve-month flows reported in Sheet L2. In the case of adjustments for the previous periods, we expect to receive the revised ML_incl_PL in addition to the full set of returns for the above equation to hold.

2. All funds should report the ML schedule and a full set of returns for the first submission. The following table illustrates the reporting frequency and expected return:

Code	Title	0.8	0.2	0.8AV & 0.2 AV	0.2 SAV	0.8 SAV	0.8QV
ML_incl_PL	Investment Fund (IF) shares/units	M[2]	Q	A	SA	SA	Q
A	Summary Statement of Assets	Q	A	A	A	SA	Q
A1	Deposit and loan claims	Q	A	A	A	SA	Q
A2	Securities other than shares up to 1 year	Q	A	A	A	SA	Q
A3	Securities other than shares over 1 and up to 2	Q	A	A	A	SA	Q

[1] The ML monthly flow data consists of Net Transactions (Sales less Redemptions), Transactions other than subscriptions and Revaluations.

[2] M: Monthly, Q: Quarterly, A: Annually, SA: Semi-Annual

	years						
A4	Securities other than shares over 2 years	Q	A	A	A	SA	Q
A5	Shares and equity - Quoted shares other shares and equity	Q	A	A	A	SA	Q
A6	Investment Funds and Money Market Funds	Q	A	A	A	SA	Q
A7	Other assets	Q	A	A	A	SA	Q
SbSA	Securities (including debt securities, shares and other equity) reported on a security-by-security basis	Q	A	A	A	SA	Q
L	Summary Statement of Liabilities	Q	A	A	A	SA	Q
L1	Loans and deposits received	Q	A	A	A	SA	Q
L2	Investment Fund shares/units	Q	A	A	A	SA	Q
L3	Other liabilities	Q	A	A	A	SA	Q
PL[3]	Income Statement	Q	A	A	A	SA	Q
PL by Country	Income Statement (PL by Country)	Q	A	A	A	SA	Q

3. For Funds where the NAV is not calculated on a daily or monthly basis, authorisation may be sought from the Bank for the former to submit the returns in accordance with the NAV calculation frequency. A copy of the Prospectus which states how the NAV is being calculated should be provided to the Bank. Nevertheless, should any changes be implemented as to the frequency of this calculation, the Bank should be informed accordingly so that new reporting obligations could be communicated.

4. In accordance to ECB Regulation's Article 2 '*Actual reporting population*' and 7 '*Accounting rules*', in the event that the most recent NAV calculation is not readily available, the reporting institutions may submit the **latest mark-to-market valuation**. The reporting agents are expected to re-submit the return once the information on the NAV becomes available.

6. The Bank shall grant derogations to the smallest IFs in terms of total assets, provided that the IFs that contribute to the quarterly aggregated balance sheet account for at least 80% of the total of IFs' assets in terms of stocks. The Bank shall compile a list of funds which fall within the 80% bracket and 20% bracket respectively. This list is to be reviewed annually and communicated to the reporting agents. IFs which fall within the 80% bracket are to report the full set of returns on a

quarterly basis as well as schedule ML on a monthly basis. IFs which fall within the 20% bracket are to report schedule ML on a quarterly basis, and the full set of returns on an annual basis.

7. The PL schedule is to be reported on a **cumulative basis** for the financial year.

8. IFs are required to fill in the details sheet provided with the rest of the reporting schedules. It is imperative that for each class, reporting agents report the ISIN code (where available), the number of outstanding units, and the outstanding Net Asset Value (NAV) for each class (ISIN).

9. IFs must report the reporting schedule SbSA which requires the reporting of securities with an ISIN code on a security-by-security basis. This eliminates the reporting of five (5) reporting schedules comprising of Sheet A2 to A6.

10. The reporting schedules are to be submitted in xml format to the Bank using the INFOSTAT portal and to the MFSA in MS excel using the LH portal

11. Any queries regarding on the reporting schedules should be addressed to fundreporting@centralbankmalta.org

12. The reporting schedules are constructed in such a way that, whenever possible, totals are automatically generated by means of formulae. These cells are write-protected to maintain the original and harmonised format for all reporting agents. Shaded cells in all schedules should not be filled in.

Exchange Rates

1. The data should be reported in Euro thousands. If the data needs to be converted, the CBM/ECB exchange rate at the end of the reference period should be used to report the Closing position of both the ML_incl_PL and the Full Set.

2. Any reported Transactions and Reclassifications are to use the exchange rate at the end of the transaction date. Nevertheless, if the daily exchange rate is not available, using the average rate issued by the CBM is acceptable. For the

ML_incl_PL, it is acceptable to convert the transaction using the average rate of the month (this applies for 80% Funds)[4]. For 20% Funds, where the ML_incl_PL consists of quarterly figures, the average rate of the three months should be used. The same applies for the rest of the sheets, for instance for the Annual Full Set that is submitted by the 20% Funds, the average rate for the whole year should be used for the flows. For 80% Funds, the average rate should be of the quarter as regards flows in the Full Set (i.e. apart from the ML_incl_PL).

Accounting and valuation rules

1. The accounting rules followed by IFs for the purposes of reporting in these schedules shall be those laid down in the relevant national law implementing Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions or, if the former provision is inapplicable, in any other national or international standards that apply to IFs.

2. All financial assets and liabilities shall be reported on a gross basis for statistical purposes.

3. For items which are subject to **accrued interest** the following rules shall apply:

    a. "Securities other than shares" **exclude** accrued interest.

    b. "Deposit and loan claims" and "loans and deposits received" **exclude** accrued interest.

    c. Accrued interest should be kept separate from the instrument to which it relates, until the interest due date. Accrued interest is to be reported in the memorandum items. In case of Accrued Interest being reported in Sheets A1, A2, A3, A4 or L1, it is important that the upper part of the return is filled in accordingly. For instance, if a particular Investment Fund reports Accrued interest in Sheet A1 'Deposit and Loan Claims' (Item 2 – Row 102), this must be sustained by populating the respective items in the upper part of the sheet according to Residency, Sector or Country.

    d. **"**Debt securities issued'' **include** accrued interest.

[4] https://www.centralbankmalta.org/average-exchange-rates

Sanctions policy

The CBM Directive 12 (Cap.204) and the ECB's sanctions regime laid down in Article 7 of Regulation (EC) No 2533/98 shall apply to IFs.

Mergers, divisions and reorganizations

In the event of a merger, division or reorganisation that might affect the fulfillment of its statistical obligations, the reporting agent involved shall inform the Bank, once the intention to implement such operation has become public and in due time before it takes effect, of the procedures that are planned to fulfill the statistical reporting requirements.

Verification and compulsory collection

The Bank shall exercise the rights to verify or to collect compulsorily information which reporting agents provide pursuant to the Regulation, without prejudice to the ECB's right to exercise these rights itself. These rights shall in particular be exercised by the Bank when an institution included in the actual reporting population does not fulfill the minimum standards for transmission, accuracy, conceptual compliance and revisions.

Residency and economic sector of the holders of IF shares/units

a. As regards registered shares/units, issuing IFs, or the persons legally representing them, report data on the residency and sector breakdown of the holders of their shares/units issued. If an issuing IF is not in a position directly to identify the residency and sector of the holder, it reports the relevant data on the basis of available information.

b. As regards bearer shares/units, reporting agents report data on the residency and sector breakdown of the holders of IF shares/units. If an issuing IF is not in a position directly to identify the residency and sector of the holder, it reports the relevant data on the basis of available information.

Definitions of instrument categories

The following definitions are in accordance with the European system of national and regional accounts in the Community (ESA 2010).

Assets

1. Deposits and loan claims

For these reporting schedules, this consists of funds lent by IFs to borrowers, which are not evidenced by documents or are represented by a single document (even if it has become negotiable).

It includes assets in the form of Short-term (up to 1 year) and Long-Term (over 1 year) deposits:

- ***Deposits placed with MFIs:***
  (a) transferable deposits: deposits (in national or in foreign currency) which are immediately convertible into currency, or which are transferable by cheque, banker's order, debit entry or the like, both without any kind of significant restriction or penalty
  (b) other deposits: all holdings in deposits other than transferable deposits. Other deposits cannot be used to make payments at any time and they are not convertible into currency or transferable deposits without any kind of significant restriction or penalty. This sub-category includes time deposits and savings deposits

- ***Holdings of non-negotiable securities:***
  Holdings of securities other than shares and other equity which are not negotiable and cannot be traded on secondary markets (see also 'traded loans'),

- ***Traded loans:***
  Loans that have de facto become negotiable are to be classified under the asset item 'deposits and loan claims' provided that they continue to be evidenced by a single document and are, as a rule, only traded occasionally,

- ***Claims under reverse repos:***

Counterpart of cash paid out in exchange for securities purchased by IFs at a given price under a firm commitment to resell the same (or similar) securities at a fixed price on a specified future date (see point 7).
This item also includes holdings of euro and foreign currency banknotes and coins in circulation that are commonly used to make payments

Only positive figures are expected to be reported under sheet A1 'Deposit and Loan Claims'. In case an overdraft bank balance is held, report this overdraft on the liabilities side, Sheet L1 'Loans and Deposits received'. The contra-entry on the Assets side would be the investment made by the money obtained via the overdraft, such as buying unsubordinated debt, negotiable loans or ISIN Bonds/Shares (A2, A3, A4).

2. Securities other than shares

Holdings of securities other than shares or other equity, which are negotiable and usually traded on secondary markets or can be offset on the market, and which do not grant the holder any ownership rights over the issuing institution.

