



EUROPEAN CENTRAL BANK



**MONEY, BANKING AND  
FINANCIAL MARKET  
STATISTICS IN THE  
ACCESSION COUNTRIES**

**METHODOLOGICAL MANUAL**

**VOLUME II**

**May 2003**



EUROPEAN CENTRAL BANK



## **STATISTICS ON OTHER FINANCIAL INTERMEDIARIES, FINANCIAL MARKETS AND INTEREST RATES IN THE ACCESSION COUNTRIES**

**May 2003**

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# Introduction

## Background

The main tasks of the European Central Bank (ECB) relate to the collection and production of euro area statistics. However, the ECB also has responsibilities under Article 5 of the Statute of the European System of Central Banks and of the European Central Bank towards Member States of the European Union (EU) which are not yet participating in the euro area. The accession negotiations, which determine the conditions under which each accession country will join the EU were successfully completed at the Copenhagen Summit in December 2002. The already high level of co-operation with these countries can be expected to intensify further.

The initiative to compile a methodological manual for money and banking statistics in the accession countries was originally launched at the first seminar on money and banking statistics held with the central banks of the 12 accession countries<sup>1</sup> at the ECB in Frankfurt am Main on 15 and 16 December 1999. It was envisaged that the manual would be published in two volumes.

Volume I was intended to provide information on the legal and institutional background to the compilation of those statistics in the accession countries that are the responsibility of the ECB's Money and Banking Statistics Division and, specifically, to outline the current definitions used for the collection and compilation of monetary statistics. It also described the extent to which the accession countries already meet the ECB's statistical requirements (or will do so in the near future) and compile national monetary statistics that are conceptually consistent with euro area monetary statistics. This volume was first published in April 2001 and an update is scheduled for publication in the first half of 2003.

The present Volume II, which is being published for the first time, is entitled "Statistics on other financial intermediaries, financial markets and interest rates in the accession countries" (hereinafter referred to

as the "Methodological Manual"). Statistics in these areas are also required for the conduct of monetary policy.

## Aim

The aim of Volume II the "Methodological Manual", is to describe the statistical data collection methods used in each accession country and, thereby, to gain a better understanding of the statistics, other than monetary statistics, compiled in those countries that fall under the responsibility of the ECB's Money and Banking Statistics Division. The present edition contains information as at the end of 2002.

Data requirements concerning financial institutions outside the monetary financial institution (MFI) sector, including collective investment institutions other than money market funds, are of utmost importance to complement monetary statistics. Data on MFI interest rates are needed to monitor the transmission of monetary policy, to better understand the structure of financial markets and to assess financial conditions in different sectors of the euro area economy. Securities issues and non-monetary financial institutions are an alternative to bank finance for borrowers and a substitute for certain claims on banks, some of which may be included in M3, for lenders. Finally, data on financial markets and financial derivatives provide additional tools to study the changing of the financial world.

## Structure

The present Volume II consists of 12 country chapters. Each country chapter comprises five sections:

<sup>1</sup> Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Bulgaria and Romania.

### **Section 1 - Other financial intermediaries statistics**

Section 1 concerns statistics relating to the balance sheets of financial institutions belonging to the sub-sector “other financial intermediaries” (OFIs), which excludes insurance corporations and pension funds - S123 of the European System of Accounts 1995 (ESA 95). The section provides an overview of the financial institutions belonging to the OFI sector operating in the accession countries and of the statistics collected for each type of OFI, together with the corresponding collection procedures and data processing and compilation methods. Publication outlets and users of OFI statistics are also described.

### **Section 2 - Financial markets statistics**

Section 2 concerns financial markets statistics. The term “financial markets” refers to money markets, capital markets, foreign exchange markets and commodity markets. In this section, a distinction is made between debt markets and asset markets. The section provides an overview of the legal and institutional background of financial markets statistics (highlighting their importance and the legal basis for their collection), collection procedures, data processing and compilation methods, publication outlets and users of financial markets statistics.

### **Section 3 - Securities issues statistics**

Section 3 concerns securities issues statistics. These are statistics pertaining to the primary issuance, redemption or amounts outstanding of equities, bonds and other debt securities as well as other rights related to any of these financial instruments. The section presents an overview of the legal and institutional background, collection procedures, data processing and compilation methods, publication outlets and users of securities issues statistics.

### **Section 4 - Financial derivatives statistics**

Section 4 concerns financial derivatives statistics. The term “financial derivatives statistics”, as used in this section, refers to data related to the following financial derivatives: options, forward contracts, futures, structured notes and swaps. The section provides an outline of the legal and institutional background (distinguishing the various basic concepts), collection procedures, data processing and compilation methods, publication outlets and users of financial derivatives statistics.

### **Section 5 - Monetary financial institution interest rate statistics**

Section 5 concerns MFI interest rate statistics - i.e. statistics on interest rates applied by MFIs on deposits and loans vis-à-vis households and non-financial corporations, excluding central banks and money market funds. The term “MFI interest rates” refers to retail interest rates. The section provides an overview of the legal and institutional background, collection procedures, data processing and compilation methods, publication outlets and users of MFI interest rate statistics.

At the end of each country chapter, details are included of contacts at the central bank of the respective accession country to whom readers may address any queries they might have.

## **Status of the Manual**

In the accession countries, the Methodological Manual is available to the general public from the central bank of the country concerned. Other interested parties may request copies from the ECB, at the following address:

European Central Bank  
Press Division  
Kaiserstrasse 29,  
D - 60311 Frankfurt am Main

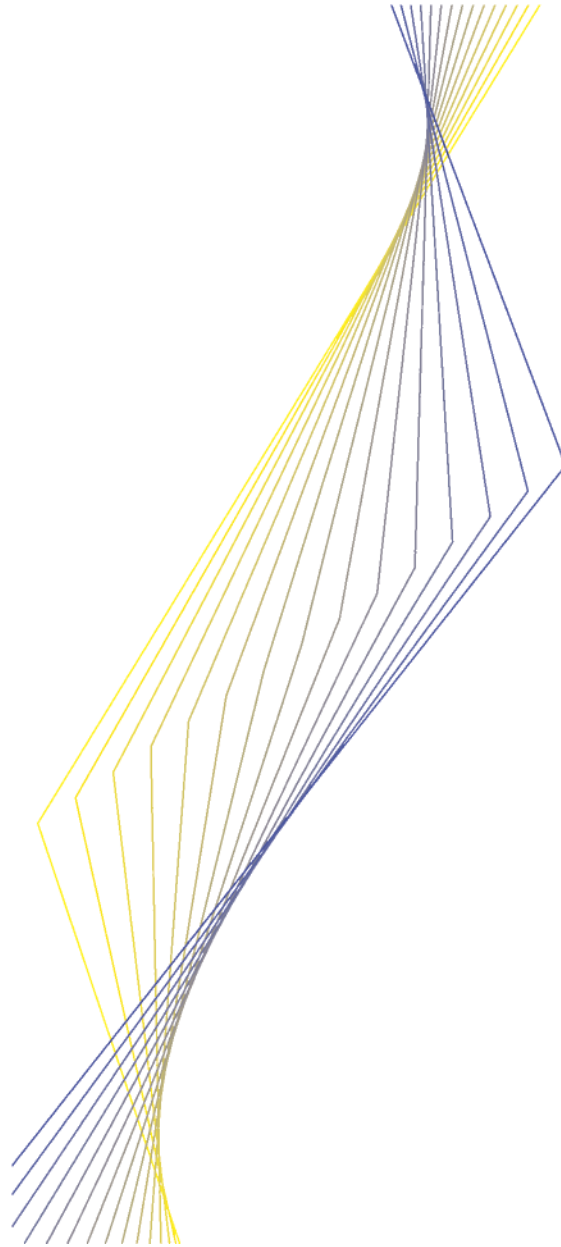
Fax: + 49 69 13 44 7404

The Methodological Manual is also available on the ECB's website (<http://www.ecb.int>).

The Methodological Manual is available in English only. Translations into the national language of each accession country have been left to the discretion of the respective central bank.



EUROPEAN CENTRAL BANK



**Bulgaria**

## Bulgaria

### List of abbreviations

<b>ABS</b>	annual bookkeeping statement
<b>BGN</b>	Bulgarian lev
<b>BIR</b>	basic interest rate
<b>BNSC</b>	Bulgarian National Securities Commission
<b>BULSTAT</b>	Unified Register for Economic/Business Entity Identification
<b>DEM</b>	Deutsche Mark
<b>ECB</b>	European Central Bank
<b>ESA 95</b>	European System of Accounts 1995
<b>EUR</b>	euro
<b>IMF</b>	International Monetary Fund
<b>MFI</b>	monetary financial institution
<b>n/a</b>	not available
<b>NACE</b>	Statistical Classification of Economic Activities in the European Communities
<b>NAS</b>	National Accounting Standard
<b>NCEA</b>	National Classification of Economic Activities
<b>NSI</b>	National Statistical Institute
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>P&amp;L</b>	profit and loss
<b>POS</b>	public offering of securities - as in "the Law on POS"
<b>SOFIX</b>	share price index of the Bulgarian Stock Exchange - Sofia
<b>USD</b>	US dollar

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

There is currently no primary legislation or any other regulatory act that provides an official and mandatory classification of the institutional sectors and sub-sectors or applied methods for the institutional structuring of economic and other agents. Nonetheless, in the course of their operations, both the National Statistical Institute (NSI) and the Bulgarian National Bank structure the statistical entities in accordance with the requirements of the European System of Accounts 1995 (ESA 95).

The institutional sector “financial corporations” includes “all entities involved primarily in financial intermediation and auxiliary financial activities closely related to financial intermediation”. It also encompasses all non-profit institutions engaged in services supporting the financial intermediaries. Financial intermediation implies economic activities in the course of which an institutional entity undertakes obligations for the purpose of acquiring financial assets by participating in financial market operations. Obligations can be assumed by attracting deposits and other similar investments or by issuing debt securities. Financial intermediaries restructure the funds attracted by making loans or by purchasing equity securities or debt securities. They also assume the respective economic risks within the scope of their activities. The main criteria for including any particular entity in the “financial corporations” institutional sector are its branch classification (letter J - “financial intermediation”) under the National Classification of Economic Activities (NCEA - 2001), which is fully harmonised with the Statistical classification of economic activities

in the European Communities (NACE), and its principal source of funding (“own for-profit activity” or “charges for market services” from Nomenclature 10 of the Unified Register for Economic/Business Entity Identification (BULSTAT)).

At present, the NSI compiles and publishes data on the entire financial sector without breaking it down into its (predefined) sub-sectors. These data are presented in the annual sectoral non-financial national accounts. The Monetary Survey drawn up by the Bulgarian National Bank on a monthly basis, and the analytical accounts related to it, provide data in compliance with the requirements and standards of money and banking statistics for the sector encompassing the monetary financial institutions (MFIs), which includes the “central bank” and “other monetary financial institutions” sub-sectors (S121 and S122) in accordance with the ESA 95.

The “financial corporations” institutional sector in Bulgaria includes the following types of entity: the Bulgarian National Bank, licensed commercial banks (which, as has already been mentioned, are included in sub-sectors S121 and S122), leasing companies, finance houses, investment funds and pawnshops (covered by sub-sector S123), bureaux de change, management companies, stock exchanges, institutional insurance brokers, Non-profit institutions providing services to commercial banks and insurers (S124), insurance corporations, pension companies and voluntary pension funds (S125).

**Table**  
**Type and number of financial institutions at the end of 2001 by institutional sector**

S121	Central bank	1
S122	Licensed and operational commercial banks	35
S123	Leasing companies	33
	Finance houses	63
	Investment funds	3
	Pawnshops	n/a
S124	Bureaux de change	n/a
	Management companies	1
	Stock exchanges	1
	Insurance brokers	110
	Non-profit institutions providing services to financial intermediaries	2
S125	Insurance and reinsurance corporations	32
	Pension companies	9
	Pension funds	27

The Law on the Bulgarian National Bank (Articles 1 (1) and 2) and the Law on Banks (Article 1 (1), (2) and (4), and Articles 3 and 11) provide for the scope of sectors S121 and S122. Sub-section 2.2.2 of Volume I of Money and banking statistics in the accession countries: methodological manual, published in April 2001, states that the banking sector encompasses the central bank (the Bulgarian National Bank) and the commercial banks. Sub-section 2.2.2.1 of the same publication states that the banking sector includes the monetary authorities and all commercial banks licensed by the Bulgarian National Bank (including branches of foreign banks). The classifications and definitions of the institutional sectors of the national economy in monetary statistics are presented in tabular form in Table 2 in the same sub-section. Leasing companies and finance houses are also defined by Article 1 (5) of the Law on Banks in relation to Article 54 (1) of the Law on Public Offering of Securities (Law on POS). Investment funds are defined by Articles 164 and 165 of the Law on POS, in conjunction with Articles 192 and 193 (regarding open-end investment funds) and Articles 198 and 199 (regarding closed-end investment funds) of the same law. According to the criteria on the scope of MFIs, the investment companies currently in place are classified in sub-sector S123. In future, depending of their asset mix, if open-end investment funds meet the ECB's

requirements on MFIs they will be reclassified in sub-sector S122. Pursuant to Article 2 (5) of the Law on Banks, pawnshops "make cash loans on pawn" under a procedure determined by the Bulgarian Council of Ministers. At present, there is no published document of the Council of Ministers establishing such a procedure. The activities of bureaux de change are regulated by Articles 3 (1) and (2) of the Foreign Exchange Law and Regulation No. 16 of the Ministry of Finance. Management companies and the stock exchange are governed by the Law on POS, insurance brokers are governed by the Law on insurance, while the activities of the Non-profit institutions providing services to commercial banks and Bulgarian insurers are governed by general legislation (the Trade Act). The activities of insurance corporations and autonomous pension funds are governed by the Law on Insurance and the Supplementary Voluntary Pension Insurance Act. A schematic presentation of the correlation between the institutional sectors as per the money and banking statistics compiled by the Bulgarian National Bank and those pursuant to the ESA 95 and the ECB sector classification is given in Table 3 in Sub-section 2.2.2.2 of Volume I of the Methodological Manual.

The provisions of the laws and other regulatory documents referred to above provide grounds for the established

institutional structure of the financial institutions discussed above. This institutional structure may undergo changes depending on the criteria and methods of structuring economic agents to be officially adopted in the future.

Other financial intermediaries (OFIs) provide the following information for statistical purposes:

- Leasing companies provide to the NSI their annual bookkeeping statements (ABSs) in compliance with the general National Accounting Standard (NAS 1). The ABS includes a balance sheet, a profit and loss (P&L) account, a cash flow statement, an equity statement and the annexes to some of these.
- Finance houses submit two types of ABS to the NSI and the Bulgarian National Bank. Those that have been licensed as investment intermediaries under the Law on POS, file ABSs in accordance with NAS 15 - filing of bookkeeping statements of investment funds. NAS 15 includes a balance sheet, a P&L account, a cash flow statement and an equity statement. Finance houses that are not investment intermediaries submit an ABS as per NAS 1. For the specific needs of supervision, all finance houses file a balance sheet and a P&L account with the Bulgarian National Bank's Bank Supervision Department on a quarterly basis.
- Investment funds submit ABSs in accordance with NAS 15 to the NSI and to the Bulgarian National Securities Commission (BNSC). They file a balance sheet and a P&L account with the BNSC on a quarterly basis.

### 1.1.2 Definitions

The statutory definition of a leasing company and a finance house is provided in Article 1 (5) of the Law on Banks, which states that a

non-bank financial institution shall be a legal entity whose main economic activity is the conduct of one or more of the following transactions: financial leasing, equity acquisition and management, transactions in foreign instruments of payment, capital structure consultations, industrial strategy, transformation of companies and acquisition of enterprises, operations regarded as investment intermediaries' main activity or factoring.

The statutory definition of an investment fund is provided in Article 164 (1) of the Law on POS. An investment fund is a joint-stock company whose economic activity is the investment of funds raised through the public offering of shares and which operates on the basis of risk hedging. The same law defines two types of investment fund. Article 193 (1) obliges open-end investment funds to continuously offer their shares to investors at an issue value based on the net value of the assets, and to buy them back at the request of the shareholder at a price based on the net value of the assets. An investment fund's articles of association must contain the main goals and limitations of the investment activities, the proportions of the different types of securities, the conditions and procedure for calculating the net value of the assets, the issue value, the redemption price and the size of the dividend, if any. A closed-end investment fund has no obligations under Article 193 (1). It issues only dematerialised voting shares and cannot issue bonds or other debt securities (Article 198 (2) of the Law on POS). A closed-end fund cannot buy back its shares, except in accordance with the general provisions and the procedure laid down by the Commercial Code (Article 199 of the Law on POS).

The Law on POS provides no definition of, and imposes no requirements on investors, who may be either legal or natural persons. Articles 195 and 201 of the same law impose strict requirements with regard to the institutional and instrumental structure of the financial assets of the investment funds. These requirements define open-end and closed-



## Bulgaria

end investment funds as entities investing primarily in debt securities (bond funds).

Pursuant to Articles 194 (2) and (3) and Article 198 (2) of the Law on POS, investment funds issue only dematerialised voting shares. They cannot issue bonds or other debt securities.

### **1.1.3 The role of OFI statistics**

The current Law on the Bulgarian National Bank provides the legal framework for the practical implementation of the currency board system. Its provisions greatly restrict the scope for discretionary monetary policy.

Because the OFIs currently in existence in the country are in a process of establishment and development, their share in the total volume of financial operations is relatively modest compared with that of the commercial banks. The former are not obliged to maintain and do not maintain required minimum reserves. The limited significance and role of OFIs with respect to the identification and implementation of possible (under the currency board system) discretionary activities in the area of monetary policy partly explains the absence of a well-defined and properly funded statistical information system specific to this institutional sub-sector. The lack of well-structured data, and of metadata methodologically harmonised with the ESA 95 requirements, also presents a challenge with respect to the deepening and enrichment of the financial analysis, regardless of the body responsible for developing such analysis, and irrespective of whether that body is part of the competent administrative or monetary authorities.

### **1.1.4 Powers to collect OFI statistics**

Pursuant to Articles 3, 4 and 15 of the Law on Statistics, the NSI collects and processes accounting data on all OFIs for statistical purposes. For the purpose of supervising the

activities of the relevant financial institutions and by virtue of the secondary legislation adopted by them, the Bulgarian National Bank and the BNSC collect annual and quarterly accounting data from the finance houses and investment funds respectively.

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

The type and number of existing and licensed (or registered) OFIs are presented in Sub-section 1.1.1. They are all obliged to provide the information requested by the NSI, the Bulgarian National Bank and the BNSC. Data on the total asset values for the three categories of OFI have not been compiled to date.

### **1.2.2 Reporting schemes**

The information submitted regularly by each type of OFI is described in Sub-section 1.1.1. The main characteristics of the balance sheet data as per the applicable National Accounting Standard are outlined here.

Leasing corporations and finance houses which are not investment intermediaries provide accounting data as per NAS I. The long-term financial assets on the balance sheet as per NAS I are divided into “long-term investments” (sub-divided into three groups of equity securities according to the degree of control exerted and other (debt) securities) and “long-term receivables” (from “related parties”, from commercial loans and other long-term receivables). Section I (6) of the Supplementary Provisions in the Accounting Act defines the concept of “related parties” as parties where one party is in a position to control the other or to exercise considerable influence over it in taking financial and operational decisions in compliance with the applicable accounting standards. These are primarily affiliated enterprises and subsidiaries.

Current financial assets are grouped into “receivables” (from related enterprises, from commercial and bank loans and other current receivables), “investments” and “funds”. Long-term and short-term payables are grouped in a manner analogous to that of receivables, with one additional category, namely payables to the “central government” and “social security” institutional sub-sectors.

Finance houses that are not investment intermediaries and investment funds submit accounting data as per NAS 15. The balance sheet as per NAS 15 groups current financial assets into funds, short-term investments and receivables from them, and other current assets. Long-term financial assets are divided into investment portfolio securities, long-term receivables and other long-term assets. Long-term and short-term liabilities are presented only in general terms. There is no geographic or sectoral breakdown of the data.

The accounting data on the population falling into sub-sector S123 collected and processed by the different institutions of the administrative authority and/or the Bulgarian National Bank are compiled in compliance with the Accounting Act and the relevant National Accounting Standards. At present, there is no specific statistical methodological or compilation framework for information on the activities of this group of business entities.

All data are provided in hard copy and on electronic media.

### **1.2.3 Time range, frequency and timeliness of reporting**

The time range of the accounting data submitted on an annual basis is two years - the accounting year “t” and the preceding year. Pursuant to the Accounting Act, the reporting, institutionally autonomous population is obliged to provide the following for the year “t”:

- annual bookkeeping statements by the end of March in the year “t + 1” (if they have no subsidiaries); or
- annual consolidated bookkeeping statements by the end of June in the year “t + 1” (if they have subsidiaries).

The balance sheet tables, P&L accounts and cash flow statements that are submitted also contain data for the year “t - 1”. The equity statements and the annexes to the various statements contain data only for the year “t”.

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

As already stated in Sub-sections 1.1.1 and 1.1.3 there is no relatively autonomous statistical information system for the observation and analysis of the OFI sub-sector in place in Bulgaria. For this reason the development, formulation and introduction of specific procedures with respect to possible breaks in statistical series of data have yet to be carried out.

### **1.3.2 Revisions**

The specific rules related to the revision of data, including the form and frequency of their publication, as well as the required explanatory notes will be developed as a part of the future establishment of OFI statistics.

## **1.4 Publications**

There are currently no statistical publications in Bulgaria characterising the overall economic behaviour of the institutional entities classified as OFIs. The annual NSI publication “Major Macro-Economic Indicators” provides sectoral non-financial accounts only by institutional sector. Sectoral financial national accounts have not been developed.

## Bulgaria

In the monthly monetary statistics OFIs are included in the sector for non-bank financial institutions. For a more detailed presentation of the monetary statistics data publications, see Volume I, Sub-section 2.11.

### 1.5 Users

In the performance of their specific supervisory functions and for their own internal purposes, the Bulgarian National

Bank, the Ministry of Finance and the BNSC collect and analyse accounting information only for certain groups of the financial intermediaries in sub-sectors S123 and S125 (these are finance houses, pension companies and voluntary pension funds, and investment companies). The data on all of these, together with the data on the other types of financial intermediary and auxiliary financial institutions, are aggregated at the NSI under the “financial corporations” institutional sector and included in the sectoral non-financial accounts.

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

Financial markets are categorised in three groups: money market, foreign exchange market and capital market. A debt/asset market division provides the following segments:

Debt markets:

- (i) Money market: deposits, repurchases of securities, outright trades in short-term debt securities with an original maturity of less than one year. The core of this market is the interbank market.
- (ii) Capital market (excluding equities): outright trades in long-term debt securities with an original maturity of one year or longer. As well as ordinary government, municipal and corporate issues, this now includes asset-backed securities (starting with mortgage-backed securities issued by banks). Compensation instruments were admitted for trading on the stock exchange in September 2002.

Asset markets:

- (i) Equity market: corporate share trading turnover and stock exchange price indices.

- (ii) Foreign exchange market: turnover and rates in trading of foreign exchange against the local currency.

#### 2.1.2 The role of financial market statistics

Current indicators from the individual financial markets facilitate the identification of the factors affecting the fluctuation of liquidity in the banking system under the currency board system and the monitoring both of actual and potential availability and of the redistribution of funds. Stored as statistical data series, they assist in the delineation of seasonal trends. A comparison of data from the various segments contributes to the evaluation of the maturity of the financial markets as a system.

#### 2.1.3 Powers to collect financial market statistics

According to the Law on the Bulgarian National Bank, the main task of the Bulgarian National Bank is to contribute to the maintenance of the stability of the national currency through implementation of the monetary and credit policy as provided by that law, and to assist in the establishment and functioning of efficient payment mechanisms. The Bulgarian National Bank

regulates and supervises the activities of other banks in the country for the purpose of ensuring the stability of the banking system. In the performance of its functions, it may demand any documents or information from banks and may also carry out the requisite examinations.

## 2.2 Collection procedures

### 2.2.1 Reporting agents

- Money market statistics: Two categories of market participants report directly to the Bulgarian National Bank: (i) all commercial banks; and (ii) those non-bank financial institutions that have been authorised by the Ministry of Finance and by the Bulgarian National Bank to be primary dealers in government securities.
- Capital (other than equity) market statistics: For government securities, the same two categories report to the Bulgarian National Bank as for the money market: (i) all commercial banks; and (ii) those non-bank financial institutions that have been authorised by the Ministry of Finance and by the Bulgarian National Bank to be primary dealers in government securities. For other securities, the Central Depository, a joint-stock company, reports directly to the Bulgarian National Bank, and the Bulgarian National Bank also collects data from the website and the Reuters pages of the Bulgarian Stock Exchange - Sofia, from the Reuters news service and from specialised financial market data providers on the internet.
- Equity market statistics: The Central Depository reports directly to the Bulgarian National Bank, and the Bulgarian National Bank also collects data from the website and the Reuters pages of the Bulgarian Stock Exchange - Sofia, from the Reuters news service and from specialised financial market data providers on the internet. The official SOFIX share price index of the Bulgarian Stock Exchange - Sofia is

taken from the latter's website and from the Reuters news service, and the BSE Sofia Lazard share price index is received directly from the Bulgarian partner in the computation of the index.

- Foreign exchange market statistics: Two categories of market participants report directly to the Bulgarian National Bank: (i) all commercial banks; and (ii) those non-bank financial institutions that have been licensed by the Bulgarian National Bank to operate with foreign exchange.

### 2.2.2 Reporting schemes

The data reported to and collected, monitored and analysed by the Bank Policy Directorate of the Bulgarian National Bank include: for deposits - amount, interest rate and maturity; for repurchase operations - face value, actual value, repurchase value and annual yield; for outright sales of debt securities - face value, price and market value; for equities - turnover of the various segments of the organised market and of off-stock-exchange transactions as well as share price indices; for foreign exchange - amount and exchange rate of the transactions.

The media of data collection are electronic and paper-based.

Reporting formats and instructions have been conveyed to reporting entities.

### 2.2.3 Time range, frequency and timeliness of reporting

Data collected are mostly of a daily character. Some data concerning transactions between the reporting population and other entities are received as monthly figures, notably information on deposits from and credits to non-financial entities and on portfolios of primary dealers in government securities.

As a general rule, daily data are received after the close of the market on the same

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business day or early on the following business day. Periods of several business days after the end of the month are allowed for monthly data.

### 2.3 Data processing and compilation methods

#### 2.3.1 Basis of calculation and quality controls

The daily data provided by reporting agents are for actual amounts and prices of individual transactions (the share price indices are values at the close of day). Interest rates in the monthly reports are weighted averages and portfolio reports are based on balance sheet data at the end of the month.

#### 2.3.2 Breaks in series

In July 1999, the national currency (the lev) was re-denominated, each new lev (BGN) being equivalent to one thousand old levs (BGL). Accordingly, a recalculation of historic data was carried out in order to obtain uniform data series for the year.

#### 2.3.3 Revisions

Revisions are made daily before publication.

### 2.4 Publications

#### 2.4.1 First release of data

Daily data on the interbank deposit market, on repurchase agreements and outright sales of government securities, on corporate securities and on foreign exchange operations:

- Source: Bulgarian National Bank.
- Type of data: figures on turnover and rates.
- Format of publication: tables.

- Frequency of publication: first publication on the following business day; main publication together with the monthly data (daily data on corporate securities appear only in the monthly publications, together with the day-by-day breakdown and monthly totals of trading in government securities).

- Medium of publication: daily publication in electronic format (Bulgarian National Bank's website and Bulgarian National Bank pages on the Reuters screen); daily data are also published monthly in electronic format (Bulgarian National Bank's website) and in hard copy in the Bulgarian National Bank's Monthly Bulletin and the Bulgarian National Bank's monthly edition of the publication entitled Government Securities Market.

Monthly data (averages and/or aggregates) on the interbank deposit market, on repurchase agreements and outright sales of government securities, on corporate securities and on foreign exchange operations:

- Source: Bulgarian National Bank.
- Type of data: figures on turnover and rates.
- Format of publication: tables.
- Frequency of publication: monthly.
- Medium of publication: in electronic format (Bulgarian National Bank's website) and in hard copy in the Bulgarian National Bank's Monthly Bulletin and the Bulgarian National Bank's monthly edition of the publication entitled Government Securities Market. Breakdowns by sector and segment, analogous to those in the Bulgarian National Bank's annual and semi-annual reports, appear in internally circulated bulletins of the Bank Policy Directorate.

Annual and semi-annual data (averages and/or aggregates as well as breakdowns by sector and segment) on the interbank deposit market,

on repurchase agreements and outright sales of government securities, on corporate securities (debt, equity and Bulgarian depository receipts) - domestic on and off-stock-exchange transactions in domestically deposited securities and Euromarket issues, and on foreign exchange operations:

- Source: Bulgarian National Bank.
- Type of data: figures on turnover and rates.
- Format of publication: tables and text.
- Frequency of publication: annually and semi-annually.
- Medium of publication: in electronic format (Bulgarian National Bank's website) and in hard copy in the Bulgarian National Bank's annual and semi-annual reports.

#### 2.4.2 Other statistical publications

The statistical publications for financial market statistics of the reporting agencies include the following:

Central Depository:

- Type of data: figures on stock-exchange and off-stock-exchange transactions: number of transactions and number of securities traded. The figures cover securities registered at the Central Depository.
- Format of publication: tables.

### 3 Securities issues statistics

#### 3.1 Legal and institutional background

##### 3.1.1 Definitions

The Law on POS, as amended in June and September 2002, when a Law on

- Frequency of publication: weekly and annually.
- Medium of publication: in electronic format (Central Depository's website) and in hard copy in the Central Depository's Weekly Bulletin (for weekly data) and its Annual Report (for monthly and annual data).

Bulgarian Stock Exchange - Sofia:

- Type of data: figures on stock-exchange transactions: turnover and share price index. The figures cover securities traded on the Bulgarian Stock Exchange - Sofia and deposited with any depository.
- Format of publication: tables (historical series).
- Frequency of publication: daily updated database.
- Medium of publication: in electronic format (website of the Bulgarian Stock Exchange - Sofia).

#### 2.5 Users

Among the main users of financial markets data are the Bulgarian National Bank, the Ministry of Finance, the Agency for Economic Analyses and Forecasts, the BNSC, bodies of the European Union (ECB, Eurostat), international financial institutions and the general public (including entities that deal with research and evaluation, academic institutions, etc.).

Government Debt was also adopted, provides the legal framework for processes such as the issuance of and trade in securities.

Article I (1) states that the Law on POS "shall govern

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- (i) the public offering and trade in securities, the issuance and disposal of dematerialised securities, including cases other than by public offering, and restrictions concerning the disposal of securities issued via non-public offering;
- (ii) the activities of the regulated securities markets, of the Central Depository, of investment intermediaries, of investment and management companies, of natural persons directly providing investment advice and dealing in securities, as well as the conditions for carrying out such activities;
- (iii) the requirements imposed on public companies and other issuers of securities;
- (iv) the requirements imposed on persons managing and controlling the persons/companies mentioned under (ii) and (iii), as well as on persons possessing more than 10 per cent of the votes at general meeting of persons/companies mentioned under (ii) and (iii); and
- (v) the State control over compliance with this law”.

According to Article 2 (1), securities subject to this law are transferable rights registered on accounts with the Central Depository or documents evidencing transferable rights, which - on account of their nature - may be offered publicly. These securities are:

- equity shares;
- bonds and other debt securities; and
- other rights related to shares, bonds or other debt securities, as well as to foreign exchange rates and interest rates.

Article 2 (2) defines debt securities as transferable claims against the issuer of the securities stemming from funds or other property rights lent to that issuer for an income fixed in advance or to be determined in the future. Debt securities may also

express other rights where this is not contrary to the law.

According to Article 4 (1), a public offering of securities is one or more offers for the transfer in return for consideration and/or one or more invitations to make an offer for the acquisition in return for consideration of securities addressed:

- (i) to 50 or more persons in one calendar year; or,
- (ii) inter alia through the mass media, to an indefinite number of persons.

According to Article 5, an initial public offering is an offering (under the conditions set out in Article 4) of:

- (i) securities offered by their issuer or by an authorised investment intermediary for the purpose of subscription;
- (ii) securities offered for initial sale by an investment intermediary under an underwriting contract concluded with their issuer; or
- (iii) the initial sale of an open-end investment company's shares via its management company or by an authorised investment intermediary.

An initial public offering is also the offering of shares for subscription at the constituent meeting of a company in the process of constitution, when 50 or more persons are present at the meeting.

According to Article 78 (1), an initial public offering of securities shall be allowed if the issuer or the investment intermediary under Article 5 (1) or (2) publishes a prospectus and a notice, the prospectus and the notice having been confirmed in writing in advance by the BNSC. Pursuant to Article 79 (1), no prospectus shall be required for the initial offering of securities issued or guaranteed by the State or by the Bulgarian National Bank.

According to Article 80 (1), an initial public offering under Article 5 may also be carried out on the regulated securities market.

Article 3 (2) of the Organic Budget Bill states that the central government budget deficit shall be covered by funds raised from the issuance of government securities and other financial market operations. This provision lays down the legal framework for the financing of part of the budget deficit. Pursuant to Article 43 (3) of the Law on the Bulgarian National Bank, under financial conditions agreed upon by the Minister of Finance, the Bulgarian National Bank shall act as agent for government debts or for debts guaranteed by the government.

### **3.1.2 The role of securities issues statistics**

Securities issues statistics facilitate the evaluation of the reallocation of liquidity in the banking system. They also inform potential issuers about the possible extent of an attraction of funds.

The Ministry of Finance issues interest and discount debt securities to finance the current budget deficit, to further the implementation of structural reform and to optimise the servicing of government debt. The legal framework for the above arrangements consists of the Organic Budget Bill and the National Budget Bill for the respective calendar year (coinciding with the fiscal year). At present, there is no separate statistical system in this area.

### **3.1.3 Powers to collect securities issues statistics**

As the national numbering agency, the Bulgarian National Bank stores information on the individual securities as part of the process of allocating identifiers. Apart from submitting annual and semi-annual reports, the Central Depository is also obliged under the Law on POS to provide the Bulgarian National Bank (as well as the Minister of

Finance and the BNSC) with any other information and documents relating to its business upon request.

In its capacity as a fiscal agent for the government, the Bulgarian National Bank is responsible for the creation and maintenance of an electronic system for the registration of, and trading in, dematerialised government securities. It holds auctions to sell government securities and is in charge of their initial registration. It also makes payments of principal and interest in respect of matured government securities. The Bulgarian National Bank also registers government securities transactions on the secondary market.

On the basis of a Ministry of Finance decision, and implementing a contract signed between the Ministry and the central bank, the Bulgarian National Bank establishes and maintains an automated system to register, service and manage government obligations to foreign creditors. This system includes information on Brady securities and Eurobonds issued by the government.

### **3.2 Collection procedures**

In compliance with the functions laid down in the Law on the Bulgarian National Bank, and in compliance with the arrangements between the Bulgarian National Bank and the Ministry of Finance, the Fiscal Services Department of the Bulgarian National Bank collects and processes comprehensive information about payments related to, and redemptions of, government securities issues. To this end, a comprehensive information system has been developed. It is intended for and adapted to the specific administrative and management needs of the Ministry of Finance. It does not aim to provide statistical processing and analysis of data under the ESA 95 or under any other related regulatory or methodological documents provided by the European Commission, the ECB or the European Council. The Bank Policy Directorate collects and conveys information



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on issuance by any sector as part of its market monitoring. The Informatics and Communications Directorate stores and processes data collected through the identifier allocation system.

The statistical information system on the process of securities issuance is undergoing further development.

### 3.2.1 Reporting agents

As mentioned above, pursuant to the provisions of Article 78 (1) and (2) in Section 3 (“Securities transactions”) of the Law on POS, in order for an initial public offering of securities to be made, there is a requirement to present a prospectus, which must be approved in advance and in writing by the BNSC. In accordance with Article 80 (1) of the Law on POS, the initial public offering may also be carried out on a regulated securities market. Pursuant to the provisions of Section 2 (“Regulated securities markets”) of the Law on POS, the organisation of an official securities market (by a stock exchange) or of an unofficial market (by a company that may incidentally be a stock exchange) may be permitted by the BNSC under the terms and conditions specified by the Law on POS.

These legal provisions allow for the population of reporting agents to be defined as a set of institutional agents which have issued securities in the respective time period in the above-mentioned manner. This definition is based on the information about newly issued securities and their issuers and on cases of initial public offerings where a prospectus has been presented, as well as on cases of initial public offerings on a regulated market. In this particular situation, the set of reporting agents is formed on the basis of administrative information.

As, pursuant to Article 127 (1) in Section 3. of the Law on POS, “the issuance and disposal of dematerialised securities shall become effective only after they have been

registered with the Central Depository”, additional information obtained from the Central Depository on this type of security may be used as counterparty information.

In certain cases, an initial public offering (issuance) of securities may be done without presenting a prospectus. Pursuant to Article 79 (1) of the Law on POS, this option is available for:

- securities issued or guaranteed by the State or by the Bulgarian National Bank;
- securities issued by international organisations of which the Republic of Bulgaria is a member;
- shares that are offered as a result of a merger, acquisition or tender offering; or
- shares from capital increases by a public company, and rights related to them, if no contravention has been found in both the preceding and the current year with respect to the obligations of that public company to disclose information; and
- a number of other specific cases.

In all these cases, the determination of the so-called “general population” of reporting agents requires that statistical approaches and procedures be applied in parallel to (and in addition to) the administrative approach.

As a national numbering agency, the Bulgarian National Bank (Informatics and Communications Directorate ) collects information from any issuer that is being allocated an identifier. Aggregate primary market data received from the Central Depository (by the Bank Policy Directorate) cover all corporate and municipal issues placed in the country.

### 3.2.2 Reporting schemes

Market monitoring and identifier allocation procedures are used for the collection of securities issuance data.

The compilation of statistical data at the Bulgarian National Bank covers mainly dematerialised securities issued in domestic financial markets. For physical securities, there are no elaborate channels for information, so that news interception has been combined with informal inquiries among market agents in order to make ad hoc evaluations of the number and size of such issues. The placement of securities outside the country is a new phenomenon (not yet concerning corporate issuers) and a consistent system for capturing them has not yet been developed - information is received mainly from indirect sources.

Information on individual securities is compiled and stored by the Bulgarian National Bank in the process of allocating an identifier. Apart from the identifier allocation procedure, information on individual securities is extracted from news and data releases (on placements) from commercial data providers and data releases from the Central Depository and the Bulgarian Stock Exchange - Sofia. Owing to the small number of non-government issuers, these are still treated as one group of corporate issuers. In statistical surveys (of debt securities) prepared for the ECB, the following division has been applied: central government and other general government; MFIs; and non-financial and non-monetary financial institutions. Stock data on the issues are collected and data on recently introduced redemption operations through the stock exchange are compiled. There is a breakdown of equity and debt instruments in the identifier allocation procedure, and ISO 10962 on the classification of financial instruments is applied. Primary market monitoring distinguishes between money market and bond market instruments.

Data from the identifier allocation procedure are collected in hard copy. Information from primary market monitoring is collected electronically. Primary market data are collected in nominal value terms. Specific requirements such as those of the ECB have been taken into account in surveys.

### **3.2.3 Time range, frequency and timeliness of reporting**

The data collected by the Bulgarian National Bank for the compilation of the new issues database are of a daily character. Aggregate figures submitted by the Central Depository usually cover annual periods. Data on individual securities are received as part of the identifier allocation procedure and also from releases by commercial providers on placements (usually published on the same day). Aggregate annual data are received upon request.

## **3.3 Data processing and compilation methods**

Data compilation and processing are based on the aggregation of daily transaction figures and on registration of aggregate levels on particular dates.

### **3.3.1 Basis of calculation and quality controls**

Daily figures contain the specific parameters. Aggregate figures are end-of-period levels and yearly totals of transactions. Where applicable, aggregate figures are cross-checked with data on individual issues.

### **3.3.2 Breaks in series**

In July 1999, the national currency (the lev) was re-denominated, and each new lev (BGN) is worth one thousand old levs (BGL). In the corporate sector, the recalculation of securities concerned only equities in practice, since active issuance of debt instruments only occurred afterwards.

### **3.3.3 Revisions**

Revisions are made prior to publication.

### 3.4 Publications

The Ministry of Finance publishes a monthly bulletin entitled “Government Debt” which includes information on:

- financing the budget deficit through government securities issues;
- domestic debt dynamics;
- external debt dynamics; and
- a review of international capital markets.

In addition to this bulletin, the Bulgarian National Bank’s Fiscal Services Department publishes a booklet entitled “Government Securities Market”, which contains further information on the latest auctions held and upcoming issues, etc.

#### 3.4.1 First release of data

Daily data on issues and summaries for variable periods:

- Source: Bulgarian National Bank.
- Type of data: identifiers and parameters.
- Format of publication: tables.
- Frequency of publication: daily for daily figures; upon request for summaries.
- Medium of publication: electronic (e-mail).

Annual and semi-annual reviews of issuance:

- Source: Bulgarian National Bank.
- Type of data: description of primary market activity.
- Format of publication: data within text.
- Frequency of publication: annually and semi-annually.

- Medium of publication: in electronic format (Bulgarian National Bank’s website) and in hard copy in the Bulgarian National Bank’s annual and semi-annual reports. Monthly reviews appear in internally circulated bulletins of the Bank Policy Directorate.

#### 3.4.2 Other statistical publications

The statistical publications of reporting or data providing agencies include the following:

Central Depository publications

- Type of data: registrations of securities with the Central Depository and deleted registrations.
- Format of publication: tables.
- Frequency of publication: weekly.
- Medium of publication: in hard copy and in electronic format (Central Depository’s Weekly Bulletin); a list of registered securities is available on the Central Depository’s website.

Bulgarian Stock Exchange - Sofia publications:

- Type of data: admittance of securities for trading by the Bulgarian Stock Exchange - Sofia.
- Format of publication: data within text.
- Frequency of publication: daily.
- Medium of publication: in electronic format (news releases stored on the website of the Bulgarian Stock Exchange - Sofia); a list of securities admitted for trading is available on the stock exchange’s website.

### 3.5 Users

Among the main users of securities issues statistics are the Bulgarian National Bank,

the BNSC, the Central Depository, the Bulgarian Stock Exchange - Sofia, commercial banks, investment intermediaries, the Association of National Numbering Agencies and the ECB.

The Bulgarian National Bank's annual and semi-annual reports, containing primary market reviews, and the bulletin and booklet mentioned above are available to the general public.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

The most general conceptual framework for the economic content of the concept of "financial derivatives" ("derivative financial instruments") is provided by National Accounting Standard 32 - Financial instruments. Paragraph 1.10 of NAS 32 provides the following definition:

- A "derivative financial instrument" is a financial instrument creating rights and obligations that are manifested in the transfer of one or more of the financial risks inherent in the non-derivative financial instrument. A derivative financial instrument requires next to no initial net investment, it is redeemed on a future date and its value varies with a predefined variable (a specific interest rate, the price of a security, the price of a commodity, currency exchange rate, credit rating, price index, rating index, credit index, and the like).
- Derivative financial instruments do not entail the transfer of the non-derivative financial instruments upon contract origination; such a transfer is not mandatory even when they mature.
- Derivative financial instruments are, for example: financial options (put, call, etc.); futures contracts; forward contracts; swaps (interest-rate, currency, etc.) and other transactions meeting the definition for such.

Article 27 (5) of the Bulgarian Accounting Act states that:

- all contingent assets and liabilities shall be accounted for in an off-balance-sheet way; and
- such assets and liabilities shall be recognised and evaluated in compliance with the accounting standards.

Derivative instruments are shown in the accounts of the commercial banks (the format and content of which are determined by the Bulgarian National Bank) as a part of the off-balance-sheet liabilities on the balance sheet and in detail in Annex 17 "Off-Balance-Sheet Liabilities". In the annex, derivative instruments are grouped into "interest-rate contracts" and "currency contracts". Both types of contract are further divided into futures, forward and swap contracts and options.

The conceptual definitions of the broadly formed categories of financial derivative instruments in Bulgaria are as follows:

*Options:* According to Section 1 (5) of the Supplementary Provisions in the Law on POS, an "option" is a security which represents the right to buy or sell a certain number of securities at a pre-determined price until the expiry of a specified period or on a specified date. Section 2 (4) of the Supplementary Provisions in the Law on Stock Exchanges and Market-Places states that an "option transaction" is a transaction between the parties that one of the parties shall, at a specified time and in return for the payment of a specified premium, acquire the right to be, by virtue of a unilateral declaration, the buyer or seller respectively of a specified type of commodity at a pre-determined price within a specified period. The other party

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shall undertake the obligation to be a transaction counterparty.

The definition of “option” given in the Law on POS corresponds to the text of paragraph 567 (b) of the ESA 95, and the definition of “option transaction” in the Law on Stock Exchanges and Market-Places corresponds to paragraph 5.67 (a). The national definitions given above have been harmonised with the text of paragraph 258 in Annex 5.1 “Statistical Treatment of Financial Derivatives” of the IMF’s Monetary and Financial Statistics Manual, 2000.

*Forward contracts:* Section 2 (2) of the Supplementary Provisions in the Law on Stock Exchanges and Market-Places states that a “forward contract” is a transaction where the parties sell or buy a commodity at a price specified at the time of its closure after establishing the delivery date.

This definition of the term “forward contract” corresponds in full to the definition given in paragraph 256 of the IMF’s Monetary and Financial Statistics Manual, 2000.

*Futures:* Section 1 (6) of the Supplementary Provisions in the Law on POS states that “futures” are a standardised security, which must be traded on regulated securities markets and represents the right and the obligation to buy or sell a specific number of securities at a pre-determined price on a particular date. Section 2 (3) of the Supplementary Provisions in the Law on Stock Exchanges and Marketplaces states that a “futures transaction” is a stock exchange transaction at a given time where the parties undertake the obligation to buy or sell a particular type of a commodity on a predetermined date at a price specified on the date of closure of the futures transaction. The execution of the futures transaction is ensured in accordance with the instructions of the parties by means of the clearing system.

The definition of “futures” given in the Law on POS corresponds to that in paragraph

5.67 (c) of the ESA 95, although it is narrower inasmuch as it concerns relations between economic agents in respect of securities (and not commodities or foreign exchange). The above-mentioned paragraph of the Law on Stock Exchanges and Marketplaces supplements the definition given in the Law on POS by explicitly mentioning a “concrete class of commodity” as a base when concluding the “futures contract”. In this way, the national “futures” definition given in the above-mentioned laws corresponds to that given in paragraph 5.67 (c) of the ESA 95. It also corresponds to paragraph 256 of the IMF’s Monetary and Financial Statistics Manual, 2000.

*Structured Notes:* No specific characteristics for this type of security are provided in primary or secondary legislation in Bulgaria.

*Swaps:* The Bank Accounting Manual drawn up by the Unification and Banking Standards Committee and issued by the Bulgarian National Bank in 1993 defines a “swap transaction” as a “transaction where a security with a particular price is sold to a buyer in return for his purchase of a security of the same value, as well as a combined currency transaction, where the purchase and sale of one type of currency is related to the simultaneous purchase and sale of the same amount of the other currency.”

Strictly speaking, the definition of “swap” concerns “spot” deals only. Viewed in a wider perspective, materialisation of the purchase and sale transactions with securities and foreign currency within a pre-defined period, as referred to in the Bank Accounting Manual, can be regarded as an “interest rate swap” or a “currency swap” as defined in paragraph 5.67 (d) of the ESA 95. The wider interpretation of the national definition of “swap” is also compatible with the text of paragraph 256 of the IMF’s Monetary and Financial Statistics Manual, 2000.

#### **4.1.2 The role of financial derivatives statistics**

Financial derivative statistics (as a component part of macroeconomic statistics) are not compiled in Bulgaria. At the current stage, the monitoring and analysis of the country's economic development, as well as the formulation and implementation of the monetary policy, to the extent possible under the currency board system, are based on indicators from other macroeconomic subsystems. The lack of financial derivatives statistics is influenced by the fact that this financial market segment is underdeveloped. In the context of the ECB's criteria of liquidity, market depth and certainty in value, there is no established market in Bulgaria for the classes of financial derivatives referred to above. The instruments themselves fail to meet the requirements of the ESA 95 (paragraph 5.66) with regard to their tradability and/or marketability, and they are not subject to statistical study in accordance with paragraph 5.68 (c) of the ESA 95.

The "Bulgarian depository receipts" issued by some resident financial institutions and based on securities issued by foreign companies are regarded as equivalent to tradable financial derivatives in Bulgaria.

#### **4.1.3 Powers to collect financial derivatives statistics**

Information on financial derivatives is included in the accounts both of financial corporations and of all other economic entities covered by BULSTAT and the

relevant registers of the Bulgarian National Bank, the Ministry of Finance, the BNSC and other agencies. These public bodies collect information from the economic entities pursuant to the provisions of the Accounting Act, the Law on Statistics, the Law on the Bulgarian National Bank, the Law on POS and other regulatory acts.

#### **4.2 Collection procedures**

At present, there are no separate procedures for collecting information about financial derivatives.

#### **4.3 Data processing and compilation methods**

At present, there is no separate system for processing data on financial derivatives.

#### **4.4 Publications**

So far, there has been no regular publication of systematised statistical data on financial derivatives. Bulgarian National Bank publications on financial markets contain data on trading in Bulgarian depository receipts as a separate item.

#### **4.5 Users**

At present, the users of macroeconomic and/or aggregate statistics are not provided with data on financial derivatives.

## **5 Monetary financial institution interest rate statistics**

### **5.1 Legal and institutional background**

#### **5.1.1 Definitions**

Retail interest rate statistics provide a close insight into the development of interest rates

for the ordinary retail business of bank vis-à-vis non-banks. The framework provides an understanding of the most important information about retail business. Retail interest rates are those rates that resident MFIs (reporting agents) charge on loans and

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pay on deposits vis-à-vis enterprises<sup>1</sup> and households<sup>2</sup>, not vis-à-vis general government or other banks. Business with non-residents, loans granted in accordance with special government schemes (subsidised loans) and other preferential loans at rates below market rates are not covered by the retail interest rate statistics (e.g. loans granted to employees or loans for the promotion of agriculture, industry and so on, where the government sets the level of interest rates).

This framework is easy to understand and is aimed at capturing the most important information about retail business. Money market rates (interbank rates) as well as yields on bonds and notes are not covered by this framework on the grounds that these can be gathered directly from the markets.

At present, reporting agents provide MFI interest rate statistics on new business, i.e. the interest rate statistics include data on the weighted average interest rates on newly contracted loans and on newly received deposits during the reference month. Interest rate statistics on outstanding amounts for deposits are collected for internal analytical purposes only and are not a part of the officially published statistics.

New business means all financial contracts that specify for the first time the interest rate of the deposit or loan, and all renegotiations (of the terms and conditions of the contract) of existing deposits and loans. Extensions of existing deposit contracts that are carried out automatically are regarded as new business. Extensions of existing loan contracts that are carried out automatically are not regarded as new business.

Outstanding amounts are defined as the total of all deposits placed with MFIs (reporting agents) by households and enterprises.

A sector breakdown allowing to separately identify enterprises and households is applied to all deposits and loans, combined with a breakdown by original maturity (up to one

year or over one year for loans; overnight, “up to one month”, from one month to three months”, “from three months to six months” and “from six months to one year” or “over one year” for deposits) and currency (Bulgarian lev (BGN), euro (EUR) or US dollar (USD)).

For the purposes of MFI interest rate statistics, new BGN loans to households are sub-divided into the following groups regardless of their size:

- consumer loans granted for the purpose of personal use in the consumption of goods and services, i.e. loans secured by warranty, or by any kind of security other than a mortgage, are reported under “consumer loans”;
- housing loans secured by a mortgage and granted for the purpose of investing in house purchases, including building and home improvements; and
- other loans.

### 5.1.2 The role of MFI interest rate statistics

Prior to the introduction of the currency board system on 1 July 1997, the Bulgarian National Bank conducted monetary policy and used the basic interest rate<sup>3</sup> (BIR) as one of its monetary policy instruments. This acted as a direct signal for interest rates on deposits with and loans from commercial banks. This was also a way of influencing

<sup>1</sup> Enterprises means resident non-financial institutions involved primarily in the production of goods and services intended for the market. Non-bank financial institutions are also included here. The two sectors have been merged because 97.0% of all deposits are held by non-financial institutions and 99.3% of all loans are granted to the non-financial institutions (as at the end of May 2002).

<sup>2</sup> Households means all resident households regardless of their size or structure. Non-corporate enterprises owned by households producing market goods and services for their own use or intended for sale on the market are also included here.

<sup>3</sup> The BIR was determined by the Managing Board of the Bulgarian National Bank by virtue of a regulatory act and it serves as a reference rate.

economic development, but, owing to the period of transition to a market economy, the effect was often delayed and largely masked by the considerably stronger impact of structural changes.

Under the currency board system, the BIR<sup>4</sup> has ceased to be a monetary policy instrument of the Bulgarian National Bank and serves only as a reference rate. The link to interest rates on deposits and loans is beginning to erode, but this is a relatively slow process, which has not yet been completed.

In recent years, the BIR has usually varied in the range of 4 to 5%, but it has not been directly related to the level of economic activity in the country. At the same time, in a situation of macroeconomic stability characterised by low inflation rates, interest rates on deposits have been stable and those on loans have shown a trend of slow decline owing to a gradual improvement in business conditions and growing competition in the banking sector. As a result, the interest rate margin has been reduced, but it is still larger than that in most of the countries in transition to a market economy.

The Bulgarian National Bank collects and compiles interest rate statistics for the purpose of monitoring developments in the banking sector and their impact on the national economy. Interest rate statistics cover the various instruments and their breakdown by currency, maturity, institutional sector, etc. This is a way of obtaining sufficiently detailed information on the lending policies of commercial banks. This is crucial for the assessment of their competitiveness, given the ever wider opening of the Bulgarian banking system to the rest of the world and, in particular, to the financial sector of the EU through the fixed exchange rate and the increasing presence of leading European financial institutions as strategic foreign investors.

### **5.1.3 Powers to collect MFI interest rate statistics**

The Law on the Bulgarian National Bank and the Law on Banks provide the legal framework for the interest rate statistics. Although there are no explicit provisions covering interest rate statistics, the collection of data from the banks is covered by Article 4 of the Law on the Bulgarian National Bank and Article 55 of the Law on Banks. The former states that the Bulgarian National Bank can demand any information from the banks and the latter that banks shall submit reports to the central bank in a format, with specific contents and to a deadline laid down by the central bank. On the basis of this, the Statistics Directorate of the Bulgarian National Bank has issued methodological instructions and guidelines for the compilation of interest rate statistics. The aforementioned legal acts are available on the Bulgarian National Bank's website ([www.bnb.bg](http://www.bnb.bg)).

## **5.2 Collection procedures**

### **5.2.1 Reporting agents**

The reporting coverage is determined in the form of a census and the reporting population comprises all monetary financial institutions (35) residing on the territory of the Republic of Bulgaria. These include the commercial banks, including branches of foreign banks registered in the country. Of the 35 commercial banks, 29 are Bulgarian banks licensed to conduct banking operations in Bulgaria and abroad, and six are branches of foreign banks. All of them (100%) submit interest rate data to the Bulgarian National Bank. These data are summarised for the head offices of the banks and for the branches located in Bulgaria (i.e. excluding

<sup>4</sup> Since the implementation of the currency board on 1 July 1997, the BIR has been defined as the yearly yield on three-month government securities, achieved on each primary auction.



## Bulgaria

foreign branches of domestic banks). The business volume covered is 100% of new loans and deposits.

The Bulgarian National Bank does not quote retail interest rates.

### 5.2.2 Reporting schemes

The national interest rate statistics are compiled from the data provided by the all commercial banks on special interest rate forms and in compliance with methodological instructions from the Bulgarian National Bank. NSI data on the inflation rate calculated for the period are used for the calculation of the real interest rates on a monthly basis.

Interest rates on deposits are reported on a monthly basis and those on loans on a weekly basis. All 35 commercial banks operating on the territory of the country submit information to the Bulgarian National Bank according to the following breakdown:

By economic sector:

- enterprises; and
- households.

By currency:

- BGN;
- EUR; and
- USD.

Interest rates are monitored in the national currency (Bulgarian lev), euro and US dollars.

US dollars account for 45% to 50% of the total amount of newly contracted loans in foreign currencies and for 65% to 70% of the outstanding amount of deposits.

By type of deposit:

- overnight deposits;

- time deposits ; and
- savings deposits.

By original maturity of deposit:

- up to and including one month;
- Up to and including three months;
- up to and including six months;
- up to and including one year; and
- over one year.

By type of loan:

- overdrafts;
- loans to enterprises;
- loans to households, namely:
  - housing loans;
  - other loans; and
  - consumer loans.

By original maturity of loan:

- up to and including one year (short-term); and
- over one year (long-term).

Interest rates on deposits are presented for new business and for outstanding amounts in the reporting period, while those on loans are reported for new business in the reporting period.

Banks report annual nominal interest rates to one hundredth of a percentage point.

Commercial banks provide their information electronically, either on diskette, via the electronic interbank information system or, since March 2002, via the private virtual network linking the Bulgarian National Bank

with the commercial banks. This information is stored in a central database containing all the information so as to record the entire data collection history. This database serves as the primary source of information for further data processing within the Bulgarian National Bank (for analysis, publication, etc.).

The data from each bank are subjected to technical control and analysis on a current basis, as they are filed with the Bulgarian National Bank, for the purpose of identifying and removing any errors. The information is corrected at the Bulgarian National Bank after receiving correct data via an electronic medium.

The methodological instructions regarding interest rate statistics are drafted by the Statistics Directorate and provided to the banks for implementation together with uniform statistical interest rate forms. The accounting rules followed by the commercial banks and the Bulgarian National Bank are provided by the Accounting Act (November 2001) and International Accounting Standards.<sup>5</sup>

### 5.2.3 Time range, frequency and timeliness of reporting

Broken down by instrument, the time series date back to the following years:

- interest rates on deposits in national currency: time deposits and overnight deposits - 1992;
- interest rates on deposits in foreign currency: Deutsche Mark (DEM), EUR and USD by maturity - 1997;
- interest rates on loans in national currency: short-term loans - 1992; long-term loans - 1994; and
- interest rates on loans in foreign currency - 1995.

The commercial banks provide:

- weekly information - by the end of the second business day of the week following the reporting week; and
- monthly information - by the 15th day of the month following the reporting month.

## 5.3 Data processing and compilation methods

### 5.3.1 Basis of calculation and quality controls

The reporting agents (the commercial banks) submit to the Bulgarian National Bank interest rates for the respective instrument categories averaged for the period. A method of averaging by weighting the rates in terms of the corresponding amounts is applied. The weighted-average interest rates are calculated using the formula:

$$\bar{L} = \frac{\sum_{i=1}^n L_i \cdot V_i}{\sum_{i=1}^n V_i}$$

where  $L_i$  is the annual nominal interest rate on deposits or on loans, and  $V_i$  is the amount of the deposit or loan.

The interest rate data provided by the commercial banks are as follows:

- Average for the period (week, month) for new business:

The Bulgarian National Bank collects weighted average interest rates on deposits on a monthly basis and calculates weighted average data for the banking sector.

The Bulgarian National Bank collects weighted average interest rates on loans

<sup>5</sup> The unified National Accounting Standards, which are in line with the international ones, will be valid until the end of 2002, when the International Accounting Standards are to become effective.

on a weekly basis and calculates weighted average rates for the banking sector. A method of averaging by weighting rates in terms of the amounts for individual weeks in the month is applied on a monthly basis.

- At the end of the period for amounts outstanding:

The Bulgarian National Bank collects weighted average interest rates on deposits by amounts outstanding on a monthly basis. The data are intended solely for controlling and analytical purposes and for internal use.

### 5.3.2 Breaks in series

The national interest rate statistics have been compiled since 1992. There have been no breaks in series. New maturities and instruments have been introduced in the process of improving to the interest rate statistics. In particular, the sectors dealing with public and private enterprises were merged. The introduction of a single general enterprise sector was necessitated by the process of privatisation in the two sectors and by the levelling up of their interest rates. For the purpose of maintaining the time series, the historical data were processed at the Bulgarian National Bank by weighting the interest rates in terms of the corresponding amounts for the two sectors.

The only case of a break in a series was the replacement of DEM interest rates by EUR interest rates when the euro was introduced in 1999. Prior to that, the time series data on interest rates on deposits and on loans relate to DEM. After that date, interest rates are for instruments in EUR (including all its national legacy currencies).

When a break in series occurs, the beginning of the new series is marked with a special sign  $\Sigma$ , and an explanation is provided.

### 5.3.3 Revisions

The principles adopted for the national interest rate statistics with regard to the execution and disclosure of data revisions are as follows:

Revisions of already published data can be carried out if:

- the data are erroneous; or
- there is a change in the data coverage.

When revisions are made, the revised data are marked with a special sign “R” and an explanation is provided. Revisions are effected to both the monthly and the weekly data (if any).

No revisions of already published data on interest rates have been made, with the exception of the correction of one error due to imprecise data provided by a reporting agent in November 2002. The data in a subsequent publication were revised and the change was marked with the sign “R”.

## 5.4 Publications

### 5.4.1 First release of data

The first interest rate statistics came out in 1993 as an annual publication of the Bulgarian National Bank’s Money and Banking Statistics Division. It contained data for 1992, and the interest rates were presented by month. Subsequent publications also contained interest rates on loans and on deposits for the weeks of the month (i.e. weekly issues appeared). Publications on the interest rates applied by MFIs are now in the form of weekly brochures distributed by the Money and Banking Statistics Division (the weekly Bulgarian National Bank publication: “Weekly Statistical Information”), containing weekly and monthly data presented in a tabular and graphic form.

At present the weekly statistics are published on the fifth business day following the reporting week, and the monthly statistics are issued after the end of the reference month and after the receipt of data on inflation for the month.

The early interest rate publications were distributed mainly in hard copy. Since 1993, all interest rate publications have been made available both in hard copy and electronically, and they have been displayed on the Bulgarian National Bank's website since June 1999 ([www.bnb.bg](http://www.bnb.bg)). The information is presented in Bulgarian and in English.

#### 5.4.2 Other statistical publications

The monthly interest rate statistics, compiled by the Money and Banking Statistics Division, are included in the regular publications of the Bulgarian National Bank: the monthly newsletter and the annual and semi-annual reports. All publications are approved by the

Managing Board of the Bulgarian National Bank. The data published are interest rates on overnight and time deposits and those on short-term and long-term loans. The data are presented by month and by type of currency. Both nominal and real monthly interest rates are published. The annual report for the reporting year is published at the beginning of May in the following year, while the semi-annual report is published in November in the reporting year. The monthly newsletter is published within two months of the end of reporting month. The publications are available in hard copy and on the Bulgarian National Bank's website.

#### 5.5 Users

The users of the data are the Bulgarian National Bank, the commercial banks and the financial sector, the Ministry of Finance, other government institutions, the IMF, Eurostat, the ECB and the general public.

## 6 Contacts at the National Bank of Bulgaria

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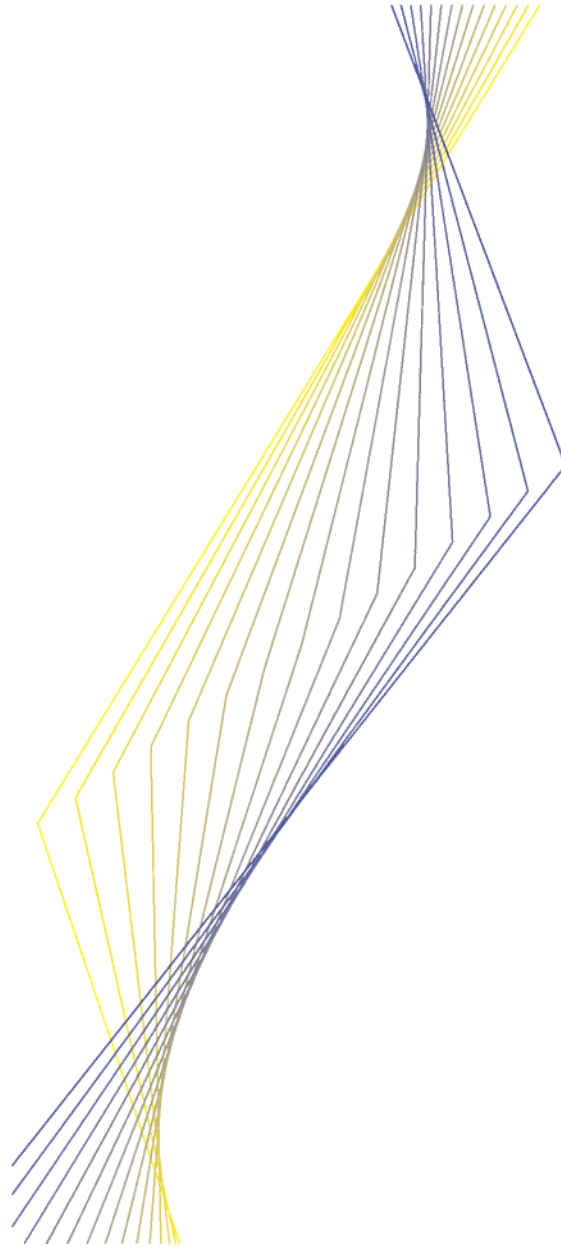
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## Bulgaria



EUROPEAN CENTRAL BANK



**Cyprus**

### List of abbreviations

<b>ABUs</b>	administered banking units
<b>AIC</b>	approved investment company
<b>CCSSs</b>	co-operative credit and savings societies
<b>CHF</b>	Swiss francs
<b>CSE</b>	Cyprus Stock Exchange
<b>CYP</b>	Cyprus pound
<b>CySEC</b>	Cyprus Securities and Exchange Commission
<b>DCD</b>	Department for Co-operative Development
<b>ECB</b>	European Central Bank
<b>ECP</b>	euro commercial paper
<b>EMTN</b>	Euro Medium-Term Note
<b>EU</b>	European Union
<b>€ or EUR</b>	euro
<b>GBP</b>	pound sterling
<b>IAS</b>	International Accounting Standards
<b>IBUs</b>	international banking units
<b>ICIS</b>	international collective investment scheme
<b>IMF</b>	International Monetary Fund
<b>IPO</b>	initial public offering
<b>ISIN</b>	International Securities Identification Number
<b>JPY</b>	Japanese yen
<b>MCIT</b>	Ministry of Commerce, Industry and Tourism
<b>MFI</b>	monetary financial institution
<b>MMF</b>	money market fund
<b>MoF</b>	Ministry of Finance

<b>MPC</b>	Monetary Policy Committee
<b>NIBID</b>	Nicosia interbank bid rate
<b>NIBOR</b>	Nicosia interbank offered rate
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>repo</b>	repurchase agreement
<b>SSR</b>	Statistical Service of the Republic
<b>UCITS</b>	undertakings for collective investment in transferable securities
<b>USD</b>	US dollar



## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

Cyprus has a well-developed market economy and the island's financial sector has exhibited rapid growth in recent years, both in terms of financial intermediation and in the range and quality of the services on offer. This is related to the high performance of the economy, the stable macroeconomic conditions, the development of Cyprus as an international business centre and the gradual liberalisation that has taken place in the past few years. The establishment of the Cyprus Stock Exchange (CSE) and the introduction of a new monetary policy framework in 1996 boosted the performance of the sector further. As a result, the contribution of the financial intermediation sector to the gross domestic product rose to around 7.8% in 2001 compared with 5.3% in 1995. Employment in the sector rose to 15,300 and represented 5.1% of the gainfully employed population in 2001, compared with 4.4% in 1995.

The financial sector in Cyprus is dominated by the banking sector. Banking, with a history spanning more than 140 years, is fairly well developed. Although banks are small by international standards, they compare well with European standards. The banking sector can be broadly divided into the following groups of credit institutions licensed to carry on banking business: domestic banks, international banking units (IBUs) and administered banking units (ABUs). There is also a separate group of credit institutions, that of co-operative credit and savings societies (CCSSs).

At the end of 2001, there were 12 domestic banks with a network of 485 branches. Four of the banks are foreign-controlled; one operates as a branch of a foreign incorporated bank and the other three are locally incorporated subsidiaries of foreign banks. Foreign-controlled banks account for around

13% of all banking assets. Moreover, three of the domestic banks have operations abroad either through a branch network or through subsidiaries.

The IBUs and ABUs are licensed to operate from within Cyprus, but are required to confine their activities mostly to non-residents and to foreign currencies. As from 1 January 2001, IBUs and ABUs have been permitted to grant medium and long-term loans in foreign currencies to residents. At the end of December 2001, this group comprised 26 IBUs and two ABUs.

CCSSs are mutually owned non-profit organisations established to serve their members and their communities on a co-operative basis. Their activities are basically confined to the core banking services. At the end of 2001, there were 363 registered CCSSs, most of which are small village concerns.

The number of non-bank financial enterprises is rising. Their contribution to mobilising savings and allocating resources for investment purposes is developing steadily. These enterprises mainly comprise companies specialising in hire-purchase finance, financial leasing and factoring, investment companies, international collective investment schemes (ICISs), stockbrokers, insurance brokers, the CSE, the Cyprus Securities and Exchange Commission (CySEC), pension and provident funds and insurance corporations.

Supervision in the financial sector is divided among different bodies reflecting the traditional segregation of the various segments of the financial sector. The Central Bank of Cyprus is responsible for the regulation, including licensing and prudential supervision, of banks, irrespective of whether they are domestic or IBUs, and of ICISs, their managers and trustees. CCSSs are supervised by the Department for Co-operative Development (DCD), which is subordinate to the Ministry of Commerce,

Industry and Tourism (MCIT). The Superintendent of Insurance, under the Ministry of Finance (MoF), is the regulator of insurance business. The CySEC is the securities markets regulator responsible for the overall supervision of the functioning of the CSE and of firms providing investment services. It should also be noted that legislation based on EU practices, which will govern the setting-up and operation of leasing companies, is being considered.

Below is a brief introduction to the different types of financial institutions identified thus far as belonging to the other financial intermediaries (OFI) sector:

- Companies engaged in hire-purchase finance and financial leasing. The largest of these companies are subsidiaries of banks and are subject to the consolidated supervision of the Central Bank of Cyprus. In this respect, they are required to submit balance sheets on a quarterly basis, as well as analyses of the sources of their funding in a format prescribed by the Central Bank of Cyprus. These data are used only for supervisory purposes.
- As far as the hire-purchase business is concerned, an order was in force prior to 1995 which had been issued on the basis of the Hire-Purchase Law 32/66. This order specified the type of goods that could be sold on hire-purchase terms, as well as the downpayment and instalment periods for each type of transaction. The Superintendent of the hire-purchase business was responsible for the collection of statistical data on hire-purchase agreements. However, following the liberalisation of the hire-purchase regime, this order was terminated in 1995 and the sale of goods on hire-purchase terms was left to the market. Since then, there has been no direct collection of data on hire-purchase business.
- Companies engaged in factoring, which are mainly subsidiaries of banks. The only information submitted by these companies to the Central Bank of Cyprus is for supervisory purposes.
- The investment organisations currently in operation are closed-end investment funds governed by the Cyprus Securities and Stock Exchange Laws of 1993 to 2002 (CSE Laws), by the Cyprus Securities and Stock Exchange Regulations of 1995 to 2002 (CSE Regulations) and by the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws of 2001 and 2002 (CySEC Laws). The main objective of these funds is the collective investment of capital raised from the public in securities for the benefit of shareholders or beneficiaries. Their operation is based on the principle of shared risks. According to the CSE Regulations these funds are subject to the mandatory reporting requirements for all listed companies, which consist of the submission of six-monthly reports, preliminary results for the financial year and a final annual report and accounts. In addition, closed-end investment funds are required to announce their net asset value every fortnight and their investments every quarter. Moreover, these funds are obliged to submit an analysis of their assets and financial position to the CySEC on a monthly and quarterly basis, respectively.
- ICISs, which are governed by the Law No. 47 (I) of 1999 on International Collective Investment Schemes (ICIS Law), are also in operation and can be of either limited or unlimited duration. The Central Bank of Cyprus has been designated under the ICIS Law as the competent authority responsible for the recognition, regulation and supervision of these schemes. The managers of ICISs are required to submit annual reports to the Central Bank of Cyprus, which

include financial statements, information on their borrowing portfolio, a report by trustees, a report by auditors and half-yearly financial statements. It should be noted out that there are currently no local mutual funds in operation, as the Law No. 225 (I) of 2002 on Undertakings for Collective Investment in Transferable Securities (UCITS Law) will come into force in March 2003.

Regarding the delineation of the borderline between the OFI sector and the monetary financial institution (MFI) sector, the following procedure was followed: banks and CCSSs were identified by their relevant supervisory authority and have subsequently been checked as to whether they meet the definition of "credit institution" as stated in Regulation ECB/2001/13 concerning the consolidated balance sheet of the MFI sector. In order to examine whether any collective investment undertakings belonging to the OFI sector meet the definition of money market funds (MMFs), operational criteria were applied. In particular, in the case of both ICISs and closed-end investment funds, their investment policies, as described in their public prospectuses, were examined. No collective investment undertaking was found to comply with the definition of MMFs.

### **1.1.2 Definitions**

The legal definitions of the financial institutions identified thus far as belonging to the OFI sector are detailed below:

- The largest companies engaged in hire-purchase finance and financial leasing are subsidiaries of banks and are subject to the consolidated supervision of the Central Bank of Cyprus. Following the liberalisation of the hire-purchase regime in 1995, the sale of goods under hire-purchase terms was left to the market. Hire-purchase companies offer their customers financing schemes for the purchase of all types of vehicles, machinery as well as electronic and other

equipment. They also offer leasing financing for the purchase of computers.

- Companies engaged in factoring are subsidiaries of banks and are subject to the consolidated supervision of the Central Bank of Cyprus. They offer factoring and invoice discounting services to local businesses for transactions in Cyprus or abroad. In addition, they provide their clients with working capital finance, specialised sales ledger administration and debt collection services, insurance coverage against business risk as well as advisory services relating to credit policy and working capital management.
- Collective investment undertakings currently comprise closed-end investment funds and ICISs.

According to the ICIS Law, an ICIS can take the form of an international fixed capital company, an international variable capital company, an international unit trust scheme and an international investment limited partnership. The sole object of ICISs is the collective investment of funds of unit holders and the units of which, unless provided otherwise by the ICIS Law or any other law applicable thereto or its constitutional documentation, are at the option of unit holders redeemed or repurchased directly out of the assets of the scheme.

A scheme may be designated by the Central Bank of Cyprus as a scheme to be marketed to the general public, or solely to experienced investors, or as a private international collective investment scheme.

Every ICIS scheme, its manager and its trustee are subject to on-site inspections by the Central Bank of Cyprus, as well as to off-site monitoring. As far as the latter is concerned, the scheme, its manager and its trustee may be required

to provide the Central Bank of Cyprus with information and returns relating to its business.

Following the enactment of the UCITS Law in December 2002, with entry into force on 17 March 2003, the operation of local open-end investment funds, mutual funds and variable capital companies, is expected to start in the first half of 2003. These funds will be under the supervision of the CySEC.

Investment funds currently in operation are closed-end investment funds in the form of limited liability companies incorporated under the Chapter 113 of the Cyprus Companies Law. Once their securities are listed on the CSE, these funds are subject to the supervision of the CySEC. Investment funds which have their securities listed on the CSE under the category of "approved investment companies (AICs)" (some investment funds are categorised as "other companies") have specific continuing reporting obligations regarding their investments, over and above the mandatory reporting requirements for all listed companies.

### **1.1.3 The role of OFI statistics**

As mentioned in Sub-section 1.1.1, the data collected from hire-purchase companies controlled by banks are used for supervisory purposes. In particular, the Central Bank of Cyprus ensures that the funding of these companies emanates wholly from their parent banks and follows developments related to their aggregate lending.

With regard to ICISs, the annual and half-yearly reports prepared by managers in relation to each ICIS are only used for regulatory and supervisory purposes by the Central Bank of Cyprus.

As far as UCITS are concerned, their respective managers are required to prepare quarterly, half-yearly and annual reports for

the information of unit holders and the CySEC.

Information submitted to the CSE and the CySEC by the listed investment companies is used by the CSE to ensure compliance with its rules and regulations and by the CySEC for supervisory purposes. The financial statements of these companies are also used by stockbrokers and investors for purposes of financial analysis.

### **1.1.4 Powers to collect OFI statistics**

In the case of hire-purchase companies controlled by banks, the Central Bank of Cyprus is empowered by the Central Bank of Cyprus Law No.138( I) of 2002 (Central Bank of Cyprus Law), which replaced Law No. 48 of 1963 and the Law No. 66(I) of 1997 on Banking (Banking Law), to collect any information from banks for official purposes. In particular, the Central Bank of Cyprus is authorised under Section 63 of the Central Bank of Cyprus Law, to request from banks, government agencies, public corporations and any natural person or legal entity to report information and data in their possession which are necessary to fulfil its objectives and tasks. Moreover, Section 25 of the Banking Law, as amended, requires banks to submit periodically or at its request such information and within such time as may be specified by the Central Bank of Cyprus. The reporting scheme is mandatory for all the above companies, and the information collected is used only for supervisory purposes.

With regard to ICISs, the Central Bank of Cyprus, in exercising the powers conferred on it by Section 67 of the ICIS Law, has issued "Regulations on annual and half-yearly reports" which have to be prepared by the respective managers.

In the case of UCITS, Sections 106, 107 and 108 state that the managers of the respective UCITS are responsible for the preparation of the quarterly, half-yearly and annual

reports which have to be submitted to the CySEC and be made available to unit holders. Moreover, Section 130 stipulates that the CySEC may collect any data necessary to enable it to fulfil its tasks.

Sections 33 and 35 of the CySEC Laws provide for the collection of data from listed companies for supervisory purposes only. The information is confidential and can only be used for the purpose for which it is collected.

Moreover, the CSE, in accordance with the CSE Laws and the CSE Regulations, has the power to collect any data from the listed companies.

## 1.2 Collection procedures

### 1.2.1 Reporting agents

The table below shows the number of institutions identified thus far as belonging to the OFI sector, broken down by type and their importance in terms of total OFI assets as at 31 December 2001.

### 1.2.2 Reporting schemes

- Companies engaged in hire-purchase finance and leasing under the control of banks are required to submit a balance sheet and a statement showing the sources of funding to the Central Bank of Cyprus on a quarterly basis. As far as lending is concerned, separate data are given for hire-purchase and leasing activities. In the case of sources of funding, particulars are given for funding emanating from the parent bank and from other sources, if any. The information is submitted in paper form in a format prescribed by the Central Bank of Cyprus
- The reporting scheme for ICISs includes annual and half-yearly reports. The annual report comprises financial statements, including a cash flow statement and a statement on movements in the capital and reserves of the ICISs, further information on the financial statements, information on borrowing, portfolio information and other information regarding the directors, managers and trustees of the ICISs as well as information on the investment advisor and a report by the trustee and the auditor of each ICIS. The half-yearly report includes the balance sheet and the profit and loss account, as well as other information on the financial statements. All reports are submitted in hard copy and are prepared in accordance with the International Accounting Standards (IAS).
- The reporting scheme for UCITS includes quarterly, half-yearly and annual reports.

**Table I**  
**Breakdown of OFIs by type and total assets as at 31 December 2001**

Type of OFI	Number of institutions	Total assets EUR millions	% of total
Companies controlled by banks, engaged in hire-purchase and leasing business	5	833	41
Factoring companies	3	191	9
Listed investment companies (closed-end) ICISs	39	1,038	50
	6	*	-
<b>TOTAL</b>	<b>53</b>	<b>2,062</b>	<b>100</b>

\* In accordance with the ICIS Law, as amended, these schemes have 15 months from the date of recognition to submit their first annual accounts. This period has not yet lapsed for any of the ICISs currently in operation.

The annual report comprises financial statements and further information that enables investors to evaluate the performance of the UCITS. The half-yearly report comprises of a statement giving at least an analysis of the assets and liabilities of the UCITS, the number of units/shares issued, the net value of each unit/share and information on portfolio investment. The quarterly report comprises a summary statement of assets and expenditure, a list of those investments with a total value in excess of 5% of the assets of the UCITS, or at least the ten largest investments, and any other relevant information.

- The reporting scheme for closed-end investment companies listed on the CSE comprises the following: preliminary results for the financial year; a final annual report and accounts, including a cash flow statement; a half-yearly report which includes either the profit and loss account and explanatory notes or financial statements; a quarterly list of all investments with a value exceeding 5% of the assets of the reporting entity, including at least the ten largest investments of the reporting entity and an evaluation of these investments. In addition, the net asset value per share of the reporting entity is required. All reports are prepared in accordance with the CSE regulations and the applicable IAS, and are submitted both in paper and in electronic form.

### **1.2.3 Time range, frequency and timeliness of reporting**

Data on companies engaged in hire-purchase finance and financial leasing have been collected on a quarterly basis since September 1992. Relevant statistics are submitted to the Central Bank of Cyprus within 15 days after the end of the reference period.

On the basis of regulations issued by the Central Bank of Cyprus under Section 67 of the ICIS Law, ICISs are required to submit annual reports within three months after the end of the financial year (as at 31 December) and half-yearly reports within two months after the end of the reporting period. It should be noted that, to date, no accounts have been submitted by ICISs.

Since 1996, when the CSE began operations, listed closed-end investment companies have been required to submit to the CSE six-monthly reports within two months after the end of the reporting period, the preliminary results for the complete financial year three months after the end of the reporting period (two months from 2003 onwards), the final annual report and accounts five months after the end of the reporting period (four months from 2003 onwards) and the quarterly report within 20 days after the end of the reference quarter.

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

There is no procedure for the treatment of breaks in series since information collected from OFIs is not used for the compilation of statistics.

### **1.3.2 Revisions**

As mentioned in Sub-section 1.3.1 above, data collected from OFIs is not used for the compilation of statistics. However, data provided by companies engaged in hire-purchase finance and financial leasing controlled by banks may be subject to revisions from time to time.

## 1.4 Publications

### The Cyprus Stock Exchange

#### Fact Book:

- Type of data: market data for the listed AICs. Such data comprise CSE indices (highest, lowest, closing), trading activity (value and number of securities traded) and the market capitalisation for the entire AIC sector. There is also data on the trading (value and number of shares traded, high/low and closing prices) and new issues (issued capital, number of shares, issue price and funds raised) for each listed closed-end investment company.
- Frequency of publication: approximately five months after the end of the reference year.
- Medium of publication: in paper form and also on the CSE's website ([www.cse.com.cy](http://www.cse.com.cy)).

#### Year Book:

- Type of data: general information, balance sheet and profit and loss account, ratio analysis, charts concerning the volume, transactions, price and returns of the stocks for each listed company, including listed closed-end investment companies.
- Frequency of publication: approximately six months after the end of the reference year.

- Medium of publication: in paper form.

### The Statistical Service of the Republic

#### Monthly Economic Indicators:

- Type of data: data on CSE indices, including monthly indices for the investment companies sector.
- Frequency of publication: quarterly, approximately three months after the end of the reference quarter.
- Medium of publication: in paper form.

## 1.5 Users

With regard to hire-purchase companies, data are only used by the Central Bank of Cyprus for supervisory purposes.

As far as ICISs are concerned, data are mainly used by the Central Bank of Cyprus for regulatory and supervisory purposes, as well as by investors in the ICISs.

Data concerning closed-end investment companies listed on the CSE are used by the CSE and the CySEC for supervisory purposes. The financial statements submitted by these companies to the CSE are announced on the floor of the CSE and the brokers pass on this information to their investors.

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

Financial markets in Cyprus comprise the money market, the capital market, the equity market and the foreign exchange market. No official commodity market exists. A brief overview of each market is found below.

### Debt markets

#### (i) Money market

The money market comprises the interbank market and the market for short-term government securities, which are issued by the Central Bank of Cyprus on behalf of the Republic of Cyprus in Cyprus pounds (CYP) and in foreign currencies.

The repurchase agreement (repo) market is still in an early stage of development. So far no repos between domestic banks have been reported.

The *interbank market*, which has a relatively short history, has been developing steadily and is becoming an additional source of short-term funds for banks. As at the end of 2001, the only participants were 12 domestic banks. The interbank market provides an investment outlet for surplus funds or, where necessary, a source of borrowing for banks in order to meet their liquidity requirements without resorting to the more expensive Lombard facility of the Central Bank of Cyprus. Interbank transactions are confined to placements (unsecured deposits) of short-term duration. Dealings are for periods of up to one year. The bulk of transactions involve short-term maturities, as more than half of the funds are placed for periods of up to one month.

The monthly average volume of placements was in the region of €295 million in 2001. There was no great volatility in the interbank rates, which hovered around 4.9% and remained within the band determined by the official rates of the Central Bank of Cyprus. The interest rate for the Lombard facility and for the overnight deposit facility, 5.5%<sup>1</sup> and 2.5% respectively, as at the end of May 2002, constitute the upper and lower bounds of the money market interest rates. Variations within this range are associated with the liquidity-absorbing or providing operations of the Central Bank of Cyprus. Benchmark rates for the interbank market are reflected in the NIBOR (Nicosia interbank offered rate) and the NIBID (Nicosia interbank bid rate) which are quoted daily by banks for placements with maturities ranging from overnight to up to one year. The spread between the bid and offer rates is 50 basis points.

*Short-term government securities:* 13-week Treasury bills were issued on tap basis at fixed prices (administered rates) and were rediscountable at the Central Bank of Cyprus

up to December 1995. Since January 1996, they have been issued in multiples of CYP 1,000 by means of auctions which are usually held twice a month. Auctioning allows the interest rate to vary according to market conditions. Prices are determined by competitive bidding. The public, both natural and legal persons, has been allowed to take part in the auction procedure in an effort to promote the development of a more competitive environment for the determination of interest rates. During 2001, primary sales of 13-week Treasury bills amounted to €456 million and their average yield fluctuated at around 6%.

*Euro Commercial Paper (ECP)* is normally issued for maturities of up to 12 months in euro (EUR), US dollars (USD) and Swiss francs (CHF). The issuance of such paper is executed under the €200 million Commercial Paper Programme of the Republic of Cyprus. It is issued and traded on international markets and offered to non-resident institutional investors. This programme enjoys the Republic of Cyprus' short-term ratings of A1 by Standard and Poor's, P1 by Moody's and F1 by Fitch Ratings.

#### (ii) *Capital market*

The capital market in Cyprus is at an embryonic stage. It basically comprises the market for long-term government debt securities in Cyprus pounds and in foreign currencies. There are also very few corporate bonds, issued mainly by banks and to a smaller extent by other corporations, which account for a very small proportion of the market.

*Government debt securities:* The Central Bank of Cyprus issues long-term debt securities in Cyprus pounds, certain types of which are listed on the CSE, on behalf of the Republic of Cyprus. The listed securities are traded at prices determined on the CSE floor. The

<sup>1</sup> The interest rate for the Lombard facility was reduced to 5,0% in December 2002.



## Cyprus

Central Bank of Cyprus has the right to intervene in the secondary market in order to maintain orderly market conditions. A description of these securities is given below:

- 52-week Treasury bills issued in multiples of CYP 1,000 and offered to the public by means of an auction, usually held twice a month. They are listed on the CSE and traded at prices determined on the CSE floor.
- 2-year, 5-year, 10-year and 15-year registered development stocks carrying, as at the end of 2001, an interest rate of 4.75%, 5.25%, 5.50% and 6.60% p.a. respectively, payable every six months. These stocks are listed on the CSE and are offered to the public (both natural and legal persons) by way of bid-price auctions on competitive or non-competitive bases. Non-competitive bidders pay the average weighted price at which competitive bids are accepted. The issues are of the conventional type (no index-linked issues) and are all at fixed rates.
- 3-year registered development stocks carrying, as at the end of 2001, an interest rate of 5.00% p.a., payable every six months. During the subscription period, about one week prior to the issue date, the stock is offered at par and may be purchased by natural persons through the Central Bank of Cyprus, banks, post offices and stockbrokers. A secondary market is maintained by the Central Bank of Cyprus, where redemption prior to maturity is possible at prices quoted by the Central Bank of Cyprus.
- 5-year savings certificates are issued on an ongoing basis and are sold to natural persons in multiples of CYP 1. The interest on such savings certificates accrues over five years from the date of purchase, resulting, as at the end of 2001, in an average interest rate of 5.15%. Thereafter, interest is compounded annually. Redemption prior to maturity is possible at prices determined at the time of issue that reflect the overall length of the investment period.
- 7-year savings bonds with nominal values of CYP 5 and CYP 10 are entered in regular draws one month after issue and prizes are exempt from income tax. Such savings bonds may be redeemed on or after maturity at CYP 5.50 and CYP 11, respectively.
- Public eurobond notes are issued by the Republic of Cyprus through the Central Bank of Cyprus in US dollars (USD), euro (EUR), pounds sterling (GBP), Swiss francs (CHF) and Japanese yen (JPY), normally for maturities of over 12 months. They are offered to non-resident institutional investors and traded on international markets. The issuance of such notes takes place under the Euro Medium-Term Note Programme (EMTN) of the Republic of Cyprus.

*Corporate bonds:* The majority of corporate bonds in Cyprus pounds are issued by companies listed on the CSE, mainly banks. These securities require the issuer to make specified payments to the holder over a predetermined period. Some of these issues are convertible bonds, i.e. the holder has the option to exchange the bond for a specified number of shares in the company at a predetermined time.

Banks have also issued bonds in foreign currency in the form of convertible bonds and floating-rate loan stocks.

### Asset markets

#### (i) Equity market

The CSE began operations as a legal entity in the form of a semi-governmental organisation in 1996 by virtue of the CSE Laws and the CSE Regulations. The CSE is a regulated exchange where all transactions concerning listed corporate and government securities are carried out. Such securities include

shares, debt securities and warrants. The main participants in the market are the members of the CSE (stock brokerage firms), listed issuers and investors. The CSE prepares and publishes the CSE General (All-Share) Index and the FTSE/CySE 20 Index. The CSE General Index is prepared daily on the basis of all partly and fully paid-up shares that are listed on the CSE. The base date is 29 March 1996 and the base value is 100. In addition to this General Index, the following 12 sub-indices are also calculated:

1. Banks;
2. Approved investment companies;
3. Insurance companies;
4. Manufacturing companies;
5. Tourism companies;
6. Trading companies;
7. Building materials and construction companies;
8. Information Technology companies;
9. Financial services companies;

10. Fish culture companies;

11. Hotels; and

12. Other companies.

The FTSE/CySE 20 Index comprises the 20 select companies listed on the CSE. The selection of the companies is based upon the ground rules for the management of this Index. The FTSE/CySE 20 Index has been established by FTSE and the CSE to ensure that the management and ongoing operation of the FTSE/CySE 20 Index is independent and transparent. The base date is 30 November 2000 and the base value is 1000. The CSE is responsible for the daily operation of this Index. The CSE also monitors all corporate actions and price changes and implements all constituents and weighting changes to the Index.

(ii) *Foreign exchange market*

The foreign exchange market operates within the framework of the Exchange Control Law and the relevant guidelines issued by the Central Bank of Cyprus. The market makers are the authorised foreign exchange dealers, comprising eleven domestic banks in May 2002. Authorisation to deal in foreign

**Table 2**  
**Shares with the largest market capitalisation as at the end of 2001**

Ranking	Sector	Name of company	Market capitalisation EUR millions	% of total market capitalisation
1	Banks	Bank of Cyprus Ltd.	1,444.8	20.60
2	Banks	Cyprus Popular Bank Ltd.	813.7	11.60
3	Banks	Hellenic Bank Ltd.	362.7	5.17
4	Hotels	Aqua Sol Hotels Ltd.	251.2	3.58
5	Financial services companies	CLR Financial Services Ltd.	250.8	3.58
6	Financial services companies	Suphire Financial Services Ltd.	224.2	3.20
7	Other companies	Louis Cruise Lines Ltd.	165.2	2.36
8	Investments	Demetra Investment Co. Ltd.	165.2	2.36
9	Manufacturing	Lanitis Bros. Ltd.	164.5	2.35
10	Financial services companies	Sharelink Financial Services Ltd.	119.1	1.70
Total			3,961.4	56.50

**Table 3**  
**CSE General Index, market capitalisation and market share by sector as at 31 December 2001**

Sector	CSE General Index end of 2001	Market capitalisation EUR millions	Market share %
Banks	141.36	2,648.5	37.77
Approved investment companies	124.06	382.4	5.45
Insurance companies	49.89	74.9	1.07
Manufacturing companies	56.36	516.0	7.36
Tourism companies	91.28	221.9	3.16
Trading companies	32.94	284.7	4.06
Building materials and construction companies	55.48	300.8	4.29
Information Technology companies	8.36	138.0	1.97
Financial services companies	28.66	817.9	11.66
Fish culture companies	26.13	30.0	0.43
Hotels	79.30	644.2	9.19
Other companies	145.96	952.8	13.59
All sectors	129.09	7,012.1	100.00

**Table 4**  
**Other main CSE statistics**

Type of data	End of 2001
Number of listed issuers	144
Number of listed shares	149
Number of trading days in 2001	249
CSE General Index (29/3/96=100)	129.09
FTSE/CySE20 (30/11/2000=1000)	518.05
Number of members	42

exchange is granted on the basis of Article 32 (1) of the Central Bank of Cyprus Law and Article 2 (1) of the Exchange Control Law. The latter is scheduled to be abolished by September 2003.

Within the framework of policy harmonisation with the EU, the Central Bank of Cyprus proceeded with the liberalisation of spot and forward transactions in the domestic foreign exchange market on 1 January 2001.

The exchange rate of the Cyprus pound is no longer administratively determined by the Central Bank of Cyprus, but rather by the interbank market on the basis of supply and demand within the framework of a euro peg

policy with fluctuation margins of  $\pm 15\%$  and a central parity rate of EUR 1.7086 per CYP. The Central Bank of Cyprus monitors the foreign exchange rates in the interbank market and is prepared to intervene in order to contribute to the smooth functioning of the market and to determine reasonable foreign exchange rates that safeguard the stability of the currency within the above-mentioned exchange rate policy framework. Furthermore, the Central Bank of Cyprus is responsible for the organisation of the daily fixing sessions in which the commercial banks participate and at which the official foreign exchange rates of the three major currencies against the Cyprus pound are determined (i.e. the fixing of the CYP/EUR, CYP/USD

and CYP/GBP exchange rates). The fixing exchange rates are published after the conclusion of the session, in replacement of the exchange rates announced by the Central Bank of Cyprus daily at 8 a.m., under the heading "CYPR" on the Reuters wire services and on its website ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)). The aggregate value of the foreign exchange transactions carried out at the fixing sessions during 2001 amounted to the equivalent of €1,905 million (average monthly turnover €158.6 million). The euro is the dominant currency, followed by the US dollar and the pound sterling.

Below are the main provisions of the new foreign exchange trading system.

#### **Spot foreign exchange market**

Domestic banks, which are authorised dealers in foreign exchange, are free to determine and apply their own spot foreign exchange rates in transactions with their customers.

For small transactions, i.e. for transactions up to CYP 12,000, the following apply:

- Each bank produces and publishes on a daily basis its own sheet of foreign exchange rates for small transactions, which is communicated to the Central Bank of Cyprus at 8 a.m.
- The exchange rates for small transactions remain stable throughout the day, but can be re-adjusted according to developments in the international foreign exchange markets. Any changes made by the banks require the prior approval of the Central Bank of Cyprus.
- The spreads between the selling and buying rates of the foreign currencies may not exceed 0.6% for the three major currencies (the euro, the US dollar and the pound sterling), 0.8% for the Swiss franc and the Japanese yen, while no limits apply to the spreads of any other currency quoted by the banks.

For transactions above CYP 12,000, the following apply:

- The foreign exchange rates applicable to telegraphic transfers for all currencies will be the market rates as determined at that particular moment by the banks.
- The customer reserves the right to request that the bank apply the fixing exchange rate, which will be determined subsequently during the fixing session at 1 p.m. This option applies only to the three major currencies and the bank is obliged to abide by the customer's request.
- The spread between the selling and buying rates remains the same, as in the case of small transactions.

#### **Forward foreign exchange market**

On 1 January 2001, the Central Bank of Cyprus withdrew from the forward foreign exchange market and since then the banks have been able to buy and sell forward foreign exchange contracts with each other, with their customers, with their foreign correspondents and with the IBUs operating in Cyprus. The foreign exchange rates for forward delivery are determined by the market.

Forward foreign exchange contracts can be used by anyone who has entered into a contractual agreement relating to the import/export of goods and services or any other specific financial transaction. The forward cover can be extended to any period, provided that it does not exceed the duration of the underlying contractual obligation.

#### **2.1.2 The role of financial market statistics**

In the context of the formulation and implementation of monetary policy, the Central Bank of Cyprus monitors developments in the financial markets.

Money market statistics and, in particular, the business volume and interest rates prevailing in the interbank market provide information on the liquidity conditions and contribute to the successful conduct of the open market operations and the steering of short-term interest rates.

Moreover, the foreign exchange market data collection system enables the Central Bank of Cyprus to monitor the foreign exchange market in Cyprus and enforce the regulatory framework of the market, to support exchange liquidity management and to provide early warning signals to the Bank regarding potential pressures on the Cyprus pound.

The MoF monitors financial market developments in order to analyse and formulate short-term economic management measures. In particular, developments in the capital market influence private consumption (wealth effect) and investment (cost of capital). Moreover, stock prices have leading indicator properties and also affect perceptions of economic agents, and thus economic activity, employment, inflation, etc.

### **2.1.3 Powers to collect financial market statistics**

The Central Bank of Cyprus may require banks to submit information on financial markets under Section 63 of the Central Bank of Cyprus Law, under Section 25(2) of the Banking Law, as amended, and under sub-paragraph (vi) of Section 36 of the Exchange Control Law (Chapter 199) enacted in 1952, as amended by Law No. 53 of 1972.