This item includes:

- holdings of securities (whether or not evidenced by documents) which give the holder the unconditional right to a fixed or contractually determined income in the form of coupon payments and/or a stated fixed sum at a specific date (or dates) or starting from a date defined at the time of issue,

- negotiable loans that have been restructured into a large number of identical documents and that can be traded on secondary markets (see also 'traded loans' in point 1 above),

- subordinated debt in the form of debt securities,

- in order to maintain consistency with the treatment of repo-type operations, securities lent out under securities lending operations remain on the original owner's balance sheet (and are not to be transferred to the balance sheet of the temporary acquirer) where there is a firm commitment to reverse the operation and not simply an option to do so (see also point 7).

A maturity breakdown is required for holdings of securities other than shares. This means maturity at issue (original maturity), and it refers to the fixed period of life of a financial instrument before which it cannot be redeemed.

In accordance with the ECB Regulation (ECB/2013/38) and ECB Manual, stock positions are expected to be positive. Indeed, no negative figures are expected to be reported under this instrument except in the case of short selling. Short positions occur when one party sells securities of which it is not the economic owner to another party. The party with the short position will record a negative asset. Consequently, if a Fund sells a security to which it is not the economic owner of it – he has made a short position and a negative transaction is to be recorded under transactions in securities.

This applies in the case where the Fund sells a bond which has been originally acquired by means of a repo-type operation or securities borrowing. This treatment is important as it overcomes the double counting that would otherwise arise in the global holdings of the security, given that the security is recorded as an asset both on the balance sheet of the ultimate outright purchaser of the security and on the balance sheet of the original lender of the security.

3. Shares and Equity

Holdings of securities which represent property rights in corporations or quasi-corporations. These securities generally entitle the holders to a share in the profits of corporations or quasi-corporations and to a share in their own funds in the event of liquidation.

This category comprises three main sub-categories:

- Quoted shares, excluding IF and MMF shares/units - Shares with prices quoted on a recognised stock exchange or other form of secondary market
- Other shares and Equity - This asset item includes shares that are not quoted on a recognized stock exchange. This item also includes other forms of equity not included elsewhere.

- Investment Fund (IF) and Money Market Fund (MMF) shares/units - This asset item includes holdings of shares/units issued by IFs and MMFs included in the list of IFs and MFIs for statistical purposes.

MMFs are collective investment undertakings the shares/units of which are, in terms of liquidity, close substitutes for deposits, and which primarily invest in money market instruments and/or in MMF shares/units and/or in other transferable debt instruments with a residual maturity of up to and including one year, and/or in bank deposits, and/or which pursue a rate of return that approaches the interest rates of money market instruments. MMFs are defined in Regulation (EC) No 2423/2001 (ECB/2001/13) concerning the consolidated balance sheet of the monetary financial institutions sector.

IFs are defined in Appendix 1 point 2.

4. Financial derivatives

In accordance with existing international statistical standards, financial derivative instruments that have a market value should in principle be subject to on-balance-sheet recording. Derivatives have a market value when they are traded on organised markets, i.e., exchanges, or in circumstances in which they can be regularly offset on over the counter (OTC) markets.

Under this item, the following financial derivatives should be reported:

a. options, whether tradable or OTC,
b. warrants,
c. futures, but only if they have a market value because they are tradable or can be offset, and
d. swaps, but only if they have a market value because they are tradable or can be offset.

Financial derivatives that are subject to on-balance-sheet recording should be entered at their market value, which is the prevailing market price or a close equivalent (fair value).

When a new financial derivative contract is created, it should be recorded on the balance sheet, and the initial asset/liability position should be recorded as a financial transaction. The transaction value should not include fees or repayable margin payments. In the case of forward-type contracts and warrants, the transaction value is normally zero, and for option-type contracts, the transaction value corresponds to the premium.

During the life of a financial derivative, changes in its market value should be recorded as revaluation adjustments. Favourable (positive) changes in the market price should be recorded on the asset side and unfavourable (negative) changes in the market price should be recorded on the liability side. Payments due to marking to market which results in a change in the value of a financial derivative position should be recorded as financial transactions.

When a financial derivative is settled, any associated payments (excluding fees) should be recorded as financial transactions. Purchases or sales of financial derivatives on secondary markets should be recorded as financial transactions valued at transaction prices.

Derivatives should be recorded on the balance sheet on a gross basis. Individual derivative contracts with gross positive market values should be recorded on the asset side of the balance sheet and contracts with gross negative market values on the liability side. Gross future commitments arising from derivative contracts should not be entered as on-balance sheet items. Financial derivatives may be recorded on a net basis according to different valuation methods. In the event that only net positions are available, or positions are recorded other than at market value, these positions should be reported instead.

5. Non-financial assets (including fixed assets)

This item consists of:

- investments in tangible fixed assets (e.g. dwellings, other buildings and structures, and non-residential buildings) and valuables (e.g. precious metals), and
- tangible or intangible non-financial assets, which are intended to be used repeatedly for more than one year by IFs. They include land and buildings occupied by the IFs, as well as equipment, software and other infrastructure.

6. Remaining assets

This is the residual item on the asset side of the balance sheet, defined as ‘assets not included elsewhere’.

- accrued rent on buildings,
- amounts receivable which do not relate to the main IF business
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For the purpose of these reporting schedules, Schedule A7 on Remaining Assets includes sub-items financial assets further split into financial derivatives and other financial assets, and non-financial assets further split into investment in real estate property, and non-financial assets including fixed assets.

The Treatment of Exchange Traded Commodities, Exchange Traded Notes & Exchange Traded Funds

Despite sharing some similarities such as the fact that all three instruments track an index, providing investors relatively easy access of investing in various market segments and are all traded on exchanges, the manner by which these securities are reported in the Bank's statistical returns differs.

Exchange Traded Commodities (hereinafter ETCs) and Exchange Traded Notes (hereinafter ETNs) are legally treated as debt securities and regulated by the respective securities laws. This contrasts with Exchange Traded Funds (ETFs) that are typically registered as collective investment vehicles and are governed by the respective laws on collective investment schemes.

In the financial industry, **ETCs** are typically characterized as open-ended asset backed debt securities that track the performance of an underlying commodity or commodity index. They are typically issued by a special purpose vehicle (SPV) and also in some cases by banks and are often physically collateralised by holdings in the respective commodity such as metal, gold, platinum or Bitcoin.

Meanwhile, **ETNs** are typically defined as unsecured, unsubordinated debt securities. These are usually issued by banks and have long maturities normally spanning 10, 20 or 30 years from issuance. These types of instruments are backed only by the credit of the issuing bank (although some ETNs can also be collateralised). Their returns are directly linked to the performance of a benchmark index and upon maturity the investor receives cash based on the index's performance. ETN holders are lenders whose 'interest rate' is based on the performance of a selected index.

Consequently, both ETCs and ETNs are to be treated as bonds, hence one should fill in the Nominal Values in the SbSa sheet.

Conversely, ETFs are registered as Investment Funds, hence should be treated as equity, entailing that the Number of units column in the SbSA sheet should be filled in.

To summarise:

- ETCs – are to be reported as bonds – fill in Nominal Value in the SbSA sheet
- ETNs/structured products – are to be reported as bonds – fill in Nominal Value in the SbSA sheet;
- ETFs – are to be reported as equity since they are registered as investment funds – fill in Number of units in the SbSA sheet.

The above is directly linked to Infostat check *'According to our database, this ISIN is a debt security, so the Nominal Value should be filled and not the Number of Units. Please Amend or Explain.'* Once, ISINs are correctly reported as above, this type of check should cease to feature following the uploading of a given return on Infostat.

The Treatment of Warrants

Similar to ETCs and ETNs, Warrants should always be treated as debt securities, hence the Nominal value is to be filled in whilst populating the SbSA sheet.

Liabilities

1. Loans and deposits received

Amounts owed to creditors by IFs, other than those arising from the issue of negotiable securities. This item consists of Short term (up to 1 year) and Long Term (over 1 year):

- loans: loans granted to the reporting IFs which are not evidenced by documents or are represented by a single document (even if it has become negotiable),

- repos: counterpart of cash received in exchange for securities/gold sold by IFs at a given price under a firm commitment to repurchase the same (or similar) securities/gold at a fixed price on a specified future date. Amounts received by IFs in exchange for securities/gold transferred to a third party (temporary acquirer) are to be classified under 'repurchase agreements' where there is a firm commitment to reverse the operation and not merely an option to do so. This implies that IFs retain effective (economic) ownership of the underlying securities/gold during the operation. In this respect, the transfer of legal ownership is not the relevant feature for determining the treatment of repo-like operations. Where the temporary acquirer sells the securities/gold received by way of a repo operation, this sale must be recorded as an outright transaction in securities/gold and entered in the balance sheet of the temporary acquirer as a negative position in the securities/gold portfolio.

The following three variants of repo-type operations are all structured in such a way as to satisfy the conditions necessary for treatment as collateralised loans. Hence amounts received by IFs (in exchange for securities/gold temporarily transferred to a third party) are classified under 'repurchase agreements':

- amounts received in exchange for securities/gold temporarily transferred to a third party in the form of a repurchase agreement,
- amounts received in exchange for securities/gold temporarily transferred to a third party in the form of bond lending (against cash collateral),
- amounts received in exchange for securities/gold temporarily transferred to a third party in the form of a sale/buy-back agreement

2. Investment Fund (IF) shares/units

Shares or units, including in the form of equity capital, issued by IFs that are included in the list of IFs for statistical purposes. This item represents the total liability to the IF's shareholders. Funds arising from non-distributed benefits or funds set aside by reporting IFs in anticipation of likely future payments and obligations are also included.