Regarding government securities in Cyprus pounds issued by the Central Bank of Cyprus on behalf of the Republic of Cyprus, the Register of Holders maintained at the Bank contains all information on the primary and secondary market of government securities. In the case of government securities in foreign currency, the Central Bank of Cyprus has the legal power to maintain and

disseminate information regarding the issue of government debt securities.

The CSE, in accordance with the CSE Laws and CSE Regulations, has the power to collect any data from the listed companies.

The Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Laws of 2001 and 2002 (CySEC Laws) state that the CySEC may collect data from market participants for supervisory purposes only. The information is confidential and may only be used for the purpose for which it is collected.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

Data on financial markets are collected by the Central Bank of Cyprus and the CSE. Table 5 shows the types of reporting agents for each market.

### **2.2.2 Reporting schemes**

As mentioned in Sub-section 2.1.4, data on financial markets is collected by the Central Bank of Cyprus and the CSE. The different reporting schemes maintained by each institution are described below.

#### **Central Bank of Cyprus**

As regards the interbank market, each participating domestic bank is required to submit on a daily basis its placements with other domestic banks, giving the amount, the duration and the interest rate on each transaction. Moreover, the NIBOR and the NIBID are collected from Reuters, where the participating banks post their rates.

Government debt securities in Cyprus pounds and in foreign currency are issued by the Central Bank of Cyprus on behalf of the Republic of Cyprus. Since the Central Bank of Cyprus is the sole agent responsible for

**Table 5**  
**Reporting coverage on financial market statistics in Cyprus**

Data providers	Type of market
Central Bank of Cyprus	
– Direct reporting by the 12 domestic banks that participate in the interbank market.	Money market - interbank market
– The Central Bank of Cyprus, as the financial agent for the issuance and management of government securities in Cyprus pounds.	Money market and capital market
– Lead managers for the issuance and management of the ECP and the EMTN.	Money market and capital market
– Direct reporting by 11 banks that are authorised foreign exchange dealers.	Foreign exchange market
Cyprus Stock Exchange	
– The CSE, as the only regulated exchange.	Capital market and equity market

the issuance and management of government debt securities, all data on issues in Cyprus pounds may be produced internally according to the purpose for which they are intended to be used and extracted electronically from the Register of Holders. For each holder, this register includes personal data as well as data for all certificates in the holder's name, including the series number of the issue, the certificate number, the issue and due dates, amounts held or redeemed separately for each issue, the relevant interest rate and interest paid. All accounts are kept in accordance with the IAS. As far as issues of government securities in foreign currency are

concerned, information is obtained on a security-by-security basis from the lead managers of each issue by telephone, as and when required.

Table 6 analyses the types of government debt securities and other relevant information as at 31 December 2001.

As far as the foreign exchange market is concerned, the reporting scheme and reporting requirements are identical for all reporting domestic banks, which are authorised exchange dealers. The reporting requirements are as follows:

**Table 6**  
**Types of government debt securities and other relevant information as at 31 December 2001**

Type of security	Not listed/Listed on	Maturity	New issues in 2001 EUR millions
Debt securities in Cyprus pounds			
Treasury bills	Not Listed	13 weeks	456.0
	Listed on the CSE	52 weeks	730.6
Registered development stocks			
	Listed on the CSE	2 years	246.9
	Not listed	3 years	120.0
	Listed on the CSE	5 years	275.9
	Listed on the CSE	10 years	64.3
	Listed on the CSE	15 years	7.1
Savings certificates	Not listed		40.5
Savings bonds	Not listed		6.5
Debt securities in foreign currency			
Eurobond notes	Listed on	over 12 months	-
Euro Commercial Paper notes	international markets	up to 12 months	1,012.0

- daily overnight open foreign exchange position, analytically for certain currencies (EUR, USD, GBP, JPY, CHF, CAD, and AUD); in summary form for all other currencies and in total. Data collection is electronic (secured e-mail transmission and fax);
- daily spot, forward, foreign exchange swaps, foreign exchange options and foreign exchange futures transactions by currency for certain currencies (EUR, USD, GBP, JPY, CHF, CAD and AUD) and in cumulative form for all other currencies. Data collection is electronic (secured e-mail transmission);
- for transactions against Cyprus pounds, additional information is collected regarding the counterparty category (resident/non-resident). For "large" transactions against Cyprus pounds (i.e. amounts in excess of CYP 0.5 million, i.e. approx. €0.87 million) with non-residents, the identity of the non-resident is also required. Data collection is electronic (secured e-mail transmission);
- intra-day spot CYP/EUR exchange rates are collected by telephone or from Reuters; and
- other exchange rates (spot and forward) quoted by authorised dealers are monitored on individual Reuters screens without being recorded in any database.

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The CSE, as the only regulated exchange where all transactions involving corporate and government securities are carried out, is obliged to publish an official price index, daily prices and other market data. All of this information is produced via the trading system, which is a fully computerised system monitored by the CSE.

During the pre-opening trading session, brokers enter their orders in the trading engine. When dealing commences, the trading engine runs an algorithm, which matches and controls the orders. There is a full and immediate disclosure both of the price at which each transaction is concluded and of the quantity traded. When a transaction is made, a message appears in the ticker view of the computer screens of those people authorised, including the CySEC. The details of each transaction are stored in a database from which market statistics are produced.

Table 7 provides information by type of security for all listed securities for 2001.

### 2.2.3 Time range, frequency and timeliness of reporting

#### Central Bank of Cyprus

- For the interbank market, data have been collected officially on a daily basis since

**Table 7**  
**Type of security for all listed securities in 2001**

Listed securities as at 31 December 2001 Type	Number	Funds raised through new issues during the year	Market capitalisation 31.12.01	Trading activity	
				Value	% total
Shares	149	122	3,998	2,092	94.2
Warrants	80	6	84	123	5.5
Debt securities	48	611	1,496	5	0.3
Government bonds	39	611	1,387	4	0.2
Corporate bonds	9	-	109	1	0.1
Total	277	739	5,578	2,220	100.0

1996. Banks are required to submit their daily placements by 2.30 p.m. on the same day. Data on the NIBOR/NIBID have been available since March 1999.

- The first issue of government securities in Cyprus pounds was made in 1969 and data have been available since then. An automated online system was introduced in April 1999. Statistics may be compiled on an ad hoc basis, depending on their intended use.
- Regarding government securities issued in foreign currency, the first issue took place in November 1989 and data have also been available since then. Statistics may be compiled on a daily, monthly, quarterly or yearly basis, depending on their intended use.
- Before the liberalisation of spot and forward transactions, which took place on 1 January 2001, data on the exchange rate of the Cyprus pound against the pound sterling, the US dollar, the Deutsche Mark and the Greek drachma had been available since 1979.

Following the liberalisation of the spot and forward transactions, the following information is available on the foreign exchange market:

- The overnight open foreign exchange positions, analytically for certain currencies (EUR, USD, GBP, JPY, CHF, CAD, and AUD), as well as in summary form for all other currencies and in total, via fax since the beginning of 2001 and in electronic form by 12 noon on the next business day (from around 60% of the reporting agents, as at March 2002).
- Daily spot, forward, foreign exchange swaps, foreign exchange options and foreign exchange futures transactions by currency for certain currencies (EUR, USD, GBP, JPY, CHF, CAD and AUD) and in cumulative form for all other

currencies in electronic form by 12 noon on the next business day (from around 60% of the reporting agents, as at March 2002).

- For transactions against the Cyprus pound, additional information is collected regarding the counterparty category (resident/non-resident). Data have only been available for around 60% of the reporting agents since March 2002. The data are submitted daily by 12 noon on the next business day.
- For “large” transactions (i.e. amounts in excess of CYP 0.5 million or approximately €0.87 million) with non-residents against the Cyprus pound, the identity of the non-resident is also required. The data are submitted daily by 12 noon on the next business day.
- Intraday spot CYP/EUR exchange rates are collected approximately every 30 minutes via telephone or Reuters wire services and are simultaneously entered into the database.
- Other exchange rates (spot and forward) quoted by authorised dealers are monitored on their individual Reuters screens without being recorded in any database.

### Cyprus Stock Exchange

Data collected on securities listed on the CSE, with regard to both shares and debt securities, have been available since 1996, when the CSE began operations. As mentioned in sub-section 2.2.2, the statistics on listed securities are produced via the CSE trading system, which is a fully computerised system monitored by the CSE.



### 2.3 Data processing and compilation methods

#### 2.3.1 Basis of calculation and quality controls

##### Central Bank of Cyprus

- As regards the issues of government securities in Cyprus pounds, data are processed on an automated online system and stored in a relational database. Ad hoc reports may be extracted at any time in the format required.
- The data used for the compilation of government external debt statistics are end-of-period data, except in the case of statistics on ECP issuance, where averaging is used for the purposes of calculating the average holding period and interest cost. Such average data are calculated on a volume-weighted basis.
- The data provided on the foreign exchange market are compiled as follows:
  - the overnight open foreign exchange position is end-of-period data (end-of-day closing balances);
  - daily spot, forward, foreign exchange swaps, foreign exchange options and foreign exchange futures transactions, by currency for certain currencies (EUR, USD, GBP, JPY, CHF, CAD and AUD), and in cumulative form for all other currencies, are daily amounts traded; and
  - intraday spot CYP/EUR exchange rates are instant market rates.

##### Cyprus Stock Exchange

The securities market data produced by the CSE are either end-of-period data (e.g. market capitalisation, market share and price indices) or cumulative data for a period (e.g. data on funds raised and on trading activity).

### 2.3.2 Breaks in series

There is no procedure for the treatment of breaks in series relating to financial market statistics. A major break in series relating to the foreign exchange market involved the liberalisation of spot and forward transactions in the domestic market on 1 January 2001, as a result of which the Cyprus pound exchange rate is no longer administratively determined by the Central Bank of Cyprus.

### 2.3.3 Revisions

There are no procedures for revisions of statistical data on financial market. However, should any revisions of the data collected be deemed necessary, all relevant adjustments will be made and users notified accordingly.

## 2.4 Publications

### 2.4.1 First release of data

#### Central Bank of Cyprus

##### *Monthly Monetary Survey*

- Type of data: data on sales of Treasury bills and registered development stocks by auction include the date of each issue, the amounts announced, tendered and auctioned, data distinguishing between competitive and non-competitive bids and the interest rates resulting from the auction (average, lowest, highest), while interbank market data include monthly interbank rates for certain time bands, as well as monthly data on the average volume of the interbank market.
- Frequency of publication: approximately one month after the reference month.
- Format of publication: in hard copy and on the Bank's website ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)).

*Monthly Monetary Policy Report*

- Type of data: foreign exchange market data include daily amounts traded during the fixing sessions, while interbank market data include monthly interbank rates for certain time bands.
- Frequency of publication: within two weeks following the meeting of the Monetary Policy Committee (MPC), which is usually held on the second Thursday of the month. The first publication appeared in August 2001.
- Format of publication: in hard copy and on the Bank's website ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)).

*Fixing rates*

- Type of data: latest available data on daily fixing rates.
- Frequency of publication: published daily at around 1.30 p.m.
- Format of publication: under the heading "CYPR" on the Reuters wire services and on the Central Bank of Cyprus' website ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)).

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## List of listed securities with number of shares

- Type of data: the stock code, stock name, listing date and total number of shares are provided for each stock.
- Frequency of publication: daily.
- Medium of publication: in excel format on the website ([www.cse.com.cy](http://www.cse.com.cy)).

*Index Report*

- Type of data: lowest, highest and average prices of transactions; closing, buying and selling prices and number of transactions by sector.

- Frequency of publication: daily.
- Medium of publication: on the website ([www.cse.com.cy](http://www.cse.com.cy)).

*Historical Data*

- Type of data: prices and volume for each security
- Frequency of publication: daily.
- Format of publication: electronic.
- Medium of publication: on the website ([www.cse.com.cy](http://www.cse.com.cy)).

*Monthly Bulletin*

- Type of data: data include daily data on number of transactions and volume, particulars on CSE General and Sectoral indices (closing, highest, lowest), market capitalisation by sector and type of security and number of securities traded by sector.
- Frequency of publication: monthly.
- Format of publication: electronic (pdf file).
- Medium of publication: distributed by e-mail; also available on the website ([www.cse.com.cy](http://www.cse.com.cy)).

**2.4.2 Other statistical publications****The Cyprus Stock Exchange***Fact Book*

- Type of data: indices: CSE General Index, FTSE/CySE 20 index and sectoral indices (closing, highest, lowest), as well as daily closing prices for the CSE General Index.

Trading data: monthly data regarding trading days, number of transactions, turnover in securities and value, yearly data on trading activity for each sector

and type of security (value, number of securities traded), as well as details for the trading of each listed security (lowest, highest, closing prices, number of securities traded, value traded, number of transactions and number of listed securities). Market capitalisation: data regarding market capitalisation for each sector, as well as details on the shares with the largest market capitalisation.

Funds raised: particulars regarding initial public offerings (IPOs), newly listed companies, rights issues and government bond issues.

Other information: particulars regarding the listed “warrants schedule” (expiry date and exercise price and dates) and listed debt securities (issue date, listing date, maturity date, coupon rate and coupon dates).

- Medium of publication: paper form and also on the website ([www.cse.com.cy](http://www.cse.com.cy)).
- Frequency of publication: approximately five months after the end of the reference year.

### Statistical Service of the Republic

#### *Monthly Economic Indicators*

- Type of data: monthly data on interbank rates for certain time bands (lowest and highest), the average level of the interbank market and data on the CSE share price indices by sector.

## 3 Securities issues statistics

### 3.1 Legal and institutional background

#### 3.1.1 Definitions

The securities market in Cyprus comprises debt securities as well as quoted and unquoted shares. Debt securities are issued

- Medium of publication: paper form.
- Frequency of publication: every quarter, approximately three months after the end of the reference quarter. From 2002 onwards, the plan is to publish it twice a year.

#### *Statistical Abstract*

- Type of data: yearly data on foreign exchange rates.
- Medium of publication: paper form.
- Frequency of publication: annually, approximately six months after the end of the reference year.

## 2.5 Users

Interbank market data are used mainly by the Central Bank of Cyprus in the context of formulating the monetary policy framework, as well as for supervisory purposes.

The fixing exchange rates and the amounts traded during the fixing sessions are used by interested parties. As far as other data on financial markets are concerned, particularly relating to securities, such data are used by the Central Bank of Cyprus, the MoF, the CySEC, members of the CSE, the House of Representatives, investors, data vendors, rating agencies, financial analysts, academics and other researchers.

by the government and banks, as well as by any other corporations. For debt securities issued by other corporations which are not listed on the CSE, however, no information is currently available.

Debt securities issued by the Republic of Cyprus:

- 13-week Treasury bills issued in multiples of CYP 1,000 and offered to the public by way of an auction.
  - 52-week Treasury bills issued in multiples of CYP 1,000 and offered to the public by way of an auction. These securities are listed on the CSE.
  - 2-year, 5-year, 10-year and 15-year registered development stocks offered to the public (both natural and legal persons) by way of a bid-price auction and listed on the CSE. Interest earned on these stocks by natural persons is exempt from income tax.
  - 3-year registered development stocks, which may be purchased only by natural persons through the Central Bank of Cyprus, banks, post offices and stockbrokers. During the subscription period, approximately one week prior to the issue date, the stock is offered at par. A secondary market is maintained by the Central Bank of Cyprus, where redemption prior to maturity is possible at prices quoted by the Bank. Interest earned on investments in these stocks is exempt from income tax.
  - 5-year savings certificates issued in multiples of CYP 1 on an ongoing basis, with a maturity of five years from the issue date. Redemption prior to maturity may be effected at prices determined by the Central Bank of Cyprus at the time of issue, which reflect the overall length of the investment period. They are sold to natural persons and the interest earned is exempt from income tax.
  - 7-year savings bonds with a nominal value of CYP 5 and CYP 10 are entered in regular draws one month after issue and prizes won are exempt from income tax. Such savings bonds may be redeemed on or after maturity at CYP 5.50 and CYP 11 respectively.
  - Euro Commercial Paper: notes are issued by the Republic of Cyprus through the Central Bank of Cyprus in foreign currencies, normally for maturities of up to 12 months, and are offered to non-resident institutional investors. The issuance of such notes is executed under the Euro Commercial Paper (ECP) Programme of the Republic of Cyprus.
  - Public eurobond issues: notes are issued by the Republic of Cyprus through the Central Bank of Cyprus in foreign currencies, normally for maturities of over 12 months, and are offered to non-resident institutional investors. The issuance of such notes is executed under the Euro Medium-Term Note Programme of the Republic of Cyprus.
- Debt securities issued by banks and other corporations:
- Debt securities issued in Cyprus pounds by sectors other than the Government relate to corporate bonds issued by companies listed on the CSE (mainly banks and, to a lesser extent, other corporations). These securities can guarantee the investor the nominal value of the bond in a specific time period and may carry a fixed or fluctuating interest rate. Some of these bond issues are convertible bonds, i.e. they give the holder the right to convert the bonds into ordinary shares within a specific time period.
  - Debt securities in foreign currencies have thus far been issued only by banks in the form of convertible bonds or floating rate bonds.
- Quoted securities other than debt securities:
- Ordinary shares issued by listed companies are defined as shares that are linked to voting rights in the general meetings of the respective company's shareholders and also entail rights to a

share in the company's distributed operational profits.

- Warrants are certificates issued by listed companies, which involve the right of the holder to buy ordinary shares in the respective company at a specific point in time at a specific price.

### 3.1.2 The role of securities issues statistics

Statistics on government securities issues in Cyprus pounds are used extensively for purposes of understanding monetary developments and formulating monetary policy by the Central Bank of Cyprus. In the context of open market operations, the Bank closely monitors banking liquidity on a daily basis. Sales/redemption of government securities affect liquidity. Conditions and, therefore, data relating to these transactions are regularly collected and monitored. Moreover, the derived yield curve of government securities reveals market expectations, especially on future interest rates and inflation. The interest rate spread of government securities in the local and foreign markets is also monitored, as is, in particular, the ten-year government stock yield with reference to the relevant convergence criteria. In formulating monetary policy, the Central Bank of Cyprus also relies on asset market developments and, especially, on information concerning the CSE. Details on this matter are given in Sub-section 2.1.2.

Statistics on government securities issues are also used by the MoF for decision-making purposes regarding the financing of the government debt. Moreover, the MoF uses statistics compiled by the CSE on market capitalisation, the volume of trading as well as the CSE indices for judging the potential demand that would exist in the primary market for government paper.

The House of Representatives also receives six-monthly reports on government debt securities issued in foreign currencies under the provisions of the Central Bank of Cyprus

Law and the Law No. 103 of 1989-1999 on Treasury bills, which are submitted by the Central Bank of Cyprus via the MoF.

Data on securities collected by the CSE and the CySEC are mainly used for supervisory purposes.

### 3.1.3 Powers to collect securities issues statistics

- Government securities in Cyprus pounds and in foreign currencies are issued by the Central Bank of Cyprus on behalf of the Republic of Cyprus. Registered development stocks are issued under the Development Law of 1969, while Treasury bills and government securities in foreign currencies are issued under the Law No. 103 of 1989-1999 on Treasury bills.
- As for government securities in Cyprus pounds, a register of holders is maintained by the Central Bank of Cyprus, from which any statistics can be produced. Details are given in Sub-section 3.2.2. In the case of government securities in foreign currencies, the Central Bank of Cyprus has the legal power to maintain and disseminate information on external government debt, including public foreign currency issues.
- The CSE has the power, under the CSE Laws and the CSE Regulations to collect any data from the listed companies.
- The CySEC Laws empower the CySEC to collect data from market participants for supervisory purposes only. The information is confidential and may only be used for the purpose for which it is collected.

## 3.2 Collection procedures

### 3.2.1 Reporting agents

The Central Bank of Cyprus, as the financial agent for the issuance and management of

government securities, can be considered as the only reporter of data relating to primary issues, redemptions and amounts outstanding of such securities.

For the securities (bonds and shares) quoted on the CSE, information is submitted by all listed companies to the CySEC and the CSE. However, for securities not listed on the CSE, no reporting requirements exist.

### 3.2.2 Reporting schemes

#### Central Bank of Cyprus

- The Central Bank of Cyprus is the sole agent responsible for the issuance and management of government debt securities. Therefore, all data on government securities issues in Cyprus pounds can be produced internally and are extracted electronically from the Register of Holders. For each holder, this register includes personal data as well as data on all certificates issued in the holder's name, including the series number of the issue, the certificate number, the issue and due dates, amounts held or redeemed for each issue separately, the relevant interest rate and the interest paid. From this database, statistics can be produced according to the purpose for which they are intended to be used. The Central Bank of Cyprus uses an internal coding system.
- Moreover, the Republic of Cyprus, through the Central Bank of Cyprus, issues under the ECP and the EMTN programmes public eurobonds in foreign currencies, which are issued and traded on international markets. Each issue is assigned a unique International Securities Identification Number (ISIN). Data on these securities are collected on a security-by-security basis.

#### Cyprus Securities and Exchange Commission and Cyprus Stock Exchange

The CySEC and the CSE have common reporting requirements regarding shares and debt securities, both for companies seeking listing and for listed companies.

- Issuers seeking listing on the CSE are requested to submit a signed application supplemented by various documents for approval to the Council of the CSE. The most important of these documents are the Listing Particulars, which aim to assist potential investors, in the best way possible, in making their assessment of the asset value, the financial state, the track record and the prospects of the company seeking listing, as well as of the rights associated with the ownership of the securities concerned.

In the case of IPOs, the depth and detail of information required for the preparation of the Listing Particulars might be quite substantial, whereas the information requirements for subsequent issues are less onerous. However, the Council of the CSE has the discretion power, under the conditions set out in Regulation No. 70 of the CSE, to exempt an issuer, either partially or fully, from the obligation to prepare Listing Particulars.

Provided that all the procedures have been followed, the Council of the CSE proceeds with the granting of permission for the publication of the Listing Particulars. Having obtained this permission, the issuer is obliged to announce the publication of the Listing Particulars in at least two daily national newspapers within a fortnight. The announcement must state the address where interested parties may obtain a copy of the prospectus. Within 48 hours, the issuer has to submit to the Council of the CSE three copies of the newspapers in which the announcement was made.

Finally, the Council of the CSE has to issue an official announcement stating its decision to accept the listing of the specific certificate and to set a date for the commencement of trading.

- Once listed on the CSE, companies have certain continuous reporting obligations, the most prominent of which are shown in the table 8.

In addition to the above reporting requirements, listed companies are obliged to submit a monthly report with details of their listed securities.

- The CSE classifies listed securities as follows:

Quoted shares:

1. Banking sector;
2. Approved investment companies sector;
3. Insurance corporations sector;
4. Manufacturing companies sector;

5. Tourism companies sector;
6. Trading companies sector;
7. Building materials and construction companies sector;
8. Information Technology companies sector;
9. Financial services companies sector;
10. Fish culture companies sector;
11. Hotels sector; and
12. Other companies sector.

Debt securities:

1. Government; and
2. Public corporations.

Warrants:

- The CSE is the National Numbering Agency for Cyprus. It is a full member of the Association of National Numbering

**Table 8**  
**Reporting requirements<sup>1</sup> of listed companies on the Cyprus Stock Exchange**

Date of submission <sup>2</sup>	Investment companies	Other listed companies
20 January	Fourth Quarterly Report for the quarter ending on 31 December of the previous year.	
31 March	Preliminary results for the complete financial year ending on 31 December of the previous year.	Preliminary results for the complete financial year ending on 31 December of the previous year.
20 April	First Quarterly Report for the quarter ending on 31 March of the current year.	
31 May	Annual Report and Accounts for the financial year which ended on 31 December of the previous year.	Annual Report and Accounts for the financial year which ended on 31 December of the previous year.
20 July	Second Quarterly Report for the quarter ending on 30 June of the current year.	
31 August	Semi-annual accounts for the six months ending on 30 June of the current year.	Semi-annual accounts for the six months ending on 30 June of the current year.
20 October	Third Quarterly Report for the quarter ending on 30 September of the current year.	

<sup>1</sup> All financial statements have to comply with the IAS.

<sup>2</sup> From 2003 onwards (Circular No. 1/2002, dated 11 January 2002), the deadline for the preliminary results and the Annual Report will be a month earlier, i.e. from 31 March to 28 February and from 31 May to 30 April respectively.

Agencies (ANNA) and is responsible for allocating the ISIN identifier to each listed security.

- Securities issues data are collected on a security-by-security basis. This information is made available to the data vendors once the new issues have been approved by the Council of the CySEC and the CSE.
- As at 31 March 2002, 26% or 58 of the 222 securities traded on the CSE were dematerialised. A project to dematerialise the listed government debt securities is currently under study.
- Securities issues outside the country have so far been limited. In particular, the largest bank operating in Cyprus proceeded with the issue of shares in Greece, which are listed on the Athens Stock Exchange (dual listing). It has also issued a subordinated floating rate bond and a convertible bond, which were listed on the Luxembourg Stock Exchange. Moreover, two other banks have issued subordinated floating rate bonds, which are also listed on the Luxembourg Stock Exchange.

### **3.2.3 Time range, frequency and timeliness of reporting**

- The first issue of government securities in local currency was made in 1969 and data have been available since then. In April 1999 an automated online system was introduced.
- The first issue of government securities in foreign currency was made in November 1989 and data have been available since then. Statistics may be compiled on a daily, monthly, quarterly or yearly basis, depending on their intended use.

- Data collected on securities listed on the CSE have been available since 1996, when the CSE began operations. The frequency and timeliness of the continuous obligations of the listed companies are presented in Sub-section 3.2.2.

## **3.3 Data processing and compilation methods**

### **3.3.1 Basis of calculation and quality controls**

- As regards issues of government securities in Cyprus pounds, data are processed on an automated online system and stored in a relational database. Ad hoc reports may be extracted as and when required.
- The data used for the compilation of the government external debt statistics are end-of-period data, except in the case of statistics on ECP issuance, where averaging is used for the purposes of calculating the average length and interest cost. Such average data are calculated on a volume-weighted basis.
- The reporting schemes of the CySE and CSE provide that data collected are mainly end-of-period.

### **3.3.2 Breaks in series**

There is no procedure for the handling of breaks since securities data are not collected for statistical purposes.

### **3.3.3 Revisions**

No procedure for revisions is currently in place.



### 3.4 Publications

#### 3.4.1 First release of data

##### Central Bank of Cyprus

###### *Monthly Monetary Survey*

- *Type of data:* sales of Treasury bills and registered development stocks by auction providing data on the date of each issue, the amounts announced, tendered and auctioned, distinguishing between competitive and non-competitive bids, and the interest rates resulted from the auction (average, lowest, highest).
- *Frequency of publication:* monthly, about one month after the reference month.
- *Medium of publication:* in paper form and on the website ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)).

##### Cyprus Stock Exchange

###### *Fact Book*

- *Type of data:* new share issues (IPOs): data include the date listed, code, name of issuer, already issued share capital, capital issued with IPOs, bonus issued, total number of shares, issue price, nominal price and funds raised.

New listed companies on the CSE for the year under review: data include the symbol, company name, date listed, initial listed quantity, IPO price, closing price on first day, opening price on the listed date, year-end closing price.

Rights issues: data include the listed date, symbol, name of issuer, transaction period, number of rights, exercise price and funds raised.

New government bond issues (including Treasury bills): data include the date, code, name of issue, number of bonds

issued, nominal value and funds raised in Cyprus pounds.

- *Frequency of publication:* annually, approximately five months after the end of the reference year.
- *Medium of publication:* in paper form and on the website ([www.cse.com.cy](http://www.cse.com.cy)).

###### *Listed Securities with Number of Shares*

- *Type of data:* the stock code, stock name, listing date and total number of shares are provided for each stock.
- *Frequency of publication:* daily.
- *Medium of publication:* in excel format on the website ([www.cse.com.cy](http://www.cse.com.cy)).

###### *Year Book*

- *Type of data:* general information, balance sheet and profit and loss account, ratio analysis, charts on the volume, transactions, price and returns of the stocks for each listed company.
- *Frequency of publication:* annually, approximately six months after the end of the reference year.
- *Medium of publication:* in paper form.

### 3.5 Users

The main users for securities issues data are the Central Bank of Cyprus, the MoF, the CySEC, the members of the CSE, the House of Representatives, investors, data vendors, rating agencies, financial analysts, academics and other researchers.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

Derivatives utilisation in the domestic foreign exchange market is limited to forward foreign exchange contracts, foreign exchange swaps and currency options. Generally accepted international definitions and conventions apply.

No official derivatives market exists in Cyprus. However, in addition to equity and debt securities, warrants are also listed on the CSE. Warrants are certificates issued by a listed company giving the holder the right to buy ordinary shares at a specific point in time at a specific exercise price.

#### 4.1.2 The role of financial derivatives statistics

As financial liberalisation progresses, developments in the financial derivatives markets are expected to play an increasingly important role in the formulation of monetary policy.

The Central Bank of Cyprus, in the context of its role as supervisor of banks, collects data on financial derivatives. However, as the derivatives activity of banks is purely for hedging purposes and as the market risk in bank operations is minimal, no separate return is submitted to the Central Bank of Cyprus. The information provided to the Bank with respect to derivatives is part of certain other returns, such as off-balance-sheet items, interest rate risk returns and foreign exchange risk returns. Moreover, in the course of on-site examinations, the examiners of the Bank review the risk management policies and the procedures of banks relating to any financial derivatives activity undertaken by them.

The Central Bank of Cyprus has recently introduced a foreign exchange market data collection system to enable it to monitor developments in the foreign exchange market and enforce the regulatory framework of the market, to assist with foreign exchange liquidity management and to provide itself with early warning signals regarding potential pressures on the Cyprus pound. Provisions have been made in the system to collect certain data related to foreign exchange derivatives from domestic banks. At present, however, the domestic market is active only in forward foreign exchange contracts and foreign exchange swaps.

Data on the warrants listed on the CSE are collected by the CSE and the CySEC and are used mainly for supervisory purposes.

#### 4.1.3 Powers to collect financial derivatives statistics

The Central Bank of Cyprus may require banks to submit data on financial derivatives on the basis of the following provisions:

- (i) Section 63 of the Central Bank of Cyprus Law No. 138(I) of 2002;
- (ii) Section 25 (2) of the Banking Law, as amended;
- (iii) Section 36 (vi) of the Exchange Control Law, Chapter 199 No. 53 of 1972.

The CSE has the power, in accordance with the CSE Laws and the CSE Regulations, to collect any data from the listed companies.

The CySEC Laws state that the CySEC may only collect data from market participants for supervisory purposes. The information is confidential and may only be used for the purpose for which it is collected.

### 4.2 Collection procedures

#### 4.2.1 Reporting agents

The Central Bank of Cyprus collects data on foreign exchange derivatives. The reporting population covers only those domestic banks which are authorised foreign exchange dealers. All financial derivatives currently offered by domestic banks are traded over the counter.

The CySEC and the CSE are responsible for gathering information on the warrants listed on the CSE.

#### 4.2.2 Reporting schemes

Regarding foreign exchange derivatives, the reporting system and reporting requirements are identical for all reporting banks. The following types of data on foreign exchange derivatives are collected by the Central Bank of Cyprus:

- Transactions in forward and foreign exchange swaps and positions in foreign exchange options and futures by currency for certain currencies (EUR, USD, GBP, JPY, CHF, CAD and AUD). Data collection is electronic (secured e-mail transmission).
- For forward and swap transactions against the Cyprus pound, additional information regarding the category of counterparty (resident/non-resident) is collected. For "large-value" transactions with non-residents against the Cyprus pound (i.e. amounts in excess of CYP 0.5 million or approximately €0.87 million), the identity of the non-resident is also required. Data collection is electronic (secured e-mail transmission).

Information regarding derivatives may also be submitted to the Central Bank of Cyprus as part of other returns, such as off-balance-sheet items, interest rate risk returns and foreign exchange risk returns.

Market and other data regarding the warrants listed on the CSE can be accessed via the CSE's own trading system and database.

#### 4.2.3 Time range, frequency and timeliness of reporting

As far as foreign exchange derivatives are concerned, the following apply:

- daily data on the overnight open foreign exchange position in futures and options for EUR, USD, GBP, JPY, CHF, CAD and AUD are required. However, no data were available until March 2002, because there had not been any transactions;
- daily data on forward and foreign exchange swaps by currency for certain currencies (EUR, USD, GBP, JPY, CHF, CAD and AUD) and in cumulative form for all other currencies. Additional information regarding the category of counterparty (resident/non-resident) is collected for forward and swap transactions against the Cyprus pound. For "large-value" transactions with non-residents against the Cyprus pound, the identity of the non-resident is also required. In March 2002, data in electronic form were available for around 60% of the reporting entities. The frequency of the data is daily and must be submitted by 12 noon on the following business day.

Data on warrants have been available since 1996, when the CSE began operations, and can be extracted on a daily, weekly or monthly basis, depending on their intended use.

### 4.3 Data processing and compilation methods

#### 4.3.1 Definitions

As regards data on foreign exchange derivatives:

- daily data on the overnight open foreign exchange position in futures and options are end-of-day closing balances.
- daily data on forward and foreign exchange swap transactions by currency for certain currencies (EUR, USD, GBP, JPY, CHF, CAD and AUD), and in cumulative form for all other currencies, are daily amounts traded.

Data on warrants published by the CSE are either end-of-period data, e.g. market capitalisation, or cumulative data for a period of time, e.g. data on trading activity.

#### 4.3.2 Breaks in series

Historical series on foreign exchange market data collected by the Central Bank of Cyprus are very brief and incomplete (partial data have only been available since the beginning of 2002). However, no provisions have been made regarding the treatment of breaks in the series, as this system was not designed as a comprehensive statistical system to serve external users (see Sub-section 4.1.2).

#### 4.3.3 Revisions

There are no rules for revisions applicable to foreign exchange derivatives. Once the data are checked and accepted, they are not revised, unless a reporting institution submits revised data for a particular date with an explanatory note for the revision. Data collected by the Central Bank of Cyprus are not published.

#### 4.4 Publications

As a rule, the Central Bank of Cyprus does not disseminate any data relating to foreign exchange derivatives to the public, the government or any other external user.

Statistics on warrants may be found in the following publications of the CSE:

##### *Index Report*

- Type of data: lowest, highest and average transaction prices, closing buying and selling prices and number of warrants traded.
- Frequency of publication: daily.
- Format of publication: on the website ([www.cse.com.cy](http://www.cse.com.cy)).

##### *Monthly Bulletin*

- Type of data: number and volume of warrants traded and market capitalisation.
- Frequency of publication: monthly.
- Format of publication: electronic (pdf file).
- Medium of publication: distributed via e-mail; also available on the CSE's website ([www.cse.com.cy](http://www.cse.com.cy)).

##### *Fact book*

- Type of data: trading activity of warrants (value and number of securities traded); particulars for the trading of each listed warrant (lower, higher, closing price, number and value of securities traded, number of transactions and number of listed securities); market capitalisation; as well as the warrants schedule giving particulars for each listed warrant on the expiry date and exercise price and date.
- Frequency of publication: annually, approximately five months after the end of the reference year.
- Medium of publication: in paper form and also on the website ([www.cse.com.cy](http://www.cse.com.cy)).

#### 4.5 Users

The only user of data on foreign exchange derivatives is the Central Bank of Cyprus.

Data on warrants may be used by any interested party, including the CSE, the CySEC, members of the CSE, investors, data vendors, financial analysts and others.

## 5 Monetary financial institution interest rate statistics

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

Up to the end of 2000, interest rates in Cyprus were governed by the Interest Law of 1977, which prescribed a legal ceiling of 9% per annum on interest rates. Within this ceiling, the upper limits of bank deposit and lending interest rates were determined, from time to time, by the Central Bank of Cyprus.

The Interest Rate Liberalisation Law came into force on 1 January 2001 to provide for the abolition of the interest rate ceiling. Following the interest rate liberalisation, banks adopted a base lending rate as the reference rate on which a margin is added according to the risk and creditworthiness of the client. As a transitional measure, the base rate of banks was set equal to the marginal lending facility rate, so that changes in the official interest rates by the Central Bank of Cyprus could be passed on to market rates effectively.

Following this development, the Central Bank of Cyprus introduced a scheme for collecting retail bank interest rate statistics from domestic banks (formerly deposit money banks and other financial institutions)<sup>2</sup> which are under the supervision of the Central Bank of Cyprus. These statistics cover interest rates that domestic banks apply to local currency (Cyprus pound) deposits and loans vis-à-vis their customers, which include financial and non-financial enterprises (other than banks) and individuals. It should be noted, however, that the sector breakdown used by banks to classify their customers has not yet been harmonised with the principles set out in the ESA 95 and in Regulation ECB/2001/13 concerning the consolidated balance sheet of the MFIs sector. Deposit interest

rate statistics include interest rates on current accounts, deposits redeemable at notice and deposits with an agreed maturity. In the case of the latter two categories, separate interest rates are collected according to the size and maturity of deposits. Lending interest rates are reported according to the purpose and type of the facility. Interest rates applied by the IBUs are not covered in this section of the Manual, as these institutions are required to limit their activities mostly to non-residents and in foreign currencies.

The DCD also collects retail interest rates on deposit and lending rates on a monthly basis from the CCSSs. These societies constitute a separate group of credit institutions falling under the supervision of the DCD. Deposit interest rate statistics include interest rates on sight and current accounts, deposits redeemable at notice and with an agreed maturity. Lending interest rates are reported according to the purpose and maturity of the facility. Decisions regarding changes in the official interest rates by the Central Bank of Cyprus are also communicated to the DCD through the MCIT, and subsequently to the CCSSs for implementation.

#### 5.1.2 The role of MFI interest rate statistics

Policy-makers at the Central Bank of Cyprus use bank interest rate statistics to analyse the transmission mechanism of monetary policy. These statistics are an important

<sup>2</sup> The other financial institutions sector, which included specialised banks and designated financial institutions, merged with the deposit money banks sector in September 2001 and is hence included in the money creating sector.

indicator of how fast and to what degree market rates respond to changes in the official rates. Moreover, retail interest rates are used to examine consumption, investment and saving decisions and can also reveal information about the demand for credit and the money creation process in general.

In formulating monetary policy, bank interest rates are also used to calculate the spread between domestic and foreign retail rates in order to explain capital movements, while the spread between retail rates and official rates is used as a good indicator of the level of competition in the separate market segments. Finally, monetary policy-makers use bank interest rates to analyse market conditions of credit.

From the supervisory point of view of the Central Bank of Cyprus, bank interest rates also play a significant role. The purpose of banking supervision is to maintain financial stability through bank soundness. An important area for bank evaluation is bank profitability. This involves the analysis of income generation and costs, as well as the assessment of the returns achieved. Movements in interest rates have an impact on the interest rate spread, which directly affects bank profitability. In this connection, data on bank interest rates is useful for assessing bank profitability and capital adequacy, as well as for peer group comparisons.

In the course of supervision, the Central Bank of Cyprus supervisors assess whether an adequate risk management framework is in place that identifies, measures, monitors and controls the credit risk, interest rate risk, foreign exchange risk and liquidity risk assumed by a bank. With regard to interest rate risk, banks use their own models, such as gap analysis, and have set their own internal limits with respect to foreign currencies and the Cyprus pound. These limits are without exception extremely conservative and are subject to review by the Central Bank of Cyprus. Banks are also required to submit to the Central Bank of Cyprus on a quarterly

basis a gap analysis report for the Cyprus pound, which it then reviews and assesses.

The MoF uses bank interest rates to assess the liquidity of lenders and their demand for government paper in relation to the government's domestic borrowing requirements. Bank interest rates are also used to monitor short-term economic developments in the context of financial analysis regarding private consumption, private investment, imports and therefore changes in the current account of the Balance of Payments, inflation, fiscal deficit and the public sector borrowing requirement which influences the formulation of economic policy.

The DCD uses interest rate statistics collected from CCSSs to monitor the prudential liquidity, profitability and interest rate management performed by the various societies.

### **5.1.3 Powers to collect MFI interest rate statistics**

The Central Bank of Cyprus is empowered by the Central Bank of Cyprus Law No.138(I) of 2002 (Central Bank of Cyprus Law) and the Banking Law No.66(I) of 1997 to collect any information from banks in order to fulfil its functions. In particular, it is authorised under Section 63 of the Central Bank of Cyprus Law, to request from banks, government agencies, public corporations and any natural person or legal entity to report information and data in their possession which are necessary to fulfil its objectives and tasks. Moreover, Section 25 of the Banking Law, as amended, requires banks to submit periodically or at its request such information and within such time as may be specified by the Central Bank of Cyprus.

In the case of CCSSs, the DCD is empowered by the Co-operative Societies Laws of 1985 to 2001 and the Co-operative Societies Rules of 2000 to collect information on interest rates.

## 5.2 Collection procedures

### 5.2.1 Reporting agents

The MFI sector comprises domestic banks, IBUs and CCSSs. For the reasons mentioned in Sub-section 5.1.1, interest rates applied by IBUs are not covered in this sub-section.

As regards domestic banks, information on interest rates for the entire organisation is provided by each bank's head office. This is because banking business in Cyprus is highly concentrated and, therefore, the head office makes policy decisions, whereas branches follow suit. Nine domestic banks report interest rate statistics. The business volume coverage of reporting banks is around 86% of the balance sheet total for lending rates and around 65% for deposit rates.

In the case of CCSSs the head offices of all 363 institutions report interest rates. The

business volume coverage of reporting CCSSs is 100% of the balance sheet total both for lending and deposit interest rates.

### 5.2.2 Reporting schemes

There are two separate reporting schemes for the collection of interest rate statistics: one covering 9 domestic banks, which report to the Central Bank of Cyprus, and one covering the 363 CCSSs (census method), which report to the DCD. In both cases, the data are collected from the reporting agents in paper form. In the case of CCSSs electronic reporting is also undertaken.

As far as domestic banks are concerned, data on both deposit and lending retail interest rates are collected on a monthly basis in table 9.

**Table 9**  
**Categories of MFI interest rates reported by banks in Cyprus**

<b>Deposit interest rates</b>		
Current accounts		Over CYP 1,000
Deposits redeemable at notice	Seven days	Up to CYP 5,000
		Over CYP 5,000
Deposits redeemable at notice	Three months	Up to CYP 5,000
		Over CYP 5,000
Deposits with agreed maturity	One year	Up to CYP 5,000
		Over CYP 5,000
Deposits with agreed maturity	Over one year*	Over CYP 5,000
<b>Lending interest rates</b>		
Lending to enterprises:		
Overdrafts	Within limit	
	In excess of limit	
Secured loans		
Unsecured loans		
Personal loans:		
Overdrafts	Within limit	
	In excess of limit	
Secured loans		
Unsecured loans		
Housing loans	With life insurance	
	Without life insurance	
Credit cards		

\* Separate reporting for each product offered by banks.

In the case of deposit interest rates, domestic banks are required to report the most representative rate offered on each type of deposit account. Regarding lending rates, the minimum and maximum interest rate charged, as well as a representative rate as defined by each bank, is reported for each category of loan. Interest rates are reported as the base lending rate, currently equal to the marginal lending facility rate of the Central Bank of Cyprus, plus a margin according to the risk and creditworthiness of the client.

Work towards the implementation of Regulation ECB/2001/18 concerning statistics on interest rates applied by MFIs to deposits and loans vis-à-vis households and non-financial corporations is planned to commence in the near future.

As far as CCSSs are concerned, data on both deposit and lending interest rates are collected on a monthly basis, as indicated in Table 10.

For each type of deposit account, a minimum and maximum interest rate is reported, as well as the corresponding balance at the end of

the month. Lending interest rates are reported according to the purpose and the date of maturity of the loan facility. For each category of loan facility, a minimum and maximum interest rate is reported along with the number of outstanding loans and the corresponding balance at the end of the month. Data are collected from all CCSSs and are then processed electronically. Several reports are produced at a district and national level.

### 5.2.3 Time range, frequency and timeliness of reporting

With regard to the domestic banks, information on their interest rates has been available since 1974, when the Central Bank of Cyprus prescribed interest rates for various categories of deposits. For lending rates, a maximum interest rate of 9.0% per annum was in effect. This interest rate regime continued until December 2000, when interest rates were liberalised.

As from January 2001, a monthly reporting scheme was introduced, described in Sub-

**Table 10**

### Categories of MFIs interest rates reported by co-operative credit and savings societies in Cyprus

#### Deposit interest rates

Sight and current accounts

Notice accounts

seven days  
one month  
three months  
six months  
one year

Deposits with agreed maturity

#### Lending interest rates

Personal loans:

Educational loans

Loans for consumption

Loans for investment

Loans for medical treatment

Loans for repayment of existing obligations to third parties

Housing loans:

Loans for house purchases

Loans for the purchase of land

Agricultural loans

Business and professional loans

Loans to public and local authorities



section 5.2.2, providing for the submission of the required information within 15 days following the end of the reference month.

Regarding the CCSSs, annual statistical data on interest rates have been collected since the DCD was established in the late 1950s. The collection of statistical data on a monthly basis began in 1988. CCSSs are required to submit this information by the 15th day of the following month.

### **5.3 Data processing and compilation methods**

#### **5.3.1 Basis of calculation and quality controls**

The basis of calculation varies according to the nature of the data reported. Most of the information provided by both the domestic banks and the CCSSs are end-of-period data.

#### **5.3.2 Breaks in series**

So far, only one break in series was recorded, relating to the abolition of the interest rate ceiling on 31 December 2000. However, no adjustment was made for this break in series.

#### **5.3.3 Revisions**

Up to December 2000, data on domestic bank interest rates referred only to prescribed interest rates and, therefore, no revisions were necessary. Following the introduction of the new reporting scheme in January 2001, revisions to the data are made when deemed necessary, and relevant adjustments are made and users are notified accordingly.

In the case of CCSSs, when the DCD detects or is informed of any errors or revisions in the data, the necessary adjustments are made and the Central Bank of Cyprus is informed accordingly.

## **5.4 Publications**

### **5.4.1 First release of data**

Interest rate statistics for domestic banks are first released for the purposes of the monthly meeting of the MPC, which normally takes place on the second Thursday of each month. The MPC report is subsequently published by the Central Bank of Cyprus and is available both in paper form and on the website ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)).

With regard to the type of data disseminated, as no weighted average interest rates are calculated at present, the average of the representative deposit and lending interest rates of the three largest banks is reported. The deposits of these banks represent about 70% of all domestic banks' deposits.

Domestic bank interest rates are also published monthly by the International Monetary Fund (IMF) in a publication entitled "International Financial Statistics" (available in paper form or on CD ROM), which includes monthly data on deposits with three-month notice for amounts over CYP 5,000.

The CCSSs interest rates data are not available to the public. They are first released to the DCD and the Central Bank of Cyprus and then to various other users as described in Sub-section 5.5 below. As no weighted average interest rates are calculated, only the minimum and maximum interest rates for each category of loan and deposit are currently reported.

### **5.4.2 Other statistical publications**

Retail interest rates data are also published annually in paper form by the Statistical Service of the Republic (SSR) in a publication entitled "Statistical Abstract".

Summarised data on the retail interest rates of CCSSs are published in the Annual Report of the DCD.

### 5.5 Users

Data relating to retail interest rates collected by the Central Bank of Cyprus from domestic banks are mainly used by the MPC, the Central Bank of Cyprus and the MoF for the purposes explained in Sub-section 5.1.2.

The Central Bank of Cyprus also disseminates information relating to deposit

and lending retail interest rate statistics to the European Central Bank (ECB), Eurostat and the IMF.

The main users of the CCSSs interest rates data collected by the DCD are the MCIT, the MoF, the SSR, the Planning Bureau of the Republic, the Co-operative Central Bank Ltd, the Co-operative Audit Service and the Central Bank of Cyprus.

## 6 Contacts at the Central Bank of Cyprus

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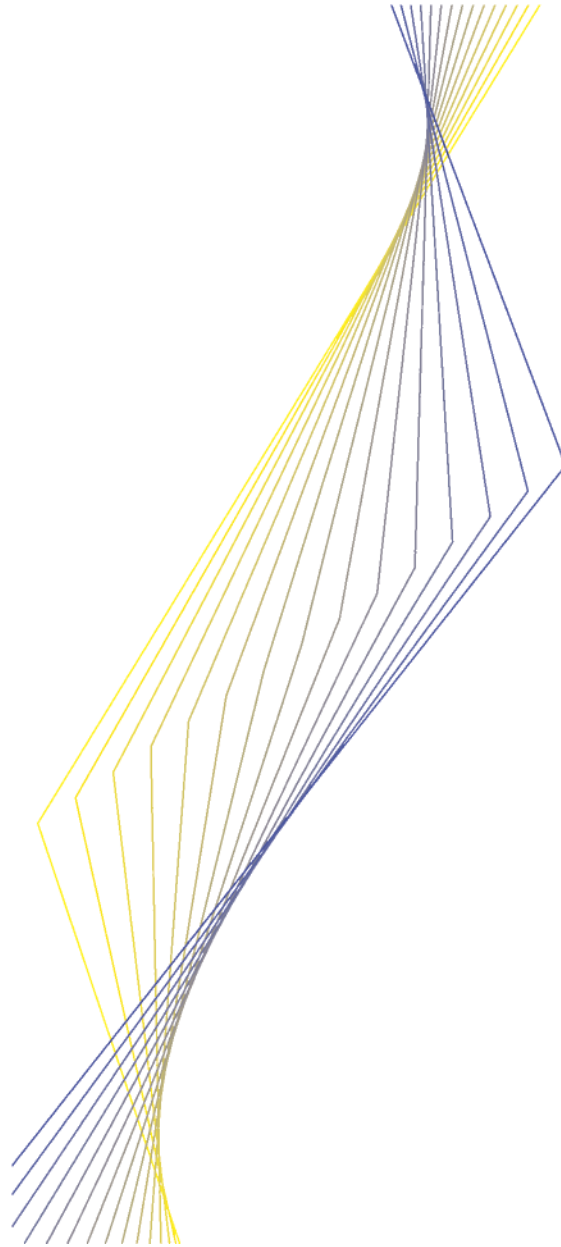
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## Cyprus



EUROPEAN CENTRAL BANK



**Czech Republic**

## Czech Republic

### List of abbreviations

<b>CNB bills</b>	Czech National Bank bills
<b>Coll.</b>	Collection of laws
<b>CSCe</b>	Czech Securities Centre
<b>CSCo</b>	Czech Securities Commission
<b>CSO</b>	Czech Statistical Office
<b>CZEONIA</b>	Czech Overnight Index Average
<b>CZK</b>	Czech koruna
<b>ECB</b>	European Central Bank
<b>ESA 95</b>	European System of Accounts 1995
<b>EU</b>	European Union
<b>€ or EUR</b>	euro
<b>FEFSI</b>	European Federation of Investment Funds and Companies - Fédération européenne des Fonds et Sociétés d'Investissement
<b>IAS</b>	International Accounting Standards
<b>ISIN</b>	International Securities Identification Number
<b>MFI</b>	monetary financial institution
<b>MoF</b>	Ministry of Finance of the Czech Republic
<b>OFIs</b>	other financial intermediaries
<b>OTC</b>	over-the-counter
<b>PRIBID</b>	Prague interbank bid rate
<b>PRIBOR</b>	Prague interbank offered rate
<b>PSE</b>	Prague Stock Exchange
<b>repo</b>	repurchase agreement
<b>RM System</b>	RM-SYSTEM - organiser of off-exchange securities trading
<b>SPAD</b>	System Supporting the Market for Shares and Bonds - Systém pro Podporu trhu Akcií a Dluhopisů

**STBS** Short-Term Bond System

**UNISCR** Union of Investment Companies of the Czech Republic - Unie Investičních Společností České Republiky

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

The concept of the financial sector in the Czech Republic corresponds to the European System of Accounts 1995 (ESA 95) and is regulated by the Provision of the Czech Statistical Office of 2 October 1997 on the Introduction of the Classification of Institutional Sectors and Sub-sectors, as amended by the Notification of the Czech Statistical Office of 27 December 2001. The 2001 amendment to the nomenclature used by the Czech Statistical Office (CSO) updated, inter alia, the definitions and breakdown of the financial institutions sector, especially in respect of the corporations included in sub-sectors S122 and S123 of the ESA 95. It provided for the explicit inclusion of money market funds in sub-sector S122 and the inclusion of other institutions engaged in collective investment in sub-sector S123.

In the Czech Republic, collective investment undertakings take the form of investment companies and independent investment funds, both of which are legal entities. Mutual funds, however, do not have legal personality and are considered, from a legal perspective, to be part of investment companies (as quasi-corporations). Consequently, domestic investment companies setting up and managing mutual funds and investment funds are also included in sub-sector S123.

Sub-sector S123 also comprises non-Monetary Financial Institutions (MFI) securities and derivatives dealers (trading for their own account). This sub-sector also includes leasing corporations, factoring corporations, corporations engaged in hire-purchase business (and the granting of non-bank consumer credit), financial holding corporations and certain other specialised financial institutions (such as institutions engaged in the provision of personal or commercial finance, venture and development

capital companies, etc.). Financial auxiliaries are classified in sub-sector S124, while insurance corporations and pension funds are classified in sub-sector S125.

#### I.1.2 Definitions

Only some specific types of other financial intermediaries (OFIs) are defined under Czech legislation. The statutory definition of these institutions is mostly linked with the award of licences for their activities and the stipulation of the corresponding prudential supervision which certain state bodies (in this case, primarily the Czech Securities Commission - CSCo) are authorised to perform by law and in accordance with the statutory regulations of the relevant area of financial intermediation.

In the Czech Republic, domestic collective investment undertakings can only be established and conduct business pursuant to Act No. 248/1992 Coll.<sup>1</sup> on Investment Companies and Investment Funds, as amended. This Act defines:

- investment funds with legal personality which accumulate funds by issuing shares;
- mutual funds without legal personality established by investment companies as open-end or closed-end funds (the Act lays down stricter conditions for the existence of closed-end mutual funds and independent investment funds); and
- investment companies authorised to accumulate funds in mutual funds and to manage the assets of mutual funds and investment funds in accordance with the Act and with the statutes of those funds. Each investment company is required to account for the stocks and flows of assets in each mutual fund separately from its own assets and from the assets of the other funds it manages.

<sup>1</sup> Collection of laws.

The mutual funds and investment funds active in the Czech market are broken down by investment policy into:

- equity funds;
- bond funds;
- balanced/mixed funds;
- money market funds; and
- funds of funds.

This breakdown is not regulated by any legislation. It is based, however, on the fund classification rules of the Union of Investment Companies of the Czech Republic (UNISCR), which, in turn, is based on the methodology issued by the European Federation of Investment Funds and Companies (FEFSI). This classification is binding on UNISCR member companies, but it is also used by most of the other domestic investment companies and funds which are not UNISCR members.

Financial institutions trading in securities may perform their activity, pursuant to Act No. 591/1992 Coll. on Securities, as amended, only if they are licensed by the CScO (i.e. as a securities dealer). Provided they hold a licence with the requisite scope, they may also trade in financial derivatives. Securities dealers may trade for their own account or for the account of others - usually clients. They may continue such trading activities only via brokers who have the relevant licences from the CScO.

Other types of financial intermediaries (with the exception of insurance corporations and pension funds) are not regulated under special legislative acts, so that no further detailed definition of their trading activities is given by Czech legislation. In some cases, they are defined using criteria stipulated by professional associations (e.g. leasing corporations). These institutions carry out their trading activities pursuant to the laws generally applicable to businesses (in

particular, the Commercial Code No. 513/1991 Coll., as amended, and the Trade Licensing Act No. 455/1991 Coll., as amended).

### **1.1.3 The role of OFI statistics**

OFIs play an only marginal role in the Czech National Bank's monetary policy, but the central bank monitors their activities nonetheless. In particular, it monitors those financial institutions engaged in financial intermediation by incurring liabilities in forms other than currency and deposits. These are mostly institutions engaged in long-term financing, as defined in Sub-sections 1.1.1 and 1.1.2, which to some extent complement or take the place of MFIs.

The reason for monitoring non-banks in the financial sector lies in the fact that central bank monetary policy naturally affects their behaviour, economic activity, profitability, etc. and, conversely, the OFIs can partially affect the behaviour of the MFIs. With regard to monetary policy, the Czech National Bank monitors especially asset transfers between particular types of entities and financial instruments. Such transfers can feed back into interest rates, especially long-term rates.

The main institution currently engaged in collecting and processing statistical data on the financial institutions in sub-sector S123 in the Czech Republic is the CSO. The statistical surveys it carries out are aimed primarily at obtaining the data needed for drawing up quarterly GDP estimates and for compiling the annual national accounts. The CSO also uses the information for compiling and presenting aggregate statistics on the economic results of bank and non-bank financial institutions.

Data on sub-sector S123 periodically collected and processed by other institutions - primarily the CScO - are used, inter alia, for analysing financial sector trends and for the purposes of state supervision by the relevant government institutions. In



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aggregated form (and also individually if provided for by law), the data on OFIs are used by members of the public for their investment activity, study and research purposes, etc.

### **1.1.4 Powers to collect OFI statistics**

Pursuant to Act No. 6/1993 Coll. on the Czech National Bank, as amended, the Czech National Bank is also authorised to require financial institutions other than banks to provide it with requisite information. These powers were acquired as part of the harmonisation of Czech legislation with European Union (EU) law through an amendment to the aforementioned Act as a result of the application of Act No. 442/2000 Coll.. To enforce these powers, the Czech National Bank has similar legal recourse as in the case of banking statistics (see Sub-section 2.1.1 of Volume I of the Methodological Manual). The group of financial institutions from which the Czech National Bank may demand information is defined in the Act on the Czech National Bank, and corresponds broadly to sub-sectors S123, S124 and S125 of the ESA 95 as well as to the non-bank institutions belonging to sub-sector S122.

The CSO is responsible for the collection of data for statistical purposes in the Czech Republic under Act No. 89/1995 Coll. on the State Statistical Service, as amended. The CSO also collects selected data on the assets and liabilities of OFIs. The basic content of the data collected and the reporting population (broken down by main type of reporting institution) are set out in CSO Decree No. 393/2001 Coll., which spells out the Programme of Statistical Surveys for 2002.

State supervisory authorities also have the power to demand the information they require in order to exercise their supervisory activities. For the types of OFIs defined by law, this authority is the CSCo which carries out the state supervision of the activities of investment companies and investment funds, as well as of the activities of securities

dealers, using the authorisation it derives from Act No. 15/1998 Coll. on the Securities Commission, as amended, Act No. 248/1992 Coll. on Investment Companies and Investment Funds, as amended, and Act No. 591/1992 Coll. on Securities, as amended.

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

The Czech National Bank does not currently collect any data on assets and liabilities from OFIs. For monitoring and analysis in the monetary statistics area, it uses publicly available statistical data only.

For balance of payments needs, the Czech National Bank has introduced the collection from selected non-bank securities dealers of data on holdings, trades and income relating to the securities they manage for their clients.

The preparation by the Czech National Bank of data collection for OFI statistics in accordance with European Central Bank (ECB) methodology (which will be used systematically for money and banking statistics purposes by the Czech National Bank and potentially also for the reporting required by the ECB) is planned for 2004.

The principal statistical data on OFIs in the Czech Republic are collected and processed by the CSO. The data are set out in the Programme of Statistical Surveys for the relevant year. On the basis of this programme, the CSO collects statistical data in a uniform manner from OFIs (S123) and financial auxiliaries (S124), in particular:

- investment companies and their mutual funds;
- independent investment funds;
- financial leasing corporations and corporations engaged in hire-purchase business;

- financial corporations engaged in factoring and other lending; and
- financial holding corporations and other specialised financial intermediaries.

At the CSO, data are collected from the types of institution stipulated, using the complete survey method. However, investment companies only submit aggregate data for themselves and their mutual funds.

The importance of each category of OFIs in terms of the total assets of sub-sector S123 can be determined only approximately from the information collected by the CSO and only in the principal financial institution categories for which aggregated data are processed by the CSO. The main types of OFIs in sub-sector S123 (ranked by asset size) are roughly as follows:

- investment companies and investment funds - 46%;
- financial leasing corporations and corporations engaged in hire purchase - 40%;
- financial corporations engaged in factoring, lending and other financial services - 14%.

The CSCo collects data only from investment companies (including data for each mutual fund that they set up and manage), investment funds and securities dealers. These financial intermediaries periodically send information about their finances to the CSCo, to the extent and on the dates stipulated by the laws mentioned in Sub-section 1.1.4 in the context of the CSCo's powers to collect data. This is information which financial intermediaries are required to disclose under these laws in order to inform the public about their financial management and financial condition, and which is also used by the CSCo for state supervision.

### 1.2.2 Reporting schemes

From the aforementioned financial institutions, the CSO collects two aggregate statistical statements (standardised for all types of institution), namely:

- a quarterly statement from non-banking financial institutions; and
- an annual statement from non-banking financial institutions.

These consist mainly of information taken from corporate financial accounting and basic financial statements, i.e. profit and loss accounts and balance sheets. The basis of both statistical statements is information on the assets, liabilities, expenses and income (including profits) of the reporting agents. In addition, they contain other statistical data, e.g. on workforces and fixed-asset structure. Assets and liabilities are reported as the stocks on the last calendar day of the period under review. In addition to the asset items, the annual statement includes flow data on selected financial assets, broken down in accordance with the ESA 95 (additions and decreases resulting from transactions, valuation changes including exchange rate differences, and other adjustments).

The quarterly statement contains only basic information on the main types of assets and liabilities, usually without a more detailed breakdown (only liabilities are broken down into short-term and long-term) - around 20 selected items in total. In the annual statement, assets and liabilities are broken down in greater detail into various items based on the Chart of Accounts applicable to OFIs. In some cases, however, the breakdown by item does not coincide with the breakdown by real economic instrument. Some financial assets and liabilities are broken down in greater detail by specific instruments only. Other breakdowns by basic items (by counterparty and maturity) are used exceptionally and unsystematically.

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The items specifically mentioned in these statements are listed below.

On the assets side (gross and net value):

- fixed assets;
- financial investments (primarily in securities and equity holdings);
- cash; and
- other short-term financial assets (primarily securities for trading and deposits in banks).

On the liabilities side (broken down by main instrument and partly also by maturity):

- capital and provisions;
- long-term and short-term liabilities (securities issued, other non-bank liabilities); and
- bank loans received.

The CSO collects the data from the reporting agents electronically, and the statements are submitted simultaneously in hard copy.

As mentioned above, the CSCo also collects data from several types of OFIs. Twice a year, in compliance with the obligations to provide information laid down in the Investment Companies and Investment Funds Act, investment companies and investment funds provide the CSCo with basic financial statements that comply with domestic accounting standards, namely:

- a balance sheet; and
- a profit and loss account.

These statements form part of the annual and biannual financial reports of the investment companies and the funds they manage. The reports also include a cash flow statement.

Once a year, in compliance with the obligations to provide information laid down in the Act on Securities, securities dealers also provide the CSCo with a balance sheet and a profit and loss account. These statements are compiled using the structure and methodology stipulated in the Ministry of Finance Provision of 7 December 2001 stipulating the Arrangement and Content of the Financial Statement Items and the Scope of Information to be Disclosed for Banks and Certain Financial Institutions. Investment companies and investment funds submit their data to the CSCo on diskette, whereas securities dealers submit their statements predominantly in hard copy and, in some cases (around 15%), on diskette.

The information on OFI assets and liabilities in the statistical and financial statements are defined and compiled in close relation to the accounting standards. For all legal entities and other accounting entities (and thus also for OFIs), these standards are laid down in Act No. 563/1991 Coll., on Accounting, as amended, and in related Ministry of Finance (MoF) regulations. For each type of accounting entity, MoF provisions stipulate a chart of accounts and define the financial statements and items which form them (balance sheet, profit and loss account, cash flow statement). The Accounting Act and the associated regulations have been harmonised, with effect from 1 January 2002, with the International Accounting Standards (IAS) and with the relevant EU directives.

Up to the end of 2001, all OFI sub-sector institutions kept their books in accordance with the Chart of Accounts for Businessmen (created primarily for normal manufacturing and trading companies). As from 2002, selected types of OFIs now keep their books in accordance with the Chart of Accounts for Banks. This will allow activities in the area of financial intermediation to be recorded in a more satisfactory manner. In addition to banks, the following entities now keep their books in accordance with the Chart of Accounts for Banks and Certain Financial Institutions:

- investment companies, investment funds and mutual funds;
- securities dealers;
- credit unions (savings and loan co-operatives); and
- pension funds.

### **1.2.3 Time range, frequency and timeliness of reporting**

The information collected from OFIs by the CSO has evolved together with the financial sector in the Czech Republic since 1989. Institutions engaged in collective investment, securities trading and other modern financial services were established in the Czech Republic in the first half of the 1990s. The statistics on the OFIs and financial auxiliaries sub-sector were established at the same time and have evolved concurrently. Initially, these statistics consisted solely of investment companies and investment fund statistics, but they have gradually been expanded to include other types of OFIs.

Reporting agents submit statements for the OFIs statistics collected by the CSO according to the following schedule:

- quarterly statements by the 27th calendar day following the end of the quarter under review, and December statements by 31 January of the following year; and
- annual statements by 30 April of the following year (or, in the case of companies who have their financial statements audited, by 30 June).

Reporting by investment companies, investment funds and securities dealers to capital market supervisors has evolved in a similar way to the OFI statistics. Initially, state supervision was exercised by the MoF, but the CSCo took over this role - along with the duty of being one of the locations for the collection and mandatory disclosure of

information on collective investment undertakings and securities dealers - when it was established in 1998.

Investment companies and investment funds submit the statements referred to in Sub-section 1.2.2 to the CSCo:

- within one month of the end of the half-year, i.e. by 31 July; and
- within three months of the end of the calendar year, i.e. by 31 March of the following year.

Similarly, securities dealers submit these statements to the CSCo within three months of the end of the calendar year, i.e. by 31 March of the following year.

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

The institutions that collect and process information on OFIs work solely with current data. In the event of breaks in series (owing to changes in the reporting population or changes in methodology), no revisions are made to the data submitted or to the processed outputs.

### **1.3.2 Revisions**

The CSO carries out internal checks of the consistency of the information contained in the statements sent by each reporting agent. These checks, including requests for necessary revisions, are done during the processing of the data prior to publication.

The CSCo receives and archives the statements sent by investment companies, investment funds and other stipulated financial intermediaries, without conducting regular detailed checks of the internal consistency of the data contained in the statements.

### 1.4 Publications

The CSO periodically disseminates processed data based on the quarterly and annual statements referred to in Sub-section 1.2.2 in the following publications:

- Economic Results of Financial Institutions (Banking and Non-Banking) - CSO publication code 9401, quarterly, published in the last month of the following quarter; until 2001 it took the form of a printed publication, but since 2002 it has only been available in electronic form (diskette);
- Economic Results of Financial Institutions (Banking and Non-Banking) - CSO publication code 9403 (previously Result of the Annual Survey of Financial Institutions), annually, publication in hard copy in December following the year of reference;

Aggregated data on OFIs are also published in the Annual National Accounts of the Czech Republic - CSO publication code: 5004

- and in the Statistical Yearbook of the Czech Republic issued by the CSO.

A procedure for sending information collected by the CSCo to the Czech Securities Centre (CSCe) is currently under preparation. A database containing information on investment companies, investment funds and securities dealers will be set up at the CSCe. This information will be available for consultation on the CSCe's website ([www.scp.cz](http://www.scp.cz)).

### 1.5 Users

With the exception of the specific information on investment companies, investment funds and securities dealers, which is available to the public (investors), other individual data collected from OFIs are intended only for the internal use of the CSO and the CSCo. The aggregated data obtained by processing individual data are used mainly by government institutions, the Czech National Bank, financial institutions and other professionals in the financial sector.

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

Both components of the debt instrument market - the money market and the capital market - are well developed in the Czech Republic. The most significant part of the money market as regards the transaction volume is the non-collateralised interbank deposit market, which is also the most liquid segment of the financial market. The standard maturity terms on interbank deposit transactions are as follows: overnight, one and two weeks, one, two, three, six and nine months, and one year. Total daily transaction turnovers fluctuate around CZK 30 billion (€1 billion). Transactions of up to two weeks account for around 90% of this total, while overnight deposits account for more than

half (almost two-thirds). The reference rates for this market are the PRIBID (Prague interbank bid rate), the PRIBOR (Prague interbank offer rate) and, since January 2002, the CZEONIA (Czech Overnight Index Average). The PRIBID and PRIBOR interest rates for the purchase and sale of interbank deposits are set daily at 11.00 a.m. local time using quotations provided by reference banks. The CZEONIA is set daily by the Czech National Bank using information on average overnight interest rates and the volumes of deposit transactions concluded by the reference banks. The discount and lombard rates, set by the Czech National Bank, provide the floor and ceiling respectively for movements in short-time interest rates. The discount rate is the rate applicable to the deposit facility and the lombard rate is the rate applicable to the

marginal overnight lending facility. These standing facilities are used for fine-tuning the liquidity of individual commercial banks.

Another important part of the money market is the market for bonds with a maturity of up to one year. In particular Treasury bills, which the MoF issues for short-term financing needs, and Czech National Bank bills (CNB bills), which the Czech National Bank issues for executing its monetary policy operations. These bonds are traded off the organised market, with registration and settlement taking place within the Short-Term Bond System (STBS) at the Czech National Bank (see Section 3). In 2001, short-term bonds totalling CZK 1,433 billion (around €40 billion) were registered in the STBS; of these, two-thirds were CNB bills and the remainder predominantly Treasury bills. The value of the transactions on the secondary short-term bond market is around CZK 70 billion (around €2 billion) daily.

Another well-developed market is the interest-rate derivatives market, which consists primarily of trading in interest rate swaps and forward rate agreements. The underlying reference rate for these transactions is the PRIBOR.

The money market also comprises repurchase agreement (repo) operations. Treasury bills and CNB bills are usually used as the collateral, but other debt securities (in particular government bonds) are also used. Repos are often used by non-bank investors as an alternative to short-term bank deposits which are subject to the reserve requirement. The Czech National Bank participates actively on the market by executing repo tenders which it uses as one of its main monetary policy instruments to withdraw excess liquidity. The basic maturity of these transactions is 14 days and the Czech National Bank announces a maximum limit repo rate at which bank bids can be satisfied in the repo tender.

The debt-instrument capital market hosts trading in coupon and discount bonds with maturities of more than one year. In the Czech Republic, most of these bonds (90%) are issued in dematerialised (non-paper) form and are registered at the CSCe (see Section 3). There are two organised markets: the Prague Stock Exchange (PSE) and the RM System. The latter, however, is almost insignificant in terms of the volume of bond transactions (accounting for only around 0.5% of the total).

The PSE was established in 1992 and operates on a membership principal, meaning that trades may only be executed via PSE members (and those members may only trade on the exchange). The PSE permits three types of trading: trading involving market makers - the System Supporting the Market for Shares and Bonds (SPAD), automated trading (auction and continual trading) and block trading registered at the stock exchange. Most bond trading (almost 100%) is transacted in the form of block trades, i.e. trades which are in fact executed outside the market system (over-the-counter - OTC), although PSE members subsequently register them in the system. This means, inter alia, that a negligible amount of trading takes place through the PSE's central market where bond prices are established in accordance with a price list; the information value of these prices is therefore minimal. For this reason, the PSE has started publishing average reference prices based on the bid and offer quotations of market makers (PSE members and non-members). These reference prices reflect the market prices of the bonds. For settlement of the trades executed on the exchange, the PSE has established a subsidiary called Univyc which, in addition to settling trades between PSE members, offers settlement of OTC transactions between its own members.

Bond trading in the Czech Republic also takes place completely off the organised markets via direct transfers at the CSCe. The PSE is endeavouring to restrict such transfers and

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to shift most trading to the organised markets.

The MoF plays an important role in the bond market as the issuer of government bonds. In terms of volume, government bond trading accounts for around 50% of all bond trading on the PSE. The Czech National Bank participates in the capital market only as the MoF's agent for primary issues of government bonds.

The Czech equity market is closely linked to the process of economic transformation. In 1995, there was a sharp increase in the number of issues registered on the exchange owing to the second wave of voucher privatisation. However, this led to considerable market fragmentation and price volatility. Moreover, many issues attracted little investor interest or were not traded at all. The PSE thus reduced the number of issues traded on its markets. At present, around 100 share issues and mutual fund units are registered on the exchange. All three trading types mentioned above are executed in shares and units on the PSE, but unlike bonds, most of the transactions are concluded in the exchange system (meaning that the share price information on the exchange is more reliable). The most liquid shares are traded in SPAD. This system is based on the activities of market makers who quote prices for each issue in SPAD. Smaller volumes of these issues can also be traded in the automated trading system. In 2001, SPAD included seven share issues. Other shares and units are only traded in the automated trading system and all issues registered at the PSE can be traded as block trades.

The main capital market indices published by the PSE are the PX-50, PX-D, PX-GLOB and 19 branch indices (on the PSE's official website, branch indices are referred to as sector indices, which is inconsistent with the terminology used in the ESA 95). The PX-50 is a price index based on International Finance Corporation methodology and is calculated on a variable base of the most liquid shares (maximum 50). The PX-D was

launched mainly as the future underlying asset for derivatives trading. Its calculation base consists solely of non-fund stocks traded in SPAD. In 2001, the proportion of such base issues in pricing trades was greater than 95%. The PX-GLOB base comprises all share issues, including investment fund stocks and units, for which closing prices were set no later than in the preceding session. The branch indices are established in accordance with the exchange branch classification.

The main RM System capital market index is the PK-30, which has been published since 1994. It reflects the prices of the 30 main issues traded on the RM System market.

The CScO (see Section 3) exercises the role of the capital market regulator.

The foreign exchange market is one of the fastest developing areas of the financial market, especially with regard to instruments traded. According to the applicable legislation, the term "foreign exchange assets" means foreign currency funds in cash or on accounts, foreign securities, gold, and financial derivatives derived from such assets. Spot, forward, option and swap transactions are all executed on the Czech foreign exchange market. There is no institutional derivatives market in the Czech Republic, so that trading takes place off the organised market (OTC); alternatively, Czech financial institutions can use offshore markets.

The most important participants in the Czech foreign exchange market in terms of daily turnover are foreign financial institutions which use the market primarily for speculative reasons. Since the introduction of managed floating in 1997, the Czech National Bank has participated in the market only in exceptional cases in order to curb excessive exchange rate fluctuations. The Czech National Bank's role on the foreign exchange market is gradually switching to that of a regulator.

State administration in the area of foreign exchange trading is exercised by the MoF and the Czech National Bank pursuant to Act No. 219/1995 Coll., the Foreign Exchange Act, as amended. The MoF exercises its responsibilities pursuant to this Act in respect of the organisational bodies of the state, regional and local authorities and state funds, and all persons in the area of credits granted or accepted by the Czech Republic. The Czech National Bank exercises its responsibilities pursuant to this Act in respect of other residents and non-residents. The Czech National Bank grants non-bank foreign exchange entities licences to trade in foreign exchange assets or to provide money services. Banks are subject to regulation by the Czech National Bank pursuant to the Act on Banks. Under this Act, the Czech National Bank issues banking licences which, in many cases, contain an authorisation to trade in foreign exchange assets, and supervises the banks' activities (including foreign exchange trading). The Czech National Bank keeps a list of foreign exchange entities and of the foreign exchange licences granted to them. A foreign exchange licence is not required for trading in foreign securities.

The commodities market is not significantly developed in the Czech Republic and the Czech National Bank has not established any monitoring mechanism.

### **2.1.2 The role of financial market statistics**

The financial market statistics used by the Czech National Bank for monetary analyses and for implementing monetary policy encompass the money market, the foreign exchange market, the bond market and the equity market. The central bank does not monitor the commodities market (except for the following offshore markets: oil, natural gas and food). From the monetary policy perspective, for the Czech National Bank the most important markets are the money market and the foreign exchange market on

account of the liquidity of these segments and, in particular, of their significance to conducting monetary policy. The central bank operates mainly on the money market.

### **2.1.3 Powers to collect financial market statistics**

The Czech National Bank has no special legislative powers to collect statistics on financial markets. Under the Czech National Bank Act, the Czech National Bank may collect information on instruments and activities in financial markets only from banks and other financial institutions, and from entities that have information needed for the compilation of the balance of payments (see Section 3). Pursuant to the Foreign Exchange Act, the Czech National Bank may also demand information relating to payables and receivables arising from foreign exchange trading and associated financial flows. It obtains information from some market segments by dint of its statutory powers over those markets and its authorisation to maintain the short-term bond register (within the STBS).

The main information obtained - or generated and processed - by the Czech National Bank in the money market area is reference interest rates. These it regulates in the following official information notices: Rules for Reference Banks and the Calculation (Setting) of Reference Interest Rates (PRIBID and PRIBOR) (No. 5/2000) and Rules for the Calculation of CZEONIA Reference Interest Rates (No. 17/2001).

The Czech National Bank does not usually collect information on the capital market directly, but obtains certain information under contract from the PSE, the RM System, the CSCe and the CSCo.

The PSE operates in the Czech Republic pursuant to Act No. 214/1992 Coll. on the Stock Exchange, as amended. The exchange collects and discloses information on all trading types in accordance with its internal



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regulations (Rules of the PSE issued in accordance with the Act on the Stock Exchange). The RM System was established as an OTC market pursuant to Act No. 591/1992 Coll. on Securities, as amended. Its basic regulations, in which the conditions for data collection and their publication are also specified, are the Trading Rules approved by the CSCo.

The CSCe was founded in 1993 pursuant to Act No. 591/1992 Coll. on Securities, as amended, and is responsible under this Act for maintaining a global register of dematerialised securities (see Section 3). The CSCo was set up as the administrative authority for the capital market area in 1998 pursuant to Act No. 15/1998 Coll. on the Securities Commission, as amended. Under this Act, in addition to International Securities Identification Number (ISIN) information, it collects information on all trading in investment instruments (see Section 3). The duty to report all trades executed off the public market is laid down in Ministry of Finance Provision No. 105/2000 Coll. on the Reporting of Trades in Investment Instruments Executed off the Public Market.

## 2.2 Collection procedures

### 2.2.1 Reporting agents

In the money market area, the Czech National Bank collects data relating to the setting of reference interest rates. The PRIBID, PRIBOR and CZEONIA are set using quotations and trading reports provided by the reference banks. The reference banks consist solely of major banks which participate actively in the interbank deposit market and which meet the conditions laid down by the Czech National Bank. The list of reference banks whose quotations are used to set rates is subject to change.

The Czech National Bank also collects information on securities issues (see Section 3) and derivatives (Section 4) as well as, for

balance of payments purposes, data on domestic securities held by non-residents and on foreign securities held by residents.

In addition to the CSCo and the CSCe, the main institutions gathering and processing information on capital markets in the Czech Republic are the PSE and the RM System which set capital market indices using information on trading between their members/clients. The Czech National Bank obtains the information it needs for its activities from these institutions and from standard information agencies involved in the financial markets (e.g. Reuters and Bloomberg).

On the basis of agreements with the banks, the Czech National Bank conducts a biannual survey of turnover on the foreign exchange market. This involves contacting around 15 of the major banks accounting for around 95% of the entire market during the period under review.

To set the exchange rate, the Czech National Bank takes information from standard information agencies (Bloomberg and Reuters).

The CSO conducts no regular specific statistical surveys of the financial markets in the Czech Republic.

### 2.2.2 Reporting schemes

The Czech National Bank, in co-operation with The Financial Markets Association of the Czech Republic, has delegated the setting (calculation) of the PRIBID and PRIBOR reference rates to the Czech Forex Club in the role of calculation agent. The reference banks provide the calculation agent with daily quotations of their bid and offer prices for interbank deposits. At 11.00 a.m. local time, the agent determines and disseminates the daily rate. Reference bank status can only be gained by major interbank market participants who meet the conditions laid down in the rules and to whom the Czech

Forex Club has granted such status at their request (with the consent of the Czech National Bank).

The CZEONIA reference rate is calculated and published by the Czech National Bank using information supplied by reference banks (i.e. banks with reference bank status for the PRIBID and PRIBOR). The reference banks are required to inform the Czech National Bank of the total volume of their overnight deposit transactions and their average interest rate (the average weighted by volume) every working day within 15 minutes after the end of the clearing day at the Czech National Bank's Clearing Centre.

The Czech National Bank obtains information on the capital market situation indirectly from other institutions, in particular:

- the PSE - which, every day, provides the Czech National Bank with its price list files containing information on exchange indices and on total trading volumes executed on its markets and registered at the exchange, and detailed security-by-security information. Since the beginning of 2002, for the purposes of further processing, the Czech National Bank has been maintaining a database of information on bond trading (ISIN, security names, closing prices, number of securities traded, trading volume, number of transactions, reference prices, etc.). In addition to information from the price list, the PSE's website ([www.pse.cz](http://www.pse.cz)) gives monthly and annual aggregated data;
- the RM System - which, on its website ([www.rmsystem.cz](http://www.rmsystem.cz)), publishes quarterly aggregated information on trading;
- the CSCe - which provides the Czech National Bank with monthly aggregate data on securities transfers in its register at the PSE, the RM System and OTC, broken down into shares, units and bonds (with government bonds recorded separately). It also supplies a monthly survey of owners of more than 10% of

an issue, and of the 50 securities recording the greatest volume/number of transfers in the given month;

- the CSCo - which, on request, provides the Czech National Bank with information on new securities issues registered for trading on public markets (security-by-security).

The Czech National Bank sets foreign exchange market rates based on the current situation on the interbank foreign exchange market. The Czech National Bank takes exchange rate and forward point quotations from the market using information agencies. Forward figures against the euro and the US dollar correspond to how each currency, or its forward points, is trading on the foreign exchange market at 11.00 a.m. local time.

The Czech National Bank conducts a survey of turnover on the foreign exchange market in the context of foreign exchange regulation and trading. In the survey, the major banks report their trading volumes during the course of one week, broken down by type (spot, forward, swap and option transactions), currency and counterparty.

### **2.2.3 Time range, frequency and timeliness of reporting**

The Czech National Bank has been obtaining the money market operating information it needs to calculate and monitor reference rates daily since 1992, in the case of the PRIBID and PRIBOR rates, and since the beginning of 2002, in the case of the CZEONIA rate.

Information on the capital market is available at the institutions responsible for its collection, primarily dating back to when they were established. The PSE has been calculating the PX-50 since 1994 (calculated back to 1993), the PX-D since 1999 (calculated back to 1997), and the PX-GLOB and branch indices since 1994. The indices are calculated continually during the open

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phase under SPAD, i.e. from 9.30 a.m. to 4.00 p.m. in 5-minute intervals. The RM System's PK-30 index is available from 1994. The CSCe and the CSCo have been collecting information since they were created. The Czech National Bank has figures on monthly trading volumes, average indices and certain other PSE and RM System indicators dating back to 1996.

Other information on financial markets is submitted by banks to the Czech National Bank with the frequency and timeliness indicated in Sections 3 and 4.

The Czech National Bank sets the exchange rate daily at 2.15 p.m., with effect on the same day. A daily history and the monthly and annual averages are available from 1991 in the case of exchange rate setting, and from 1996 in the case of forward exchange rate setting. Aggregate information on foreign exchange market turnovers has been collected since 1995, usually biannually.

### 2.3 Data processing and compilation methods

#### 2.3.1 Basis of calculation and quality controls

The PRIBID and PRIBOR reference rates are calculated as the simple arithmetic average of the reference banks' quotations rounded to two decimal places. Where a sufficiently large number of banks provide quotations (i.e. more than six), the highest and lowest quoted rates are eliminated prior to the calculation. No fixing is performed if the calculation agent receives less than four quotations on the given day.

The CZEONIA reference rate is calculated as the weighted arithmetic average of the interest rates on all non-collateralised overnight deposits placed by the reference banks on the interbank market.

The BCPP<sup>2</sup> price indices (PX-50, PX-D, PX-GLOB and branch indices) are determined by the following formula:

$$I(t) = K(t) \times \frac{M(t)}{M(0)} \times 1000$$

where:

$I(t)$  is the value of the index at time  $t$ ;

$M(t)$  is the market capitalisation of the base at time  $t$ ;

$M(0)$  is the market capitalisation of the base in the basic (starting) period; and

$K(t)$  is a chaining factor, which takes into consideration changes in the index base.

The Czech National Bank sets exchange rates as the average between the bid and offer prices on the interbank foreign exchange market. The forward rate is derived by dividing the forward points by 1,000 and adding the result to the spot rate. The information on foreign exchange market turnover consists of daily averages calculated from the one-week trading reports obtained from the most important banks.

#### 2.3.2 Breaks in series

The institutions gathering information on the financial markets usually only work with current data. In the event of a change in the reporting population or a change in calculation method, an explanatory note is usually added to the break in series.

#### 2.3.3 Revisions

Each of the institutions collecting data on the financial markets has its own internal rules for checking the information and for the methods and options to be used for their revision.

<sup>2</sup> BCPP is part of the official name of the price index and stands for the PSE.

## 2.4 Publications

### 2.4.1 First release of data

The PRIBID, PRIBOR and CZEONIA, along with the quotations of each reference bank, are announced as soon as the rates have been set and all are available through the usual information systems (e.g. Telerate, Bloomberg and Reuters). The Czech National Bank posts the PRIBOR and CZEONIA rates for each day (at approximately 1.00 p.m. local time), as well as the corresponding annual historical data, on its website ([www.cnb.cz](http://www.cnb.cz)).

Other foreign exchange market information is also available on the Czech National Bank's website, including exchange rate and forward rate fixings (both current and historical), foreign exchange market turnover, and a history of its own foreign exchange trading. It releases the daily exchange rate fixing at around 2.30 p.m. local time and the forward rates at around 1.00 p.m. local time.

## 3 Securities issues statistics

### 3.1 Legal and institutional background

#### 3.1.1 Definitions

In the Czech Republic, pursuant to Act No. 591/1992 Coll. on Securities, as amended, "securities" means shares, interim certificates, share vouchers, mutual fund units, bonds, investment vouchers, paper coupons, bills of exchange, cheques, consignment notes, warehouse receipts, stock specifications, warrants, and any other paper recognised as securities under special legislative acts. Debt securities can be broken down into government, municipal, corporate and mortgage bonds. Securities can generally be issued in certificate (paper), dematerialised (non-paper) or immobilised form. Bank shares with voting rights attached may only be dematerialised. Other shares, share vouchers, units, bonds, coupons, investment vouchers and warrants may also be dematerialised.

### 2.4.2 Other statistical publications

In addition to information available through standard information agencies, several institutions publish their own aggregate data on the financial markets. The PSE publishes monthly and annual trading statistics on its website ([www.pse.cz](http://www.pse.cz)). On its website, the RM System publishes quarterly aggregate trading statistics ([www.rmsystem.cz](http://www.rmsystem.cz)).

### 2.5 Users

Financial market data are used by a broad spectrum of market participants. The Czech National Bank uses the information primarily for its monetary policy decisions and analyses. Several government institutions, as well as professionals in the finance sector, also use these statistics for analytical purposes.

The Czech National Bank's securities statistics form part of the monetary and banking statistics, which focus on the collection of data from banks and - in the near future - from certain other MFIs. As part of the system of statements submitted by banks, the Czech National Bank also obtains information on the volumes of securities that they issue. The aim is to obtain an overview of the structure (in terms of type, currency, maturity, holder, etc.) of the securities issued by banks as a more detailed breakdown of bank balance sheets. Banks submit the information in the breakdown required and on the dates stipulated by the Czech National Bank. Period-end stocks on securities issues accounts - but not security-by-security information - are available.

Another source of securities statistics is the register, held by the Czech National Bank, of dematerialised bonds of maturities of up to one year issued in the Czech Republic. These

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bonds are registered in the STBS, which was established in its basic form in 1992 and subsequently expanded considerably to its current level of functionality in 1995.

Other institutions involved in collecting information on securities include the CSCe, set up to promote the development of the capital market, which is responsible for maintaining a statutory register of dematerialised securities. This includes a register of issuers and the securities issued by them, as well as securities owner accounts. The CSCe is under contract to provide the Czech National Bank with monthly aggregate data on trading volumes and on those owners who hold more than 10% of an issue.

An important institution in the field of capital market regulation is the CSCo, which was established in 1998 as an independent administrative authority for the capital market area. The CSCo exercises state supervision of investment companies, investment and mutual funds, securities dealers, brokers, registered intermediaries, public markets (PSE and RM System), the securities register (CSCe) and, to a limited extent, pension funds. It approves prospectuses for marketable securities and allocates ISINs. The CSCo provides the Czech National Bank with quarterly information on securities newly registered for trading on the public market (security-by-security).

### **3.1.2 The role of securities issues statistics**

The Czech National Bank monitors newly issued securities (debt and non-debt) in the Czech Republic; the reasons for this are similar to those which apply to OFI statistics. Securities represent an alternative to traditional bank loans, so that it is important for the central bank to monitor such issues with respect to their volume and interest rates. Non-debt financing in the form of primary offerings is practically non-existent in the Czech Republic, with the exception of capital increases in some businesses (e.g.

banks). In addition to domestic securities, the Czech National Bank monitors the volume of Czech koruna-denominated eurobonds for possible implications for the Czech koruna exchange rate.

### **3.1.3 Powers to collect securities issues statistics**

The key legislation setting out the powers of the Czech National Bank and the duties of banks in the field of data collection is Act No. 6/1993 Coll., on the Czech National Bank, as amended, and Act No. 21/1992 Coll., on Banks, as amended (see Part I of the Methodological Manual). Pursuant to these Acts, the Czech National Bank is authorised to require banks, foreign bank branches and other financial institutions, as well as entities that have information needed for the compilation of the Czech Republic's balance of payments, to provide it with the information and documents it needs to perform its duties. This authorisation also applies to information on securities issues. The scope and manner of the statutory collection of data in the field of securities issues statistics are the same as those for interest rates statistics and OFI statistics (see Sub-sections 5.1.3 and 1.1.4). The Czech National Bank is not authorised to demand information from other issuers and would be compelled to use other sources to obtain such information.

Under the Czech National Bank Act and the Securities Act, the Czech National Bank is responsible for maintaining a register of the short-term securities issued by the Government of the Czech Republic and the Czech National Bank, and of other short-term bonds issued in dematerialised form (see below). The rules for maintaining this register and for settling trades within the STBS were set out by the Czech National Bank in its Official Information of 11/1995 on the Issuing of the Rules of the Short-Term Bond System, as amended. Under this regulation, the following are registered in the STBS:

- Treasury bills and other government bonds with maturities of up to one year;
- CNB bills with maturities of up to six months;
- bonds of other banks and non-banks with maturities of up to one year denominated in Czech koruna, whose issuance has been authorised by the CSCo.

A Registration Centre has been set up at the Czech National Bank for maintaining the statutory register within the STBS. This Centre keeps a "Register of Issuers", a "Register of Issues" and other STBS-related information.

In this system, the Czech National Bank does not act as a market organiser (trades take place OTC), but fulfils the role of a point of registration of securities and their owners, as well as that of the agent of the MoF for the sale of new issues of government bonds, and of a client for trading in its own name and on behalf of the MoF.

The legislation setting out the powers of other institutions for maintaining and processing information on securities issues comprises Act No. 591/1992 Coll. on Securities, as amended, Act No. 530/1990 Coll. on Bonds, as amended, Act No. 513/1991 Coll., the Commercial Code, as amended, and Act No. 15/1998 Coll. on the Securities Commission, as amended. These laws stipulate that:

- the CSCe is required to keep a register of dematerialised and immobilised securities to the extent provided for by law;
- the CSCe is obliged to keep secret the information maintained in the statutory register in a manner equivalent to banking secrecy.

The keeping of part of the CSCe register may (with authorisation from the CSCo) be contracted out to other legal entities. This relates to secondary registers of holdings of securities, maintained primarily by financial institutions engaged in portfolio management for their clients.

Before accepting a security for trading on the public market, the CSCo must approve its prospectus (this does not apply to government bonds and securities issued by the Czech National Bank) and assign it an ISIN.

The CSCo, CSCe, Czech National Bank and MoF should provide one another with all information that might be significant for their activities, except where another legislative act provides for certain specific information not to be provided (e.g. the Act on Banks).

### 3.2 Collection procedures

#### 3.2.1 Reporting agents

The Czech National Bank collects information on securities issues as part of the system of statements submitted by banks and foreign bank branches operating within the Czech Republic. It does so on the residency principle, i.e. excluding foreign branches of domestic banks. At present, it does not collect data from other non-bank credit institutions, i.e. from credit unions (very small financial institutions providing credits to their own members only), which - according to the legislation in force - may not issue securities. Collection of data from money market funds is under preparation and is expected to be implemented in 2003. All mandatory entities submit detailed statements on their own securities issues.

**Table I**  
**Reporting coverage on securities issues statistics in the Czech Republic (as at end 2002)**

	Number	Reporting institutions % (of the total category)
National central bank(s) - Czech National Bank	1	100
Commercial banks	37	100
Universal commercial banks	31	100
Building savings banks	6	100
Total	38	100

The Czech National Bank (Registration Centre) keeps a complete register in the STBS of all short-term bond issues denominated in Czech koruna (see Sub-section 3.1.3).

### 3.2.2 Reporting schemes

Within the framework of money and banking statistics, banks and foreign bank branches (see Sub-section 3.2.1) submit a monthly statement to the Czech National Bank on the securities they have issued. The statement, which has been harmonised for 2002 with the ECB's requirements for the MFI balance-sheet statistics, is used to ascertain the total balances on banks' securities issues accounts as of the end of the month in the prescribed breakdown (net of own securities purchased). Security-by-security information is not obtained.

The information in the statement is broken down as follows:

- instrument breakdown:

- marketable securities issued;
  - money market paper;
  - coupon debt securities;
  - zero-coupon (discounted) debt securities;
  - mortgage bonds;

- subordinated debt securities;
- employee bonds;
- other debt securities;
- non-marketable securities issued;
  - deposit bills of exchange;
  - other bills of exchange;
  - shares and interim certificates issued;
    - ordinary (common) shares;
    - preference shares;
    - employee shares;
    - other shares; and
  - interim certificates and share vouchers.
- original maturity breakdown:
  - up to and including one year;
  - over one year and up to and including two years;
  - over two years and up to and including four years; and
  - over four years.

For non-marketable securities, the maturity breakdown is more detailed and corresponds to the breakdown used in money and banking statistics for deposits.

- holder breakdown by ESA 95 sector:
  - Czech National Bank;
  - commercial banks;
  - government;
  - households;
  - other residents; and
  - non-residents.
- currency breakdown:
  - Czech koruna;
  - euro;
  - foreign currencies for which the Czech National Bank announces foreign exchange market rates; and
  - other currencies.

The data are collected electronically and stored in a central database containing all the information for the entire data collection history. This database is the basic source of information for further data processing within the Czech National Bank (for analyses, publications, etc.).

The securities issued are recorded in the accounts at their purchase price, in accordance with applicable accounting standards. For debt securities, this price is continuously increased by the accrued interest from the moment the issue is settled until the moment of maturity.

The data collected does not include information on the proportion of certificate, dematerialised or immobilised securities. Neither the conditions for nor the method

of settlement of the issue, nor the depository of certificate securities, are determined (the CSCe is the central “depository” of dematerialised securities). As only the total volumes, not individual issues, are reported, no information is obtained from banks on the numbering of the securities.

The securities issues are broken down by currency and by holder. It is therefore possible to distinguish between paper issued in currencies other than the domestic currency and paper held by non-residents. Owing to the technical problems banks have in determining the real holders of securities in some cases, especially securities in secondary registers, an alternative solution has been established for the sector breakdown by holder in such cases. The proportion of the securities located on domestic markets and on markets abroad is not ascertained.

The data are compiled by the banks in accordance with Act No. 563/1991 Coll., on Accounting, as amended, and with the Ministry of Finance Provision stipulating the Chart of Accounts and Accounting Procedures for Banks and Certain Financial Institutions. The Accounting Act and related regulations are harmonised, with effect from 1 January 2002, with the IAS and with the relevant EU directives.

The STBS contains in-depth information on all dematerialised Czech koruna bonds with maturities of up to one year.

The register contains in-depth security-by-security information. The STBS Registration Centre assigns an identification code (ISINs can also be allocated) to the issues. Basic information on each security (issuer, issue date, maturity date, volume of issue and primary yield) is available to the general public via the Internet on the Czech National Bank’s website ([www.cnb.cz](http://www.cnb.cz)).

The register includes information on each issue, in particular its type, name, issue date, maturity date, face value, number of securities, nominal volume, price at maturity,



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restrictions on transferability and information on the issuer. The types of securities are bank bonds, bonds issued by the Czech National Bank, government bonds, municipal bonds, and other bonds.

Although the bonds of various issuers may be kept in the STBS, virtually the only issuers registered in practice are the MoF and the Czech National Bank. The securities of other issuers (usually financial institutions) rarely appear in the system.

The data are stored in the database in electronic form.

The STBS uses the primary data to process daily average-price statistics for each registered security and monthly trading volume statistics for the short-term bond market as a whole.

### **3.2.3 Time range, frequency and timeliness of reporting**

The Czech National Bank has been collecting information on securities issues as part of money and banking statistics since January 1998. Over this period, several changes have been made to the structure of the data, partly as a result of amendments to the legislation relating to securities and partly in an attempt to accommodate the requirements of international institutions. The structure described above reflects the current situation which has been valid since January 2002.

The banks compile statements on their stocks of securities issued as at the last calendar day of each month. For each month except December, they send the data electronically by the 15th calendar day of the following month, while data for December is sent by the end of January of the subsequent year.

The information in the STBS is kept up to date according to the needs of the relevant securities issues; it has been stored in its current structure since 1995.

The CSCe has been functioning as a register of dematerialised securities and has, as part of its powers, been collecting information on individual securities issues and owners since 1993. The CSCo took over the role of supervisor of the capital market - and, accordingly, collection of the requisite information - from the MoF, when it was established in 1998.

## **3.3 Data processing and compilation methods**

### **3.3.1 Basis of calculation and quality controls**

When compiling statements for money and banking statistics, the banks report month-end account balances. On collection, the data are automatically checked at the Czech National Bank to reveal any inconsistencies both within each statement and in relation to other statements (e.g. the total entry is not the sum of the individual parts, the same data are reported differently in two different statements, etc.). In the statement on the securities issued by the bank, this mainly concerns the balance sheet (Monthly Assets and Liabilities Statement) of the bank compiled for money and banking statistics. On the basis of these checks, banks are automatically prompted to correct any incorrect data. Moreover, a periodic check is made where data from consecutive periods are compared and unusually large deviations are monitored. These are subsequently verified with the banks in question.