For the purpose of these reporting schedules:

- 'IF registered shares/units' means IF shares/units in respect of which, in accordance with national legislation, a record is kept identifying the holders of its shares/units, including information on the residency and sector of the holder,

- 'IF bearer shares/units' means IF shares/units in respect of which, in accordance with national legislation, a record is not kept identifying the holders of its shares/units, or in respect of which a record is kept which does not contain information on the residency and sector of the holder.

3. Financial derivatives

Refer to financial derivatives under the assets category.

4. Other Liabilities

This is the residual item on the liabilities side of the balance sheet, defined as 'liabilities not included elsewhere'.

- debt securities issued: securities other than equity issued by IFs, which are instruments usually negotiable and traded on secondary markets or which can be offset on the market and which do not grant the holder any ownership rights over the issuing institution,
- amounts payable not related to the main IF business (amounts due to suppliers, tax, wages, social contributions, etc.),
- provisions representing liabilities against third parties (pensions, dividends, etc.),
- net positions arising from securities lending without cash collateral,
- net amounts payable in respect of future settlements of transactions in securities

For the purpose of these reporting schedules, schedule L3 on remaining liabilities includes the items:

- financial derivatives,
- debt securities issued,
- other remaining liabilities

Recording of crypto-assets

- Crypto Assets which have no counterpart liabilities are to be classified as Non-Financial Assets in Sheet A7, item 2.2 according to geographical area;

- Digital Assets issued by Central Banks, other deposit takers, or governments should be classified, where a liability is recognised, as Financial Assets (as currency in the case of Central Bank issuance) in Sheet A7 item 1.2 according to geographical area, sector and country in case of Item 1.1.3 Rest of the World;

- Digital Tokens should be classified depending on the token category:

- Payment and utility tokens should be classified as non-financial assets/valuables except when there is an issuer that recognises a liability for the future service to be provided;

- Asset tokens should be classified as debt or equity securities to the extent that they represent a debt or equity claim on the issuer; and

- Hybrid tokens can be classified as debt or equity securities if they share the characteristics of asset tokens.

The output of mining should be measured as the sum of on-chain transaction fee and newly mined cryptocurrencies. The on-chain transaction fee should be classified as services.

Concept of flows

1. Flows are defined as the difference between the stock positions at reporting dates, from which the effect of changes that arise due to influences other than true transactions are removed. These influences can take the form of revaluation adjustments i.e. market price and exchange rate changes, and other changes.

   As mentioned above, the flow in a particular instrument is found by using the stock data for the same instrument as shown in the balance sheet submitted by the reporting agent i.e. position at the end of the period. The process entails a simple arithmetic operation, which in symbol format for period 't' can be expressed as:

$$F_t = (S_t - S_{t-1}) - C_t - V_t - E_t$$

where
Ft = Flow (True Transaction)
St = Stock end of period
St-1 = Stock end of previous period
Ct = Reclassification adjustment
Vt = Price Revaluation adjustment
Et = Exchange Rate adjustment

2. Financial (net) transactions refer to those transactions that arise out of the creation, liquidation or change in ownership of financial assets or liabilities. These transactions are measured in terms of the difference between stock positions at end-period reporting dates, from which the effect of changes due to influences from 'revaluation adjustments' (caused by price and exchange rate changes) and 'other changes and other adjustments' are removed.

3. Revaluation adjustments include price and exchange rate changes. Price and exchange rate revaluations refer to fluctuations in the valuation of assets and liabilities that arise either from changes in the prices of assets and liabilities and/or the exchange rates that affect the values expressed in euro of assets and liabilities denominated in a foreign currency. Revaluations may also be used in the event that an asset's carrying value is not recoverable and is thus rendered impaired.

i. The adjustment in respect of price revaluation of assets/liabilities refers to fluctuations in the valuation of assets/liabilities that arise because of a change in the price at which assets/liabilities are recorded or traded. The price revaluations include the changes that occur over time in the value of end-period stocks because of changes in the reference value at which they are recorded, i.e. holding gains/losses.

ii. Movements in exchange rates against the euro that occur between end-period reporting dates give rise to changes in the value of foreign currency assets/liabilities when expressed in euro. As these changes represent holding gains/losses and are not due to financial transactions, these effects need to be removed from the transactions data.

iii. Devaluation of a fund's assets/liabilities following the debtor's inability to meets it obligations, leads to large negative revaluation adjustments of the Fund's relevant assets and investment fund shares issued on the liabilities side. Hence these should be reported as Revaluations.

In principle, 'price and exchange rate revaluations' also contain valuation changes that result from transactions in assets/liabilities, i.e. realised gains/losses; however, there are different national practices in this respect.

4. Reclassifications capture information on any extraordinary activities involving the balance sheets such as catastrophic losses, changes in sector classifications of counterparties in the absence of revisions and changes in the composition of the statistical reporting population. Reclassifications are only to be reported in the case of extraordinary activities involving the balance sheet, such as catastrophic losses, changes in sector classifications of counterparties in the absence of revisions and changes in the composition of the statistical reporting population. Reclassifications should not be reported when reporting sheet ML_incl_PL only unless both contra-entries are reported e.g. Minus in MT and Plus in non-residents. You should notify the Bank prior to using the Reclassifications column, explaining in detail the reason which this column will be used. The Reporting Agent is responsible to provide an adequate explanation of the reclassified figures on Infostat's Confirmation's section when instructed to do so in the Check report received following a submission.

5. It is important to ensure that closing positions less opening positions less flows (sales less redemptions plus transactions other than in subscriptions plus revaluation adjustments plus reclassifications) are equal or very near to zero. This should always be the case since revaluation adjustments are automatically calculated after filling in the rest of the cells. If this is not the case it

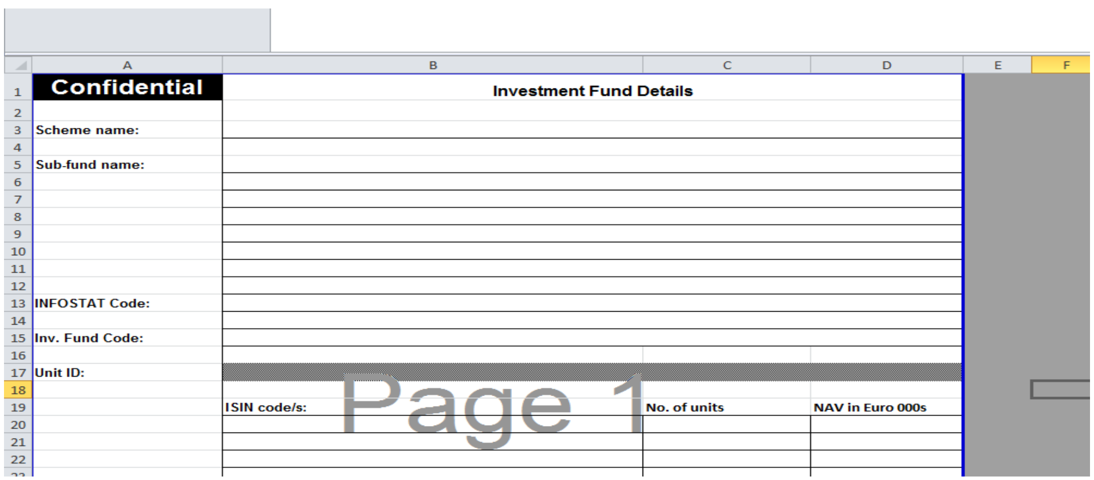
may be that the net transactions are not being worked out which are also automatically calculated as sales less redemptions in a hidden cell in column H. If this happens, try and download an empty return from the CBM website[5] as the return may have somehow been corrupted.

6. The concept of flows follows the double-entry system i.e. total assets must be equal to total liabilities.

Investment Fund 'Details' and 'Check's Sheet

Apart from the requested details, each Fund should report the number of units issued by the said Fund or Sub-Fund/s near each ISIN code/s. Only ISINs that were issued by the Fund are to be added in the details sheet.

In the ***Details*** Sheet, the actual Scheme Name and Sub-Fund Name should always be reported, along with the INFOSTAT Code under **Column B, Row 13.** The total amount reported in the details sheet should tally with the total of the ML_incl_PL sheet and L2 respectively.



	A	B	C	D
1	Confidential	Investment Fund Details		
3	Scheme name:			
5	Sub-fund name:			
13	INFOSTAT Code:			
15	Inv. Fund Code:			
17	Unit ID:			
19		ISIN code/s:	No. of units	NAV in Euro 000s

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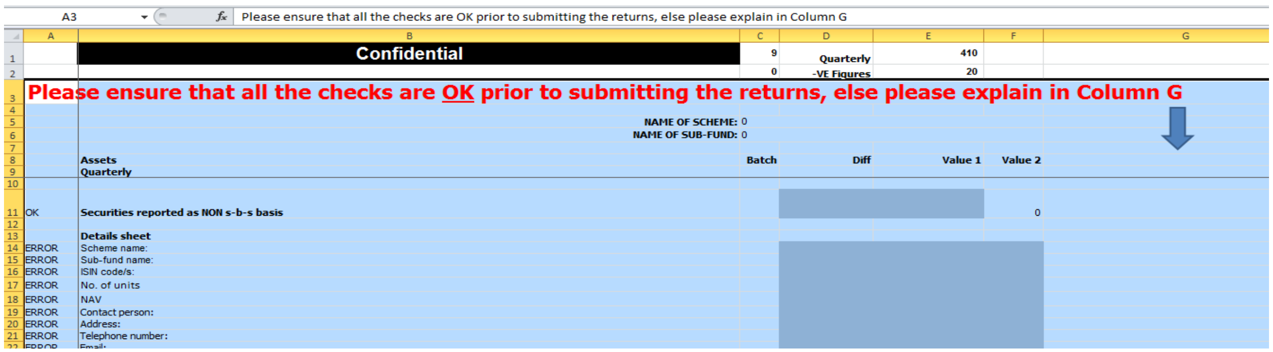
[5] https://www.centralbankmalta.org/returns-report-forms-and-instructions

In the ***Checks*** Sheet, always ensure that prior to submitting the returns all the checks are OK. In the event where a check does not pass validity, please explain accordingly by email or in the free text column G within the checks sheet.