### **3.3.2 Breaks in series**

At present, a detailed analysis is being conducted of the options for compiling time series in view of the changes made to the structure of the statements. In recent years, the gradual harmonisation of banking statistics with EU/ECB standards (e.g. the changeover to the ESA 95 sector breakdown) has had a major effect with regard to breaks

in the time series. No methods to adjust the data in the event of breaks in series are currently applied. When the reporting duty of an entity ends (e.g. on withdrawal of its banking licence), there is no retrospective adjustment of the series, but the entity is excluded from processing as from the next period. Hence, at any given point in time, the securities issues statistics reflect the entire current extent of the banking sector.

### 3.3.3 Revisions

The banks send all revisions electronically, and do so until consistency is achieved with respect to the automatic checks made within and between the statements and until deviations in the series have been explained (see Sub-section 3.3.1). The period for sending revisions arising from failed checks is defined by the time limits imposed for the processing of output data.

Banks can correct mistakes in the statements (including statements prior to the current period) by sending new figures electronically. These are stored automatically (without notification) in the database. When a revised statement is sent, it is automatically recorded by the system. The banks do not have to inform the Czech National Bank of the revision, nor do they have to provide an explanation. The approach taken in the correction of mistakes is the same both before and after the publication of the data.

In the STBS, all mistakes are corrected immediately upon being detected. System participants are required to inform the Registration Centre of any changes to and revisions of their data, and the Registration Centre will modify its register accordingly.

## 3.4 Publications

### 3.4.1 First release of data

Basic information on the securities issued by banks is published in the monthly Banking

Statistics publication as part of the aggregated balance sheet of banks. The data are only published in a basic breakdown by holder (resident and non-resident) and currency (Czech koruna, euro, and other foreign currencies). The publication is available in electronic form on approximately the 36th day after the end of the period, on the Czech National Bank's website ([www.cnb.cz](http://www.cnb.cz)).

Aggregated data from the monthly statement on the securities issued by the bank are not currently disclosed to the public.

Information from the STBS system is published in electronic form on the Czech National Bank's website ([www.cnb.cz](http://www.cnb.cz)). The list of bonds registered in the STBS is published together with the daily average-price statistics for each issue and the monthly trading volume statistics for the market as a whole. Also published on this website is an issuance schedule for Treasury bills and announcements of auctions and their results.

On its website ([www.scp.cz](http://www.scp.cz)), the CSCe publishes information from its register (e.g. issues of dematerialised securities, issues of approved bonds, etc.). Similarly, on its website ([www.sec.cz](http://www.sec.cz)), the CSCo publishes information on registered securities, which in this case means securities accepted for trading on the public market.

### 3.4.2 Other statistical publications

There are no other publications at present.

## 3.5 Users

The main users of the data are departments of the Czech National Bank (the Monetary Department, Banking Supervision and others) and the MoF, who use the information for their monetary and other financial analyses. Public data on securities issues published by the CSCe and the CSCo are used primarily by investors, financial media and professionals in the finance sector.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

The use of derivatives in the Czech Republic is developing rapidly, especially in the banking and financial services sectors. They take the standard forms as described in internationally (chiefly IAS) accepted definitions.

A derivative is a financial instrument:

- the real value of which changes in response to the change in the real value of the underlying instrument;
- for which a contract is agreed upon and settled at a future date;
- which requires no initial net investment (deposit).

A financial instrument is a contract that results in a financial asset, on the one hand, and a financial liability or equity instrument, on the other.

Derivatives consist of swaps, forward transactions and futures. They are fixed for both counterparties because they simultaneously represent a fixed commitment and a fixed receivable. Options give the purchaser of the option (the holder) the right to buy (in the case of a call option) or sell (in the case of a put option) a specified underlying instrument at a predetermined price on a specified date.

The term “derivatives” is usually used for both fixed and option contracts, as the market value of any fixed or option derivative contract derives from the market value of the underlying (asset) instrument. This asset could, for example, be a commodity, a security (including a government bond or a share price index) or a currency.

### Derivatives

Derivatives consist of swaps, forward transactions and futures. With these instruments, neither counterparty has any option once the contract has been concluded. The terms of the contract are fixed either in the sense that all the payments and conditions of the contract are known in advance (in the case of a forward transaction, for example), or that payments between the counterparties depend solely on the underlying exchange rates, interest rates (in the case of interest rate swaps), share prices or commodity prices.

### Forward transactions

Under a forward contract, the purchaser undertakes to buy a specified quantity of an underlying asset at a particular price (exercise price) on a stipulated date, and the seller undertakes to sell that quantity of the asset under the same conditions. The terms of the contract are described in detail in the agreement between the seller and the buyer. Transactions of this nature eliminate, inter alia, the currency risk attached to future payments or receipts. Forward contracts are traded on OTC markets only, and not on organised exchanges.

### Futures

As in the case of forward transactions, futures represent an undertaking on the part of the purchaser to buy a specified quantity of an underlying asset at a particular price (exercise price) on a stipulated future date, and an undertaking on the part of the seller to sell that asset under the same conditions. Unlike forward contracts, however, futures are traded on organised (derivative) exchanges only, and not on OTC markets. The terms of the contract - including asset standardisation - are stipulated in detail by the exchange on which the contract is traded. They differ from forward contracts in respect of the market's organisational structure,

valuation and settlement. The most common underlying assets for futures are market indices, currencies and interest rates. The position of the purchaser who is to buy the asset in the future is termed a long position, whereas the seller's position is termed a short position.

### Swaps

A swap commits the two counterparties to exchange specified underlying items at stipulated intervals in the future. With most swaps, no exchange of underlying assets actually occurs and periodic settlement payments are made on fixed dates in the future. A swap in fact involves two or more forward contracts which are interlinked. Swaps are transacted, for example, when an entity has a current lack of funds in one currency and a simultaneous surplus in another.

### Structured notes

In some cases, a derivative can be part of a hybrid financial instrument comprising a host instrument and a derivative (known as an embedded derivative) which affects the cash flow of the host instrument or alters its properties in some other way. The economic characteristics and risks of the embedded derivative are not closely related to the characteristics and risks of the host instrument, and the embedded derivative is separate from the host instrument, for example, in the case of a put option or a call option embedded in an equity instrument.

### Options

Unlike forward contracts, futures and swaps, an option gives its holder the right, but not the obligation, to buy or sell a particular asset on a specified day or after a specified period of time at a predetermined price (the exercise price). The writer (seller) meanwhile undertakes to sell or purchase the asset under the same conditions. Depending on the type of underlying asset, options can be divided into those written on a spot asset

(where the holder has the right to purchase or sell the asset directly) and those written on a futures contract (where the holder has the right to purchase or sell the asset via a futures contract). Options are transacted with various financial assets - shares, currencies, debt securities, Eurocurrency deposits, etc. With options, unlike derivatives, the position with regard to the rights of the counterparties is asymmetric, as only one of them has the ability to choose.

The nominal value of a derivative does not change during the maturity term. In accordance with Czech accounting standards, the nominal values of derivatives or of underlying instruments (underlying values) are included in the off-balance-sheet assets or liabilities, as the nominal value of the derivatives is several times larger than the value of the total assets or liabilities. Conversely, the market value of derivatives is recorded as an on-balance-sheet asset or liability.

The market - or fair - value of a derivative is zero for both counterparties at the moment of its inception, changing in response to numerous market factors, in particular the market price of the underlying instrument. For one party, it is positive and, for the other, it is negative in the same magnitude.

In the Czech Republic, derivatives (including options) can be broken down by purpose into derivatives for trading and hedging derivatives (i.e. derivatives contracts concluded for the purpose of hedging). Derivatives can be broken down further into risk categories by type of underlying asset (type of market risk). There are thus interest rate, equity, commodity and currency derivatives.

- interest rate derivatives are contracts for interest rate yields at a specific future date;
- equity derivatives are contracts for the purchase and sale of shares in the future;

- commodity derivatives concern the purchase or sale of particular commodities in the future; and
- currency derivatives are contracts for the purchase and sale of particular currencies in the future.

Derivatives are sometimes broken down into financial and non-financial derivatives. Financial derivatives include interest rate, equity, commodity (restricted to precious metals, i.e. gold, silver, platinum and palladium) and currency derivatives. Non-financial derivatives are commodity derivatives, except where the underlying asset is a precious metal.

### **4.1.2 The role of financial derivatives statistics**

Developments on the derivatives market are one of the key factors in the Czech National Bank's decision-making regarding the volume of its daily open market operations. Other factors include analyses and predictions of banking sector liquidity, the situation on the domestic money market, the current situation on bond and foreign exchange markets, and other relevant issues. Open market operations are the fundamental instrument for implementing monetary policy. The Czech National Bank uses such operations on a day-to-day basis to influence banking sector liquidity and short-term interest rates, and thereby to signal its monetary policy stance. For these operations, the Czech National Bank regularly monitors forward rate agreements (with maturities of three and six months and a delay of the contract beginning by three, six and nine months) and interest rate swaps (with maturities of one to ten years and 15 years).

The Czech National Bank also uses statistics on banking sector derivatives for balance of payments and banking supervisory needs and for analysing developments in the banking sector and financial markets.

### **4.1.3 Powers to collect financial derivatives statistics**

The key legislation setting out the powers of the Czech National Bank and the duties of banks in the field of data collection is Act No. 6/1993 Coll., on the Czech National Bank, as amended, and Act No. 21/1992 Coll., on Banks, as amended. Pursuant to these acts, the Czech National Bank is authorised to require banks, foreign bank branches and other financial institutions to provide it with the information and documents it needs in order to perform its duties. Under Act No. 6/1993 Coll., the Czech National Bank issues provisions stipulating the submission of statements by banks and foreign bank branches to the Czech National Bank and the methodology for compiling those statements. For the year 2002, those provisions are: Czech National Bank Provision No. 6 of 30 November 2001 and Czech National Bank Provision No. 7 of 19 December 2001 (see Part I of the Methodological Manual for further details). Under these regulations, banks and foreign bank branches are also required to compile and submit statements containing information on their derivative transactions.

As with the other statistics, the Czech National Bank is also authorised to collect data on derivative transactions from other financial institutions. At present, however, no requirements regarding the collection of data from such institutions are applied.

## **4.2 Collection procedures**

### **4.2.1 Reporting agents**

In the area of financial derivatives statistics, the only entities reporting directly to the Czech National Bank are banks and foreign bank branches. The Czech National Bank obtains operating data on derivatives trades chiefly from agency information (Bloomberg, Reuters, etc.).

The Czech derivatives market is heavily concentrated in the Czech banking sector, i.e. in Czech banks and foreign bank branches. The derivatives contracts executed by banks usually involve OTC trades. In addition, numerous Czech entities trade in derivatives on overseas derivatives markets, the intermediaries again being mainly banks and foreign bank branches in the Czech Republic. Some large Czech entities trade derivatives directly OTC with foreign financial institutions.

#### 4.2.2 Reporting schemes

The financial derivatives data collected by the Czech National Bank from banks and foreign bank branches form part of the following statements:

In the area of monetary statistics and the balance of payments:

- The monthly assets and liabilities statement (i.e. balance sheet for money and banking statistics), compiled in accordance with ECB methodology, which gives the on-balance-sheet fair values of financial derivatives overall, broken down by Czech koruna, euro and other foreign currencies and by residents and non-residents.
- The monthly statement on the foreign exchange and Czech koruna position of the bank, which gives the fair values of financial derivatives broken down into derivatives and options, with a further breakdown into Czech koruna, convertible currencies and non-convertible currencies and into residents and non-residents. These statements include basic information on off-balance-sheet assets and liabilities which also include receivables and payables from derivatives and options at face value (not broken down any further by type of derivative).

Both statements are compiled on the residency principle and are submitted by

banks and foreign bank branches in the Czech Republic.

#### For banking supervisory needs:

The monthly bank balance sheet, compiled as a financial statement in accordance with domestic accounting standards, which monitors financial derivatives broken down into Czech koruna and foreign currencies, into residents and non-residents, and into:

Derivatives:

- interest rate derivatives;
- currency derivatives;
- equity derivatives;
- commodity derivatives; and
- credit derivatives.

Options:

- interest rate options;
- currency options;
- equity options;
- commodity options; and
- credit options.

In the balance sheet for banking supervisory needs, the fair values of derivatives form part of the on-balance-sheet assets and liabilities.

This balance sheet includes off-balance-sheet items containing the face values of the receivables and payables from derivatives, broken down into transactions in interest rates, currency, equity, commodity and credit instruments, and with simultaneous breakdowns into forward transactions, futures and swaps. Also monitored in the off-balance-sheet items are the face values of the receivables and payables from options,

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broken down into transactions in interest rates, currency, equity, commodity and credit instruments, and with simultaneous breakdowns into purchased and sold options.

The balance sheet for banking supervisory needs is compiled in full conformity with the Czech regulations on accounting and on the compilation of the financial statements of banks, which - as from 2002 - are harmonised with IAS (and the relevant EU directives). Banks and foreign bank branches submit their balance sheet in the Czech Republic, including bank branches abroad.

The data are collected electronically and stored in a central database. This database contains all the data from the original collection and serves as the basic source of information for further data processing within the Czech National Bank (see Part I of the Methodological Manual).

The methodology for reporting derivatives in the banking statistics is based on the MoF Provision stipulating the Chart of Accounts and Accounting Procedures for Banks and Certain Financial Institutions, which is based, in turn, on the IAS (IAS 32 and IAS 39, in particular). The differences between the domestic rules and IAS 39 are negligible and due to the alignment of the financial risk management prescribed for capital adequacy and the accounting rules.

The harmonisation of the domestic accounting standards in 2002 has led to an exact delimitation in the Czech Republic of the accounting regime for derivatives and, subsequently, also to the setting of an exact taxation regime for derivatives. This is due primarily to the application of IAS 39 which clearly distinguishes between hedging derivatives and trading derivatives. Given that transactions of derivatives for the purposes of tax avoidance will soon no longer be possible, an overall reduction in the volume of derivative trades can be expected. Derivative trades will be limited mainly to contracts between market makers and final users (hedgers).

The Czech National Bank uses agency information to monitor routine market developments (prices and trading volumes).

### **4.2.3 Time range, frequency and timeliness of reporting**

The Czech National Bank has been collecting data on the fair values of financial derivatives from banks since 1 January 2000. Data on off-balance-sheet receivables and payables from financial derivatives transactions at nominal value have been reported by the banks since 1 January 1996.

Statements giving data on financial derivatives are submitted monthly. From January to November, the banks submit the monthly assets and liabilities statement by the 15th calendar day of the following month, while that for December is submitted by the end of January of the subsequent year; the monthly statement on the foreign exchange and Czech koruna position of the bank from January to November is submitted by the 17th calendar day of the following month and by the end of January of the subsequent year for December; and the monthly balance sheet of the bank from January to November by the 20th calendar day of the following month and by 10 February of the subsequent year for December.

## **4.3 Data processing and compilation methods**

### **4.3.1 Basis of calculation and quality controls**

In the money and banking statistics statements relating to financial derivatives, the banks report the values of the balances on the relevant accounts as of the last calendar day of the month.

### 4.3.2 Breaks in series

Breaks in series ensue mainly from changes in the accounting standards for banks - as from 2002, for instance, credit derivatives are monitored separately, whereas they were monitored together with interest rate instruments until 31 December 2001.

The information on derivatives collected through bank statements is used at the Czech National Bank mainly as specific data on individual banks. In the case of the aggregation for the banking sector as a whole, there is no retrospective adjustment of the series if the reporting duty of a bank ends (e.g. on withdrawal of its banking licence). Similarly, in the derivatives area, banking statistics reflect the entire current extent of the banking sector.

### 4.3.3 Revisions

Revisions to statements are sent by banks electronically. These revisions can be made at the initiative of the reporting bank when it discovers incorrectly reported data, or at the request of the Czech National Bank in the event of failures of its intra-statement or inter-statement checks. The system of checks is the same for all banking statistics (see Part I of the Methodological Manual for further details).

The revisions are stored automatically in the database and the original data are overwritten. The banks can also revise data from periods pre-dating the immediately preceding period.

The correctness of the data is checked before publication. In the event of subsequent revisions (i.e. after publication), users at the Czech National Bank are notified of the changes. In publications made available to the public, revisions made to the previous month's data and retrospectively revised data are not published. Conversely, data in time series are continually updated to incorporate revisions.

## 4.4 Publications

### 4.4.1 First release of data

For external users, the Czech National Bank issues a monthly Banking Statistics publication (as from 1 January 2002 in electronic form only) on its website ([www.cnb.cz](http://www.cnb.cz)). This is usually published on the 5th calendar day of the second month after the period under review. The section on the balance sheets of commercial banks gives the overall fair values of derivatives in the Czech banking system. This information is based on the monthly assets and liabilities statement for money and banking statistics.

The Banking Regulation Department regularly publishes current information about the banking sector on the Czech National Bank's website ([www.cnb.cz](http://www.cnb.cz)). This contains off-balance-sheet information on financial derivatives at nominal value, based on the monthly balance sheet of the bank compiled for banking supervisory needs.

### 4.4.2 Other statistical publications

At present, there are no other Czech National Bank publications for the disclosure of information on financial derivatives in the banking sector.

## 4.5 Users

The main users of the data at the Czech National Bank are the Monetary Analyses and Public Finance Division, the Balance of Payments Division, the Financial Markets Department and the Banking Regulation Department.

The main external users are the MoF, the CSO, the Ministry of Industry and Trade, the Supreme Audit Office, selected financial institutions, and the financial media and professionals in the finance sector.



## 5 Monetary financial institution interest rate statistics

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

Interest rates in the Czech Republic are either fixed or floating in nature. They can therefore be agreed in specific loan agreements or stipulated (or agreed) by credit institutions for individual deposit products. In the Czech Republic, client interest rates (which, in ECB parlance, are analogous to the “retail interest rates”) are the rates at which commercial banks grant loans to, and accept deposits from, their clients. Clients are taken here to mean all sectors except bank MFIs (commercial banks and the central bank). The interest rate statistics in the Czech Republic are based on monitoring all client sectors and are not limited to non-financial institutions and households.

#### 5.1.2 The role of MFI interest rate statistics

In providing for its primary objective, i.e. ensuring price stability by means of inflation targeting, the Czech National Bank uses a system of selected monetary policy instruments. At present, these chiefly comprise the Czech National Bank’s key interest rates (the discount rate, the lombard rate and the two-week repo rate). The Czech National Bank makes active use of these instruments to affect the interest rates of other MFIs. Through the monetary transmission mechanism, it indirectly influences the evolution of its primary objective. The Czech National Bank monitors a whole range of interest rates used by banks, especially with respect to how changes in the Czech National Bank’s key interest rates are reflected in the client rates of each bank. Interest rates on newly drawn loans, on the total stock of loans and on the total stock of deposits are monitored, broken down by maturity, type of loan/deposit, currency and client sector.

#### 5.1.3 Powers to collect MFI interest rate statistics

The key legislation setting out the powers of the and the duties of banks in the field of data collection is Act No. 6/1993 Coll., on the Czech National Bank, as amended, and Act No. 21/1992 Coll., on Banks, as amended. Pursuant to these acts, the Czech National Bank is authorised to require banks, foreign bank branches and other financial institutions to provide it with the information and documents it needs in order to perform its duties. Banks and foreign bank branches are obliged to process and submit to the Czech National Bank information and documents whose content, form, breakdown and dates and methods of submission are stipulated by the Czech National Bank in its regulations (known as “Provisions”). For the collection of the data, pursuant to the Czech National Bank Act the Czech National Bank issues provisions specifying the methodology for compiling statements and other reporting conditions (see Part I of the Methodological Manual). The provisions currently in force are as follows: Czech National Bank Provision No. 6 of 30 November 2001 stipulating the submission of statements by banks and foreign bank branches to the Czech National Bank and Czech National Bank Provision No. 7 of 19 December 2001 stipulating the methodology for compiling the statements submitted to the Czech National Bank by banks and foreign bank branches.

These regulations include a detailed specification of the statements and the methodology for banking interest rates statistics. The Czech National Bank is also authorised under the Czech National Bank Act to collect data for interest rate statistics from non-bank financial institutions, i.e. from credit unions and OFIs (e.g. on consumer credit for hire purchase). At present, however, the Czech National Bank applies no requirements with regard to the collection of data from such institutions.

**Table 2****Reporting coverage of MFI interest rate statistics in the Czech Republic (as at end 2002)**

	Number	Reporting institutions % (of the total category)
National central bank(s) - Czech National Bank	0	0
Commercial banks	37	100
Universal commercial banks	31	100
Building savings banks	6	100

**5.2 Collection procedures****5.2.1 Reporting agents**

The Czech National Bank collects information on interest rates from banks and foreign bank branches operating within the territory of the Czech Republic. It does so on the residency principle, i.e. excluding foreign branches of domestic banks. For interest rate statistics it currently does not collect data from non-bank MFIs, i.e. from credit unions. Owing to their negligible share of the total loans granted and deposits accepted by the MFI sector in the Czech Republic, credit union interest is not - and in the near future will not be - included in the interest rate statistics for the area of deposits and loans.

**5.2.2 Reporting schemes**

All banks and foreign bank branches (see Sub-section 5.2.1) submit information for interest rate statistics to the Czech National Bank in the following areas:

**Loans granted**

The monthly statement on the stocks of loans to and receivables from clients by interest rate gives an overview of the stock and structure of bank loans granted to and receivables from clients (including general government), as of the last day of the month, broken down as follows:

- by interest rate (i.e. the contractually agreed interest rate valid on the day the statement is compiled, i.e. the last calendar day of the relevant month);
- by original maturity:
  - up to and including one year,
  - over one year and up to and including four years,
  - over four years and up to and including five years, and
  - over five years;
- by currency (the Czech koruna and the foreign currencies for which the Czech National Bank announces foreign exchange market rates);
- by type of loan:
  - operating loans (including export and import loans),
  - loans for residential property for business purposes,
  - standard loans from building savings banks,
  - bridging loans from building savings banks,
  - mortgages without state allowances,

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- mortgages with state allowance,
- loans for former general housing construction,
- loans for purchases of securities, participations and privatisation holdings,
- other investment loans (including import loans),
- consumer credits for real estate,
- consumer credits for goods, services and other purposes,
- overdraft facilities and debit balances on current accounts,
- business financial loans, and
- consumer financial loans;
- by the client's/debtor's economic sub-sector (sector breakdown in accordance with the ESA 95).
- by currency (the Czech koruna and the foreign currencies for which the Czech National Bank announces foreign exchange market rates); and
- by the client's/debtor's economic sub-sector (sector breakdown in accordance with the ESA 95).

### Deposits and loans received

The survey of deposits and loans received broken down by currency and interest rate gives an overview of the stock and structure of the deposits and loans received by the bank from its clients (including general government), as of the last day of the month. The data are broken down as follows:

- by interest rate (i.e. the contractually agreed interest rate valid on the day the statement is compiled, i.e. the last calendar day of the relevant month);
  - by original maturity:
    - on demand (no maturity term given),
    - up to and including one year,
    - over one year and up to and including four years, and
    - over four years;
  - by currency (the Czech koruna and the foreign currencies for which the Czech National Bank announces foreign exchange market rates); and
  - by the client's/creditor's economic sector (sector breakdown in accordance with the ESA 95).
- The monthly statement on the drawing of loans by clients by interest rate gives an overview of newly drawn loans granted by the bank to its clients (including general government) in the relevant month, broken down as follows:
- by interest rate (i.e. the contractually agreed interest rate valid on the drawdown date of the relevant part of the loan);
  - by original maturity:
    - up to and including one year,
    - over one year and up to and including four years,
    - over four years and up to and including five years, and
    - over five years;
- The statement was not fully harmonised with balance sheet statistics and , has not been applied since September 2002.
- As from 2002, the Czech National Bank simultaneously collects a monthly statement on deposits and loans from clients by interest

rate - an expanded version of the preceding statement. This differs from the latter in that it introduces further breakdowns. Some of the details of the existing breakdowns also differ. The breakdowns used in this statement are based on the structure of the statement on interest rates applicable to loans and on the deposit structure reported in the harmonised bank balance sheet in accordance with ECB requirements (excluding non-marketable securities). The statement is again based on stock as of the last day of the month. The information is further broken down by:

- deposit type:
  - deposits on current accounts
  - fixed-purpose demand deposits
  - other demand deposits
  - savings deposits redeemable on demand
  - time deposits redeemable at notice
  - savings deposits redeemable at notice
  - building saving deposits redeemable at notice
  - fixed-purpose deposits redeemable at notice
  - time deposits with agreed maturity
  - savings deposits with agreed maturity
  - building saving deposits with agreed maturity
  - fixed-purpose deposits with agreed maturity
  - certificates of deposit
  - subordinated deposits
  - subordinated loans (received)

- loans from repo transactions (received)

- other loans received

- The original maturity has been enlarged to include:

- demand (deposits without any agreed maturity on current accounts and the like),

- up to 24 hours,

- over one day and up to and including three months,

- over three months and up to and including one year,

- over one year and up to and including two years,

- over two years and up to and including four years,

- over four years and up to and including five years, and

- over five years.

The interest rates are reported to tenths of one per cent. In terms of content the information on loans granted and deposits and loans received (excepting non-marketable securities) used in the interest rates statistics is identical to the definitions and valuations used in the harmonised bank balance sheet statistics.

The data are collected electronically and stored in a central database containing all the information for the entire data collection history. This database serves as the basic source of information for further data processing within the Czech National Bank (for analyses, publications, etc.).

The data are compiled by the banks in accordance with Act No. 563/1991 Coll., on Accounting, as amended, and with the

Ministry of Finance Provision stipulating the Chart of Accounts and Accounting Procedures for Banks and Certain Financial Institutions. The Accounting Act and related regulations are, with effect from 1 January 2002, harmonised with the IAS and with the relevant EU directives. The accounting figures are adjusted in accordance with the ECB's requirements for the balance sheet of the MFI sector - e.g. valuation of loans and deposits at their nominal value.

### **5.2.3 Time range, frequency and timeliness of reporting**

Information on interest rates has been collected for loans and deposits in Czech koruna since 1993. Since 1997 the figures have also included foreign currency loans and deposits. Several changes have been made to the structure of the data since 1993 (e.g. the changeover to the ESA 95 sector breakdown, changes in maturity, the introduction of additional breakdowns). The structure described above (see Sub-section 5.2.2) reflects the current situation valid since January 2002.

Banks submit interest rate statements each month. From January to November, the stock data are sent electronically by the 17th calendar day of the following month and by the end of January of the subsequent year for December, while the data on newly drawn loans (including the figures for December) are submitted by the 17th calendar day of the following month.

## **5.3 Data processing and compilation methods**

### **5.3.1 Basis of calculation and quality controls**

The volumes of loans and deposits at each interest rate are reported according to the balances on loan and deposit accounts as of the end of the period under review. Only the statement on newly drawn loans records

the drawings (i.e. the relevant turnovers on accounts) for the entire period under review (i.e. month). All calculations are performed after the data have been collected, during processing at the Czech National Bank. The Czech National Bank calculates average interest rates as a weighted arithmetic average, with the weights being the volume loans granted/deposits received at the specific interest rate levels.

### **5.3.2 Breaks in series**

At present, a detailed analysis is being conducted of the options for compiling time series, given the changes made to the structure of the statements. In recent years, the gradual harmonisation of banking statistics with EU/ECB standards (e.g. the changeover to the ESA 95 sector breakdown) has had a major effect with regard to breaks in the time series. No methods to adjust the data in the event of breaks in series are currently applied. Where the reporting duty of an entity ends (e.g. on withdrawal of its banking licence), there is no retrospective adjustment of the series, but - starting from the next period - the entity is excluded from the processing. Hence, at any given point in time the interest rates statistics reflect the entire current extent of the banking sector.

### **5.3.3 Revisions**

On collection, the data are automatically checked at the Czech National Bank to reveal any inconsistencies both within each statement and in relation to other statements (e.g. the total entry is not the sum of the individual parts, the same data are reported differently in two different statements, etc.). On the basis of these checks, banks are automatically prompted to correct any incorrect data. Moreover, a periodic check is made where data from consecutive periods are compared and unusually large deviations are monitored. These are subsequently verified with the banks in question.

The banks send all revisions electronically. Before using the data, the Czech National Bank waits until all the banks supply consistent information with respect to the automatic checks within and between the statements and until the deviations in the series have been explained. The period for sending revisions arising from failed checks is limited by the time limits imposed for the processing of output data.

Banks can correct mistakes in the statements (including statements prior to the current period) by sending new figures electronically. These are stored automatically (without notification) in the database. When a revised statement is sent, it is automatically recorded by the system. The banks do not have to inform the Czech National Bank of the revision, nor do they have to provide an explanation. The approach taken in the correction of mistakes is the same both before and after the publication of the data. The data are published in time series which incorporate any revisions made.

## 5.4 Publications

### 5.4.1 First release of data

Information on interest rates is published in the monthly Banking Statistics publication. This information is obtained from the aforementioned statements on bank interest rates. The rates are published as monthly, quarterly and annually weighted arithmetic averages, broken down into the main economic sectors and maturities for loans and deposits in Czech koruna. The publication is available on approximately the 36th day after the end of the period from

the Czech National Bank's website ([www.cnb.cz](http://www.cnb.cz)).

A basic overview of the interest rates on new loans and on the outstanding amounts of loans and deposits is posted on the Czech National Bank's website prior to publication on the 30th day after the end of the period (see [www.cnb.cz](http://www.cnb.cz)).

### 5.4.2 Other statistical publications

The Czech National Bank has recently started sending interest rate statistics to the ECB. These are sourced from the Czech National Bank's statistics, the banks' statistical statements and the PSE. The data are sent monthly and contain the official Czech National Bank rates, money market rates, capital market rates and bank interest rates. The bank rates consist of rates on new loans granted to non-financial institutions and households, rates on the stock of loans granted to non-financial institutions and households, and rates on the stock of deposits received from non-financial institutions, households and non-profit institutions serving households. The rates on deposits are broken down into rates on deposits on current accounts, deposits with agreed maturity, and deposits redeemable at notice. The data are sent in GESMES/CB format.

## 5.5 Users

The main users of the interest rate data are departments of the Czech National Bank. External users include the CSO, the MoF, financial institutions, the financial media and the public.

## 6 Contacts at the Czech National Bank

Any queries concerning the issues described in this country chapter should be addressed to:

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## Czech Republic

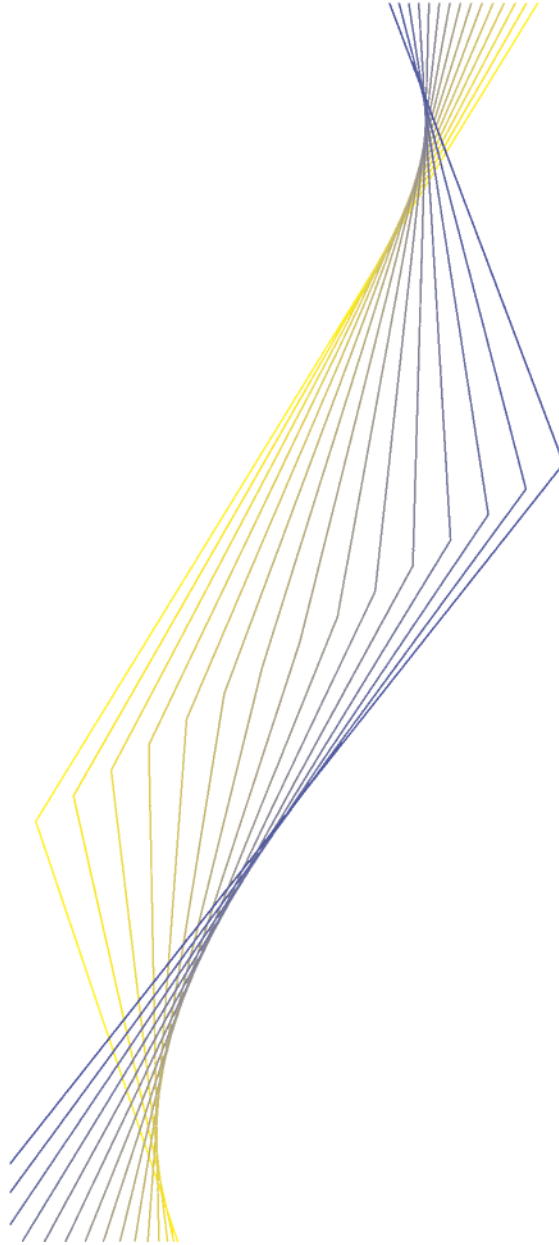
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EUROPEAN CENTRAL BANK



**Estonia**



**List of abbreviations**

<b>ECSD</b>	Estonian Central Securities Depository
<b>EEK</b>	Estonian kroon
<b>ESA 95</b>	European System of Accounts 1995
<b>EUR</b>	euro
<b>FISIM</b>	financial intermediation services indirectly measured
<b>FSA</b>	Financial Supervisory Authority
<b>HEX</b>	Helsinki Stock Exchange
<b>MFI</b>	monetary financial institution
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>OTC</b>	over-the-counter
<b>TALIBID</b>	Tallinn interbank bid rate
<b>TALIBOR</b>	Tallinn interbank offered rate
<b>TALSE</b>	Tallinn Stock Exchange Index
<b>TSE</b>	Tallinn Stock Exchange
<b>USD</b>	US dollar

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

According to the Law on Credit Institutions, a financial institution is a company other than a credit institution, the principal and permanent business of which is to acquire holdings or to conduct one or more of the following activities:

- lending transactions;
- leasing transactions;
- money transmission services;
- issue and administration of non-cash means of payment; guarantees and commitments and other transactions involving off-balance sheet items;
- transactions in foreign exchange, financial futures and options, exchange rate and interest rate instruments, transferable securities as well as other money market instruments for its own account or for the account of clients;
- the provision of services related to the issue and sale of securities, the provision of advice to clients on issues concerning investments and economic activities and the provision of services related to the merger, division or acquisition of companies;
- money broking;
- portfolio management;
- safekeeping and administration of securities;
- credit reference services;
- safe custody services;
- other transactions which are essentially similar to those mentioned above.

Financial institutions are not allowed to accept deposits and other repayable funds from the general public.

The following other financial intermediaries (OFIs) play a more important role in the Estonian financial market: investment firms, fund management companies and corporations engaged in financial leasing business. The other entities in this sub-sector include financial institutions engaged in lending, as well as foreign exchange and brokerage firms. Financial auxiliaries also comprise a financial guarantee corporation, i.e. the Deposit Guarantee Fund, and the stock exchange.

In accordance with the law, investment firms and funds report to the Financial Supervisory Authority (FSA). The six largest leasing companies regularly report to the Bank of Estonia on a voluntary basis.

The Estonian Statistical Office collects balance sheet and profit and loss account data from the OFI sector on a quarterly basis. In the case of the six largest leasing companies, however, the Statistical Office relies on the data collected by the Bank of Estonia.

Whether a company is a monetary financial institution (MFI) or an OFI is determined by whether its business is to receive deposits and/or close substitutes for deposits from institutional units other than monetary financial institutions and, for its own account, to grant loans and/or make investments in securities.

The following explanations cover only the most important sub-sector of the OFI sector, as there is not enough information available on the other sub-sectors to warrant their inclusion in this list.

### **1.1.2 Definitions**

*Investment firm* - a corporation the principal and permanent activity of which is to conclude investment and/or additional investment services to third parties.

*Investment fund* - a pool of assets established for a collective investment (contractual fund) or a public limited company founded for collective investment, which is or the assets of which are managed on the principle of risk-spreading by a management company. Investment funds are not legally independent but are governed by management companies.

*Fund management company* - a public limited company whose sole area of activity is the management of funds. The management of funds involves organising the issue of stocks or units of the fund, investing the assets of the fund, keeping accounts of the assets of the fund and other activities directly related to the above. The fund's accounts must be kept separate from the management company's accounts.

*Leasing company* - a corporation engaged in financial leasing business.

### **1.1.3 The role of OFI statistics**

In addition to an increasing amount of financial intermediation, Estonia is facing a sustained process of diversification in financial services and products, along with the institutions that provide them. During the development of pension reform processes, the role of investment services will gain in importance, whereas the currently largely loan and leasing-driven growth in financial services will be transformed into a more complex set of different financial services. Therefore, OFI statistics are essential for monetary policy analysis, as they foster the formulation of aggregated views on real financial assets and liabilities.

Moreover, in order to monitor financial sector developments and to assess the

conditions underlying financial stability, it is necessary to have appropriate information on OFI activities (in addition to banking sector statistics). In the conglomerated financial sector in particular, the input of OFI statistics is important in order to review the environment for banks' macroprudential analysis. In other words, the collection of data on OFI activities promotes a more complex assessment on the stance with respect to financial stability.

### **1.1.4 Powers to collect statistics**

In accordance with the Financial Supervisory Authority Act (Sections 1 and 6), investment funds, fund management companies and investment firms are obliged to report to the FSA.

There are no legal powers granted to the Bank of Estonia or to the FSA to collect statistics from financial leasing companies. The six largest leasing companies report on a voluntary basis.

According to the Official Statistics Act, which came into effect on 17 July 1997, all entities in Estonia are required to submit data collected through official statistical surveys to agencies entrusted with conducting such surveys (Section 7).

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

There are seven fund management companies, which manage 20 investment funds (this figure also includes seven money market funds classified as MFIs). All fund management companies and investment funds are subject to reporting requirements. Investment firms number 19, all of which are also subject to reporting requirements. Leasing companies number approximately 26 institutions, of which the six largest currently report their data. Of the total assets for institutions mentioned in this section, the

assets of leasing companies account for 86%, the assets of investment firms for 12.7% and the assets of investment funds for 1.3%.

### **1.2.2 Reporting schemes**

Investment funds report balance sheet data, data on investments, profit and loss accounts, and flows of assets and off-balance-sheet commitments. Data are reported electronically.

Investment firms currently report balance sheet data. Collection of data on securities, resources and loans will begin in the near future. Data is reported electronically.

Leasing companies - the six largest companies regularly report balance sheet data, profit and loss account data, as well as data on leasing, factoring and resources to the Bank of Estonia on a voluntary basis. The data are collected electronically.

In the case of investment funds and leasing companies, different instruments, maturity and sector splits of balance sheet data are available. The balance sheets of investment funds are currently less detailed than those of other entities.

### **1.2.3 Time range, frequency and timeliness of reporting**

Some investment firms will be obliged (depending on the type of services they offer) to report on a monthly basis, while the others will have to do so on a quarterly basis. Data have to be delivered by the tenth calendar day following the end of the month or the 20th calendar day following the end of the quarter.

Investment funds report data on investments on a monthly basis, by the tenth calendar day following the end of the month, and balance sheet data, profit and loss account data, flows of assets and off-balance-sheet commitments twice a year.

Leasing companies report data on leasing, factoring and resources on a monthly basis; balance sheet data and profit and loss account data are received quarterly. Data have to be delivered by the 15th calendar day following the end of the reporting period.

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

The reporting system of investment firms is currently being modified and improved. Until September 2001, no data were collected from investment firms. New reports that will be drafted and are expected to come into effect in 2003 will be fairly detailed and informative.

Since January 2002, leasing companies have reported data in accordance with a new and more detailed reporting system.

The reporting system for investment funds developed by the Minister of Finance in July 1998 has not been changed since.

### **1.3.2 Revisions**

Data on leasing companies, investment firms and investment funds are due for revision in the near future. Data on leasing companies have been available on the Bank of Estonia's website since September 2002. Revisions are made as the occasion requires. As data on investment firms and investment funds are not published, there are no specific rules concerning revisions.

## **1.4 Publications**

Data on investment funds and on investment firms are not published at present. Data on leasing companies are not published by the Bank of Estonia.

### 1.5 Users

Data on mutual funds and investment firms are mainly used by the FSA for supervisory

purposes. Data on leasing companies are used by analysts at the Bank of Estonia, the FSA, leasing companies, the Association of Leasing Companies and the general public.

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

##### **Estonian kroon money market**

The Estonian kroon money market comprises the markets for short-term interbank deposits/loans, for debt securities and for foreign exchange forward transactions and swaps, as no Treasury bills are issued by the state. In comparison with the market for foreign exchange forward transactions and that for debt securities, the interbank money market is geared more to the short term, with trading involving mainly maturities of less than three months. The segment with the highest turnover is the market for forward transactions.

##### **Estonian kroon interbank money market rates**

In the early years of the Estonian kroon (EEK), and despite the large number of institutions, the volume of money market transactions was low and active trading was only carried out in overnight funds. The introduction of the euro established a new reference rate for the Estonian money market. In 2000 and 2001, in a favourable liquidity environment, the Estonian interbank money market rates followed EURIBOR rates more closely than ever before, and this trend can be expected to continue.

Foreign banks are very active in the interbank market for short-term deposits and loans. Under the current rules, the money market rates (the Tallinn interbank bid rate - TALIBID - and the Tallinn interbank offered rate - TALIBOR) are fixed by the Bank of Estonia daily at 11 a.m. on the basis of

quotations by the five major market players (the Estonian Hansapank, Eesti Ühispank (Union Bank of Estonia) and Sampo Pank, the Finnish Nordea Pankki and the Swedish Svenska Handelsbanken).

##### **Debt securities market**

Unlike the situation in many other countries, owing to prudent fiscal policies, government securities have not been the driving force behind the development of non-bank financial markets in Estonia. Therefore, the securities market in Estonia is primarily an equity market, and the debt market has developed only in accordance with private sector instruments and needs, being mainly a primary market with private placements and a modest secondary market. Despite its small size, the market for fixed income instruments has become an increasingly important provider of alternative financing for marketable companies and local government. The main issuers on the market are Nordic financial conglomerates, which are also major shareholders in Estonian credit institutions. Their bond issues cover approximately 85% of the primary market, reflecting the high integration of Estonian and Nordic financial markets. Four debt securities are currently listed on the Tallinn Stock Exchange (TSE), while the rest are traded over the counter (OTC).

##### **Stock market**

The structure and framework of the securities market has evolved over the last five years. The opening of the TSE in 1996 was a success, thanks to investors' interest (both local and foreign) and remarkable investment.

In the main trading list of the TSE, five shares were listed at the end of 2002. The secondary list contained nine shares. Besides these, privatisation vouchers are also traded.

The Tallinn Stock Exchange Index (TALSE) is calculated daily and reflects the movement of prices of shares included in the main and secondary lists of the TSE, comparing the compound market capitalisation plus dividends paid to the corresponding data from the previous trading day. The TALSE is calculated in line with the principles of chain-linked and total-return indices. No weighting limits are applied to TALSE constituents, so that the influence of each security on the TALSE corresponds to its weight in the compound market capitalisation. The Paache index formula is used to calculate the TALSE. The base value of the TALSE is June 1996 = 100.

Considering the small size and the openness of the Estonian economy, the development of the TSE called for its integration into the securities markets in neighbouring regions. In April 2001, the Helsinki Stock Exchange (HEX) acquired an ownership share of 52.4% in the TSE. In 2002, trading with Estonian securities began in the HEX trading system.

### Foreign exchange market

Thanks to the way the currency board has been set up, the Bank of Estonia, the central bank, offers credit institutions an unlimited foreign exchange purchase and sale facility for all major currencies (including the euro and the US dollar) against the Estonian kroon. In practice Estonian commercial banks nowadays purchase the euro only from the central bank, as there is no bid-offer spread for euro transactions. The foreign exchange window offered by the Bank of Estonia is the key element of the liquidity system.

The turnover of the Estonian foreign exchange market (both spot and forward) is around EUR 4 billion per month (EUR 1.3 billion per ten-day period) and transactions involving Estonian kroon represent around a

quarter of the total trading volume. The other key trading currencies are the euro and the US dollar. The main counterparts to domestic credit institutions are non-resident banks and resident companies. Non-resident banks are active in both the spot and forward markets, and their share in total foreign exchange market turnover is nearly 50%. Companies have been relatively more active on the spot market and have a share of around a third of total foreign exchange market turnover.

The main instruments traded in the Estonian foreign exchange market are spot transactions and foreign exchange swaps, with each having a more or less equal trading volume. The foreign exchange swap market in Estonia is more liquid than the money market and the transaction volumes are greater. The main participants in the foreign exchange swap markets are domestic and foreign banks, followed by non-financial companies.

### Commodity market

At present, there is no commodity market in Estonia.

#### 2.1.2 The role of financial market statistics

The Bank of Estonia collects financial market statistics in order to determine the size, structure, depth and efficiency of these markets and to assess the soundness of the institutional framework. On the basis of these data, market regulators are indirectly informed about financial performance and the risks facing market players, and other entities (the Bank of Estonia, ratings agencies, the public) are informed about potential system-wide risks. In order to assess the financial system as a whole, adequate financial market statistics are crucial. Moreover, they serve as an important tool for monetary policy analysis (including specific aspects of liquidity management).

For purposes of monetary policy analysis and in order to monitor financial market developments, the Bank of Estonia, the Ministry of Finance, the FSA and academic institutions use financial market statistics. The exact scope and purpose of the statistics used has not been determined.

### **2.1.3 Powers to collect financial market statistics**

The Credit Institutions Act, which came into force on 1 July 1999, states that, in order to perform duties arising from the Bank of Estonia Act (1993), the Bank of Estonia has the right to demand that credit institutions submit reports on a regular basis. Data on interbank interest rates and currency transactions is provided to the Bank in this context.

Data on debt securities and equities is received from the Central Securities Register, which is obliged to register and collect such data in accordance with Sections 1 and 21 of the Estonian Register of Securities Act.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

Data on interbank interest rates (the TALIBID and the TALIBOR) and foreign currency transactions are received via direct reporting by credit institutions. The Bank of Estonia calculates the TALIBID and the TALIBOR on the basis of the daily quotations of a list of commercial banks made up of three Estonian and two foreign banks which actively operate on the Estonian financial market, namely Hansapank, Eesti Ühispank, Sampo Pank (Estonia), Nordea Pank (Finland), and Svenska Handelsbanken (Sweden).

Data on the foreign currency transactions executed over a period of a month are received from commercial banks each month. The data also include gross currency

transactions by small currency dealers operating under licence of these banks.<sup>1</sup>

Data on short and long-term debt securities and equities is received from the Estonian Central Securities Depository (ECSD). Data include issues and daily transactions (prices, volumes) on a security-by-security basis. Data on major stock indices and major corporate stocks (traded on the TSE) are available on the TSE's website ([www.hex.ee](http://www.hex.ee)).

### **2.2.2 Reporting schemes**

Interbank interest rates, i.e. the TALIBOR and TALIBID, are fixed by the Bank of Estonia every business day at 11 a.m. Estonian time. The TALIBOR and the TALIBID are calculated on the basis of the respective interbank interest rates on loans and deposits of quoting banks. The highest and lowest quotations of the quoting banks published on their Reuters pages at the time of fixing are disregarded and the arithmetic mean of the quotations is calculated. Since 8 February 1999, the periods for which the TALIBID and the TALIBOR have to be quoted are one month, two months, three months, six months, nine months and 12 months. The calculation of interest rates to be quoted is based on the actual number of days/360, and the first day of the periods to be quoted is the same day plus two banking days (spot).

Data on the gross foreign exchange transactions executed over a month (broken down by major currency) are received from commercial bank on a monthly basis. The medium of data collection is electronic. Data on debt securities, equities, the TALSE and major corporate stocks are available daily from the ECSD and the TSE at [www.hex.ee](http://www.hex.ee).

<sup>1</sup> According to Bank of Estonia Decree No. 13 of 15 September 1994, all currency exchange dealers must have a commercial bank licence.

### **2.2.3 Time range, frequency and timeliness of reporting**

Data on interbank interest rates is collected daily; data on currency transactions (spot/forward) is collected monthly. Main data on debt securities, equities and the TALSE are available on the websites of both the Estonian Central Securities Depository (ECSD) and the TSE each day.

## **2.3 Data processing and compilation methods**

### **2.3.1 Basis of calculation and quality controls**

TALIBOR and TALIBID - the highest and lowest quotations of the quoting banks at the time of fixing are disregarded and the arithmetic mean of the quotations is calculated.

- In the case of the monthly TALIBOR/TALIBID, the monthly average is used.
- Foreign exchange transactions are reported as the monthly turnover on a gross basis.
- Data on debt securities, equities and major corporate stocks are available daily on a transaction-by-transaction basis. The TALSE index is available daily; the Paache index formula is used for calculations.

### **2.3.2 Breaks in series**

No major breaks in series have occurred. Should there be changes in collection procedures, this will be indicated.

### **2.3.3 Revisions**

TALIBOR and TALIBID quotations are published daily and are not subject to subsequent revisions.

Foreign exchange transactions - should there be a need for revisions (for example to correct reporting errors), data will be revised during the release of data for the following period and highlighted. Should they be necessary, explanations are also added.

Data on debt securities, equities and the TALSE are based on registration data and data on transactions available in the ECSD and on the TSE and, therefore, it is very unlikely that revisions will be necessary.