Hereunder please find an extract of the Quarterly Full set Check Sheet:



Please ensure that the latest returns found in the CBM website are filled in and uploaded on the Infostat Portal.

For first time reporting, the asset/liability positions should be recorded as a financial transaction with a nil opening position. Hence figures will be reported under the Sales (in the ML_incl_PL) and Net Transactions (in the rest of the Sheets A to L3). Market price fluctuations or exchange rate movements will populate the automatically filled Revaluations column.

Liabilities ML_incl_PL – Investment Fund (IF) shares/units

For those funds falling within the **80%** category:

- The schedule is to be reported on a monthly basis covering the previous reference month. This also applies when reporting in a quarter such as December where opening position must tally with closing position of previous month (i.e. November).

For those funds falling within the **20%** category:

- The schedule is to be reported on a quarterly basis covering the previous reference quarter (ex. The opening position in reference quarter ex December should tally with closing position of September.)

The IF is to report IF shares/units by residency and in Euro 000s. Any reported Transactions and Reclassifications are to use the exchange rate at the end of the transaction date. Nevertheless, if the daily exchange rate is not available, using the average rate issued by the Bank is acceptable. For the ML_incl_PL, it is acceptable to convert the transaction using the average rate of the month (this applies for 80% Funds)[6]. For 20% Funds, where the ML_incl_PL consists of quarterly figures, the average rate of the three months should be used. The same applies for the rest of the sheets, for instance for the Annual Full Set that is submitted by the 20% Funds, the average rate for the whole year should be used for the flows. For 80% Funds, the average rate should be of the quarter as regards flows in the Full Set (i.e. apart from the ML_incl_PL).

The sheet should also include:

- funds arising from non-distributed profits;

- the P&L / Reserves contra entry of for instance an increase in the market price of securities invested by the investment fund; or

- funds set aside in anticipation of likely future payments and obligations.

The above should be reported under Shareholder's Funds (ML - Cell K10) as Total as well as under the appropriate residency.

- Sales and redemptions should be reported with a positive sign.

[6] https://www.centralbankmalta.org/average-exchange-rates

Transactions in IF shares/units

Financial transactions in Investment fund shares are to include the following:

(1) The value of net contributions to the Fund, i.e. Sales minus Redemptions; plus
(2) Property Income (Reinvested earnings including interest, dividends received by the Fund from investments they made but not yet distributed to the shareholders of the investment Fund.

It follows that, transactions in IF shares/units (to be reported in both ML_incl_PL and sheet L2 'IF shares/units' are derived as follows:

Transactions in IF shares/units = (Sales – Redemptions) + 'Transactions other than in subscriptions'.

The 'Transactions other than in subscriptions' figure, found in the ML_incl_PL sheet should comprise of the reinvested earnings mentioned above. These consist of the following:

- P&L Item 1 *Income* less P&L Item 2 *Expenses*

To note:

i. Items 1.4 *Other Income* and Items 2.10 *Other Expenses* should only form part of the 'Transactions other than in subscriptions', to the extent that the income/expenses are realised. Consequently, any unrealised gains and/or losses should be excluded from the calculation altogether, as these are not transactions but revaluations;

ii. PL Item 4 *Taxation* should also be deducted as far as it represents the taxes on income and wealth directly paid by the fund. Similarly, PL Item 7 *Finance cost – distributions to shareholders (dividend payable),* should be deducted as these represent dividends paid out;

iii. The Sales – Redemptions + 'Transactions other than in subscriptions' figure should be reflected in Sheet L2's Net Transactions figures.

Assets A - Summary Statement of Assets

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket. The purpose of the schedule is to have a summary of all asset instruments. It includes instruments reported elsewhere i.e. in their respective schedules. The instruments cash, total securities (equity and debt) are to be filled in. All other instruments are linked to their appropriate schedule or derived by means of a formula and consequently are not to be filled in. These cells are shaded. If in the 'Assets' tab, securities are reported on a security-by-security basis (Item 3.2), it is important that the SbSA sheet is filled in accordingly with the respective ISINs. In the SbSA sheet (from Column AB) there are checks which need to hold prior to submission.

It is important to note that figures reported under Cash in Hand should only consist of physical cash being held by the Fund. Monies held with a bank, depository, custodian or other entity should be reported in Sheet A1 Deposit and Loan Claims.

Assets A1 – Deposit and loan claims

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket. The investment fund is to report deposit and loan claims by residency and sector. Note that the instrument excludes accrued interest. Accrued interest is to be reported separately in the memorandum item. The investment fund is to report two memorandum items. These are loan claims excluding deposits and accrued interest, which are to be reported by residency.

Assets A2 – Securities other than shares up to 1 year

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket. The schedule is to be reported only if the security does not have an ISIN number. The investment fund is to report securities with a maturity of up to 1 year by residency and sector. Note that the instrument excludes accrued interest. Accrued interest is to be reported separately in the memorandum item by residency. Securities up to 1 year are also to be reported by currency i.e. euro, US dollar and other foreign currencies by residency. An ‘of which’ item for MFIs is also to be reported.

Assets A3 – Securities other than shares over 1 and up to 2 years

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket.

The schedule is to be reported only if the security does not have an ISIN number. See Assets A2 – Securities other than shares up to 1 year for further details.

Assets A4 – Securities other than shares over 2 years

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket.

The schedule is to be reported only if the security does not have an ISIN number. See Assets A2 – Securities other than shares up to 1 year for further details.

Assets A5 – Shares and equity - Quoted shares, and other shares and equity

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket. The schedule includes all shares and equity. The schedule is to be reported only if unquoted shares, investment fund shares/units or other shares and equity do not have an ISIN number. The investment fund is to report shares and other equity by residency and sector.

Assets A6 - Investment fund and money market fund shares/units

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket.

The column 'Dividends received during the period' is a profit and loss item and should be treated separately from the other breakdowns.

Assets A7 – Other Assets

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket.

The schedule is split up into financial assets and non-financial assets. Financial assets include financial derivatives and other financial assets. Non-financial assets include investment in real estate property and other non-financial assets.

Other assets are to be reported by residency.

- Note that the element of accrued interest has been removed for the instruments deposit and loans claims, and securities. Accrued interest for these instruments is to be reported in the memorandum items of the specific reporting schedules. However, any other accrued interest must be reported under other financial assets.

- The Memorandum Items in Sheets A2, A3 and A4 pertaining to Non-ISIN Bonds, should be filled according to the Residency and Sector reported in the upper part of the Return. For instance, if a given Fund reports figures in Sheet A3 under Residents of Malta, Monetary Financial Institutions (MFIs) (Item 1.2), this should be reflected in the Memorandum Items (2.1.1). Conversely, if the figure was reported under Government of Malta (Item 1.1), under the Memorandum items, item (2.1) should be filled in.

Assets SbSA – Securities (including debt securities, shares and other equity) reported on a security-by-security basis

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket. The investment fund reports security by security for those securities with an ISIN number. See Appendix 3 for definitions on the security-by-security attributes. Note that the column number of units is to be reported for equity securities only and the column nominal value is to be reported for debt securities only. If a security does not have an ISIN number, then the appropriate schedules A2 to A6 must be reported.

Liabilities L – Summary Statement of Liabilities

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket. The purpose of the Schedule is to have a summary of all liability instruments. It includes instruments reported elsewhere i.e. in their respective schedules. All instruments are linked to their appropriate schedule and consequently are not to be filled in. These cells are shaded.

Liabilities L1 – Loans and deposits received

The Schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket.

The instrument loans and deposits received is to be reported by residency. Note that the instrument excludes accrued interest. Accrued interest is to be reported separately. The investment fund is to report three memorandum items. These include loans and deposits received split by maturity and accrued interest, which are to be reported by residency.

Liabilities L2 – Investment Fund shares/units

Sheet L2, 'Value of Investment Funds shares/units', is a more detailed version of the ML_incl_PL sheet. Hence, it is important that the closing position reported in Item 5 of the said sheet is congruent to the closing position reported in the ML_incl_PL sheet. Furthermore, the Residency split of the Shares/Units reported in the ML_incl_PL sheet must be reflected in Sheet L2, the latter sheet being further split according to sector. The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket.

The investment fund is to report IF shares/units issued by residency. This item represents the total liability to the IF shareholders.

The investment fund is to report two memorandum items. These are:

- Holdings of more than 10% of the total of IF shares/units (L2 Item 3); and
- Sales less Redemptions of Investment Fund shares/units i.e net transactions (L2 Item 4), which are to be reported by residency.

Position at beginning of period must tally with Position at end of period reported in sheet L2 of the previous quarter. The flow movement should be reported as Revaluation Adjustments in Schedule L2 under the appropriate sector and residency.
The revaluation adjustment reported in Schedule ML for January + February + March should tally with the Revaluation Adjustments reported in L2.

The sheet should also include:

- funds arising from non-distributed profits;
- the P&L / Reserves contra entry of for instance an increase in the market price of securities invested by the investment fund; or
- funds set aside in anticipation of likely future payments and obligations.

The above should be reported under Shareholder's Funds (L2 - Cell I45) as Total as well as under the appropriate sector of the shareholder.

Liabilities L2 – Investment Fund shares/units and the ML_incl PL sheet

It is also important to note that whilst the ML sheet is including monthly figures or quarterly figures depending on whether it is an 80% and 20% funds, the L2 sheet will consist of quarterly or annual figures, also depending on whether the Fund is classified as an 80% or 20% fund.

Consequently, for the 80% Funds, the monthly Transactions figures reported in the ML_incl_PL Sheet (namely Net Transactions (Sales less Redemptions) + 'Transactions other than in subscriptions' for the three months must match or be near to the sum of reported quarterly Net Transactions reported in the more detailed L2 sheet. By way of example, the sum of the Net Transaction figures (Sales less Redemptions) + Transactions other than in Subscriptions reported in the ML_incl_PL sheets for July + Aug + Sept 2021 must match with the quarterly Net Transactions figures reported in L2, in this example for Sept 2021 (the latter also comprising of Sales less Redemptions + the P&L element (i.e. 'Transactions other than in subscriptions' found in the ML_incl_PL sheet). The same logic applies for the Revaluations figures. Meanwhile, for 20% Funds, the sum of quarterly flows reported in the ML_incl_PL sheets for four quarters must be equal or near the annual twelve-month flows reported in Sheet L2. For more information as regards Flows, kindly refer to the section on the Concept of Flows.

In the case of adjustments for the previous periods, we expect to receive the revised ML_incl_PL in addition to the full set of returns for the above equation to hold. The same reasoning is to be applied also to those Funds whose valuation is quarterly, bi-annual or annual.

Liabilities L3 – Other Liabilities

The schedule is to be reported on a quarterly basis by funds falling in the 80% bracket, and annually for those funds in the 20% bracket.

The schedule is split up into financial derivatives, debt securities issued, and other remaining liabilities. Financial derivatives and debt securities issued are to be reported as a total. In addition, of which items are to be reported. Other liabilities are to be reported by residency and/or sector. Note that the instrument debt securities issued includes accrued interest. Any other accrued interest must be reported under other remaining liabilities excluding loans and deposits accrued interest which has to be reported in schedule Liabilities L1.

Income Statement (PL)

The schedule is to be reported on a quarterly basis (**cumulative**) falling in the 80% bracket, and annually for those funds in the 20% bracket. By way of example, should the year end of an 80% Fund fall in **December** the following cumulative figures are expected to the reported in the Profit and Loss Statement according to reference date:

March 2021: January 2021 till March 2021
June 2021: January 2021 till June 2021
September 2021: January 2021 till September 2021
December 2021: January 2021 till December 2021 (**end of year)**
March 2022: January 2022 till March 2022. (**start of a new year**)

The investment fund must report the **Income items** according to the definitions specified below. Shaded cells should not be filled in.

Interest Income from Investments

This item includes interest on deposits, securities other than shares, and loans. Also included is amortised interest and discounted treasury bills. Interest is to be recorded before the deduction of any taxes levied on it. This item can only be negative in cases of short selling of debt securities.

Dividends Income

This item relates to income received by ownership of shares and other equity. This item can only be negative in cases of short selling of shares.

Other income

Income not elsewhere specified in the PL schedule (including any appreciation of the investment). In the eventuality of unrealised gains, these should be reported under this item with a positive sign.

The investment fund must report the **Expenditure items** according to the definitions specified below:

Accounting, auditing, tax consulting, advertising, market research, business and management consultancy services

Report expenses incurred on the above activities. Include design, creation, marketing, placement and purchase of advertisements, trade fair exhibition services and promotion, market research and public opinion polls, planning, organisation cost projecting and human resource management.

Directors Fees and Compensation of employees

Includes directors' fees/remunerations and wages, salaries and other benefits in cash or in kind, earned by individuals for work performed. Included are 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.

Communications, Computer and information services

Include telecommunications (broadcasting, satellite, electronic mail etc), postal, courier, newspaper and magazine delivery services etc. Include database development, storage and online 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 services. Include also printing, publicity and publishing costs.

Custodian and Trustee Fees

Include sub-custodian fees and trustee disbursements.

Investment Advice Fees

Include investment advisory fees.

Management Fees and General Administrative costs

Report any fees that include management and administrative related expenses such as preliminary expenses, transaction costs and formation expenses.

Legal and Other Professional Fees

Include any other professional fee or cost such as registrar fees, performance fees and company secretary fees.

Interest payable

Include interest payable on loans.

Other Expenses

Expenses not elsewhere specified in the PL schedule (including any depreciation of investment). Provide clear details on individual items if greater than 25% of the total other expenses category in item 11.

Taxation

All taxation relating to IFs, including withholding tax, paid to Residents of Malta, Residents of Monetary Union Member States and Residents of Rest of the World. Amounts should be reported with a negative sign unless it relates to a Tax Refund.

Capital and Exchange Gains/(Losses)

Net Realised Gains/(Loss) on Sale of Investments or Net Realised Gains/(Loss) on Foreign Exchange

Finance Cost

These costs consist of distributions to shareholders (dividends payable) should be reported with a negative sign.

While items 1 and 2 should always be reported with a positive sign, items 4, 5, 6 and 7 should be reported with a negative sign when payments exceed receipts. ‘Interest Income from Investments’ (item 1.1) and ‘Dividends Income’ (item 1.2) can only be reported with a negative sign in cases of short selling of securities.

Unrealised gains need to be reported under 'Other income' whilst the unrealised losses need to be reported under 'Other expenses’ and the net gain / losses which are realised are to be reported under Capital and Exchange Gains / Losses. If the net unrealised is a gain (with positive) it should be reported as other income, whilst if it is an unrealised loss, it should be reported as 'Other Expenses', also with a positive sign.

Income Statement (PL by Country)

The Schedule should be considered as an extension of the Income Statement (PL) schedule, where additional details on the geographical breakdown of specific Income statement items are requested.

The Schedule is to be reported on a quarterly basis (cumulative) by funds falling in the 80% bracket, and annually (cumulative) for those funds in the 20% bracket. Additionally, it should be reported by residency (i.e. residents of Malta, residents of Monetary Union Member states (MUM) and residents of Rest of the world (ROW). Data should be categorised accordingly in relation to the euro area countries, while the list of ROW countries include EU countries which do not form part of the euro area as well as a selected number of countries (e.g. USA, Japan, Switzerland etc.) as well as international bodies (e.g. European Investment Bank, International Monetary fund, etc.)

- Income statement items for which further geographical breakdown is required include PL items 1.3, 1.4, items 2.1 – 2.10 and item 4.
- For amounts reported under PL Items 1.3 (Services), and 1.4 (Other Income) , an explanation and further splits should be reported in PL by Country under Memo Item 1.
- For amounts reported under PL Item 2.10 (Other Expenses), an explanation and further splits should be reported in PL by Country under Memo Item 2.

Totals for items 1,2 and 3 should match the totals for Income statement items in the Income Statement (PL) schedule.

Appendix 1 – Definitions of sectors[7]

1. General Government

The sector General Government includes all institutional units which are principally engaged in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. The widest definition of the general government sector comprises (a) central government, (b) state government, (c) local government/councils and (d) social security funds.

For statistical reporting purposes, there are two levels of government in Malta, namely the (a) central government sector and the (c) local councils. Furthermore, the central government sector in Malta comprises the (i) administrative departments and ministries of the State and (ii) the Public Non-Market Units.

Further details of the general government sector will be as follows:

Central government

This sector includes (i) all administrative departments of the State and other central agencies whose competence extends over the whole economic territory. It thus includes departments, ministries, and offices of government located in the country and embassies, consulates, military establishments and other institutions of government located outside the country.

Included in this sector are also (ii) the Public Non-Market Units.   These comprise those institutional units under public control that are principally engaged in the production of goods and services not usually sold on a market and/or they are involved in the redistribution of national income and wealth. These also include units/entities that do not charge “economically significant” prices and/or units/entities that over the last years their sales did not cover 50% of their production costs.

[7] The ESA 2010 provides the standard for sector classification.

State government

This sector includes institutional units exercising some of the functions of government at a level below that of central government. This level of government is not applicable for Malta.

Local government/councils

This sector includes those types of administrative departments, agencies, etc., the competence of which covers only a restricted part of the economic territory of a country. In the case of Malta, report transactions with the local councils.

Social Security Funds

This sector includes those schemes managed by central, state/regional or local government, the principal objective of which is to provide social benefits to the population of the country. This level of government is not applicable for Malta.

2. Monetary Financial Institutions (MFIs)

Central Banks

In most countries Central Banks are separately identifiable institutions. The central bank is the national financial institution that exercises control over key aspects of the financial system and whose principal function is to issue currency, to maintain the internal and external value of the currency and to hold all or part of the international reserves of the country.