## **2.4 Publications**

### **2.4.1 First release of data**

Data on the TALIBOR and TALIBID are published daily on the website of the Baltic News Service ([www.bns.ee](http://www.bns.ee)). Monthly data are released on the Bank of Estonia's website ([www.ee/epbe](http://www.ee/epbe)) on the sixth banking day of each month.

Data on foreign exchange transactions are released on the Bank of Estonia's website monthly on the 14th banking day.

Data on debt securities, equities and the TALSE are available daily at [www.hex.ee](http://www.hex.ee).

### **2.4.2 Other statistical publications**

Statistical data on the TALIBOR and TALIBID as well as on foreign exchange transactions are also included and used in the following Bank of Estonia publications:

- the Statistical Bulletin (monthly, published in Estonian and English);
- the Annual Report of the Bank of Estonia (published in Estonian approximately five months and in English approximately six months after the end of the year);
- the Monetary Developments and Policy Survey (quarterly, published in Estonian



and English), available in hard copy and on the Bank of Estonia's website.

Data on debt and equity markets and on the TALSE can also be found in the quarterly publication on the Estonian securities market, available at [www.hex.ee](http://www.hex.ee).

### 3 Securities issues statistics

#### 3.1 Legal and institutional background

##### 3.1.1 Definitions

According to the Law on the Securities Market, a security is a share or other similar tradable right; a bond, convertible bond or other tradable debt obligation issued; a subscription right or other tradable right granting the right to acquire securities; an investment fund unit; a debt obligation issued for a term of up to one year which is usually traded on the money market (money market instrument); a derivative instrument; and a tradable depository receipt.

According to the same law, a securities issue is a complex of securities of the same type, issued on the basis of the issuer's decision alone. Should issuance be carried out in parts, it is considered as one issue.

The ECSD collects data on securities issues.

##### 3.1.2 The role of securities issues statistics

In general, the aim of gathering securities issues statistics is based on the need to have an integrated view of financing opportunities in the country and to assess the efficiency of banks' and real sector enterprises' investment and financing policies. Narrower aspects of financial stability, e.g. the use of securities-based financing as an alternative way of funding enterprises, should be closely monitored in order to assess banks' efficiency and competitiveness.

#### 2.5 Users

Data on financial markets are used by various departments within the Bank of Estonia, as well as by the Ministry of Finance, the FSA and financial and academic institutions.

Unlike the situation in many other countries, the government securities market is thin in Estonia (partly due to restrictions imposed by the currency board arrangement). A representative yield curve, which gives a proxy liquidity stance, can be derived from bank lending rates. Therefore, the role of the securities issues statistics in shaping monetary policy is relatively insignificant. The central bank is mainly interested in monitoring developments in private sector instruments in the debt market and in the equity market.

##### 3.1.3 Powers to collect securities issues statistics

As stated in the Estonian Central Register of Securities Act (which came into force on 1 January 2001), the ECSD collects data on securities issues. It registers shares, debt obligations and other rights and operations performed with such rights.

Information concerning the name, address, registry code of the issuer, type, nominal value (including the currency) and amount of securities is available to the public, in accordance with Section 7 of the Estonian Central Register of Securities Act.

The ECSD publishes information on shares, debt obligations and other rights and operations performed with such rights on its website ([www.hex.ee](http://www.hex.ee)).

The Bank of Estonia has no legal powers to collect information on securities issues. Under agreements with the ECSD, the Bank

of Estonia receives the data necessary for its own purposes (analyses).

### **3.2 Collection procedures**

#### **3.2.1 Reporting agents**

As already indicated in Sub-section 3.1.3, there is an obligation to register all shares, debt obligations and other rights and operations performed with such rights with the ECSD. As data in this register are available on the ECSD's website, no additional reporting is needed: registrations of securities issues and transactions involving these securities can be found in the register.

#### **3.2.2 Reporting schemes**

Data are collected on a security-by-security basis. There are no commercial data providers supplying such information. At present, the ECSD does not draw up a sectoral breakdown of issuers, but as the name of each issuer is available, the users of the information can make any breakdowns that are needed. Available data include issue values, outstanding amounts, issue dates and redemption dates. The following instrument categories are used at present: shares, shares and units of investment funds, rights, units, debt securities, other.

#### **3.2.3 Time range, frequency and timeliness of reporting**

Data are available on a daily basis at [www.hex.ee](http://www.hex.ee).

### **3.3 Data processing and compilation methods**

#### **3.3.1 Basis of calculation and quality controls**

Data are collected daily.

#### **3.3.2 Breaks in series**

Since 1998, data registered in the ECSD have been more detailed.

#### **3.3.3 Revisions**

As data are received directly from the ECSD database and are based on actual transactions with securities, revisions are only rarely needed.

### **3.4 Publications**

#### **3.4.1 First release of data**

Data on registered securities issues and transactions are available at [www.hex.ee](http://www.hex.ee) on a daily basis.

#### **3.4.2 Other statistical publications**

Some data on registered securities issues and transactions are also available in the quarterly Bulletin on the Estonian Securities Market, available in electronic format at [www.hex.ee](http://www.hex.ee). Total figures for registration entries in the ECSD, new debt instrument issues and reductions of share capital in the period under review are published in this Bulletin.

### **3.5 Users**

Data on securities issues are used by various departments of the Bank of Estonia, as well as by the Ministry of Finance, the FSA, academic institutions and the general public.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

Within the framework of off-balance-sheet transactions, statistics are gathered on derivative transactions with underlying assets such as currency, interest rates, share prices and indices, commodity prices and indices as well as other instruments.

There are the following schemes to reflect derivative transactions which belong to several types of underlying assets:

- (i) currency - derivative transactions involving more than one currency (including precious metals as well as gold, platinum, silver and palladium in units tradable in world markets) that are not related to shares and commodities;
- (ii) interest rates - only derivative transactions related to the interest rates of one or several currencies that are not related to shares and commodities. This category covers all fixed and/or floating interest rate one-currency contracts (including bond-related contracts);
- (iii) shares - all share-price or index-related derivative transactions that are not related to commodities;
- (iv) commodities and others - all derivative transactions related to commodity prices and indices as well as precious metals (except contracts reflected under currency), etc. that can simultaneously be related to some other market risk category.

Derivative transactions in Estonia are defined as follows:

- forward contract - a commitment to sell or purchase a specific quantity at a fixed price on a specific future date;

- futures contract - a standardised forward exchange-traded contract;
- swap - a contract committing the parties to exchange payments (e.g. currency, interest rates) based on the instrument underlying the transaction with pre-determined conditions;
- put option - a right (not an obligation) to sell assets at a specified price and in a specific quantity on (or before) a particular date in the future;
- call option - a right (not an obligation) to buy assets at a specified price and in a specific quantity on (or before) a particular date in the future;
- European option - an option to be exercised only on the date of expiry;
- American option - an option to be exercised before the date of expiry.

There are no significant deviations from the International Accounting Standards (IAS) concerning the definitions and underlying concept of financial derivatives in Estonia.

#### 4.1.2 The role of financial derivatives statistics

The main purpose of financial derivatives statistics is to provide the Bank of Estonia with necessary information about the hedging activities of Estonian and foreign economic agents.

The second purpose is to determine the size, structure and depth of the financial derivatives markets. Accurate derivatives statistics enable analysts to assess banks' behaviour regarding not only their risk-aversity or risk-appetite, but also their hedging strategies with respect to specific positions. In an open economy, the increase in activity on these markets traditionally

reflects growth in the domestic economy, but it may also signal some structural developments in the banking sector.

Other purposes of financial derivatives statistics are to increase market transparency and thereby to help the Bank of Estonia, as well as other authorities and market participants, to better monitor patterns of activity in the financial system. The statistics are also used by the FSA for supervisory purposes.

#### **4.1.3 Powers to collect financial derivatives statistics**

According to the Financial Supervisory Authority Act, the FSA is responsible for the supervision of the activities provided for in the Credit institutions Act (Section 2 of the Financial Supervisory Authority Act).

As one of the main functions of the FSA in fulfilling its objectives of financial supervision is constantly to analyse and monitor the compliance of entities subject to financial supervision with the requirements regarding financial soundness and own funds and other obligations set out in the Bank of Estonia Act, the FSA has the right to collect any data necessary for fulfilling this task, including data on financial derivatives transactions (Section 6 of the Financial Supervisory Authority Act).

## **4.2 Collection procedures**

### **4.2.1 Reporting agents**

Data on financial derivatives are provided directly to the Bank of Estonia by commercial banks only. Financial derivatives are traded both OTC and on the stock exchange. However, even though investment firms also deal with derivatives, no statistical data have been collected from them so far. Nevertheless, the FSA will implement statistical reports covering derivatives statistics of investment firms in the near future.

### **4.2.2 Reporting schemes**

Commercial banks are obliged to report data on prices and volumes of financial derivatives. Data are collected electronically in separate reports, with data broken down by underlying asset.

Realised derivatives traded both on organised markets and OTC are recorded on-balance-sheet on a gross basis, under remaining assets/liabilities. Unrealised derivatives are recorded off-balance-sheet.

### **4.2.3 Time range, frequency and timeliness of reporting**

Data are collected on a monthly basis and have to be delivered by the seventh banking day following the end of the month.

## **4.3 Data processing and compilation methods**

### **4.3.1 Basis of calculation and quality controls**

Data provided on financial derivatives are end-of-period data.

### **4.3.2 Breaks in series**

The reporting system on off-balance-sheet transactions came into force in September 2002. Should there be any changes to the reporting population or reporting instructions, these changes will be indicated in the statistical releases.

### **4.3.3 Revisions**

The data are preliminary when first released and are subject to revisions in the course of the following month. The final data are then published with the subsequent issue of financial derivatives statistics. Changes in data are underlined and explanation notes added,

if necessary. The main revisions relate to reporting errors in previous periods.

### 4.4 Publications

#### 4.4.1 First release of data

Data on financial derivatives are published monthly on the Bank of Estonia's website ([www.ee/epbe](http://www.ee/epbe)). The release date for derivatives statistics is the 18th banking day.

The volume of financial derivatives as a total and separately by groups of underlying assets is published in this monthly table.

### 4.4.2 Other statistical publications

None.

### 4.5 Users

Data on financial derivatives are mainly used for supervisory purposes by the FSA, but also for analytical purposes by the Bank of Estonia. Published data are also used by the general public.

## 5 Monetary financial institution interest rate statistics

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

The additional financial statements provided by the credit institutions on loans and deposits include some very precise and detailed information about interest rates. It is possible to calculate interest rates for all available groups and "cross-groups", broken down by customer, maturity, currency and residency and, in the case of loans, industry and collateral.

In the regular publications of the Bank of Estonia, the interest rates on loans and deposits are published separately in Estonian kroon, euro and US dollars for all major maturity categories. Interest rates for loans denominated in Estonian kroon and euro, broken down by the borrower's main industry group, as well as for consumer credits and housing loans, are also available.

The reporting agents comprise all commercial banks operating in Estonia. At present, the Bank of Estonia collects interest rate statistics only on new business, not on amounts outstanding. Data are collected on interest rates that banks charge on loans and pay on deposits vis-à-vis non-financial corporations and households, as well as vis-à-vis all other

sectors defined in the ESA 95, on a monthly basis. New reporting requirements have been introduced for commercial banks in order also to receive data on amounts outstanding. Data will be received as from April 2003. All the data necessary for the compilation of interest rates statistics according to ECB Regulation ECB/2001/18 will then be available.

Although the MFI sector comprises eleven savings and loan associations, in addition to seven banks, interest rate statistics are not yet collected from savings and loan associations.

#### 5.1.2 The role of MFI interest rate statistics

The broad spectrum of interest rates is essential for analysing and monitoring both monetary developments and the development of the real sector in Estonia. Foreign interest rates are also regular components of the analysis. Interest rate statistics (plus information on credit and lending aggregates, etc.) are used to analyse monetary policy transmission. In that respect, the transmission of European money market rates to domestic retail interest rates affecting domestic demand is a crucial element of policy discussions.

Interest rate statistics are also needed to assess financial sector-related stability issues.

### **5.1.3 Powers to collect MFI interest rate statistics**

The Credit Institutions Act, which came into force on 1 July 1999, states that, in order to perform duties arising from the Bank of Estonia Act of 1993, the Bank of Estonia has the right to demand that credit institutions submit reports on a regular basis. However, in order to minimise the burden of reporting agents, the data from credit institutions are actually collected by the FSA<sup>2</sup> and are subsequently shared with the Bank of Estonia through a common database. The legal power of the FSA to obtain data from credit institutions is determined by the Credit Institutions Act and the Bank of Estonia's Decrees. According to Section 48, Article 2, of the Financial Supervisory Authority Act and Section 2, Article 5, of the Law on the Central Bank of Estonia, the FSA is required to provide the Bank of Estonia with information necessary for the performance of its functions.

MFI interest rate statistics are compiled and published by the Bank of Estonia.

## **5.2 Collection procedures**

### **5.2.1 Reporting agents**

In the case of credit institutions, the census method is used, i.e. all credit institutions resident in Estonia report interest rate statistics. Coverage of their business volume is 100% of their total balance sheet. However, eleven savings and loan associations operating in Estonia, which are also included in the list of MFIs and account for 0.1% of the total balance sheet of MFIs, do not currently report interest rate statistics.

### **5.2.2 Reporting schemes**

The reporting population consists of seven resident credit institutions currently operating in Estonia. As mentioned above, the census approach has been adopted to select the reporting agents. At present, only interest rates on new business are detailed. The new business interest rate reflects the interest rate applied to deposits and loans in the relevant instrument category in relation to new agreements concluded between clients and reporting agents in the reference period.

Data is collected electronically via e-mail.

### **5.2.3 Time range, frequency and timeliness of reporting**

Data collection systems for interest rates have existed since 1997. The country-by-country residency principle was introduced at the beginning of 2001.

Data are collected monthly for each calendar month, and must be delivered by the end of the fifth banking day of the following month at the latest.

## **5.3 Data processing and compilation methods**

### **5.3.1 Basis of calculation and quality controls**

The reporting agents report data on volumes of deposits placed and loans made over one month, together with corresponding interest rates. Data are end-of-period data.

<sup>2</sup> According to Section 4 of the Financial Supervisory Authority Act, the FSA is an autonomous agency with a separate budget, which operates at the Bank of Estonia and conducts financial supervision on behalf of the state.

### 5.3.2 Breaks in series

Data on interest rates were available before 1997, but were not very detailed. In 1997, a more detailed reporting system was introduced and the country-by-country residency principle was included in 2001. In the event of there being major changes to reporting instructions/collection systems or reporting agents, such changes are usually indicated in the statistical publications.

### 5.3.3 Revisions

The data are preliminary when first released and are revised the following month. The final data are then published with the subsequent issue of interest rate statistics. Changes in data are highlighted and explanatory notes added, if necessary. However, most revisions involve correcting the reporting errors of previous periods.

## 5.4 Publications

### 5.4.1 First release of data

The Bank of Estonia publishes interest rate statistics on its website ([www.ee/epbe](http://www.ee/epbe)) each month. The release date for such statistics is the 17th banking day of the subsequent month. The following are also published: interest rates on loans by customer group (general government, financial institutions, commercial undertakings, individuals) and maturity band (short-term: up to three months, three to six months and six to twelve months; long-term: one to five years, five to ten years, over ten years), interest rates on loans in Estonian kroon, euro and US dollars by different maturity bands, interest rates on loans by different industry groups and rates of consumption and housing loans to households. Deposit interest rates are presented by customer group (general government, financial institutions, commercial undertakings, individuals) and maturity band (up to three months, three to six months,

six to twelve months, over one year) and interest rates on EEK, EUR and USD deposits are given as well.

### 5.4.2 Other statistical publications

Statistical data on interest rates are also included and used in the following Bank of Estonia publications:

- the bulletin entitled "Selected Statistics" (monthly, published in Estonian and English);
- the Annual Report of the Bank of Estonia (published in Estonian approximately five months and in English approximately six months after the end of the year);
- the Monetary Developments and Policy Survey (quarterly, published in Estonian and English), available in hard copy and on the Bank of Estonia's website.

## 5.5 Users

In principle, the Bank of Estonia uses MFI interest rate data for financial stability and monetary analysis, as well as for economic research. The main external users are analysts of credit institutions, government ministries and universities. Another regular user is the State Statistical Office, which needs the data in order to calculate the banks' Financial Intermediation Services Indirectly Measured (FISIM). Interest rate data are supplied to international organisations such as the International Monetary Fund, Eurostat and the European Central Bank.

## **6 Contacts at the Bank of Estonia**

Any queries concerning the issues described in this country chapter should be addressed to:

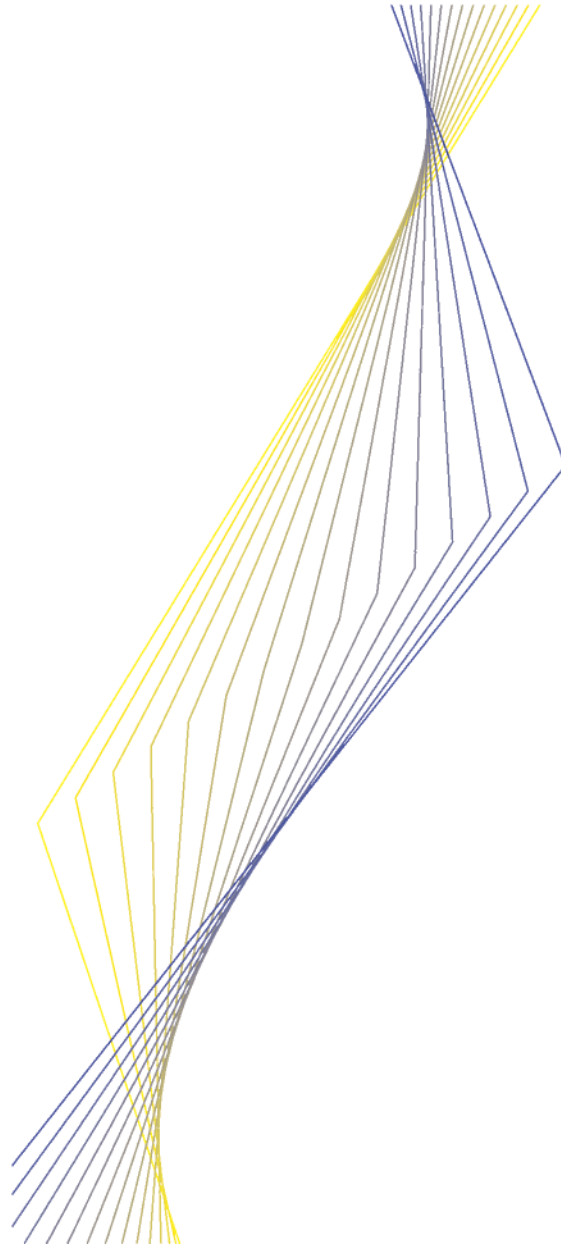
Liina Seestrandt  
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## Estonia



EUROPEAN CENTRAL BANK



**Hungary**

### List of abbreviations

<b>APEH</b>	Hungarian Tax and Financial Control Administration - Adó- és Pénzügyi Ellenőrzési Hivatal
<b>APRC</b>	annual percentage rate of change
<b>APV</b>	Hungarian Privatisation and State Holding Company - Állami Privatizációs és Vagyonkezelő Rt.
<b>BAMOSZ</b>	Association of Fund Management Companies in Hungary - Befektetési Alapkezelők Magyarországi Szövetsége
<b>BCE</b>	Budapest Commodity Exchange
<b>BIS</b>	Bank for International Settlements
<b>b.o.p.</b>	balance of payments
<b>BSE</b>	Budapest Stock Exchange
<b>BUBOR</b>	Budapest interbank offer rate - Budapesti Bankközi Forint Hitelkamatláb
<b>ECB</b>	European Central Bank
<b>ESA 95</b>	European System of Accounts 1995
<b>GDMA</b>	Government Debt Management Agency Ltd. - Államadósság Kezelő Központ Rt.
<b>HST</b>	Hungarian State Treasury - Magyar Államkincstár Rt.
<b>HUF</b>	Hungarian forint
<b>IMF</b>	International Monetary Fund
<b>ISIN</b>	International Securities Identification Number
<b>ISO</b>	International Organization for Standardization
<b>KELER</b>	Central Clearing House and Depository Ltd. - Központi Elszámolóház és Értéktár Rt.
<b>MFI</b>	monetary financial institution
<b>NBH bills</b>	three-month zero-coupon securities issued by the National Bank of Hungary
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds

**OTC** over-the-counter

**PSZAF** Hungarian Financial Supervisory Authority - Pénzügyi Szervezetek Állami Felügyelete

**SNA1993** System of National Accounts 1993

## **I Other financial intermediaries statistics**

### **I.1 Legal and institutional background**

Investment firms are regulated by the Act on Capital Markets. The main activity of these institutions is to invest or trade in securities for their own account.

#### ***1.1.1 Introduction***

Statistics on other financial intermediaries (OFIs) relate to balance sheet reports, published on a monthly basis, for two sub-sectors, namely investment funds (S123) and insurance corporations (S125).

Investment fund managers are regulated by the Act on Capital Markets. These companies are responsible for managing and representing investment funds.

#### ***1.1.2 Definitions***

An investment fund is defined as a volume of assets held by a legal entity, created and operated through the public or private issue of investment shares, and managed by the investment fund manager on the basis of the payment of a general commission by and to the benefit of investors. The net value of assets of an investment fund is the market value of the assets constituting the portfolio of an investment fund less the fund's total liabilities, including accrued liabilities.

#### ***1.1.3 The role of OFI statistics***

Based on the monthly data reported by investment funds, a number of in-house analyses (e.g. financial accounts and household savings) and publications are drafted. The monthly statistical balance sheets of insurance corporations serve as background material for these in-house analyses.

In addition to investment funds, this sub-sector encompasses financial intermediaries who do not accept deposits; their primary business is to raise large amounts of capital for the purpose of acquiring assets in the money and capital markets. Such intermediaries include financial institutions (leasing companies and other finance houses whose main activity is to provide loans), investment companies (which invest or deal in securities), venture capital firms and investment fund managers. All of these companies are obliged by law to obtain the necessary authorisation from the Hungarian Financial Supervisory Authority and/or the National Bank of Hungary in order to pursue their activities.

#### ***1.1.4 Powers to collect OFI statistics***

In addition to performing its central bank supervisory activity and other functions, the National Bank of Hungary requires specific information to assess financial developments in order to draft and evaluate monetary policy. When the Bank needs information from business organisations which are not required to report data under the provisions of the Central Bank Act, the data is gathered through the National Statistical Data Collection Programme, as provided for under the Statistics Act. Reporting agents are obliged to report any data requested under the provisions of Government Decree 198/2001 (X.19).

Financial institutions are regulated by the same act as banks, since both types of entity belong to the category of credit institutions. The main difference between the two lies in their activities; financial institutions cannot collect deposits or issue instruments which can be used instead of cash payments.

As an institution belonging to the official statistical system, the National Bank of Hungary has the authority to ask to see all balance sheets and profit and loss accounts that are disclosed for tax purposes to the Hungarian Tax and Financial Control Administration (APEH).

## 1.2 Collection procedures

### 1.2.1 Reporting agents

All investment fund managers are required to report data relating to the balance sheets of investment funds. Each fund is reported separately. Altogether there are 22 fund managers reporting the balance sheets of 106 investment funds on a monthly basis, providing a retrospective breakdown by day.

All 25 insurance corporations report statistical balance sheet data on a monthly basis.

The data received from the APEH consists of simplified balance sheets and profit and loss accounts, and covers all OFIs except investment funds.

### 1.2.2 Reporting schemes

Only stock data have to be reported.

The balance sheet of investment funds divides asset items into five main categories:

- assets from residents (S1);
- assets from non-residents (S2);
- part payments pending in respect of securities sold;
- other assets not reported under other items; and
- non-financial assets.

Liabilities are listed under the following five main headings:

- equity (i.e. the net asset value of the investment shares, which is broken down for purposes of the report into liabilities to residents (S1) and liabilities to non-residents (S2); in terms of the sectoral breakdown, the Bank only requires

households (S14) and other monetary institutions (S122) within the “residents” category to be treated individually, while all other sectors are covered together in one category);

- credit;
- liabilities from derivatives transactions;
- part payments pending in respect of securities purchased; and
- other liabilities not reported under other items

The assets within the statistical *balance sheets of insurance corporations* are listed under four main categories:

- assets from residents (S1);
- assets from non-residents (S2);
- other financial assets; and
- non-financial assets.

The data within the main categories are broken down by sector and expressed in Hungarian forints, foreign currency and total terms.

Liabilities within the statistical balance sheet are listed under six main categories in a consolidated form:

- equity;
- subordinated loan capital;
- provisions;
- insurance technical reserves;
- reinsurers’ deposits; and
- other liabilities.

### **1.2.3 Time range, frequency and timeliness of reporting**

The balance sheets of both investment funds and insurance corporations are drawn up monthly and refer to the final day of the month.

In the case of investment fund balance sheets, the submission deadline is the fifth working day following the month under review, while the deadline for insurance corporations is the 15th working day. Data must be submitted in electronic format, i.e. on a floppy disk.

The balance sheets and profit and loss accounts received from the APEH are collected annually and passed on to the National Bank of Hungary within 15-17 months (8-9 months for preliminary data).

### **1.3 Data processing and compilation methods**

#### **1.3.1 Breaks in series**

There is no formal policy for handling breaks in series, but the usual practice is to recalculate time series as long as possible. If not, breaks are marked and explained in footnotes to the published tables and in the methodological description.

#### **1.3.2 Revisions**

There is no formal revision policy, but the usual practice is for the stock data reported by the agents to be entered in the Bank's processing system which checks for consistency within the report and for compliance with the rules. The series is monitored to detect outliers which appear to be unjustified. If necessary, the Bank will ask a reporting agent to correct any errors discovered. If a data error discovered by the reporting agent is reported late, i.e. after processing or publication, revision will take place in the next regular publication.

### **1.4 Publications**

#### **1.4.1 First release of data**

Balance sheet data concerning investment funds are published monthly. The three tables listed below are published on the National Bank of Hungary's website on the 13th day of the second month following the reporting month (or the next business day if the 13th day is not a business day):

- end-of-month net asset value of investment funds;
- daily net asset value of open-end investment funds; and
- end-of-month net asset value of investment funds with a sector-by-sector breakdown.

The balance sheets of insurance corporations are used to compile financial accounts, but they are not published separately.

#### **1.4.2 Other statistical publications**

In addition to the time series published on the website of the National Bank of Hungary, the monthly reports also include the following tables:

- end-of-month net asset value of investment funds; and
- end-of-month net asset value of investment funds in a sectoral breakdown.

### **1.5 Users**

Users of OFI statistical data include the following:

- the National Bank of Hungary;
- international institutions;
- investment fund managers, the

Association of Fund Management Companies in Hungary (BAMOSZ); and

- other users: the press, researchers, etc.

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

The reporting of financial market statistics concerns the collection of data on interbank forint loans and deposits, as well as on foreign exchange market transactions and statistics relating to securities holdings.

Debt markets:

##### (i) Money markets

Interbank interest rate statistics relate to data on all interbank financial market transactions concluded in forints on a particular day, including the contract amount, the rate of interest and the closing date of the transaction.

Zero-coupon securities issued by the central government (Treasury bills) and the National Bank of Hungary (NBH bills) play a significant role in the market for short-term debt securities; the role of instruments issued by other sectors is negligible. The following instruments are covered by statistics on securities holdings:

Treasury bills:

- Discount Treasury bills are government securities with a maturity of less than one year. No interest is paid on these securities. Instead, they are issued at a discount (i.e. at a price lower than the nominal value of the security) and the nominal value is paid on the redemption date. Currently, discount Treasury bills are issued for three benchmark maturities, namely three, six and 12 months. However, due to an active secondary market, these securities, with almost any

residual maturity of up to one year, are also available on the secondary market.

- Interest-bearing Treasury bills are fixed-rate government securities in dematerialised form, with a maturity of one year. The minimum denomination is HUF 10,000. Interest is paid to investors upon maturity, together with the principal.
- Treasury savings bills are available with maturities of one and two years. These bills are fixed, “step-up” rate securities which may be redeemed at any time prior to their maturity date. Upon redemption, the holder of the securities receives a fixed amount of interest based on the time elapsed since the day of purchase. (In statistics on securities holdings, two-year maturity Treasury savings bills are classified as Treasury bills.)

NBH bills are three-month zero-coupon securities.

##### (ii) Capital market

The long-term bond market is represented by bonds issued by “non-financial corporations” (S11), “other monetary financial institutions” (S122), “central government” (S1311) and “local governments” (S1313). Statistics on securities holdings are collected for all bonds deposited with reporting institutions. At present, the National Bank of Hungary publishes data on bonds denominated in Hungarian forints and issued by central government. Bonds issued by other sectors represent a relatively small proportion of the bond market in Hungary.

- Government bonds: Hungarian Government bonds are interest-bearing government securities with maturities in excess of one year.



## Hungary

- Treasury savings bonds are government securities to which a step-up rate applies, i.e. the rate of interest increases on a monthly basis in proportion to the time elapsed since the date of subscription. In the case of a step-up rate, the annual interest corresponding to the holding period will apply to the lifetime of the security, (from the issue date to the redemption date). This instrument is in bearer form and it has a maturity of three years, although it can be redeemed before maturity.

Asset markets:

(i) *Equities markets*

The main stock indices calculated by the Budapest Stock Exchange (BSE) are the Budapest Stock Index (BUX), the Equity Investment Fund Portfolio Index (RAX), the Central European Stock Index (CESI) and the Central European Blue Chip Index (CETOP20).

Statistics on securities holdings are collected for all equity-type securities deposited with reporting institutions. At present, the National Bank of Hungary only publishes data on shares listed on the BSE and on investment fund certificates. Data on shares traded on the over-the-counter (OTC) market have been collected, but have not as yet been published.

The five major share listings on the BSE at the end of 2002 are shown in the table below.

Investment fund certificates are transferable securities issued in a series on behalf of an investment fund (credited or debited to it), in a specified manner and format, and representing an asset type and other rights.

(ii) *Foreign exchange market*

For purposes of foreign exchange statistics, data are collected daily for OTC and foreign exchange transactions concluded by credit institutions. A report is compiled indicating the nominal amount of foreign currency purchased and sold. The following transactions are covered:

- spot transactions (spot foreign exchange transactions concluded on the OTC market, involving the buying and selling of foreign currency);
- option contracts (data are collected on foreign currency call and put options only. Options give the holder the right and the writer the obligation to trade a certain amount of foreign currency at a predetermined price on or until a given date);
- forward contracts (agreements concluded on the OTC market that oblige the parties concerned to exchange given

**Table I**  
**The five major share listings on the BSE at year-end 2002**

ISIN*	Company	Sector	EUR millions	Percentage of total capitalisation
HU0000016522	Matáv	S11	3,603	29
HU0000010517	MOL	S11	2,188	18
HU0000061726	OTP	S122	2,623	21
HU0000010459	Richter	S11	1,173	9
HU0000053947	Egis	S11	459	4
	Total		10,045	80
	Total capitalisation of the BSE		12,493	100

\* International Securities Identification Number (ISIN).

quantities of currencies at a predetermined price on a specified future date);

- futures (currency “buy and sell” contracts concluded on the BSE at a predetermined price and on a specified date under conditions governed by BSE regulations); and
- currency swaps (exchanges of specified amounts of two different currencies with subsequent repayments, including both interest and repayment flows, over time and in accordance with predetermined rules).

(iii) *Commodity market*

The National Bank of Hungary does not collect statistical information on the commodity market.

The Budapest Commodity Exchange (BCE) has two sections for commodities: the “grain” section (which covers corn futures, wheat futures, feed wheat futures, feed barley futures, sunflower seed futures, soybean meal futures, rape seed futures, 34% granulated ammonium nitrate futures, cash-settled feed index futures, corn option contracts, wheat option contracts, sunflower seed options) and the “livestock” section (with two different live hog futures). (For information on the financial section of the BCE, see Section 4.)

### **2.1.2 The role of financial market statistics**

The role of financial market statistics is to help assess the forint interbank market and provide market players with information on the rate of interest applicable to interbank lending transactions.

The role of the collection of statistical data on foreign exchange market transactions is:

- to offer the decision-makers and analysts of the National Bank of Hungary up-to-

date data on developments in the foreign exchange market;

- to provide market participants with information by publishing data; and
- to report on data to facilitate the compilation of international statistics.

### **2.1.3 Powers to collect financial market statistics**

The National Bank of Hungary has the right to collect statistical data, as provided for under Act LVIII of 2001 on the National Bank of Hungary.

Article 4 of the Act provides for the following: “In order to undertake its tasks, the National Bank of Hungary shall collect and publish the necessary statistical information”. Furthermore, Article 60 states that, within the established legal framework, the National Bank of Hungary may issue regulations which are binding on financial institutions, legal entities not qualified as financial institutions but which provide auxiliary financial services, investment services providers and clearing houses as referred to in central bank decrees. Such regulations shall govern the scope of information to be provided for the performance of the authority’s tasks and statistical duties, and the methods and deadlines for data submission.

The President of the National Bank of Hungary therefore has the statutory right to designate the scope of data to be collected, in the form of an annual central bank decree.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

Interbank interest rate statistics concern all banks and specialised credit institutions which are required to report statistical data. The

**Table 2**  
**Reporting coverage on financial market statistics in Hungary**

Credit institutions	Number of institutions (31 December 2002)	Of which: reporting agents
Banks	30	27
Specialised credit institutions	8	3
Co-operative credit institutions:		
Savings co-operatives	183	-
Credit co-operatives	6	-

reporting agents are the same as those listed in Table 4.

The agents reporting foreign exchange market statistics on a daily basis are those credit institutions.

Reporting requirements apply to spot and forward currency swap transactions concluded on the foreign exchange and the OTC market.

For the most important sources of data on statistics on securities holdings, see Section 3 and Sub-section 2.1.

### 2.2.2 Reporting schemes

For interbank forint loans, reporting agents must specify the contract amount, the applied nominal interest rate, the maturity and the type of transaction (loan or deposit) concluded under market terms on any particular day. This reporting requirement also applies to both collateralised and uncollateralised interbank transactions, but published statistics contain data only on uncollateralised interbank lending.

The terms to maturity published are as follows:

- overnight;
- two weeks;
- one month;
- three months; and

- six months.

Foreign exchange market statistical reporting involves the daily collection of data, including the following information:

- the transaction date;
- the value date;
- the type of transaction (spots, spot swaps, forward swaps, swap maturities, forwards, forward maturities, call options, put options);
- the ISO code of currency purchased;
- the amount purchased;
- the ISO code of currency sold;
- the amount sold;
- the maturity (less than one year, more than one year);
- the counterparty (resident/non-resident, bank/other);
- OTC/exchange.

In the case of statistics on securities holdings, end-of-period stock data are collected on a security-by-security basis for debt instruments (based on their nominal value in the issuing currency) and on a unit basis for equity-type securities.

The data must be sent in electronic format by GiroXmail.

Stocks are published at market value, which is calculated by individual security as the end-of-month stocks of securities, multiplied by the market price (see Section 3 and Sub-section 2.2 for further detail).

### **2.2.3 Time range, frequency and timeliness of reporting**

Banks and specialised credit institutions must report data on the interbank rates applicable to forint loans and forint deposits on a daily basis. The reporting deadline is 10 a.m. on the next business day after the transaction.

Special reporting requirements apply to interest rates on overnight interbank loans and deposits denominated in forints. Reporting is also daily, but the deadline in this case is 5 p.m. on the transaction day.

Credit institutions are required to submit data on their foreign exchange market turnover on a daily basis. The reporting deadline is 11.30 a.m. on the next business day after the transaction. The data must cover the deals concluded on the day under review in a transaction-by-transaction breakdown.

Without exception, data must be sent in electronic format, using the interbank payment system.

Reporting agents must report data on securities holdings on a quarterly basis, the deadline being the tenth working day following the end of the quarter. In the case of the Central Clearing House and Depository (Budapest) Ltd. (KELER), the Hungarian State Treasury (HST) and the National Bank of Hungary, the reporting deadline is the third working day after the reference period.

## **2.3 Data processing and compilation methods**

### **2.3.1 Basis of calculation and quality controls**

The interbank rates published by the National Bank of Hungary are weighted by the turnover of the month under review.

Credit institutions' turnover on the foreign exchange market is reported on a transaction-by-transaction basis, in nominal terms and in US dollars, unless otherwise indicated in the report. Turnover figures are translated into US dollar terms at the National Bank of Hungary's official middle rate of exchange. Turnover data, released quarterly, contain average daily turnover figures with the dual reporting effect eliminated, and use the Bank's average official middle rate of exchange.

End-of-period data are collected in statistics on securities holdings.

### **2.3.2 Breaks in series**

Reporting coverage of interbank rates of interest and foreign exchange market turnover is continuous.

There has been one break in the data series of statistics on securities holdings because, since May 2001, the National Bank of Hungary has applied the sectoral breakdown of the ESA 95 to all of its statistics (see Sub-section 3.2 for further detail).

### **2.3.3 Revisions**

There is no clear revision policy. The method used is as follows: the National Bank of Hungary examines the data upon their arrival, using special software designed to reveal discrepancies among reporting tables. Should an error be detected, the National Bank of Hungary asks the reporting credit institution to correct the data. If the

## Hungary

corrected version arrives only after the original data have been processed for analysis or publication, the incorrect information is replaced at the time of the next data release.

### 2.4 Publications

#### 2.4.1 First release of data

Average interbank rates of interest on the forint market are published on the dates specified in the calendar of statistical releases. The press release on interest rates is posted on the National Bank of Hungary's website ([www.mnb.hu](http://www.mnb.hu)) on the second day of the second month following the month under review. If that day is not a business day, the data are released on the next business day.

Data on the foreign exchange market turnover of credit institutions are published on the National Bank of Hungary's website on a quarterly basis, on the 15th day of the month following the quarter under review. If that day is not a business day, publication will take place on the next business day. The published data represent the daily average turnover on the OTC market during a particular quarter, broken down by type of transaction, counterparty and currency pair.

Data on the distribution of securities holdings by sector are published on the website of the National Bank of Hungary on the dates specified in the calendar of statistical releases.

## 3 Securities issues statistics

### 3.1 Legal and institutional background

#### 3.1.1 Definitions

Securities issues statistics in the specific form defined and structured in ECB Regulation ECB/2000/13 are not compiled in Hungary.

The securities statistics compiled by the National Bank of Hungary (more precisely, the statistics on securities holdings) comprise

They are also published in the Monthly Report of the National Bank of Hungary.

Data on the commodity market are published in the Official Hungarian Daily Gazette "Magyar Tökepiac". The BCE also publishes statistics on its website.

#### 2.4.2 Other statistical publications

None.

### 2.5 Users

Users of the data including the following:

- the National Bank of Hungary;
- the International Monetary Fund (IMF);
- the Organisation for Economic Co-operation and Development (OECD);
- Eurostat;
- the European Central Bank (ECB);
- the Bank for International Settlements (BIS);
- the Hungarian Financial Supervisory Authority (PSZAF); and
- other users: the press, credit institutions, analysts, etc.

end-of-quarter stock data on securities at market value. They also show the components of changes in stocks at market value (transactions, revaluations and other volume changes). The outputs of securities statistics are broken down by sector, in accordance with the ESA 95. These data serve as inputs for sector statistics to compile financial accounts. At present, the compilation of stock figures includes shares listed on the BSE, investment fund shares,

and debt securities denominated in Hungarian forints and issued by the central government and the central bank. The compilation of flow figures (components of changes in stocks) is currently limited to shares listed on the BSE. Data are collected on all securities issued in series deposited with reporting institutions. In the case of statistics on securities holdings, data on debt instruments at nominal value (in the issuing currency) are collected security-by-security, while those on equity-type securities are collected in pieces.

For more information about the statistics on securities holdings (distribution of securities holdings by sector) compiled and published by the National Bank of Hungary, see Section 2.

Information relating to the primary issuance, redemption or amounts outstanding of government securities is published by the Government Debt Management Agency (GDMA). The GDMA publishes the figures in its quarterly and monthly reports on the government securities market.

### **3.1.2 The role of securities issues statistics**

The objective of collecting statistical data on stocks of securities held by different sectors is to:

- provide inputs for other statistics compiled by the National Bank of Hungary (e.g. financial accounts, balance of payments (b.o.p.); and to
- provide decision-makers and analysts at the National Bank of Hungary with information on developments in the financial and capital markets.

### **3.1.3 Powers to collect securities issues statistics**

The National Bank of Hungary has the right to collect statistical data, as provided for

under Act LVIII of 2001 on the National Bank of Hungary.

Article 4 of the Act provides for the following: “In order to undertake its tasks, the National Bank of Hungary shall collect and publish the necessary statistical information”. Furthermore, Article 60 states that within the established legal framework, the National Bank of Hungary may issue regulations which are binding on financial institutions, legal entities not qualified as financial institutions but which provide auxiliary financial services, investment service providers and clearing houses, as referred to in central bank decrees. These regulations shall govern the scope of information to be provided for the performance of the National Bank of Hungary’s tasks and statistical duties, and the methods and deadlines for data submission.

The President of the National Bank of Hungary therefore has the statutory right to designate the scope of data to be collected, in the form of an annual central bank decree.

## **3.2 Collection procedures**

### **3.2.1 Reporting agents**

The most important sources of statistical data on securities holdings are reports by banks (including the National Bank of Hungary), specialised credit institutions, investment enterprises and the branch office network of the State Treasury (on their own securities and on the sectoral breakdown of securities deposited with them). Data on its own securities deposits reported by the KELER and data on deposits of securities outstanding deposits reported by the GDMA provide supplementary information.

Sometimes a considerable number of shares quoted on the exchange are not deposited, so that reports by exchange-traded companies and, in the case of a few firms, information collected about strategic owners are also used.

**Table 3**  
**Reporting coverage of securities issues statistics in Hungary**

Reporting agents	Number of institutions (31 December 2002)	Of which: reporting institutions	Percentage of total
Central banks	1	1	100
Banks	30	30	100
Specialised credit institutions	8	8	100
Investment firms	26	26	100
Clearing houses	1	1	100
Hungarian State Treasury	1	1	100

### 3.2.2 Reporting schemes

For statistics on securities holdings, data on debt instruments at nominal value (in the issuing currency) are collected security by security, while those on equity-type securities are collected in pieces.

Data records are structured as follows.

In all the tables, the following fields precede the data content fields:

- the general identification fields identify the report, reporting agents, date, table number, and record number;
- the specific identification fields identify the securities and the unit of measure used for the data content (it can be an ISO currency code or a code for "pieces").

Data content fields:

There are five reporting tables.

In the two main tables, the agents report the following data:

- securities owned by them and the sectoral breakdown of securities deposited with them (stocks of securities owned and issued by the issuer appear separately in the report); and
- the country of domicile of the securities holder.

Two of the three supplementary tables concern depositing among reporting agents in order to eliminate duplication and to ensure the possibility of checking the reported stocks against the stocks on the accounts of the reporting agents.

One supplementary table contains security description data relating to securities without ISINs.

According to Act CXX of 2001 on the Capital Market, publicly issued securities have to be dematerialised. The materialisation of a dematerialised security is not permitted.

In Hungary, the KELER has the role of the national numbering agency. The owners of the KELER are the National Bank of Hungary (50%), the BCE (25%) and the BSE (25%), although the KELER is not an integral part of the National Bank of Hungary. The KELER reports the full list of ISINs and securities description information to the National Bank of Hungary on a weekly basis. ISINs are unique codes used to identify data collected for individual securities.

The basis of the sector classification is the ESA 95. Published data is broken down by sectors, as follows:

- *non-financial corporations (S11);*
- *financial corporations (S12):*

- National Bank of Hungary (S121),
- other monetary financial institutions (S122),
- other financial intermediaries (S123),
- financial auxiliaries (S124) and
- insurance corporations and pension funds (S125);
- *general government (S13)*:
  - central government (S1311),
  - local government (S1313) and
  - social security funds (S1314);
- *households (S14)*;
- *non-profit institutions serving households (S15)*;
- *rest of the world (S2)*.

Data must be sent in electronic format by GiroXmail.

Securities are broken down into the following types:

- government bonds;
- NBH bills;
- Treasury bills;
- shares listed on the BSE; and
- investment fund shares.

### **Valuation and coverage**

Stocks are published at market value, which is calculated as the end-of-month stocks of securities by individual security multiplied by the market price. The market price of publicly issued government securities is either

the OTC price at the end of the period, the stock exchange market price, or the price quoted by the HST, in a priority order according to the listing. In the case of privately issued government bonds, the price is estimated because their market turnover is accidental. However, the price of fixed-rate securities is calculated on the basis of the zero-coupon yield curve estimated by the National Bank of Hungary, while the net price in the case of variable-rate securities is taken as 100%, increased by interest accruing on the bond. Holdings of securities repurchased by the HST cannot be considered as securities outstanding in the market. Securities handled by the Hungarian Privatisation and State Holding Company (APV) are not taken to be securities outstanding in the market either. From a statistical point of view, APV is treated as a sub-sector of central government, so that this stock is recorded on a consolidated basis.

The published data relating to shares listed on the BSE are indicated at market value at the end of the period (i.e. at closing prices). The stock data include the total amount of all of securities traded on the BSE, so that they also include any part of sets of securities that has already been issued but not introduced temporarily on the exchange (e.g. due to the fact that the introduction is time-consuming). Therefore, the stocks represented here may deviate slightly from those introduced on the BSE.

### **3.2.3 Time range, frequency and timeliness of reporting**

Reporting agents must report data on securities holdings on a quarterly basis. The reporting deadline is the tenth working day following the end of the quarter. In the case of the KELER, the HST and the National Bank of Hungary, the reporting deadline is the third working day after the reference period.



### 3.3 Data processing and compilation methods

#### 3.3.1 Basis of calculation and quality controls

End-of-period data are collected in statistics on securities holdings.

The main quality checks concern the following:

- the comparison between the securities holdings aggregated output data of sectors and data of statistical balance sheets of sectors (comparison is made by types of securities);
- the comparison between the total issued amount and reported data of securities holdings statistics (comparison is made on security by security basis); and
- the evaluation of monthly changes of stocks on the basis of a “reporting agent - instrument - holding sector” matrix.

#### 3.3.2 Breaks in series

There is one break in the data series of statistics on securities holdings because, since May 2001, the National Bank of Hungary has applied the sectoral breakdown of the ESA 95 to all of its statistics.

The contents of part of the newly introduced sectors are identical to those of the sectors used previously. A more detailed breakdown of the “other general government” sector into “central government” (S1311) and “social security funds” (S1314) constitutes a major change. “Other financial corporations” have been divided into the “other financial intermediaries” (S123) and “financial auxiliaries” (S124) sub-sectors. Investment funds, previously shown as a separate sector, have been regrouped into the “other financial intermediaries sector” (S123). Unincorporated enterprises have been reclassified from the “household sector” (S14) into “non-financial corporations” (S11).

Owing to these changes, the data series using the old sector breakdown ends with the second quarter of 2001 and a new data series based on the new sector breakdown starts from the same quarter.

#### 3.3.3 Revisions

There is no clear and uniform revision policy. The method used is as follows: the National Bank of Hungary examines the data upon their arrival using special software designed to reveal discrepancies among reporting tables. The quality checks mentioned in Sub-section 3.3.1 are also made. Should an error be detected, the National Bank of Hungary asks the reporting agent to correct the data. If the corrected version arrives only after the original data have been processed for analysis or publication, the incorrect information is replaced at the time of the next data release.

### 3.4 Publications

#### 3.4.1 First release of data

The data on the distribution of securities holdings by sector are published on the website of the National Bank of Hungary on dates specified in the calendar of statistical releases. They are also published in the Monthly Report of the National Bank of Hungary.

#### 3.4.2 Other statistical publications

Data also appears within the framework of sector-related statistics, which are based on information taken from securities statistics (net lending of households, b.o.p., etc.).

### 3.5 Users

Users of the data include the following:

- the National Bank of Hungary; and
- other users: the press, credit institutions, analysts, etc.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

under Act LVIII of 2001 on the National Bank of Hungary.

#### 4.1.1 Definitions

On account of the sector statistics (monetary, b.o.p. and government statistics), the National Bank of Hungary needs different information on financial derivatives. It collects published data on derivatives from the exchanges, obtaining data on foreign exchange futures from the BCE and data on foreign exchange futures, share futures and options from the BSE. The National Bank of Hungary does not republish these data in separate financial derivatives statistics.

Article 4 of the Act provides that “In order to undertake its tasks, the National Bank of Hungary shall collect and publish the necessary statistical information”. Furthermore, Article 60 states that within the established legal framework, in the form of central bank decrees, the National Bank of Hungary may issue regulations which are binding on financial institutions, investment service providers and clearing houses, as well as legal entities not qualified as financial institutions but which provide auxiliary financial services. These regulations define the methods and deadlines for data submission and the scope of information to be provided for the performance of the National Bank of Hungary’s statistical duties, and its tasks as a monetary authority.

Credit institutions also provide data on the foreign exchange market. Information on foreign exchange derivatives provided by credit institutions can be found in Section 2.

In addition, the National Bank of Hungary has a contract with an official data vendor of the BSE and the BCE.