Credit Institutions

Credit institutions receive deposits and/or close substitutes for deposits from entities other than Monetary Financial Institutions (MFIs), and, for their own account (at least in economic terms), to grant credits and/or make investments in securities. A list of credit institutions resident in the MUMs and the EU can be accessed from the ECB's internet website. For countries outside the EU, credit institutions only should be treated as MFIs since the concept of MFIs may not apply in these countries. Credit Institutions licensed in Malta comprise banks licensed by the Competent Authority under the Banking Act (Cap. 371). In accordance with the Banking Co-ordination Directives of December 1977 and December 1989 (77/780/EEC and 89/646/EEC), a credit institution is "an undertaking whose business is to receive deposits or other repayable funds from the public – including the proceeds arising from the sales of bank bonds to the public - and to grant credit for its own account". Reporting agents are to consult the Amalgamated list provided by the Central Bank and/or MFSA's website for an updated list of such institutions.

A list of credit institutions resident in the EU/EMU area can be accessed from the ECB's internet website.[8] Any counterpart reported under Resident of Malta – MFI should be in line with this published list. One needs to filter by Country, for instance, Malta to have a list pertaining to locally registered Banks. Similarly for counterparts reported under Members of the Monetary Union. This page provides an overview of the development of the MFI sector in the European Union (EU) since the start of Stage Three of the Economic and Monetary Union (EMU).

Money Market Funds (MMFs)

These Funds fulfil the conditions of liquidity mentioned in the above definitions and are thus to be included as part of the MFI sector. MMFs are defined as those collective investment undertakings of which the units are, in terms of liquidity, close substitutes for deposits and which primarily invest in money market instruments and/or in other transferable debt instruments with a residual maturity up to and including one year, and/or in bank deposits, and/or which pursue a rate of return that approaches the interest rates of money market instruments. The criteria identifying MMFs may be derived from the public prospectus, fund rules, instruments of incorporation, established statutes or by-laws, subscription documents or investment contracts or marketing documents. An updated list of such companies will be periodically updated by the Central Bank. A list of MMFs resident in the EU and the EMU area can be accessed from the ECB's internet website. MMFs report the same Schedules (ML_incl_PL & Full Set) which is filled in by the Collective Investment Funds.

8 https://www.ecb.europa.eu/stats/financial_corporations/list_of_financial_institutions/html/elegass.en.html

Other MFIs

There may be other MFIs that are neither credit institutions nor money market funds. These comprise those resident financial institutions, which fulfil the MFI definition, irrespective of the nature of their business. The degree of substitutability between the instruments issued by the latter and the deposits placed with credit institutions determines their classification, provided that they meet the MFI definition in other respects. At present, no such units are resident in Malta.

3. Non-MMF investment funds

Non-MMF investment funds subsector consists of all collective investment schemes, except those classified in the MMF subsector, which are principally engaged in financial intermediation. Their business is to issue investment fund shares or units which are not close substitutes for deposits, and, on their own account, to make investments primarily in financial assets other than short-term financial assets and in non-financial assets (usually real estate). Non-MMF investment funds cover investment trusts, unit trusts and other collective investment schemes whose investment fund shares or units are not seen as close substitutes for deposits.

The following financial intermediaries are classified in Non-MMF investment funds subsector:

- open-ended investment funds whose investment fund shares or units are, at the request of the holders, repurchased or redeemed directly or indirectly out of the undertaking's assets;
- closed-ended investment funds with a fixed share capital, where investors entering or leaving the fund must buy or sell existing shares;
- real estate investment funds;
- investment funds investing in other funds ('funds of funds');
- hedge funds covering a range of collective investment schemes, involving high minimum investments, light regulation, and a range of investment strategies.

Non-MMF investment funds subsector does not include:

a. pension funds which are part of the pension funds subsector;

b. special purpose government funds, called sovereign wealth funds. A special purpose government fund is classified as captive financial institution if it is a financial corporation.

c. head offices which oversee and manage a group consisting predominantly of non-MMF investment funds, but which are not investment funds themselves. They are classified in Financial auxiliaries subsector;

d. non-profit institutions recognised as independent legal entities serving non-MMF investment funds, but not engaged in financial intermediation. They are classified in Financial auxiliaries subsector.

4. Other financial intermediaries[9]

The other financial intermediaries, except insurance corporations and pension funds subsector consists of all financial corporations and quasi- corporations which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits (or close substitutes for deposits), investment fund shares/ units, or in relation to insurance, pension and standardised guarantee schemes from institutional units The financial auxiliaries subsector consists of all financial corporations and quasi-corporations which are principally engaged in activities closely related to financial intermediation but which are not financial intermediaries themselves. This subsector also includes head offices whose subsidiaries are all or mostly financial corporations;

Financial Vehicle Corporations (FVCs)

FVCs are created to be the holders of securitised assets through the undertaking of securitisations. Securitisation means a financial transaction or scheme involving the transfer of assets or of risks of underlying assets to a FVC. Securities issued by the FVCs shall be open to the public. These securities may also be sold based on a private placement. This definition shall exclude MFIs undertaking the business of securitisation.

[9] **Except insurance corporations and pension funds**

Financial auxiliaries

Financial auxiliaries consist of companies, which are principally engaged in auxiliary financial activities, i.e. activities closely related to financial intermediation but which are not financial intermediaries themselves. The following are examples of financial companies that are classified in this sector: companies such as insurance brokers, salvage and average administrators, insurance and pension consultants, etc.; loan brokers, securities brokers, investment advisers, etc.; flotation companies that manage the issue of securities; companies whose principal function is to guarantee, by endorsement, bills and similar instruments; companies which arrange derivative and hedging instruments, such as swaps, options and futures (without issuing them); companies providing infrastructure for financial markets; central supervisory authorities of financial intermediaries and financial markets when they are separate institutional units; managers of pension funds, mutual funds, etc.; companies providing stock exchange and insurance exchange.

Financial auxiliaries also include Trusts if these legal entities are not subsidiaries of another financial institutions, such as, an MFI or an Insurance Corporation. In such cases, the trust's sector should be as its parent, that is, an MFI, or ICPF.

Captive financial institutions and money lenders subsector

These institutions consist of all financial corporations and quasi-corporations which are neither engaged in financial intermediation nor in providing financial auxiliary services, and where most of either their assets or their liabilities are not transacted on open markets. This subsector includes holding companies that hold controlling- levels of equity of a group of subsidiary corporations and whose principal activity is owning the group without providing any other service to the businesses in which the equity is held, that is, they do not administer or manage other units.

5. Insurance corporations

Insurance corporations consist of all financial corporations and quasi- corporations which are principally engaged in financial intermediation because of the pooling of risks mainly in the form of direct insurance or reinsurance.

6. Pension funds subsector

Pension Funds consist of all financial corporations and quasi-corporations which are principally engaged in financial intermediation as the consequence of the pooling of social risks and needs of the insured persons (social insurance). Pension funds as social insurance schemes provide income in retirement, and often benefits for death and disability.

7. Non-financial companies

The non-financial corporations sector consists of institutional units which are independent legal entities and market producers, and whose principal activity is production of goods and non-financial services. This sector also includes non-financial quasi-corporations. This sector includes:

Public non-financial companies are subject to control by government units. Control over a company is defined as the ability to determine general corporate policy by choosing appropriate directors, by owning more than half of the voting shares or otherwise controlling more than half of the shareholders' voting power. In addition, government secures control over a company or corporation, because of special decree or regulation, which empowers the government to determine corporate policy or to appoint the directors. These state-owned non-financial companies are to be distinguished from the public non-market units mentioned in the general government sector, since the former are producing goods or services to the market, and/or charging economically significant prices, and/or more than 50% of their production costs are covered by their sales.

Private non-financial companies are controlled by non-government resident or non-resident units.

8. Households and Non-profit institutions

The households sector consists of individuals or groups of individuals as consumers and as entrepreneurs producing market goods and non-financial and financial services (market producers) provided that the production of goods and services is not by separate entities treated as quasi-corporations. It also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use.

The non-profit institutions serving households (NPISHs) sector consists of non-profit institutions which are separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general governments and from property income.

Sole proprietorships and partnerships without legal status (sub-population of ‘Households’)

Sole proprietorships and partnerships without independent legal status, other than those created as quasi-corporations, and which are market producers.

Appendix 2: Standards to be applied by investment funds

Reporting agents must fulfill the following standards to meet the statistical reporting requirements.

1. Standards for transmission:

(a) reporting to the Bank must be timely and within the deadlines set by the Bank;

(b) statistical reports must take their form and format from the technical reporting requirements set by the Bank;

(c) the contact person(s) within the reporting agent must be identified;

(d) the technical specifications for data transmission to the Bank must be followed; and

(e) in the case of security-by-security reporting the reporting agents must provide further information (e.g. name of issuer, issue date) needed to identify securities whose security identification codes are either erroneous or not publicly available.

2. Standards for accuracy:

(a) the statistical information must be correct:

- all linear constraints must be fulfilled (e.g. assets and liabilities must balance, subtotals must add up to totals); and
- data must be consistent across all frequencies;

(b) reporting agents must be able to provide information on the developments implied by the data supplied;

(c) the statistical information must be complete: existing gaps should be acknowledged, explained to the Bank and, where applicable, bridged as soon as possible;

(d) the statistical information must not contain continuous and structural gaps;

(e) reporting agents must follow the dimensions and decimals set by the Bank for the technical transmission of the data; and

(f) reporting agents must follow the rounding policy set by the Bank for the technical transmission of the data.

3. Standards for conceptual compliance:

(a) the statistical information must comply with the definitions and classifications contained in these instructions;

(b) in the event of deviations from these definitions and classifications, where applicable, reporting agents must monitor on a regular basis and quantify the difference between the measure used and the measure contained in these instructions; and

(c) reporting agents must be able to explain breaks in the data supplied compared with the previous periods' figures.

4. Standards for revisions:

The revisions policy and procedures set by the Bank must be followed. Revisions deviating from regular revisions must be accompanied by explanatory notes.

Appendix 3: Definitions of security-by-security attributes

1. Security identifier code
International Security Identification Code (ISIN) used to identify the security.

2. Number of units/shares (in 000s)
The number of equity securities (both local and foreign) held by the reporting institution at the end of the reporting period. *This field is not to be filled in for debt securities.*

3. Nominal value (in euro 000s)
The nominal value of debt securities (both local and foreign) held by the reporting institution at the end of the reporting period. Debt securities denominated in foreign currencies should be converted into euro using the exchange rate prevailing at end of the quarter. *This field is not to be filled in for equity securities.*

4. Nominal currency
Report the currency code of the security held e.g. EUR for euro, GBP for Sterling.

5. Market price

- For equity, the market price must be "price per unit in nominal currency" of the issue.
- For debt securities the price should be calculated including accrued interest i.e. on a dirty price basis.
- When multiplying the number of units/nominal amount by the price, this should be equal to the amounts reported for securities (including accrued interest) in the balance sheet.

6. Net transactions (in euro 000s)
Report the net transactions effected during the reporting period relating to the acquisition (purchases) less disposal (sales) of both equity and debt securities. When calculating the net transactions for debt securities, please include any purchased or sold interest.

7. Interest received in the course of the period (in euro 000s)

Report any interest received during the reporting period (excluding sold interest which should be reported with the transactions in 6 above).

8. Dividends received during the period (in euro 000s)

Any dividends earned from the ownership of stock (shares) or equivalent equity such as holdings in Collective Investment Schemes. These amounts should be recorded on the basis of dividends actually received during the period.

Appendix 4: Definitions of stocks, flows and accrued interest items

1. Position at beginning of period

For those funds falling within the **80%** category:

Report the opening position of the market value of the 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.

For those funds falling within the **20%** category:

Report the opening position of the market value of the 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.

2. Net transactions

Net transactions are equal to an increase in transactions less a decrease in the same transaction for example granting a new loan and withdrawing a deposit (on the assets side).

- Increase in transactions: report those transactions which cause the stock of the reporting period to increase (+). Examples of transactions that increase the assets or liabilities include:
  - New loans and deposits
  - Buying securities
  - Acquisition of fixed assets
  - Issuing of IF shares/units

- Decrease in transactions: report those transactions which cause the stock of the reporting period to decrease (-). Examples of transactions that decrease the assets or liabilities include:
  - Repayment of a loan and withdrawal of a deposit
  - Selling securities
  - Redemption of IF shares/units

3. Revaluation adjustments

See Concept of Flows section for definition. Revaluation adjustments shall be derived i.e. cells within the reporting schedules include a formula.

4. Reclassifications

See Concept of Flows section for definition. Reclassifications are only to be reported following guidance from the Bank, except for accrued interest[10].

5. Position at end of period

Report the market value of the claims and liabilities of the reporting enterprise at the end of the quarter.

6. 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.

7. Accrued interest in the course of the period

Report interest accrued (i.e. receivable/payable) during the course of the quarter. This should normally be a positive figure, unless in the case of short-selling.

8. Received interest in the course of the period (A1)

Report interest actually received during the reporting quarter. This should be a positive figure.

9. Paid interest in the course of the period (L1, L3)

Report interest actually paid during the reporting quarter. This should be a positive figure.

10. Purchased, received and sold interest in the course of the period (A2, A3, A4)

This figure is the net of Paid and Purchased Interest less Received and Sold, hence can be both a positive / negative figure.
Eg. If Paid and Purchased Interest amounted to €1000 and Received and Sold interest amounted to €1500, the Purchased, received and sold interest in the course of the period should amount to - €500.

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10 The transfer of accrued interest from remaining assets/liabilities to the instrument is to be reported as a reclassification.

11. Position of Accrued Interest at the End of the Period
Report the amount of accrued interest at the end of the reporting quarter.

12. Dividends received during the period
Report dividends received during the period.

Appendix 5: Case scenarios

<u>Security-by-security reporting in return SBSA</u>

Reporting agents are to report their holdings of securities (both equity and debt) which have a valid ISIN code on a security-by-security basis in the sheet SBSA. Only those securities without a valid ISIN code are to be reported on an aggregated basis

<u>Examples on how to fill in the SBSA sheet for debt securities</u>

Example 1 – ISIN 1

During the quarter under review your institution purchased €10,000 nominal amount @ 101.3 (dirty price i.e. including purchased interest) of ISIN 1. During the same quarter your institution sold all its holdings of ISIN 1 @ 103.2 (dirty price i.e. including sold interest). No position in ISIN 1 was held at the beginning of the quarter.

Workings:
Net transactions –
Purchase 10x 101.3 / 100 = € 10.13
Sale 10 x 103.2 / 100 = € 10.32

Net Transaction = -€ 0.19

Position beginning of quarter = 0 nominal amount
Position end of quarter = 0 Nominal amount

Example 2 – ISIN 2

At the beginning of the quarter your institution held \$20,000 nominal amount of ISIN 2. During the quarter your institution sold all its holdings in ISIN 2 @ 105.68 (dirty price i.e. including sold interest).

Workings:
Euro – USD rate at beginning of the quarter – 1.4303
Euro – USD rate actual transaction date – 1.4026
Euro – USD rate at end of the quarter – 1.3917
Net transactions - Sale 20 x 105.68 /100 = \$ 21.136
Converted @ actual transaction \$/€ rate of 1.4026

Net Transaction = -€ 15.0692

Position beginning of quarter = \$20 nominal amount converted into euro @ 1.4303 = € 13.983
Position end of quarter = 0 Nominal amount

Example 3 – ISIN 3

During the quarter under review your institution purchased GBP 5,000 nominal amount @ 107.1 (dirty price i.e. including purchased interest) of ISIN 3. No position in ISIN 3 was held at the beginning of the quarter.
Workings:
Euro – GBP rate at beginning of the quarter – 0.7903
Euro – GBP rate actual transaction date – 0.8452
Euro – GBP rate at end of the quarter – 0.9525
Dirty price at end of quarter – 108.22
Net transactions - Purchase 5 x 107.1 / 100 = £ 5.355
Converted @ actual transaction £/€ rate of 0.8452

Net Transaction = € 6.3358

Position beginning of quarter = 0
Position end of quarter = £5 nominal amount converted into euro @ 0.9525 = € 5.2493

Example 4 – ISIN 4

During the quarter under review your institution purchased €30,000 nominal amount @ 100.3 (dirty price i.e. including purchased interest) of ISIN 4. During the same quarter your institution sold €15,000 of its holdings in ISIN 4 @ 102.2 (dirty price i.e. including sold interest). At the beginning of period your institution held €10,000 (nominal amount) in ISIN 4.

Workings:
Net transactions –
Purchase 30 x 100.3 / 100 = € 30.09
Sale 15 x 102.2 /100 = -€ 15.33

Net Transaction = +€ 14.76

Position beginning of quarter = 10 nominal amount
Position end of quarter = (Position @ beginning of period 10 + Net purchases during the quarter (30 – 15) = 25 Nominal amount
Dirty Price as at end of quarter – 101.88

Example 5 - ISIN 5

At the beginning of the quarter your institution held $60,000 nominal amount of ISIN 5. No purchases or sales of this security occurred during the quarter. However, your institution received $ 1,800 in interest.

Workings:
Euro – USD rate at beginning of the quarter – 1.4303
Euro – USD rate actual transaction date – 1.4026
Euro – USD rate at end of the quarter – 1.3917

Dirty Price as at end of quarter – 102.77

Transactions:
Net transactions - 0 – no purchases or sales were made during the quarter
Interest received during the quarter $1.8 converted at actual transaction date 1.4026 = €1.28
Position beginning of quarter = $60 nominal amount converted into euro @ 1.4303 = €41.949
Position end of quarter = $60 nominal amount converted into euro @ 1.3917 = € 43.1127

Examples on how to fill in the SBSA sheet for shares and other equity securities

Example 6 – ISIN 6

During the quarter under review your institution purchased 10,000 units @ €1.1 of ISIN 6. During the same quarter your institution sold all its holdings in ISIN 6 @ €1.3. No position in ISIN 6 was held at the beginning of the quarter.

Workings:
Net transactions –
Purchase 10 x 1.1 = € 11
Sale 10 x 1.3 = € 13

Net Transaction = -€ 2
Position beginning of quarter = 0 units
Position end of quarter = 0 units

Example 7 – ISIN 7

At the beginning of the quarter your institution held 1,000,000 units of ISIN 7. During the quarter your institution sold all its holdings in ISIN 7 @ $4.88 (price per share).

Workings:
Price of ISIN 7 at beginning of the quarter – $5.99

Euro – USD rate actual transaction date – 1.4026
Net transactions - Sale 1,000 x $4.88 = $ 4,880
Converted @ actual transaction $/€ rate of 1.4026

Net Transaction = -€ 3,479.2528
Position beginning of quarter = 1,000 units @ $5.99
Position end of quarter = 0 units

Example 8 – ISIN 8

During the quarter under review your institution purchased 10,000 units @ £ 4.1 per share of ISIN 8. No position in ISIN 8 was held at the beginning of the quarter.