The National Bank of Hungary participates in the conduct of a triennial survey organised by the BIS to assess foreign exchange markets and OTC derivatives markets.

The accepted international definitions of common financial derivatives (forward contracts, futures, options and swaps) are used in financial terminology in Hungary. Deviations are not deemed to be significant.

### 4.2 Collection procedures

#### 4.2.1 Reporting agents

Data from the exchanges are provided by one of the aforementioned exchanges’ data vendors.

#### 4.1.2 The role of financial derivatives statistics

The objective of collecting statistical data on financial derivatives is to provide decision-makers and analysts of the National Bank of Hungary with information on developments in the financial and capital markets.

The KELER provides detailed data (broken down by residents/non-residents and buying/selling) on share futures and options traded on the BSE.

Credit institutions also provide data on foreign exchange market operations, on the OTC market, and on the exchanges (see Section 5).

#### 4.1.3 Powers to collect financial derivatives statistics

The National Bank of Hungary has the right to collect statistical data, as provided for

#### 4.2.2 Reporting schemes

Foreign exchange futures contracts (USD, JPY, CZK, GBP and CHF futures, one-week

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USD futures, one-week EUR futures and one-week JPY futures) on the BCE.

The BSE derivatives market includes both futures and options products. The products traded in the equity and index-based transaction category include index and equity futures and options contracts; the foreign exchange transaction category currently contains 4 foreign exchange contracts (EUR, CHF, GBP and USD), while the interest-based transaction class lists three and 12-month discount Treasury bills, one and three-month BUBORs and three-year Hungarian government bond contracts for trading.

Data collected (both from the BCE and the BSE) are as follows:

- daily turnover (contracts);
- open interest; and
- prices (bid, ask, settlement).

Data are collected in electronic format.

### **4.2.3 Time range, frequency and timeliness of reporting**

The daily statistics mentioned above are available until 8 a.m. on the next business day.

## **4.3 Data processing and compilation methods**

### **4.3.1 Basis of calculation and quality controls**

Daily (end-of-period) data collected (from both the BCE and the BSE) are as follows:

- daily turnover:
  - contracts and
  - market value;

- open interest:
  - contracts and
  - market value;
- prices:
  - maximum bid,
  - minimum bid,
  - maximum ask,
  - minimum ask and
  - settlement.

### **4.3.2 Breaks in series**

Not applicable - the National Bank of Hungary does not revise the data.

## **4.4 Publications**

The National Bank of Hungary does not republish financial derivatives statistics, although the exchanges publish them in "Magyar Tökepiac", the official Hungarian daily gazette. The BSE also publishes statistics in its monthly and yearly reports and the BCE publishes statistics on its website.

## **4.5 Users**

Different departments of the National Bank of Hungary (Statistics, Monetary Policy, Economics, Banking) use the data.

## 5 Monetary financial institution interest rate statistics

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

In order to compile interest rate statistics, the following data are collected:

- the credit and deposit interest rates applied in respect of non-financial corporations (S11), as agreed at market conditions - monthly; and
- interest rates on new business and outstanding amounts of credit to households. The “household” sector (S14) contains individuals (from S143 to S145 inclusive) and sole proprietorships (S141 and S142).

Interest rate statistics cover all kinds of deposit and loan facilities, except those available at non-market terms and conditions.

Loans: financial assets that are created when a creditor lends funds directly to a debtor, evidenced by non-negotiable documents.

Deposits: claims of the depositor on other monetary financial institutions, evidenced by deposits, documentary deposits, or current account contracts.

With regard to the “household” sector borrowing and deposit rates, the National Bank of Hungary monitors the outstanding amounts at the end of the reference month, as well as new business during the month under review. In the case of non-financial corporations, the National Bank of Hungary collects interest rate data on the amount of loans granted and deposits placed in the reference month. Although the National Bank of Hungary obtains information from balance sheet statistics on the outstanding amounts of loans and deposits in respect of non-financial corporations at the end of the reference month, these outstanding amounts cannot be matched with the appropriate interest rates. Average interest rates based

on outstanding amounts are therefore not available.

Since May 2001, the National Bank of Hungary has collected and published data on the annual percentage rate of charge (APRC) - in addition to interest rates - on consumer credits to households (excluding sole proprietorships) with a maturity of over three months. From January 2002, the data collection on APRC applies to all consumer credit and house purchase loans to the whole “household” sector (including sole proprietorships).

#### 5.1.2 The role of MFI interest rate statistics

Monetary financial institution (MFI) interest rate statistics are required for the calculation and publication of average interest rates on the credits and loans to households and non-financial corporations agreed under market conditions. The present system of interest rate statistics was devised so that

- the burden of reporting agents remains minimal;
- the methodology complies with international standards; and
- adequate information is provided for decision-makers, data users, analysts and market participants.

In addition to their availability to the general public, interest rate statistics are used by the National Bank of Hungary in its monetary policy decisions and for monitoring the interest rate transmission mechanism.

#### 5.1.3 Powers to collect MFI interest rate statistics

The National Bank of Hungary has the right to collect statistical data as provided by Act

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LVIII of 2001 on the National Bank of Hungary.

Article 4 of the Act provides that "In order to undertake its tasks, the National Bank of Hungary shall collect and publish the necessary statistical information". Furthermore, Article 60 states that within the established legal framework, in the form of central bank decrees, the National Bank of Hungary may issue regulations which are binding on financial institutions, investment service providers and clearing houses, as well as legal entities not qualified as financial institutions but which provide auxiliary financial services. These regulations define the methods and deadlines for data submission and the scope of information to be provided for the performance of the National Bank of Hungary's statistical duties, and its tasks as a monetary authority.

The official guideline for the reporting agents refers to Government Decree 41/1997 (III.5.) for the definition of the appropriate methods of calculation of the annual percentage rate of charges and the annualised agreed rate on deposits. The method is the same as that in Council Regulation 87/102/EEC.

## 5.2 Collection procedures

### 5.2.1 Reporting agents

For non-financial corporations, the reporting coverage comprises all banks and specialised

credit institutions that belong to the other monetary financial institutions sub-sector (S122). In the case of the household sector, in addition to banks and credit institutions, 19 savings co-operatives also submit data on interest rates.

With regard to savings co-operatives, before May 2001 the sample included the largest savings co-operatives of each of the 19 counties. Since then, the 19 largest co-operatives have been selected as a representative sample, irrespective of their location, according to the total assets on their balance sheets. The amount of total assets of the reporting savings co-operatives accounts for 28,76% of the total balance sheet of the 189 savings co-operatives. As from 2003, savings co-operatives will be required to report if the value of their total assets on 30 June 2002 exceeds HUF 5 billion (41 co-operative credit institutions).

### 5.2.2 Reporting schemes

The prolongation of existing loans or deposits is considered in the same way as a new deal. In contrast, renegotiated interest rate conditions for existing loans or deposits - which are still to mature - are not. Of the data mentioned, only the interest rate agreed in the contract is included, while default interest, penalty interest and other charges are not.

The maturity breakdown relative to the interest rates on loans to non-financial corporations is as follows:

**Table 4**  
**Reporting coverage of MFI interest rate statistics**

Credit institutions	Number of institutions (31 December 2002)	Of which: reporting institutions
Banks	30	30
Specialised credit institutions	8	5
Co-operative credit institutions:		
Savings co-operatives*	183	19*
Credit co-operatives	6	-

\* Only interest rate statistics related to households.

- up to and including three months (floating rate or initial rate fixation);
  - between three months and one year (floating rate or initial rate fixation); and
  - over one year (floating rate or initial rate fixation).
- car purchase loans;
  - mortgage loans (not for house purchase purposes); and
  - other (other types of collateralised loans, loans to cover school expenses, etc.).

The maturity breakdown relative to interest rates on deposits is as follows:

- up to and including one month;
- between one month and one year;
- between one year and two years; and
- over two years.

In principle, data collection with respect to loans granted to the household sector covers not only loans negotiated under market terms and conditions, but also house purchase loans subsidised by the state, which are regulated by Government Regulation I/2000, which came into effect in February 2000. Loans with preferential rates are excluded from the publications. The breakdown of house purchase loans depends on whether the loans:

- are granted under market conditions, or
- are loans with interest rate subsidies granted by the state (from February 2000 onwards).

The breakdown of consumer credits by type is as follows:

- overdrafts (including cheque card loans);
- personal loans;
- collateralised loans (with financial assets, e.g. deposit, foreign exchange, securities, etc.);
- instalment credit;

The breakdown of consumer credits by maturity is as follows:

- up to three months;
- between three months and one year; and
- over one year.

For mortgage loans, there is no maturity breakdown.

For the household sector, the National Bank of Hungary also collects data on the annualised agreed rate of deposits.

The maturity breakdown of household deposits is as follows:

- sight deposits (including current account deposits);
- deposits with a maturity of up to one month;
- deposits with a maturity of between one month and three months;
- deposits with a maturity of between three months and one year;
- deposits with a maturity of between one year and two years; and
- deposits with a maturity of over two years.

The breakdown by type of interest rate is as follows:

- fixed rates;
- fixed rates and graduated interest rates;

## Hungary

- floating rates; and
- floating and graduated rates.

All data collected from the reporting agents are transmitted electronically by means of the interbank clearing network.

### 5.2.3 Time range, frequency and timeliness of reporting

Reporting agents submit data to the National Bank of Hungary on non-financial corporation sector deposit and lending rates by the ninth business day of the month after the reference month. The deadline for reporting household sector deposit and lending rates is the tenth business day after the reference month.

## 5.3 Data processing and compilation methods

### 5.3.1 Basis of calculation and quality controls

The interest rates on loans to and deposits from non-financial corporations are the average of actual interest rates weighted by the corresponding amounts of lending and deposit transactions.

The average interest rate for the household sector is calculated as the average of the end-of-month borrowing and deposit interest rates weighted by the amounts borrowed or deposits placed during the reference month. When deposits with graduated interest rates are involved, the basis of the calculation is the yield obtained during the whole period to maturity.

On household sector borrowing and deposit rates, the National Bank of Hungary publishes the breakdown of changes in average interest rates according to the following components:

- interest rate movements; and
- changes in composition.

The effect of total changes due to interest rate changes is defined by calculating the averages of average monthly interest rates for a given month, using the amounts of deposits and loans in the preceding month as weights.

The method for calculating standardised interest rates is as follows:

$$C_m = \frac{\sum_{k=1}^K T_{k,m-1} (I_{k,m} - I_{k,m-1})}{\sum_{k=1}^K T_{k,m-1}}$$

where:

$m$  = month;

$k$  = number of reporting agents;

$T_{k,m}$  = transaction amount of the  $k$ -th reporter at month  $m$ ;

$I_{k,m}$  = interest rate of the  $k$ -th reporter in month  $m$ ;

$S_m$  = total amount of borrowing and deposit transactions in month  $m$ ;

$A_m$  = average interest rate in month  $m$ ; and

$C_m$  = effect of interest rate changes on the average interest rate in month  $m$ .

### 5.3.2 Breaks in series

There is no formal policy for handling breaks in series, but the usual practice is to recalculate time series for as long as possible. When this is not possible, breaks are marked and explained in footnotes to the published tables and in the methodological description.

Since May 2001, the National Bank of Hungary has used the sector breakdown of the System of National Accounts (SNA). Now that they belong to the household

sector, sole proprietorships are not included in the non-financial corporations sector, in contrast to what was the case with the earlier enterprise sector. Furthermore, the non-financial corporations sector includes non-profit institutions serving non-financial corporations. As data on sole proprietorships and non-profit institutions serving non-financial corporations do not have a significant influence on average interest rates, the time series can be considered homogenous.

### 5.3.3 Revisions

There is no formal revision policy, but the usual practice is to check reports before data processing and correct significant errors immediately. Ad hoc revisions may be required after the first release, with further corrections introduced at the next regular publication. Significant revisions are marked and explained in footnotes.

## 5.4 Publications

### 5.4.1 First release of data

The press release on the interest rates on non-financial corporations sector and the household sector borrowing and deposits are published monthly, in accordance with a timetable of regular statistical releases. The

data are published electronically on the website of the National Bank of Hungary ([www.mnb.hu](http://www.mnb.hu)) on the second business day of the second month after the reference month.

### 5.4.2 Other statistical publications

After the first release, the interest rate data also appear in the Monthly Report of the National Bank of Hungary. The report is published both in hard copy and in electronic format on the website, 53 days after the end of the reference month.

## 5.5 Users

Users of the data include the following:

- the National Bank of Hungary;
- the IMF;
- the OECD;
- Eurostat;
- the ECB;
- the BIS; and
- others: the press, analysts, etc.

## 6 Contacts at the National Bank of Hungary

Any queries concerning the issues described in this country chapter should be addressed to:

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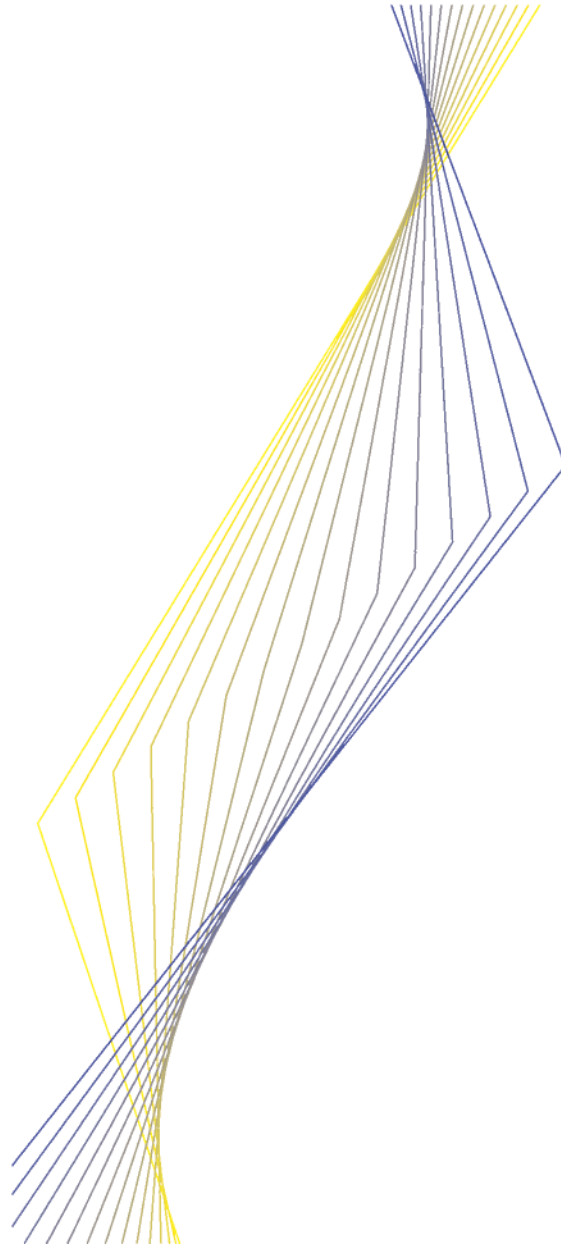
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## Hungary



EUROPEAN CENTRAL BANK



**Latvia**

**List of abbreviations**

<b>DJRSE</b>	Dow Jones Riga Stock Exchange index
<b>ISIN</b>	International Securities Identification Number
<b>LVL</b>	Latvian lats
<b>NACE</b>	Statistical Classification of Economic Activities in the European Communities
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>OTC</b>	over-the-counter
<b>repo</b>	repurchase agreement
<b>RIGIBID</b>	Riga interbank bid rate
<b>RIGIBOR</b>	Riga interbank offered rate

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

The major players in the Latvian financial sector are credit institutions, which account for around 88% of the financial sector's total assets, while the shares of other financial intermediaries (OFIs) and insurance corporations/pension funds are 8.4% and 3.6% respectively. OFIs are at an early stage of development, and the demand for non-banking financial products has increased only in recent years. At present, the following types of OFIs operate in the Latvian financial market: leasing companies (6.1% of the financial sector's total assets), investment funds (0.2% of the financial sector's total assets), pawnshops and other companies, which offer financial intermediation facilities like factoring and export/import financing (2.1% of the financial sector's total assets).

The main difference between OFIs and credit institutions is as follows: OFIs finance their lending activities and investments in securities with share capital, profits, loans from banks and investment fund units, and their liabilities do not take the form of either deposits received from the public or close substitutes for deposits.

The sectoral breakdown of the Latvian financial sector corresponds to that of the European System of Accounts 1995 (ESA 95). In Latvia, OFIs, like other companies, must be registered with the Republic of Latvia Enterprise Register, under whose regulations they are required to indicate their business activities, stating the core business activity in accordance with the Statistical Classification of Economic Activities in the European Communities (NACE). The Republic of Latvia Enterprise Register holds information about the economic activities of all Latvian companies according to NACE, and the Central Statistical Bureau of Latvia uses this information to classify units for statistical purposes.

### I.1.2 Definitions

An investment company is a public financial and credit joint-stock company whose only types of operation are the management of investment funds as well as the issuance of certificates of such funds (investment fund units) and related activities. Investment companies operate under a licence issued by the Financial and Capital Market Commission and in accordance with the Law on Investment Companies, the Law on Joint-Stock Companies and the Law on Securities.<sup>1</sup> The Law on Investment Companies defines an investment fund as a pool of assets that is formed - on the basis of the rights attached thereto - both of investments under investment certificates and of assets acquired in transactions related to the property of an investment fund. Investment funds are open-end and closed-end. An open-end investment fund is a fund whose managing investment company has the duty to redeem investment certificates if so requested by the fund's investors, and the accumulated money may be withdrawn at any time. A closed-end fund is a fund whose managing investment company is prohibited from redeeming investment certificates, and where certificates of a closed-end investment fund are bought, the money invested cannot be withdrawn from the fund. With the aim of reducing risk, the Law on Investment Companies sets principles for the diversification of investment assets and imposes a range of restrictions on transactions with the resources of an investment fund. According to the Law, an investment fund must include its investment policy in the prospectus, so that the investment policy is available to investors.

There is no special law regulating financial leasing companies and other companies granting credit in Latvia. They are subject to the Commercial Law,<sup>2</sup> which regulates all business activities in Latvia.

<sup>1</sup> See: [www.fktk.lv/law/securities/laws](http://www.fktk.lv/law/securities/laws).

<sup>2</sup> See: [www.ur.gov.lv](http://www.ur.gov.lv).

### **1.1.3 The role of OFI statistics**

OFI statistics offer sectoral information and, combined with banking statistics and statistics on insurance corporations and pension funds, provide information on the developments of the whole financial market. This is important for the Bank of Latvia in view of its role to promote the smooth functioning of the financial system in Latvia and to evaluate the current state of the economy.

The State Treasury conducts the financial analysis of those potential investors whose investments, if made, are able to meet the need for financing the state budget, provided the State Treasury receives these funds as loans. OFI statistics are important in terms of analysing the ways of widening the financial market by introducing new financial instruments.

Statistics relating to investment funds are important for the Financial and Capital Market Commission to discharge its task of monitoring investment funds, analysing their activities, forecasting developments in the securities market and drafting proposals for securities market legislation, as established by the Law on the Financial and Capital Market Commission.

### **1.1.4 Powers to collect OFI statistics**

Under the Law on State Statistics, as adopted on 6 November 1997 and amended in 1999,<sup>3</sup> the Central Statistical Bureau of Latvia is responsible for the collection and publication of the country's statistical information on economic, demographic and social phenomena and processes, and the environment. The Central Statistical Bureau, therefore, is responsible for the collection, compilation and publication of the country's statistics on financial intermediation. Likewise, under the Law on State Statistics, those OFIs that are registered with the Republic of Latvia Enterprise Register have an obligation to submit statistical surveys to the Central Statistical Bureau. The Central

Statistical Bureau of Latvia has the following website: [www.csb.lv](http://www.csb.lv).

In accordance with the Law on the Financial and Capital Market Commission, the Financial and Capital Market Commission, which supervises investment funds, has collected data from investment funds for supervision purposes since 1 July 2001. The Financial and Capital Market Commission has the following website: [www.fctk.lv](http://www.fctk.lv).

Statistics on leasing companies are collected by both the Central Statistical Bureau of Latvia and the Latvian Lessors' Association. The Latvian Lessors' Association (its members represent about 94% of the leasing market) collects statistics from its members on their leasing and factoring portfolios, broken down by type of asset, sector of the lessee and maturity.

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

According to the Central Statistical Bureau of Latvia, there were 161 OFIs at the end of December 2000 (see Table 1).

The Central Statistical Bureau of Latvia collects data from all enterprises that have an annual net turnover in excess of LVL 300,000 and that employ 50 or more people (see Table 2, Stratum I "Group of large enterprises"). For the remaining enterprises ("Group of small enterprises"), the sampling method is used (A, B or C). The data for the enterprise group of five or fewer enterprises must be based on complete census (see Table 2, Stratum A). For enterprise surveys, within each stratum, the weight of a survey unit is calculated as the ratio of the total number of enterprises in the stratum to the number of responding enterprises. The Horvitz-Thompson estimator is used. The weighting procedure adjusts for any non-response.

<sup>3</sup> See: [www.csb.lv/Satr/alik.htm](http://www.csb.lv/Satr/alik.htm).

**Table 1**  
**Distribution of OFIs in Latvia as at December 2000**

NACE code	ESA 95 S123	Number of OFIs in each category	Reporting coverage		In terms of each category's assets	
			Number of OFIs in each category	Percentage	Value of total assets (in LVL thousands)	Percentage
65.2	OFIs	161	62	39	256550	100
65.21	Financial leasing companies	33	17	52	160968	63
65.22	Other companies granting credit	38	9	24	6116	2
65.23	Other financial intermediation	90	36	40	89466	35

Table 2 reflects reporting coverage as of December 2000.

Likewise, investment funds are required to report to the Financial and Capital Market Commission. There were three investment funds at the end of December 2000 and six at the end of December 2001.

### 1.2.2 Reporting schemes

OFIs, like all other companies, submit two types of survey to the Central Statistical Bureau of Latvia: the Annual Survey on the Activity of an Enterprise and the Survey on the Financial Position of an Enterprise (quarterly and annually). The reporting forms are consistent with the Law on Accounting and the Law on Annual Reports of Enterprises.

The Annual Survey on the Activity of an Enterprise includes a set of selected enterprise data on employment, economic activity, non-financial investment, acquisition of fixed assets and other data categories.

The annual Survey on the Financial Position of an Enterprise includes data from the balance sheet and the profit and loss account, as well as other data.

The quarterly Survey on the Financial Position of an Enterprise includes data from the profit and loss account and the balance sheet only. The instrument and maturity categories of the balance sheet are as follows.

#### Liabilities:

- Equity:

**Table 2**  
**Reporting coverage of OFI statistics in Latvia**

Stratum	Total number of OFIs	Sample	Stratum limits
1	33	33	Enterprises with an annual net turnover in excess of LVL 300,000 and 50 or more employees
A	2	2	Enterprises with an annual net turnover of less than LVL 300,000 and 20 to 49 employees
B	10	3	Enterprises with an annual net turnover of less than LVL 300,000 and 10 to 19 employees
C	116	24	Enterprises with an annual net turnover of less than LVL 300,000 and fewer than 9 employees
Total	161	62	

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- share capital (fixed capital) broken down by ownership:
    - government, public enterprises, local governments, enterprises owned by local government, public pension funds,
    - other resident legal persons,
    - resident private persons,
    - social and religious organisations, and
    - non-residents;
  - share issue premium;
  - revaluation reserve on long-term investment;
  - reserves; and
  - retained profit:
    - of the previous year and
    - of the reporting year.
  - Accruals.
  - Creditors:
    - short-term; and
    - long-term.
- Assets:**
- Long-term investment:
    - intangible investment;
    - fixed assets; and
    - long-term financial investment.
  - Current assets:
    - stocks;
- debtors;
  - securities and holdings; and
  - cash.
- No geographical and sectoral breakdowns are requested in the above surveys.
- Statistical surveys are sent to the Central Statistical Bureau of Latvia by mail. After receipt, the logical and mathematical control of data is performed and imprecision corrected. Data are grouped according to the NACE and stored electronically in databases (ACCESS and FOXPRO).
- For supervision purposes, the Financial and Capital Market Commission receives the following quarterly reports from investment companies regarding the investment funds under their management:
- a report on assets and liabilities, which reflects assets (cash, investments in securities and real estate, time deposits with credit institutions), liabilities and net assets;
  - a report on income and expenditure, which reflects income and expenditure of investment funds, and an increase or a decrease in the value of investments;
  - a report on the flow of net assets, which reflects changes in net assets in the accounting period; and
  - a report on the investment portfolio, which reflects investments made by the fund by type of security, time deposits held with banks and investments in real estate.
- The above-mentioned reports are prepared in accordance with the Law on Investment Companies, the Law on Accounting and the Financial and Capital Market Commission's Regulation on Drawing up the Financial Statements of Investment Funds.

**Table 3**  
**Timeliness of OFI statistics reporting in Latvia**

Statistical survey	Time of reporting
Annual Survey on the Activity of an Enterprise	No later than 15 February
Survey on the Financial Position of an Enterprise (annual)	No later than 30 April
Survey on the Financial Position of an Enterprise (quarterly)	15th day of the month following the reporting quarter

The Financial and Capital Market Commission collects data in both hard copy and electronic form.

### **1.2.3 Time range, frequency and timeliness of reporting**

Table 3 reflects submission dates of statistical surveys by the Central Statistical Bureau of Latvia.

The Financial and Capital Market Commission collects data from investment companies regarding the investment funds under their management on a quarterly basis. The deadline for submitting reporting forms is the 25th day of the month following the reporting quarter.

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

The database of the Central Statistical Bureau of Latvia comprises statistical data series on OFIs from 1995 onwards. Changes to the number of reporting institutions do not entail any specific procedures. If there is any change in methodology, past series are adjusted automatically wherever data allow this to be done. In cases where adjustments are not possible, the breaks are highlighted in footnotes.

### **1.3.2 Revisions**

The Central Statistical Bureau of Latvia has the following revision procedures. Data are preliminary when first released. They are revised after more complete data become available, and the reasons for the revision are explained in the introduction to the quarterly bulletin entitled "Macroeconomic Indicators of Latvia" (OFI statistics are included in the data of sector S12 - Financial corporations). The last revisions to the quarterly data are made during the compilation of the annual national accounts, and the final quarterly data are published in the following issue of the aforementioned quarterly bulletin, in time series for the previous year. Major changes in the methodology are announced in the relevant publications at the time the data based on the revised methodology are first published.

The Financial and Capital Market Commission revises information provided by investment funds following the receipt of reports and prior to their publication.

## **1.4 Publications**

The Central Statistical Bureau of Latvia does not publish data on the activities of OFIs separately, but includes them in its overall information on financial intermediation (sector S12 according to the ESA 95, or sector J according to NACE). Data on financial intermediation appear in the following main publications of the Central Statistical Bureau of Latvia:



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- “Statistical Yearbook of Latvia” (annually);
- “Macroeconomic Indicators of Latvia” (quarterly);
- “Monthly Bulletin of Latvian Statistics”;
- “Basic Financial Indicators of Business Activity” (quarterly and annually);
- “National Accounts of Latvia” (annually).

Data on financial intermediation are also released to the public on the website of the Central Statistical Bureau of Latvia ([www.csb.lv](http://www.csb.lv)).

Since 2001, the summaries of reports by investment funds have been available on the Financial and Capital Market Commission’s website ([www.fktk.lv](http://www.fktk.lv)).

The Latvian Lessors’ Association provides data on the development of the leasing market in Latvia, upon request by the Bank of Latvia, other financial institutions and the media.

### 1.5 Users

The Bank of Latvia, the Financial and Capital Market Commission, the Latvian Statistical Institute and other users of general statistical information use OFI statistics for financial market analysis. The Central Statistical Bureau of Latvia uses OFI data to compile the national accounts. The Latvian Lessors’ Association uses information on leasing companies to defend the rights and interests of lessors in the Latvian financial market. The Association also ensures the flow of information between itself and financial institutions and makes the relevant data available to the general public.

## 2 Financial markets statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

The money market is the market for short-term financial claims, e.g. Treasury bills, interbank deposits, commercial papers, repurchase agreements (repos) with an original maturity of up to one year. It is a market with high liquidity. Interbank deposits (with a maturity of up to one month) dominate this market.

The capital market is the market for government debt securities, debt securities of joint-stock companies, mortgage bonds and other securities with an original maturity of over one year, as opposed to the money market where short-term debt instruments are traded. In Latvia, government bonds play a far more significant role than private debt securities.

The equity market is the market where companies sell new issues of stocks to acquire new capital and where outstanding

equities are traded. The Riga Stock Exchange provides an organised market for shares and bonds; however, the over-the-counter (OTC) market, where securities are bought or sold outside the jurisdiction of the Riga Stock Exchange, also accounts for a significant proportion of the total equity market.

The foreign exchange market is the market for foreign exchange transactions where buyers and sellers (credit institutions, enterprises and households) are in contact to buy and sell foreign currencies. The main types of transactions are spot, forward and swap transactions. Latvian legislation and the policy of the Bank of Latvia ensure a free movement of capital to and from Latvia. There are no restrictions on current, capital and financial transactions. Credit institutions and foreign exchange bureaux actively operate in the foreign exchange market in Latvia.

There is no organised commodity market in Latvia.

### **2.1.2 The role of financial market statistics**

Financial market data characterise the banking system, its activities and banks' liquidity. Data are used as the basic indicators of conditions and developments in the financial market and are needed to implement monetary policy and to monitor the transmission of monetary policy.

Financial market statistics are important for the Financial and Capital Market Commission in terms of monitoring the financial and capital market participants under its supervision. They are also important in terms of analysing the activities of aforementioned market participants as well as the appearance of new financial instruments. Finally, financial market statistics are needed to forecast financial market developments, as laid down in the Law on the Financial and Capital Market Commission.

The Ministry of Finance analyses statistics on the interbank money market and the capital and equity markets to determine objectives for the central government debt management strategy. The analysis is used to develop the annual financing and/or borrowing plans of the Treasury and for daily cash management.

### **2.1.3 Powers to collect financial market statistics**

The Law on State Statistics defines the organisation of state statistics in the Republic of Latvia and authorises the Bank of Latvia to collect money and banking as well as balance of payments statistics.<sup>4</sup>

In accordance with paragraph 2 of Article 7 of the Law on the Financial and Capital Market Commission,<sup>5</sup> the Financial and Capital Market Commission has the right to request and receive the necessary information from financial and capital market participants.

The Law on Securities determines the responsibilities of the Latvian Central Depository both with regard to the safe custody of all securities that have been issued

and are in public circulation and with regard to providing the settlement of the trades concluded on the Riga Stock Exchange and the OTC market. Pursuant to this law, the Latvian Central Depository and the Riga Stock Exchange are entitled to provide access to market information on public issues.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

The Bank of Latvia and the Financial and Capital Market Commission compile money market statistics. All credit institutions report directly to the Bank of Latvia and the Financial and Capital Market Commission. Data from Reuters are also used.

Providers of capital market statistics are the Riga Stock Exchange and the Latvian Central Depository. Likewise, the Bank of Latvia collects data on holders of government bonds from credit institutions, while the Financial and Capital Market Commission collects data on holders of long-term debt securities from credit institutions and brokerage companies.

Providers of equity market statistics include the Riga Stock Exchange and the Latvian Central Depository. Likewise, the Financial and Capital Market Commission collects data on holders of equity securities from credit institutions and brokerage companies.

The Bank of Latvia compiles foreign exchange market statistics. All credit institutions and foreign exchange bureaux report directly to it. Data from Reuters are also used.

### **2.2.2 Reporting schemes**

A description of the reporting schemes for statistics relating to debt markets and asset markets are provided in tables 4, 5 and 6.

<sup>4</sup> See: [www.csb.lv/Satr/alik.htm](http://www.csb.lv/Satr/alik.htm) and Section 2 of the country chapter on "Latvia" in "Money and banking statistics in the accession countries: Methodological manual".

<sup>5</sup> See: [www.fktk.lv](http://www.fktk.lv).

**Table 4**  
**Debt market statistics compiled by financial market institutions in Latvia**

Statistical area	Money market statistics				
	Interbank interest rates	Short-term debt securities			
Data collected	<p>Report on interest rates and volumes of interbank market loans. Reports include data on newly granted loans and newly attracted deposits by credit institutions. Interbank market interest rates RIGIBID (Riga interbank bid rate) and RIGIBOR (Riga interbank offered rate) are calculated pursuant to the Regulation for the Calculation of RIGIBID and RIGIBOR. Banks' quotes include the following maturity categories:</p> <ul style="list-style-type: none"> <li>– overnight</li> <li>– one day</li> <li>– one week</li> <li>– one month</li> <li>– three months</li> <li>– six months and</li> <li>– twelve months</li> </ul>	<p>Report on Latvian Treasury bills</p> <p>Breakdown by maturity:</p> <ul style="list-style-type: none"> <li>– one month</li> <li>– three months</li> <li>– six months and</li> <li>– twelve months</li> </ul> <p>Breakdown by holder:</p> <ul style="list-style-type: none"> <li>– residents/non-residents</li> <li>– public enterprises</li> <li>– private enterprises</li> <li>– private individuals and</li> <li>– others</li> </ul> <p>For data on the primary market for Treasury bills, see Sub-section 3</p>	<p>Value of Treasury bills broken down by original maturity</p> <p>Value of short-term corporate debt securities broken down by original maturity.</p> <p>Value and number of transactions in registered short-term debt securities</p>	<p>Data on auctions. Trading data on short-term debt securities:</p> <ul style="list-style-type: none"> <li>– issuer's name</li> <li>– ISIN code</li> <li>– turnover</li> <li>– best bid</li> <li>– best ask and</li> <li>– nominal value</li> </ul>	<p>Report on securities transactions</p> <p>Report on securities portfolios.</p> <p>Data reflect transactions with securities by type of security and holders of securities (resident/non-resident, financial intermediaries)</p>
Medium of data collection	Hard copy and electronic	Hard copy	Electronic	Electronic	Hard copy and electronic
Methodological and accounting rules	<p>Weighted average interest rates and original maturity are used (See Section 2.3.1) RIGIBID and RIGIBOR rates are based on the quotes of banks selected by the Bank of Latvia. These banks are the most active in the Latvian money market. The highest and lowest rates are eliminated and an average of the remaining quotes is taken.</p>	Nominal value of bills at the end of the month	Securities registered in nominal value	Market values are used	Data reflect monthly turnover

**Table 4 (cont'd)**  
**Debt market statistics compiled by financial market institutions in Latvia**

Statistical area	Money market statistics				
	Interbank interest rates	Short-term debt securities			
Reporting agents	Credit institutions	Credit institutions	Internal database	Internal database	Brokerage companies and credit institutions
Collecting agents	Bank of Latvia	Bank of Latvia	Latvian Central Depository	Riga Stock Exchange	Financial and Capital Market Commission

**Table 5**

Statistical area	Capital market statistics			
	Data collected	Report on Latvian Treasury bonds Breakdown by maturity: – two years – three years and – five years Breakdown by holder: – residents/non-residents – public enterprises – private enterprises – private individuals and – others For data on the primary market for Treasury bonds, see Section 3	Report on securities transactions Report on securities portfolios Data reflect transactions with securities by type of security and holder (resident/non-resident, financial intermediaries)	Data on auctions held at the Riga Stock Exchange Trading data on long-term debt securities: – issuer's name – ISIN code – coupon – turnover – best bid – best ask and – nominal value
Medium of data collection	Hard copy	Hard copy and electronic	Electronic	Electronic
Methodological and accounting rules	Nominal value and original maturity are used	Data reflect monthly turnover	Market and nominal values used.	Securities registered in nominal value
Reporting agents	Credit institutions	Brokerage companies and credit institutions	Internal database	Internal database
Collecting agents	Bank of Latvia	Financial and Capital Market Commission	Riga Stock Exchange	Latvian Central Depository

**Table 6**  
**Asset market statistics compiled by financial market institutions in Latvia**

Statistical area	Equity market			Foreign exchange market
Data collected	Data on privatisation auctions Market capitalisation (at the end of period; in millions of lats) Data on transactions for the calculation of the Riga Stock Exchange price index and the Dow Jones Riga Stock Exchange (DJRSE) index	Value of public shares registered with the Latvian Central Depository Value of investment fund units registered with the Latvian Central Depository Value of shares with restricted transferability registered with the Latvian Central Depository Dividend payments executed through the Latvian Central Depository in the course of the year Value and number of transactions in registered equities	Reports on securities transactions Report on securities portfolios Data reflect transactions with securities by type of security and holder (resident/non-resident, financial intermediaries)	Report on purchases and sales of foreign currencies in cash Report on purchases and sales of foreign currencies (foreign currency for lats) Report on purchases and sales of foreign currencies (foreign currency for foreign currency) Report on foreign exchange transactions
The medium of data collection	Electronic	Electronic	Hard copy and electronic	Hard copy
Methodological and accounting rules	Market values are used. The Riga Stock Exchange price index is calculated according to the equal weighted methodology The DJRSE index is calculated by Dow Jones according to its standard methodology.	Securities traded on the Riga Stock Exchange are registered at market value; otherwise, the nominal value is used.	Data reflect monthly turnover.	Weighted average exchange rates are used (See Sub-section 2.3.1). Report on foreign exchange transactions comprises data broken down by type of transaction (spot, forward, swap and other), counterpart (credit institutions, non-banks, households), residency (resident/non-resident), and currency (OECD countries, other foreign currencies).
Reporting agents	Internal database	Internal database	Brokerage companies and credit institutions	Credit institutions and exchange bureaux
Collecting agents	Riga Stock Exchange	Latvian Central Depository	Financial and Capital Market Commission	Bank of Latvia

### 2.2.3 Time range, frequency and timeliness of reporting

Table 7 below outlines the time range of the data collected and the frequency of reporting.

The Riga Stock Exchange has concluded agreements with a number of data vendors. Most of them are real-time data receivers, although there are also agencies that provide data on a weekly and monthly basis.

The RIGIBID and the RIGIBOR are calculated daily.

**Table 7**  
**Time range of financial market data collected and frequency of reporting**

Data collected	Time range	Frequency	Collecting agents
Report on interest rates and volumes of interbank market loans	Next working day after the 7th, 15th, 23rd and last day of the month	Weekly	Bank of Latvia
Report on Latvian Treasury bills	7th day of the following month	Monthly	Bank of Latvia
Report on Latvian Treasury bonds	7th day of the following month	Monthly	Bank of Latvia
Report on purchases and sales of foreign currencies in cash	3rd day of the following month	Monthly	Bank of Latvia
Report on purchases and sales of foreign currencies (foreign currency for lats)	7th day of the following month	Monthly	Bank of Latvia
Report on purchases and sales of foreign currencies (foreign currency for foreign currency)	7th day of the following month	Monthly	Bank of Latvia
Report on foreign exchange transactions	7th day of the following month	Monthly	Bank of Latvia
Report on securities transactions	10th day of the following month	Monthly	Financial and Capital Market Commission
Report on securities portfolios	10th day of the following month	Monthly	Financial and Capital Market Commission
Value of Treasury bills broken down by original maturity	On-line	Monthly/ quarterly/ annually	Latvian Central Depository
Value of short-term corporate debt securities broken down by original maturity	On-line	Monthly/ quarterly/ annually	Latvian Central Depository
Value of registered government debt securities	On-line	Monthly/ quarterly/ annually	Latvian Central Depository
Value of registered corporate debt securities	On-line	Monthly/ quarterly/ annually	Latvian Central Depository
Value of public shares registered with the Latvian Central Depository	On-line	Monthly/ quarterly/ annually	Latvian Central Depository
Value of investment fund units registered with the Latvian Central Depository	On-line	Monthly/ quarterly/ annually	Latvian Central Depository
Value of shares with restricted transferability registered with the Latvian Central Depository	On-line	Monthly/ quarterly/ annually	Latvian Central Depository
Value and number of transactions in registered short-term debt securities	On-line	Weekly/ monthly/ quarterly/ annually	Latvian Central Depository
Value and number of transactions in registered debt securities	On-line	Weekly/ monthly/ quarterly/ annually	Latvian Central Depository

**Table 7 (cont'd)**  
**Time range of financial market data collected and frequency of reporting**

Data collected	Time range	Frequency	Collecting agents
Value and number of transactions in registered equities	On-line	Weekly/ monthly/ quarterly/ annually	Latvian Central Depository
Coupon and principal payments executed through the Latvian Central Depository in the course of the year	On-line	Annually	Latvian Central Depository
Dividends payments executed through the Latvian Central Depository in the course of the year	On-line	Annually	Latvian Central Depository
Investor structure in Latvia (forms of ownership)	First month of the following year	Annually	Latvian Central Depository
Investor structure in Latvia (residents/non-residents)	First month of the following year	Annually	Latvian Central Depository
Number of owners of securities in Latvia	First month of the following year	Annually	Latvian Central Depository

### 2.3 Data processing and compilation methods

#### 2.3.1 Basis of calculation and quality control

The interest rates reported in the Report on Interest Rates and Volumes of Interbank Market Loans are weighted average interest rates. Credit institutions must calculate interest rates for reporting purposes, using the following formula:

$$RW = \frac{V_1 * R_1 + V_2 * R_2 + \dots + V_n * R_n}{\sum V}$$

where:

RW is the weighted average rate;

$V_i$  is the volume of the  $i$ -th new loan (or deposit);  $i = 1, 2, \dots, n$ ;

$\sum V$  is the total volume of all new loans (or deposits); and

$R_i$  is the annual rate of the  $i$ -th new loan (or deposit) agreed between the reporting institution and other credit institutions.

Data in the Reports on Latvian Government securities are end-of-period data, and are given in nominal values.

Data in the reports on purchases and sales of foreign currencies are total amounts of each currency purchased or sold during the reporting month and weighted average exchange rates. Credit institutions and foreign exchange bureaux must calculate weighted average exchange rates for reporting purposes, using the following formula:

$$EW = \frac{A_1 * E_1 + A_2 * E_2 + \dots + A_n * E_n}{\sum A}$$

where:

EW is the weighted average exchange rate for each currency;

$A_i$  is the amount of the  $i$ -th currency purchased (or sold);  $i = 1, 2, \dots, n$ ;

$\sum A$  is the total amount of all currencies purchased (or sold); and

$E_i$  is the current exchange rate of the  $i$ -th currency purchased (or sold).

Data in the Report on Foreign Exchange Transactions are total amounts of purchased or sold currency during the reporting month.

Data in the Reports on Securities Transactions and Securities Portfolios reflect turnover during the reporting month.

The Riga Stock Exchange uses the simple arithmetic averaging method when calculating average data.

The Latvian Central Depository publishes end-of-period data.

### 2.3.2 Breaks in series

No breaks in series have occurred in financial market statistics compiled by the Bank of Latvia as a result of the minor changes in the methodology regarding the Bank of Latvia's reporting forms referred to in Sub-section 2.

The Bank of Latvia's policy for adjusting time series is as follows:

- past series are adjusted where data allow for this; and
- in other cases, adjustments which are difficult are not made for past periods and data remain incomparable. The breaks are highlighted and information about changes in the methodology is also provided when data compiled on the basis of the new method are first released.

The Financial and Capital Market Commission has radically changed the Report on Securities and the Report on Securities Portfolios; therefore, the reports regarding the previous periods cannot be compared. The Financial and Capital Market Commission announces changes in the methodology on its website. The Commission does not adjust previous time series.

No breaks have occurred in the series with respect to statistics from the Riga Stock Exchange, as they have an online database.

No breaks in series have occurred for financial and capital market statistics, which are compiled by the Latvian Central Depository. If there are any changes in the methodology, at least one month's advance notice is given of changes to participants in the Latvian Central Depository, in written form, and to the public, via the website of the Latvian Central Depository ([www.lcd.lv](http://www.lcd.lv)), and to the mass media. Information about changes in the methodology is also provided when the data compiled using the new method are first published.

### 2.3.3 Revisions

Where revisions are made after the monthly publication, they are reported as such and are accompanied by explanatory notes. Quarterly data published in the quarterly Monetary Review are final. At least one month's advance notice is given of changes in the methodology via the Bank of Latvia's website. Information about changes in the methodology is also provided when the data compiled on the basis of the new method are first published.

The Financial and Capital Market Commission revises data before dissemination or publication.

There are no particular revision procedures regarding statistics of the Riga Stock Exchange. The statistics published on the Riga Stock Exchange's website on a regular basis are prepared by software programs, so that there should be no inaccuracies.

Aggregated data on the value (capitalisation) of securities deposited with the Latvian Central Depository, which are compiled on the first working day after the close of the reporting period, are revised to reflect changes in the market value of securities. The final data are then sent to the Latvian Central Depository participants and the mass media and are available on the website of the Latvian Central Depository. Explanatory notes are given in respect of revised figures at the time of publication of the revised data.



## 2.4 Publications

### 2.4.1 First release of data

RIGIBID and RIGIBOR quotes are fixed daily at 12 noon local time and announced on Reuters' "LATZ" page and on the Bank of Latvia's website ([www.bank.lv](http://www.bank.lv)).

Money market interest rates are released on a weekly basis by posting them on the Bank of Latvia's website ([www.bank.lv](http://www.bank.lv)). The currency breakdown is in lats and OECD country currencies. The maturity breakdown of loans is as follows:

- overnight;
- up to one month;
- over one month and up to three months; and
- over three months.

The weighted average interest rate on domestic interbank loans in lats is published in the monthly Monetary Bulletin, which is available to the public in Latvian and English 40 days after the reporting month in hard copy and on the Bank of Latvia's website.

As of 2001, the summaries of monthly reports on securities transactions and monthly reports on securities held and owned by credit institutions and brokerage companies are available on the website of the Financial and Capital Market Commission ([www.fktk.lv](http://www.fktk.lv)).

The Riga Stock Exchange publishes the daily, weekly, monthly, quarterly and annual statistics on prices, yields, turnovers, quantities, percentage changes, capitalisation, index values, etc. Statistics are published on the last day of the reference period (day, week, month or quarter). The annual survey might be delayed for ten working days. Publications of the Riga Stock Exchange are available in electronic form on its website ([www.rfb.lv](http://www.rfb.lv)) or in hard copy.

The Latvian Central Depository publishes weekly, monthly, quarterly and annual data on the value and number of transactions settled by the Latvian Central Depository. Monthly, quarterly and annual data on the end-of-period market value of securities deposited (registered) with the Latvian Central Depository are also published. This information is based on data recorded in the Latvian Central Depository database. Quarterly and annual information is published on its website ([www.lcd.lv](http://www.lcd.lv)) and sent to the Latvian Central Depository participants and the media. Weekly and monthly data are sent to the Latvian Central Depository participants and distributed via the media. Data are published no later than on the fifth working day after the close of the reporting period (week, month, quarter and year).

### 2.4.2 Other statistical publications

The quarterly Monetary Review is used to publish monthly data on interest rates on loans in lats and foreign currencies with the following breakdown by maturity:

- overnight;
- up to one month;
- over one month and up to three months; and
- over three months.

Likewise, the Bank of Latvia publishes monthly data on loans in lats and foreign currencies granted in the interbank market to domestic and foreign credit institutions.

The Bank of Latvia also releases data on holdings of government securities, broken down by holder (Bank of Latvia, resident credit institutions, public/private enterprises and other residents). Non-resident holders of government securities are divided into two groups: OECD country banks and OECD country enterprises.

The publication is available in Latvian and English three months after the reporting quarter in hard copy and on the Bank of Latvia's website.

The Riga Stock Exchange also publishes the Guide to Listed Securities every year. It is issued by the Riga Stock Exchange; however, some of the information published is sourced from the listed companies or debt securities issuers. It contains the statistics of trading data and information on the listed companies and debt securities issuers. The time period covered is one-and-a-half years, from 1 January of the previous year to 30 June of the following year. The Guide to Listed Securities is a bound publication produced typographically, and is published in mid-August. This publication is available on the Riga Stock Exchange's website or in hard copy.

The Latvian Central Depository also publishes statistics on dividends, coupon and principal payments executed through the Latvian Central Depository during the year. This information is based on data recorded in the Latvian Central Depository database, is sent to the Latvian Central Depository participants and the media, and published on the website of the Latvian Central

Depository ([www.lcd.lv](http://www.lcd.lv)) on a quarterly basis. Information on the investor structure in Latvia (in terms of ownership and residents/non-residents) and on the number of securities owners in Latvia is also collected from the Latvian Central Depository participants. Data are published on an annual basis no later than on the 30th working day after the close of the reporting year.

## 2.5 Users

The main users of financial market data are the Bank of Latvia, the Ministry of Finance, the Central Statistical Bureau of Latvia, the Financial and Capital Market Commission, the media and the general public.

The main users of data on the Riga Stock Exchange market are investors, which are interested in prices, volumes and other trading information. Occasionally, the Riga Stock Exchange trading data are used for analytical surveys on financial markets or macroeconomics. Also, the Riga Stock Exchange statistics are used in surveys on the economy as a whole, since the Riga Stock Exchange is the only licensed exchange in Latvia.

## 3 Securities issues statistics

### 3.1 Legal and institutional background

#### 3.1.1 Definitions

The public offering of securities is understood as an offer to acquire securities and to announce any information on the possibility of acquiring securities via the mass media or via other means of communication if such an offer has simultaneously been made to at least 50 people or addressed to an unspecified number of people (paragraph 36 of Article 1 of the Law on Securities).