Workings:
Price at beginning of the quarter – £4.73 26
Euro – GBP rate actual transaction date – 0.8452
Price at end of the quarter – £6.11

-Net transactions –
Purchase 10 x £4.1 = £ 41
Converted @ actual transaction £/€ rate of 0.8452

Net Transaction = € 48.5092
Position beginning of quarter = 0
Position end of quarter = 10 units @ £6.11

Example 9 – ISIN 9

During the quarter under review your institution purchased 30,000 units @ €11.3 per share of ISIN 9. During the same quarter your institution sold 15,000 units of its holdings in ISIN 9 @ €15.8 per share. At the beginning of period your institution held 10,000 units in ISIN 9.

Workings:
Net transactions – Purchase 30 x €11.3 = € 339
Sale 15 x €15.8 = € 237

Net Transaction = € 102

Price as at end of quarter –€ 16.2
Position beginning of quarter = 10 units
Position end of quarter = (Position @ beginning of period 10 + Net purchases during the quarter (30 – 15) = 25 units

Example 10 – ISIN 10

At the beginning of the quarter your institution held 600 units of ISIN 10. No purchases or sales in this ISIN occurred during the quarter. However, your institution received $100.8 in dividends.

Workings:
Price at beginning of the quarter – $99.52
Euro – USD rate actual transaction date – 1.4026
Price at end of the quarter – $101.88

Transactions:
Net transactions - 0 – no purchases or sales were made during the quarter
Dividends received during the quarter $0.1008 (since transactions are to be reported in thousand's) converted at actual transaction date 1.4026 = €0.07186

Position beginning of quarter = 0.6 units @ $99.52
Position end of quarter = 0.6 units $101.88

	Position at end of period				**Transactions effected during the quarter (Euro 000s)**		
Security identifier code (ISIN)	**Number of units/shares (in 000s and applicable for shares and other equity only)**	**Nominal value (in euro 000s and applicable for debt securities only)**	**Nominal currency**	**Market price**	**Net transactions (purchases less sales including purchased and sold interest)**	**Received interest in the course of the quarter**	**Dividends received during the quarter**
ISIN 1		0	EUR		-0.19		
ISIN 2		0	USD		-15.0692		
ISIN 3		5.2493	GBP	108.22	6.3358		
ISIN 4		25	EUR	101.88	14.76		
ISIN 5		43.1127	USD	102.77	0	1.28	
ISIN 6	0		EUR		-2		
ISIN 7	0		USD		-3479.2528		
ISIN 8	10		GBP	6.11	48.5092		
ISIN 9	25		EUR	16.2	102		
ISIN 10	0.6		USD	101.88	0		0.07186

It is important that the amounts and workings in the SBSA sheet tally with the amounts in sheet A – Item 3.2 – Securities reported on s-b-s basis. To this effect, kindly make sure that cell AR19 of the SbSA sheet is less than 500, pertaining to the discrepancy between the A sheet and the SbSA sheet as per below screenshot.

Debt & Equity Securities End of quarter position Sheet A! (I20) = SBSA bonds stock position (nominal value*price/100) + SBSA equity stock position (number of units*price /exchange rate as at end of month)		
Sheet A! (I20)	28,013.000	28,013.000
SBSA bonds stock position (nominal value*price/100) (Col. AL)	2,063.127	
SBSA equity stock position (number of units*price /exchange rate as at end of month) (Col. AO)	25,950.848	
		28,013.974
		- 0.974

Example 11

Consider 4 cases of IF shares/units (liability) for the period March to June 08:

(i) IF shares/units with an outstanding amount of Eur100 are redeemed during the period. Assume that no other transactions were made during the period and that the base currency of the fund is euro. Report the following to the Bank:

Values in euros	Position at the beginning of the period	Net transactions	Revaluation adjustments		Reclassifications	Position at the end of the period
			Market price changes	Exchange rate changes		
IF shares/units	100	-100	-		-	0

(ii) IF shares/units with an outstanding amount of Eur200 are issued during the period. Assume that no other transactions were made during the period and that the base currency of the fund is euro. Report the following to the Bank:

Values in euros	Position at the beginning of the period	Net transactions	Revaluation adjustments		Reclassifications	Position at the end of the period
			Market price changes	Exchange rate changes		
IF shares/units	0	200	-		-	200

(iii) IF shares/units with an outstanding amount of $350 are issued during the period. Assume that no other transactions were made during the period and that the base currency of the fund is US dollar.

- IF shares/units are to be reported to the Bank in euros therefore, data are to be converted in euros. Net transactions are converted using the exchange rate at the end of the transaction date. However, if the daily exchange rate is not available, the quarterly average rate released by the Bank is to be used link. The position at the end of the period is converted using the closing exchange rate prevailing at the end of the period.

- Revaluation adjustments are derived by the Bank by means of a formula. The position at the end of period less the position at the beginning of the period less net transactions less reclassifications is in this case equal to the exchange rate change only.
- Quarterly average exchange rate €1 = $1.5622
- End period exchange rate (June) €1 = $1.5764.

Values in euros	**Position at the beginning of the period**	**Net transactions**	**Revaluation adjustments**		**Reclassifications**	**Position at the end of the period**
			Market price changes	**Exchange rate changes**		
IF shares/units in US dollars	0	350	-		-	350
IF shares/units in euros	0	350/1.5622 = 224	(2)			350/1.5764 = 222

(iv) IF shares/units have an opening balance with an outstanding amount of $100 i.e. 100 units at a market price of $0.50. During the period the IF issued 700 units at a market price of $0.65. Therefore, at the end of the period the closing balance had an outstanding amount of $800 i.e. 800 units at a market price of $1. Assume that the base currency of the fund is US dollar

IF shares/units are to be reported to the Bank in euros therefore, data are to be converted in euros. Net transactions are converted using the exchange rate at the end of the transaction date. However, if the daily exchange rate is not available, the quarterly average rate released by the Bank is to be used, link. The position at the end of the period is converted using the closing exchange rate prevailing at the end of the period.

- Revaluation adjustments are derived by the Bank by means of a formula. In this case the revaluation adjustment is not only an exchange rate change but also a market price change. The position at the end of period less the position at the beginning of the period less net transactions less reclassifications is in this case equal to an exchange rate change and a market price change.
- End period exchange rate (March) €1 = $1.5812.
- End period exchange rate (June) €1 = $1.5764.
- Quarterly average exchange rate €1 = $1.5622

<table>
<tr><th rowspan="2">Values in euros</th><th rowspan="2">Position at the beginning of the period</th><th rowspan="2">Net transactions</th><th colspan="2">Revaluation adjustments</th><th rowspan="2">Reclassifications</th><th rowspan="2">Position at the end of the period</th></tr>
<tr><th>Market price changes</th><th>Exchange rate changes</th></tr>
<tr><td>Information</td><td>100 @ $0.50</td><td>700 @ $0.65</td><td colspan="2">-</td><td>-</td><td>800 @ $1</td></tr>
<tr><td>IF shares/units in US dollars</td><td>50</td><td>455</td><td colspan="2">-</td><td>-</td><td>800</td></tr>
<tr><td>IF shares/units in euros</td><td>50/1.5812 = 32</td><td>455/1.5622 = 291</td><td colspan="2">(184)</td><td>-</td><td>800/1.5764 = 507</td></tr>
</table>

Notes:
i. Market price and exchange rate changes are amalgamated under revaluation adjustments.
ii. Revaluation adjustments are not to be reported in the reporting schedules.
iii. Market price changes are not applicable for deposits and loans.

Example 12

Consider three different securities in a reporting agent's portfolio. Security A is classified as held to maturity, bought on the primary market and upon maturity it will be redeemed at the same price that it was purchased. Security B and Security C are held for trading. The table below shows the developments in the portfolio relating to each security during the period under scrutiny.

	30 September	2 October	20 October	30 October
Market price B	100	99	102	103
Operations	-	Bought 10 bonds	Sold 5 bonds	

	30 September	2 October	10 October	30 October
Market price C	102	100	98	100
Operations	-	Bought 5 bonds	Bought 5 bonds	

The table below shows all the necessary adjustments following the transactions shown above, segregated security by security. The adjustments that need to be reported as securities are represented by the total. It is assumed that, at the outset, the portfolio contains one hundred bonds per type of security.

Note that there are two ways how the reporting agents can make a revaluation of the portfolio.

Values in euros	**Position at the beginning of the period**	**Net Transactions**	**Revaluation adjustments**		**Position at the end of the period**
			Market price changes	**Exchange rate changes**	
Security A	10000	0	0		10000
Security B-1st transaction	10000	990	40		-
Security B-2nd transaction	-	(510)	10		-
Security B-holding gain/loss	-	0	285		10815
Security C-1st transaction	10200	500	0		-
Security C-2nd transaction	-	490	10		-
Security C-holding gain/loss	-	0	(200)		11000
Total	30200	1470	145		31815

Example 13

- In January the investment fund deposits Eur100 with a bank. Interest of Eur10 is accrued every month and is received after three months i.e. in March. Assume no other deposits were made during the period.
- The investment fund is to report as follows in schedule A1 for the instrument:

Values in euros	Position at the beginning of the period	Net transactions	Revaluation adjustments		Reclassifications	Position at the end of the period
			Market price changes	Exchange rate changes		
Jan	0	100	0		0	100
Feb	100	0	0		0	100
Mar	100	30	0		0	130

- The investment fund is to report as follows for accrued interest in the memorandum item:

Values in euros	Position at the beginning of the period	Accrued interest during the period	Received interest during the period	Position at the end of the period
Jan	0	10	0	10
Feb	10	10	0	20
Mar	20	10	30	0 *