The public circulation of securities is understood as the acquisition or transfer of

securities issued in series, which takes place as a result of a public offer (Article 2 of the Law on Securities).

The private placement of debt securities and the closed issue of equities represent a sale of securities that does not involve any public offering, general advertising or general solicitation.

The issue (settlement) date is the date on which securities are sold in a public offering and are registered with the Latvian Central Depository in the name of the buyer.

## Latvia

The main authorities involved in securities issues statistics in Latvia are the Financial and Capital Market Commission, the Latvian Central Depository and the Bank of Latvia. The Financial and Capital Market Commission authorises securities issues for public offering and supervises the securities market. The Latvian Central Depository keeps securities accounts for all issuers and custodians of securities in public circulation. Accounts of securities that are not in public circulation are registered with the Latvian Central Depository when the issuer wishes to do so. The Bank of Latvia keeps accounts of government securities as it acts as a custodian for banks, and banks keep the major part of their government securities portfolios with the central bank.

In Latvia, securities issues statistics are available on publicly issued securities and debt securities issued in private placements that are deposited with the Latvian Central Depository.

The Financial and Capital Market Commission registers securities for initial public offering and for putting securities in public circulation, in accordance with Article 12 of the Law on Securities.<sup>6</sup>

The Financial and Capital Market Commission registers:

- shares and other securities that evidence a holding in a limited company, the right to a dividend or income if such securities may be the subject of public circulation;
- bonds and other debt securities which are issued in series and are publicly offered either separately or together with other liabilities or income rights;
- securities which are issued considering the principle of combining the provisions referred to in the previous two items;
- fund units of investment funds, as well as other securities that evidence a holding in mutual investment funds or other similar investment formations;

- any agreement under which a person invests money in an enterprise or a company, anticipating an income in accordance with this agreement, where the conclusion of such an agreement has been publicly offered under the procedure referred to in Article 2 of the Law on Securities; and
- other securities, including derived securities that are put into public circulation under the procedure set forth in Article 2 of the Law on Securities.

Under Article 6 of the Law on Securities, the Latvian Central Depository provides safe custody for all securities which are issued and are actually in public circulation in the Republic of Latvia, conducts settlements in the securities market and executes corporate actions. The Latvian Central Depository compiles statistics concerning all securities issues deposited with the Latvian Central Depository.

As the Government's fiscal agent, the Bank of Latvia organises the issuance of government securities denominated in the national currency and keeps records of all auctions. Moreover, it compiles statistics on holders of government securities. Since May 2002 non-competitive auctions of government securities have been organised at the Latvian Central Depository.

### **3.1.2 The role of securities issues statistics**

The Financial and Capital Market Commission requests detailed information concerning securities issues for security market supervision purposes and also for public information needs.

Statistics on securities issues compiled by the Latvian Central Depository are used by securities market participants to analyse trends in the market. Statistics on the

<sup>6</sup> See: [www.fktk.lv/law/securities/laws](http://www.fktk.lv/law/securities/laws).

structure of securities owners and dynamics of the number of securities accounts are used in macroeconomic analyses.

Statistics on government securities issues and the ownership structure of government securities are important for monetary policy, because government securities are the main underlying financial assets used in monetary operations. The Bank of Latvia needs to know whether banks have sufficient collateral to participate in operations with the central bank.

Statistics on holders of government securities allow the Bank of Latvia to analyse the structure of the demand for money and both companies' and households' holdings of financial assets that characterise economic activity. It also provides information for foreign investors.

### **3.1.3 Powers to collect securities issues statistics**

Pursuant to paragraphs 5 and 8 of Article 6 of the Law on the Financial and Capital Market Commission, the Financial and Capital Market Commission is required, in addition to fulfilling other functions, to collect, analyse and publish information relating to the financial and capital markets and to engage in systemic studies, analysis and forecasting of the development of the financial and capital markets. Likewise, pursuant to paragraph 2 of Article 7 of the Law on the Financial and Capital Market Commission, the Commission has the powers to request and receive any information required for the execution of its functions from financial and capital market participants.

The Latvian Central Depository collects statistics on securities transactions concluded at the Riga Stock Exchange and on the OTC market in accordance with regulations issued by the Financial and Securities Market Commission. The Latvian Central Depository collects and publishes other information on

securities issues for statistical purposes, based on the securities market practices.

The Bank of Latvia compiles statistics on government securities issues pursuant to Article 5 of the Law on the Bank of Latvia, which empowers the Bank of Latvia to act as the Government's financial agent in banking transactions upon receipt of specific authorisation from the Government, and Article 39, which requires the Bank of Latvia to approve statistical reporting forms and the procedures for submitting such reports.

## **3.2 Collection procedures**

### **3.2.1 Reporting agents**

The Financial and Capital Market Commission receives information from all public issuers. All brokerage companies and credit institutions, which have received a licence from the Commission to conduct intermediary activities in the public circulation of securities, submit data on securities holders to the Financial and Capital Market Commission.

The Law on Securities prescribes that all publicly issued securities in Latvia have to be deposited with the Latvian Central Depository, except for securities which are also in public circulation abroad and which have been registered in another country before being registered with the Financial and Capital Market Commission. The Latvian Central Depository maintains a 100% dematerialised securities safe-custody system. The Latvian Central Depository may also register closed securities issues. If a closed securities issue is registered with the Latvian Central Depository, it is included in the statistics published by the Latvian Central Depository.

Information concerning the issue and redemption of government securities is available from the Bank of Latvia, because the Bank of Latvia organises competitive primary market auctions of government

securities. Information concerning issues of government securities in non-competitive auctions may be obtained from the Latvian Central Depository. In addition, the Bank of Latvia collects statistics on government securities holdings from all credit institutions.

### 3.2.2 Reporting schemes

According to the Law on Securities all public securities are dematerialised.

In order to maintain the register of issues registered with the Financial and Capital Market Commission, the Commission collects the following information:

- name of the issuer;
- address of the issuer;
- type and class of securities of each issue of the issuer registered with the Financial and Capital Market Commission;
- nominal value of a security;
- number of securities in each issue; and
- date of issue.

Data are collected on a security-by-security basis. Issuers provide this information directly. The data are stock data.

Data are input electronically to obtain a version of the reports in the Microsoft Excel 2000 environment and are stored by means of the Microsoft SQL server 2000.

The Financial and Capital Market Commission collects statistics on securities holdings and provides the following information:

- owner of securities (financial intermediaries, residents and non-residents); and
- type of securities (equities, corporate fixed income, government fixed income, investment fund units and derivatives).

The data are aggregated stock data. Securities are valued at their market price. A maturity breakdown is not given.

The registration of securities in the safe-custody system of the Latvian Central Depository fully complies with international standards. Each issue of securities is assigned a unique International Securities Identification Number (ISIN) code. As a member of the Association of National Numbering Agencies, the Latvian Central Depository has had the right to allocate ISIN codes for all securities issued in Latvia since 1997. The Classification of Financial Instruments code is used for the description of securities in accordance with the ISO 10962 standard.

Data are collected using security-by-security information. No commercial data providers are involved. The Latvian Central Depository uses security-by-security information from the securities database maintained by the Latvian Central Depository.

Currently, there is no sectoral classification of issuers. This year, the Latvian Central Depository plans to introduce the following sectoral breakdown of issuers:

- central bank;
- credit institutions;
- non-monetary financial institutions;
- non-financial corporations;
- central government;
- other general government; and
- international organisations.

The classification of issuers according to the residency principle (residents, non-residents) will also be added.

The following data on securities issues are published for statistical purposes:

- type of securities; – Treasury bills,
- category of securities; – Treasury notes and
- type of issue; – Treasury bonds;
- ISIN code; • local government debt securities:
  - short-term local government debt securities,
  - medium-term local government debt securities and
  - long-term local government debt securities;
- name of issuer; –
- title of securities issue; –
- Classification of Financial Instruments code; –
- denomination currency; –
- volume of securities issue; • corporate debt securities:
  - money market instruments:
    - commercial papers,
    - certificates of deposit and
    - other money market instruments,
  - corporate bonds,
  - mortgage bonds and
  - corporate bonds with special characteristics.
- nominal value of securities; –
- market value (price) of shares; -
- coupon rate (for debt securities only); -
- coupon payment dates (for debt securities only); -
- maturity date (for debt securities only); –
- listing on the stock exchange; and –
- name of issuer agent. –

The Latvian Central Depository uses the following classification of securities:

- shares:
  - public shares and
  - shares with restricted transferability;
- investment fund units:
  - open-end investment fund units and
  - closed-end investment fund units;
- government debt securities:

Data are collected and stored electronically by means of the Microsoft SQL server 2000. The Latvian Central Depository publishes end-of-period figures.

The Bank of Latvia keeps a database on the issue and redemption of government securities in breakdown by maturity (one, three, six and twelve-month Treasury bills and two, three and five-year Treasury bonds). Data are collected on a security-by-security basis.

The Bank of Latvia collects statistics on holdings of government securities, based on detailed reports from credit institutions. Data

are in nominal values and on an aggregated basis. The data are stock data.

The counterpart breakdown used for the items is as follows:

- residents/non-residents;
- credit institutions;
- private enterprises;
- public enterprises;
- private individuals; and
- other.

The maturity shown is the original maturity and represents all maturity categories used. The reporting population is all credit institutions. Reports are submitted in hard copy, but a move to an electronic reporting system has been considered. Data are input electronically to obtain a version of the reports in the Microsoft Excel 2000 environment and are stored by means of the Microsoft SQL server 2000.

### **3.2.3 Time range, frequency and timeliness of reporting**

The Financial and Capital Market Commission collects information when registering issues. Data on securities holders are submitted to the Financial and Capital Market Commission no later than on the tenth day after the reference month.

The Latvian Central Depository started its operational activity on 27 June 1995. Since that day, the Latvian Central Depository has maintained a database, which is used for statistical purposes. Data collection is online.

Data on results of primary market auctions of government securities are available immediately after the auction.

Credit institutions submit reports on holdings of government securities to the Bank of Latvia on a monthly basis, and the reporting date shall be no later than the seventh day of the following month. Data collection began in July 1996.

## **3.3 Data processing and compilation methods**

### **3.3.1 Basis of calculation and quality controls**

The Financial and Capital Market Commission only collects information concerning registered issues, and no special calculations are made, with the exception of the aggregation of information concerning registered issues during certain periods (quarters and years). The following information is aggregated up: types, quantity and total amount of registered securities.

The Latvian Central Depository publishes end-of-period data.

Data reported to the Bank of Latvia are end-of-period data and nominal values. Data are compared with the accounts in securities settlement systems at the Bank of Latvia and with the accounts of the Latvian Central Depository.

### **3.3.2 Breaks in series**

As soon as the Financial and Capital Market Commission receives information on changes in general information on the issuer, the Commission makes the relevant changes in the register. Changes in aggregated data are made before the publication of this information.

At least one month's advance notice is given of changes in the methodology: to participants in the Latvian Central Depository in written form, to the public via the Latvian Central Depository's website

(www.lcd.lv) and to the media. Information about changes in the methodology is also provided when the data compiled on the basis of the new method are first published.

There are no breaks in series of government securities issues statistics.

The Bank of Latvia has made minor changes to statistics on holders of government securities, which has not caused any breaks in series. Previously, collateral in repo operations was classified as a bank's holding of securities, while it is currently classified as the Bank of Latvia's holding.

### 3.3.3 Revisions

The Financial and Capital Market Commission revises information on each occasion before its publication.

Aggregated data on the value (capitalisation) of securities deposited with the Latvian Central Depository, which are compiled on the first working day after the close of the reporting period, are revised to reflect changes in the market value of securities. The final data are then sent to participants of the Latvian Central Depository and the media, and are placed on the Latvian Central Depository's website. Explanatory notes are given in respect of revisions at the time of publication of the revised data.

The Bank of Latvia does not revise statistics on issues and holders of government securities, because the data are matched with total issues and are published afterwards.

## 3.4 Publications

### 3.4.1 First release of data

Since 1995, information concerning individual issues of securities in public circulation has been published immediately after the registration of the issue by way of submitting this information to news agencies and by

putting it on the Financial and Capital Market Commission's website (www.fctk.lv).

The Latvian Central Depository publishes data on the end-of-period market value of securities deposited with the Latvian Central Depository. This information is based on data recorded in the Latvian Central Depository database. Information is published on the website of the Latvian Central Depository (www.lcd.lv) and sent to the Latvian Central Depository participants and the media. The data are published no later than on the fifth working day after the close of the respective reporting period (month, quarter and year).

Data on central government securities auctions are first released on the Bank of Latvia's website (www.bank.lv) and on Reuters at 10 a.m. (local time) every Thursday (the day after the weekly auction) for the weekly data on discount rates of Treasury bills and fixed income rates of Treasury bonds.

### 3.4.2 Other statistical publications

The Latvian Central Depository also publishes statistics on securities transactions concluded on the OTC market. This information is based on data recorded in the Latvian Central Depository database. Information is sent to the Latvian Central Depository participants and the media, and is published on the website of the Latvian Central Depository on a quarterly basis. The data are published no later than on the second working day after the close of the respective reporting period (week, month, quarter and year).

The Latvian Central Depository also publishes statistics on the structure of securities owners. This information is based on data provided by the Latvian Central Depository participants - banks and brokerage companies. Information is sent to the Latvian Central Depository participants and the media, and is published annually in electronic form on the website of the Latvian



Central Depository. The data are published no later than on the 30th working day after the close of the reporting year.

The quarterly Monetary Review of the Bank of Latvia is used to publish more detailed monthly data on statistics on central government securities issues, disclosing data on the following:

- maturity;
- number of auctions;
- number of participants;
- supply (in thousands of lats);
- demand (in thousands of lats);
- issue (in thousands of lats); and
- weighted average discount rate (including fixed income rate).

Moreover, the Bank of Latvia publishes data on every auction of Treasury bills for the previous quarter, disclosing data on the following:

- maturity;
- date of issue;

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

Although the period from 1997 until 2001 was characterised by increasing activity of credit institutions in the OTC market for financial derivatives, the main financial derivative instruments used were foreign exchange swaps and forward transactions. The Bank of Latvia does not compile detailed statistics on the financial derivatives market; however, some data on financial derivatives appear in credit institutions' balance sheets,

- number of participants;
- demand (in thousands of lats);
- purchases (in thousands of lats); and
- weighted average discount rate.

The Bank of Latvia also releases data on holdings of government securities, broken down by holder (Bank of Latvia, resident credit institutions, public/private enterprises and other residents). Non-resident holders of government securities are divided into two groups: OECD country banks and OECD country enterprises.

The publication is available to the public in Latvian and English three months after the reporting quarter in hard copy and on the Bank of Latvia's website.

### 3.5 Users

The main users of statistical data collected by the Bank of Latvia, the Latvian Central Depository and the Financial and Capital Market Commission are securities market professionals, professional economists, the media and the general public.

and the reporting form on currency purchases and sales shows the main financial instruments in the foreign exchange market.

The Financial and Capital Market Commission follows the development of financial derivatives transactions used by credit institutions. In accordance with the Regulations on Capital Adequacy Requirements adopted by the Financial and Capital Market Commission, financial derivatives are agreements concluded on the basis of a real or notional asset (hereinafter, an underlying asset) whose value depends on

changes in interest rates, exchange rates, share prices, stock indices, commodities prices and other similar factors from the day of signing the agreement to that of its execution. Financial derivatives require no initial investment or little initial investment in comparison with other types of contracts that are similarly related to changes in market conditions. A derivative contract is settled on a future date. These general features characterising financial derivatives correspond to the definition of financial derivatives used in International Accounting Standard (IAS) No. 39 (1998).

The description of the broad categories of financial derivatives by the Financial and Capital Market Commission is as follows:

*Options* are financial derivatives establishing liabilities for their seller and entitling (but not obliging) the buyer to buy (call option) or sell (put option) a contracted amount of underlying assets for an agreed price at any time between the date of concluding the agreement to that of its expiry (American option) or on the date of the agreement's expiry (European option).

*Forward rate agreements* are financial derivatives involving the payment of compensation to either party of the agreement when the market interest rate for the underlying debt security differs from the contracted interest rate on an agreed date.

*Futures and forward contracts* are financial derivatives establishing a liability to sell or buy a contracted amount of the underlying asset for an agreed price on an agreed date.

No special definition is envisaged for structured notes in the Regulations on Capital Adequacy Requirements, as this instrument is not typical of the Latvian financial derivatives market.

*Swaps* are OTC derivatives involving the exchange of cash flows between two parties

in an agreed period. The amount of said cash flows depends on the notional principal of the derivative instrument.

The definition of swap transactions conducted by the Bank of Latvia is as follows:

A short-term currency swap transaction is a deal between the Bank of Latvia and a counterparty participating in a tender of short-term currency swaps whereby the counterparty buys from or sells to the Bank of Latvia lats for foreign currency at the spot exchange rate of the deal on condition that these lats will be resold or repurchased upon maturity of the deal at the forward exchange rate of the deal. Counterparties are banks or branches of foreign banks registered in the Republic of Latvia, as well as foreign banks and international monetary, financial or credit institutions holding a settlement account in lats with the Bank of Latvia.

#### **4.1.2 The role of financial derivatives statistics**

Statistics on swap operations are important for monetary policy analysis, because they provide a better understanding of money market rates and banks' willingness to increase/decrease their net open foreign exchange position. The data on financial derivatives transactions derived from credit institutions' balance sheets and the reporting form on currency purchases and sales allows the Bank of Latvia to follow the development of new financial instruments used by banks.

The Financial and Capital Market Commission uses data on financial derivatives to discharge its supervisory function. Since capital adequacy covers risks inherent in derivative instruments, the Financial and Capital Market Commission uses these data to monitor whether credit institutions comply with the relevant requirements.

### 4.1.3 Powers to collect financial derivatives statistics

The Law on State Statistics defines the organisation of state statistics in the Republic of Latvia and authorises the Bank of Latvia to collect data for monetary and banking statistics purposes, as well as for the compilation of the balance of payments.<sup>7</sup>

In accordance with paragraph 2 of Article 7 of the Law on the Financial and Capital Market Commission,<sup>8</sup> the Financial and Capital Market Commission has the right to request and receive the necessary information from financial and capital market participants.

## 4.2 Collection procedures

### 4.2.1 Reporting agents

The Monthly Financial Position Report of credit institutions, which includes a position on financial derivatives on both the asset and the liability side, are submitted to the Bank of Latvia on a monthly basis. The reporting coverage is 100%. Credit institutions also submit the Report on Foreign Exchange Transactions, which comprises data on financial derivatives. The reporting coverage is also 100%.

Likewise, all credit institutions operating in Latvia submit their calculation of their capital adequacy ratio to the Financial and Capital Market Commission. Financial derivatives are only traded on the OTC market, and the Riga Stock Exchange does not provide for trading in derivative contracts. Credit institutions use foreign stock exchanges for financial derivative trades.

Data are reported directly to both the Financial and Capital Market Commission and the Bank of Latvia.

Data on banks' forward quotations of euro and US dollar exchange rates vis-à-vis lats are available from Reuters.

### 4.2.2 Collection schemes

Until the end of 2001, credit institutions were required to show claims and liabilities arising from derivative contracts as off-balance-sheet items in the Monthly Financial Position Report. Since 1 January 2002, banking and monetary statistics have been compiled using new statistical reports for credit institutions. At present, financial derivatives have an asset and a liability side position in the Monthly Financial Position Report.

The asset side position of financial derivatives is described as follows:

Financial assets resulting from valuing financial derivatives at their fair value, i.e. the positive value of each individual financial derivative, shall be reported under this item. The margin to be repaid under a contractual agreement shall be reported under "Claims on credit institutions and foreign central banks" or "Loans", whereas securities encumbered under such transactions shall be reported under "Debt securities".

The liability side position of financial derivatives is described as follows:

Financial liabilities resulting from valuing financial derivatives at their fair value, i.e., the negative value of each financial derivative, shall be reported here. Margins that are received from customers and are to be repaid under a contractual agreement shall be reported under "Liabilities to credit institutions and foreign central banks" or "Deposits".

In the Monthly Financial Position Report, data on the asset and liability positions of financial derivatives are available broken down by residents and non-residents and, in addition, by currency (national currency, currencies of OECD countries and other foreign currencies).

<sup>7</sup> See: [www.csb.lv/Satr/alik.htm](http://www.csb.lv/Satr/alik.htm) and Section 2 of the country chapter on "Latvia" in "Money and banking statistics in the accession countries: Methodological manual".

<sup>8</sup> See: [www.fktk.lv](http://www.fktk.lv).

Credit institutions submit the Monthly Financial Position Report to the Bank of Latvia in electronic format using the interbank data transmission network. Data are stored by means of the Microsoft SQL server 2000.

The Report on Foreign Exchange Transactions of credit institutions contains data on foreign exchange forward and swap transactions. Items denominated in foreign currencies are translated into lats using the end-of-period exchange rates quoted by the Bank of Latvia. Where the exchange rate of a currency is not quoted by the Bank of Latvia, it is calculated using the exchange rate of the US dollar as quoted by the Bank of Latvia on the last day of the month and the exchange rate of the relevant currency vis-à-vis the US dollar at the close of business of the New York Stock Exchange.

The currency breakdown used for the items in the Report on Foreign Exchange Transactions is as follows:

- OECD countries; and
- other foreign countries.

The counterpart breakdown used for the items in the Report on Foreign Exchange Transactions is as follows:

- residents/non-residents;
- credit institutions; and
- non-banks.

Credit institutions submit data to the Bank of Latvia in hard copy. Data are input electronically to obtain a version of the reports in the Microsoft Excel 2000 environment and are stored by means of the Microsoft SQL server 2000.

The calculation of the capital adequacy ratio includes information on the notional amount of OTC derivatives (with the exception of financial derivatives denominated in foreign

currencies and having an original maturity of up to 14 days). When providing said information, financial derivatives are divided up according to their type (interest rate, foreign exchange, gold, equity securities and precious metals (except gold) derivatives, as well as derivatives of other commodities) and the term of execution (by residual maturity: up to one year, one to five years and over five years).

Credit institutions submit data on their capital adequacy ratio to the Financial and Capital Market Commission in hard copy. Data are input electronically to obtain a version of the reports in the Microsoft Excel 2000 environment and are stored by means of the Microsoft SQL server 2000.

Currently, the Bank of Latvia and the Financial and Capital Market Commission are working on a new reporting form on financial derivatives.

#### **4.2.3 Time range, frequency and timeliness of reporting**

The Monthly Financial Position Report has to be submitted to the Bank of Latvia within six working days of the end of the reporting period. Preliminary aggregated data are available on the ninth working day after the end of the reporting period. The final data are disseminated to the public on the 18th working day after the end of the reporting period.

The Report on Foreign Exchange Transactions has to be submitted to the Bank of Latvia on the seventh day after the end of the reporting month and aggregated data are available on the 17th day after the end of the reporting month.

The Financial and Capital Market Commission receives the calculation of capital adequacy from banks as on the last day of the month by the 15th day of the following month.

### **4.3 Data processing and compilation methods**

#### **4.3.1 Basis of calculation and quality controls**

Data disclosed in the Monthly Financial Position Report are end-of-period data. A valuation is carried out according to market values.

The Report on Foreign Exchange Transactions contains turnover data.

The calculation of capital adequacy reflects the situation as on the last day of a particular month. Data are given on a stock basis. A valuation is carried out according to market values.

#### **4.3.2 Breaks in series**

No breaks in series have occurred for data on financial derivatives because the series is still too short.

The Bank of Latvia's policy for adjusting time series is to adjust past series where data allow this, while no adjustments are made for past periods in other cases where adjustments are difficult, and data remain incomparable. The breaks are highlighted in footnotes.

#### **4.3.3 Revisions**

Preliminary aggregated data from the Monthly Financial Position Report of credit institutions, which are available on the ninth working day after the close of the reporting period, may be revised as proposed by credit institutions.

If revisions are made after the monthly publication, they are reported as such and are accompanied by explanatory notes. Quarterly data published in the quarterly Monetary Review are final.

At least one month's advance notice is given of changes in the methodology via the Bank of Latvia's website. Information about changes in the methodology is also provided when the data compiled using the new method are first published.

Capital adequacy calculations by banks are verified by the Financial and Capital Market Commission's off-site supervisors, who detect errors in the calculation and notify the bank of such errors; subsequently, the bank makes the appropriate corrections.

### **4.4 Publications**

#### **4.4.1 First release of data**

Information on the financial derivatives included in the calculation of capital adequacy is used for the Financial and Capital Market Commission's internal purposes and is not published.

Data on foreign exchange swap auctions organised by the Bank of Latvia are disseminated weekly on the Bank of Latvia's website ([www.bank.lv](http://www.bank.lv)).

The financial derivative asset and liability positions are not stated separately when published in the monthly Monetary Bulletin as part of the data of the consolidated balance sheet of credit institutions, but are included in credit institutions' other assets and other liabilities. This is because the financial derivatives market in Latvia is not broadly developed.

Statistics on principal foreign exchange transactions in the banking sector, including forward transactions and swaps, are published in the quarterly Monetary Review.

The publication is available to the public in Latvian and English three months after the end of the reporting quarter in hard copy and on the Bank of Latvia's website.

#### 4.4.2 Other statistical publications

None.

for supervision purposes (to reduce the risks inherent in derivative contracts being included in the trading books of banks).

#### 4.5 Users

Financial derivatives data are mainly used by the Financial and Capital Market Commission

Data on foreign exchange derivatives are used by the Bank of Latvia and the general public to follow the development of financial instruments that are new for the Latvian financial market.

## 5 Monetary financial institution interest rate statistics

### 5.1 Legal and institutional background

of Latvia and authorises the Bank of Latvia to collect data for money and banking statistics, as well as for compiling the balance of payments (Articles 4 and 7).

#### 5.1.1 Definitions

In Latvia, interest rate statistics cover those interest rates that banks, foreign bank branches and credit unions apply to newly granted loans and newly attracted deposits of resident and non-resident enterprises and private individuals. The interest rates reported are weighted average interest rates.

In accordance with Article 39 of the Law on the Bank of Latvia, the Bank of Latvia approves statistical reporting forms and the procedures for submitting such reports. Article 40 of the Law obligates the Bank of Latvia to collect, register and compile financial and balance of payments statistics, as well as publish the compiled statistics.<sup>9</sup>

#### 5.1.2 The role of MFI interest rate statistics

Retail interest rates play an important role in evaluating the effectiveness of monetary policy and the development of the national economy. Data on interest rates are needed to monitor the transmission of monetary policy. Likewise, retail interest rate statistics are used to analyse inflation expectations and interest rate spreads by maturity, and to compare retail interest rates with interest rates of other financial market instruments.

The Executive Board of the Bank of Latvia adopted the Report on Interest Rates and Volumes of Non-bank Loans and Deposits in 1993 (amended in 1997).

The Bank of Latvia uses interest rate statistics to assess money demand and lending costs, and for the purposes of macroprudential analysis.

### 5.2 Collection procedures

#### 5.2.1 Reporting agents

All credit institutions (banks and foreign bank branches) and credit unions that operate under licences issued by the Financial and Capital Market Commission and take deposits from and/or grant loans to resident and non-resident enterprises and private individuals are required to submit the Report on Interest Rates and Volumes of Non-bank Loans and Deposits, regardless of the scope of their activities in the financial market. The business volume coverage is 100% of all new loans and deposits.

#### 5.1.3 Powers to collect MFI interest rate statistics

The Law on State Statistics defines the organisation of state statistics in the Republic

## Latvia

The Bank of Latvia requires credit institutions to compile the reporting form on interest rates, also including data on their domestic branches. Data from branches operating outside Latvia are not included.

### 5.2.2 Reporting schemes

The reporting coverage is 100% of Latvian credit institutions and credit unions, and the Report on Interest Rates and Volumes of Non-bank Loans and Deposits reflects the turnover of funds, i.e. only newly granted loans or newly attracted deposits (exception: demand deposits).

The counterpart breakdown used for the items in the Report on Interest Rates and Volumes of Non-bank Loans and Deposits is as follows:

- residents:
  - enterprises, and
  - private individuals; and
- non-resident enterprises and private individuals.

The currency breakdown of items is as follows:

- national currency;
- OECD country currencies; and
- other currencies.

The maturity shown is the original maturity. Each maturity is stated inclusive of its upper limit. For example, loans/deposits with a maturity of over one month and up to three months include loans/deposits with a maturity of three months.

The maturity breakdown of loans is as follows:

- up to one month;
- over one month and up to three months;
- over three months and up to six months;
- over six months and up to one year;
- over one year and up to five years; and
- over five years.

The maturity breakdown of deposits is as follows:

- demand;
- up to one month;
- over one month and up to three months;
- over three months and up to six months;
- over six months and up to one year;
- over one year and up to five years; and
- over five years.

The reported interest rates are the annual rates agreed between the reporting institution and a customer, and they do not include costs relating to administration, credit insurance and other related charges.

The interest rate breakdown is as follows:

- the weighted average (see Section 5.3.1);
- the minimum rate (the lowest interest rate in the single currency and maturity category); and
- the maximum rate (the highest interest rate in the single currency and maturity category).

9 See: [www.bank.lv/about/English/index.html](http://www.bank.lv/about/English/index.html).

The methodological rules are as follows:

- The volume of demand deposits must be reported as the total of the average end-of-day balances on all current and debit card accounts (previously and newly opened) during the reporting period. The weighted average rate of demand deposits must be calculated on the basis of the average end-of-day balances of these accounts during the reporting period.
- Credit lines must appear in the report as loans with a maturity set by the contract. When recording the volume of a credit line, the amount actually granted over the reporting period, not the total agreed on in the contract, must be reported.
- Where the term of the contract is extended, the interest rate and volume of the loan or deposit must be reported anew, reflecting changes in the contract.
- Items denominated in foreign currencies must be converted into lats, using the end-of-period exchange rates quoted by the Bank of Latvia. Where the exchange rate of a currency is not quoted by the Bank of Latvia, it must be calculated on the basis of the exchange rate of the US dollar quoted by the Bank of Latvia on the last day of the month and the exchange rate of the relevant currency vis-à-vis the US dollar at close of business at the New York Stock Exchange.

Reporting institutions submit data in hard copy. Data are input electronically to obtain a version of the reports in the Microsoft Excel 2000 environment and are stored by means of the Microsoft SQL server 2000.

### **5.2.3 Time range, frequency and timeliness of reporting**

Credit institutions and credit unions submit reports relating to interest rate statistics on a monthly basis, no later than on the fifth

day after the end of the reference month. Aggregated data are available on the third business day after the reporting date.

## **5.3 Data processing and compilation methods**

### **5.3.1 Basis of calculation and quality controls**

The reported interest rates are weighted average interest rates. Credit institutions and credit unions must calculate interest rates for reporting purposes, using the following formula:

$$RW = \frac{V_1 * R_1 + V_2 * R_2 + \dots + V_n * R_n}{\sum V}$$

where:

RW is the weighted average rate;

$V_i$  is the volume of the  $i$ -th new loan (or deposit);  $i = 1, 2, \dots, n$ ;

$\sum V$  is the total volume of all new loans (or deposits); and

$R_i$  is the annual interest rate of the  $i$ -th new loan (or deposit) agreed between the reporting institution and an enterprise or a private individual.

### **5.3.2 Breaks in series**

The Bank of Latvia began collecting interest rate statistics in January 1994. In 1997, when new reporting requirements regarding credit institutions' balance sheets were introduced, reports on interest rate statistics were revised. Revisions were made in the foreign currency breakdown, leaving the instrument and sectoral breakdowns untouched. Time series for the main data categories were not interrupted. Since the interest rates reported are weighted average interest rates, there is no need to adjust interest rates should the



reporting population change because of the closure of banks.

### 5.3.3 Revisions

Preliminary aggregated data on interest rate statistics, which are compiled on the third business day after the reporting day (usually the 13th or 14th of the month), may be revised as proposed by a credit institution or a credit union by the last business day of the month following the reference month. The final data are the data included in the monthly Monetary Bulletin.

If revisions are made after the monthly publication, they are reported in the next publication and marked as revised data.

## 5.4 Publications

### 5.4.1 First release of data

Data on interest rates cover interest rates on the following transactions in lats and in OECD country currencies by domestic enterprises and private individuals: short-term and long-term loans, demand deposits and short-term and long-term deposits. These data are first released via the Bank of Latvia's website ([www.bank.lv](http://www.bank.lv)) on a monthly basis within a week after the aggregated data become available (usually on the 21st or the 22nd of the month). They are also published in the monthly Monetary Bulletin, which is available to the public in Latvian and English 40 days after the end of the reporting month in hard copy and on the Bank of Latvia's website.

### 5.4.2 Other statistical publications

The quarterly Monetary Review is used to publish more detailed monthly retail interest rate statistics on credit institutions' domestic transactions in lats and in OECD country currencies, stating separately transactions

with domestic enterprises and transactions with private domestic individuals.

The maturity breakdown of loans is as follows:

- up to one month;
- over one month and up to three months;
- over three months and up to six months;
- over six months and up to one year;
- short-term (in the aggregate); and
- over one year (long-term).

The maturity breakdown of deposits is as follows:

- up to one month;
- over one month and up to three months;
- over three months and up to six months;
- over six months and up to one year;
- short-term (in the aggregate); and
- over one year (long-term).

The publication is available to the public in Latvian and English three months after the end of the reporting quarter in hard copy and on the Bank of Latvia's website.

## 5.5 Users

The Bank of Latvia is the main user of retail interest rate statistics. The Bank of Latvia has concluded an agreement on the exchange of information on retail interest rate statistics with a number of institutions, including the Ministry of Finance, the Financial and Capital Market Commission and the Central Statistical Bureau of Latvia. The International Monetary Fund, Eurostat and international rating agencies are also among the users of retail interest rate statistics.

## 6 Contacts at the Bank of Latvia

Any queries concerning the issues described in this country chapter should be addressed to:

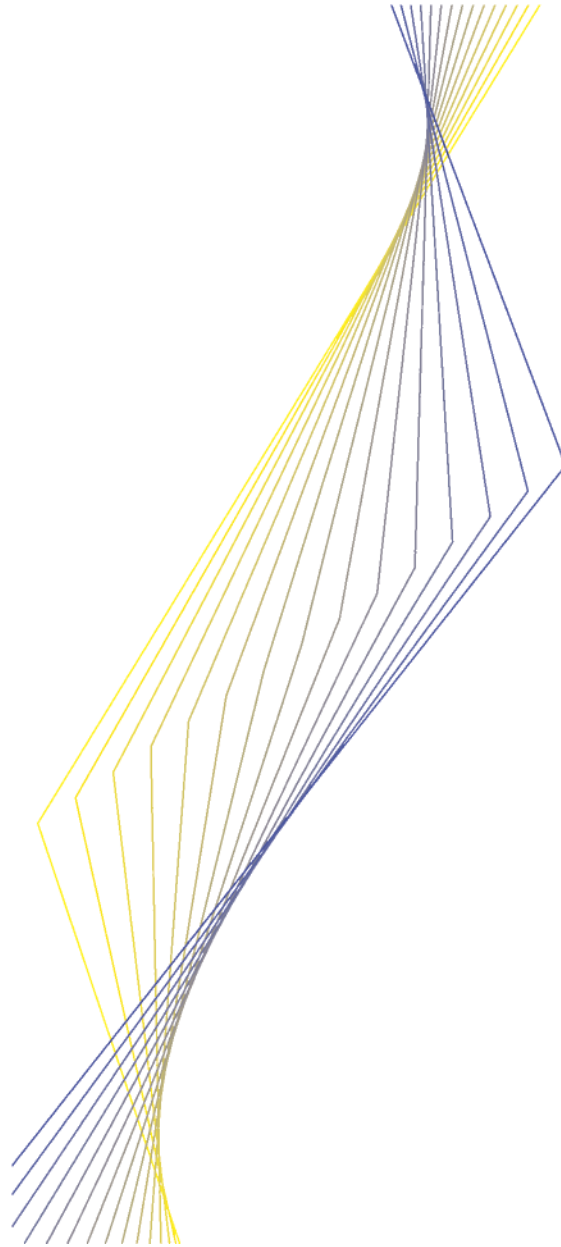
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## Latvia



EUROPEAN CENTRAL BANK



**Lithuania**

**List of abbreviations**

<b>CSD</b>	Central Securities Depository
<b>EUR</b>	euro
<b>IAS</b>	International Accounting Standards
<b>LSC</b>	Lithuanian Securities Commission
<b>LTL</b>	Lithuanian litas
<b>MFI</b>	monetary financial institution
<b>MoF</b>	Ministry of Finance
<b>NSEL</b>	National Stock Exchange of Lithuania
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>OTC</b>	over-the-counter
<b>USD</b>	US dollar
<b>VILIBID</b>	Vilnius interbank bid rate
<b>VILIBOR</b>	Vilnius interbank offered rate

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

In Lithuania, the “financial corporations” sector (S12) consists of all corporations and quasi-corporations engaged mainly in financial intermediation (financial intermediaries) and/or auxiliary financial activities (financial auxiliaries).

This sector includes the Bank of Lithuania, deposit money banks, other banking institutions (e.g. credit unions) and non-bank financial institutions.<sup>1</sup> The latter consist of other financial intermediaries, financial auxiliaries (e.g. stock brokerage companies, including those operating for their own account, the National Stock Exchange of Lithuania (NSEL), insurance brokers, etc.) and insurance corporations.

The main difference between other financial intermediaries (OFIs) and other monetary financial institutions (MFIs) is that OFIs do not receive deposits and/or close substitutes for deposits from institutional units other than MFIs. Furthermore, OFIs do not incur liabilities in the form of technical insurance reserves, so that they differ from insurance corporations and pension funds.

The OFI sub-sector, excluding insurance corporations and pension funds (S123), consists of investment companies and financial leasing corporations but not stock brokerage companies (which operate for their own account). The national statistical office - Statistics Lithuania - collects data on OFIs (balance sheet items, profit-and-loss account items and some other additional information) for purposes of national accounts statistics.

#### I.1.2 Definitions

According to the Law on Investment Companies, as amended in 1999, an

investment company is a stock company which accumulates the funds of natural and legal persons by way of public offerings of its own shares and for which at least one of the following is true: (i) investment and reinvestment in securities and/or trading in securities constitutes the principal activity, generating more than 60% of the company's income; and (ii) securities represent more than 50% of the company's property value.

Investment companies, which are supervised by the Lithuanian Securities Commission (LSC), may belong to one of the following categories: (i) investment funds, (ii) closed-end funds, or (iii) investment holding companies. According to the aforementioned law, an investment fund is an investment company that holds a diversified investment portfolio and that has issued or is issuing shares which are redeemable by their holders for a proportionate share of the company's own (net) assets. A closed-end fund is an investment company that has a diversified investment portfolio and that has not issued redeemable shares. An investment holding company is an investment company that has an investment securities portfolio, which is not diversified, and that has not issued redeemable shares.

There is no special legislation on financial leasing companies, which are not defined in law, have no supervisory body to oversee them, and operate according to the Law on Companies. Commercial banks are parent enterprises of the largest financial leasing companies.

#### I.1.3 The role of OFI statistics

The Bank of Lithuania regularly analyses the structure and developments of the financial sector. Leasing statistics are used for the

<sup>1</sup> See Table 3 in the country chapter on “Lithuania” in the manual on “the current definition and structure of money and banking statistics in the accession countries” (Methodological Manual - Volume I).

**Table**  
**Reporting coverage of OFI statistics in Lithuania**

Type of reporting institution	Number of institutions	Total assets (%)
Investment companies	20	21.9
Financial leasing companies	17	78.1
Total	37	100.0

analysis of domestic credit developments and alternative financing methods. OFI statistics are also used for the implementation of proper actions in supervision (consolidated supervision and co-operation between supervisory institutions).

#### **1.1.4 Powers to collect OFI statistics**

The Law on Statistics<sup>2</sup> authorises Statistics Lithuania to collect data from all institutional units, including OFIs. A reporting scheme is mandatory for all nationally specified categories of OFI, and the data are collected for purposes of national accounts statistics.

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

No nationally specified categories of OFI are exempt from reporting. Statistics Lithuania collects data from all investment companies and financial leasing companies. Enterprises under liquidation are also included.

### **1.2.2 Reporting schemes**

Investment companies provide annual statistical reports, based inter alia on company balance sheets, to Statistics Lithuania. Some additional variables necessary for national accounts statistics are included in the statistical questionnaire. A breakdown by sectors of investment activity is available.

Leasing companies provide annual and quarterly statistical reports to Statistics Lithuania. Annual reports are based, inter alia, on company balance sheets. Some additional variables necessary for national account statistics are included in the statistical questionnaire.

Accounting and recording practices are based on International Accounting Standards (IAS).

### **1.2.3 Time range, frequency and timeliness of reporting**

Investment companies report annually, 15 days after the end of the reporting period (financial year).

Leasing companies report annually (on 3 April) and quarterly (25 days after the end of the reference period).

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

No adjustments are made for any type of break in series.

### **1.3.2 Revisions**

There are no specific rules used for revisions, which are due to errors.

<sup>2</sup> See [www.std.lt](http://www.std.lt) for the text amended in 1999.

## 1.4 Publications

Statistics Lithuania publishes the annual data on OFIs in the statistical bulletin “Finance of Financial Enterprises” and in the “Statistical Yearbook of Lithuania”. The sources of information are statistical surveys. Publication includes data on balance sheets and some variables related to those accounts. The bulletin is published every July, and the Yearbook every autumn. The Yearbook is also available on CD-ROM.

## 1.5 Users

Statistics Lithuania, the Bank of Lithuania, the Ministry of Finance (MoF), the LSC and academic institutions are the main users of statistical data on OFIs. Data on OFIs are collected for purposes of national accounts statistics in order to make the data available to the public.

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

Money market statistics cover the following:

- short-term debt securities, which are marketable debt instruments with an original maturity of one year or less and include State Treasury bills denominated in national currency, sold by auction;
- data on interbank money deposits (interest rates and volumes of deposit transactions), broken down by currency (EUR, LTL, USD, and combinations of other foreign currencies), by counterparty (residents, non-residents), and by maturity (one day, two to seven days, eight days to one month, one to three months, three to six months and over six months); and
- interbank market interest rates, namely the Vilnius interbank bid rate (VILIBID) and the Vilnius interbank offered rate (VILIBOR) (for overnight, one-week, two-week, one-month, three-month, six-month and one-year money).

Capital market statistics cover the following:

- long-term debt securities, which are marketable debt instruments, notably government bonds denominated in

national currency, sold by auction with an original maturity of more than one year;

- indices summarising the results of securities trading on the NSEL, namely the LITIN, which includes only Official List shares, the LITIN-G, which comprises all listed shares, and the LITIN-10, which is based on the top ten shares that are traded most actively on the NSEL;
- NSEL’s market capitalisation, which is calculated for listed securities (shares and government debt securities), unlisted securities (shares and corporate debt securities), and the total capitalisation of the NSEL. The capitalisation of listed securities is broken down into the capitalisation of Official List securities and the capitalisation of current list securities; and
- end-of-period data on the securities (including government debt securities) held by groups of investors, broken-down by economic activity and country.

Foreign exchange market statistics comprise data on volumes of commercial banks’ foreign currency purchase and sale contracts for spot, forward outright, swap and option transactions (see Sub-section 4.1.1). Foreign exchange market statistics are broken down



by currency, counterparty (banks, non-banks, residents and non-residents) and maturity of contract.

### **2.1.2 The role of financial market statistics**

Financial market statistics are necessary to analyse and forecast the results of monetary and fiscal policy actions, to monitor financial flows within the economy and the impact of the financial sector on economic activity, to evaluate potential systemic risks and to implement adequate supervisory actions in order to safeguard financial stability.

Data on shares and government debt securities held (at market value) by groups of investors are used to compile the balance of payments.

### **2.1.3 Powers to collect financial market statistics**

The Law on the Bank of Lithuania<sup>3</sup> empowers the NCB to collect financial and related statistics. Similarly, the Law on Statistics empowers government ministries, other state and local autonomous institutions, agencies and organisations, as well as the Bank of Lithuania, to collect data for official statistics.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

- The Bank of Lithuania compiles data on government debt securities sold by auction, as taken from the government debt securities register.
- Interbank money deposit statistics cover all operating commercial banks and foreign bank branches.
- The VILIBID and VILIBOR rates are based on the quotes of no fewer than

five banks, designated by the Bank of Lithuania, which are most active in the Lithuanian money market.

- Data on equity indices and market capitalisation are provided by the NSEL.
- The Central Securities Depository (CSD) supplies data on securities investors.
- Foreign exchange statistics cover all operating commercial banks and foreign bank branches.

### **2.2.2 Reporting schemes**

- The data source for government debt securities is an electronic government debt securities register (see Sub-section 3.2.2.).
- In the case of interbank deposit statistics, reporting agents provide weekly data on all interbank deposit transactions concluded during the reference week, including the number of transactions, broken down by currency, counterparty, maturity and rate of interest.

The VILIBID and VILIBOR rates are calculated every business day at 11 a.m. (local time). The highest and lowest rates are eliminated and an arithmetic mean of the remaining quotes is calculated. Maturities are as follows: overnight, one week, two weeks, one month, three months, six months and one year.

The NSEL calculates equity indices every trade session. The LITIN and LITIN-G indices are price-based, capitalisation-weighted indices. The methodology used for their calculation is based on the International Finance Corporation's recommendation for indices of emerging markets. The NSEL's Top-10 share equity index, the LITIN-10, is a market price index.

<sup>3</sup> See [www.lb.lt](http://www.lb.lt) for the text revised in 2001.

Capitalisation of listed securities is based on the market price, whereas the capitalisation of unlisted securities is based on the nominal value.

The Bank of Lithuania uses data on equity indices and market capitalisation, which are available on the NSEL's website.

The Bank of Lithuania collects monthly and quarterly statistical data on securities held by groups of investors, using Excel spreadsheets.

The Bank of Lithuania collects weekly data on volumes of commercial banks' foreign currency purchase and sale contracts. The data are collected electronically in accordance with the Bank of Lithuania's methodological guidelines.

### **2.2.3 Time range, frequency and timeliness of reporting**

The time series of government debt securities data starts in July 1994. Data are reported on the day of the auction, usually held weekly, at about 12 noon (local time) (see Sub-section 3.2.3).

Data on government debt securities in foreign markets have been collected since December 1995.

The time series for interbank deposits starts in January 1998. Data are currently collected on a weekly basis (although data were collected monthly until December 1998). Data have to be submitted to the Bank of Lithuania in electronic format by 2 p.m. (local time) every Monday.

The Bank of Lithuania has been calculating the VILIBID and VILIBOR rates since January 1999.

The LITIN-G time series starts in January 1996. The index is currently calculated each trading day, although it was calculated twice

a week until June 1998. In the case of the LITIN and the LITIN-10 indices, the time series start in April 1997 and January 1999 respectively.

The time series for share capitalisation starts in September 1993, that for the capitalisation of government debt securities in December 1994, and that for the capitalisation of listed securities broken down by NSEL trading list in July 1998. The frequency of data is daily, monthly, quarterly, and annual; daily values are made available one hour after the trading session, while monthly, quarterly and annual values are available after the trading session on the last day of the reference period.

The Bank of Lithuania collects monthly statistical data on securities investors 20 days after the end of the reference month, and quarterly data within one month after the end of period of the reference quarter. The time series for investors in government debt securities starts in July 1994, while that for share investors starts in January 1996.

Data on the purchase and sale of foreign currencies have been collected weekly, by 1 p.m. (local time) every Tuesday, since January 1996 (see Sub-section 4.2.3).

## **2.3 Data processing and compilation methods**

### **2.3.1 Basis of calculation and quality controls**

Data on government debt securities are collected on the auction date, immediately after the auction has taken place. Various types of aggregated data are available (see Sub-section 3.2.3).

VILIBID and VILIBOR - the highest and lowest rates of the quoting banks are eliminated and an arithmetic mean of the remaining quotes is calculated.

The interbank deposit statistics comprise data on commercial bank transactions during

the reporting period. A weighted average of interbank deposit rates is calculated.

Capitalisation-weighted LITIN and LITIN-G indices are calculated by the NSEL after every trading session. Until 29 December 2000, the indices were calculated on the basis of the weighted average share price of the trading session. However, since the beginning of January 2001, they have been computed on the basis of the closing price. The LITIN-10 price index is calculated during continuous trading at the NSEL; the last value of the day is regarded as the official value for the day.

Market capitalisation data and data on securities investors are end-of-period data.

Foreign exchange market statistics comprise data on commercial banks' currency purchases and sales during the reporting period (see Sub-section 4.2.2).

### **2.3.2 Breaks in series**

There have not been any breaks in the time series of data on government debt securities, on interbank deposit statistics and on the VILIBID and VILIBOR.

Breaks in the equity index series are caused by changes in methodology. Until 29 December 2000, for example, the LITIN and LITIN-G indices were calculated on the basis of the weighted average share price of the trading session; since January 2001, however, they have been computed on the basis of the closing price.

The LITIN and LITIN-G indices are calculated using an adjustment factor, which ensures index continuity after any changes are made to the composition of the index.

Changes in the methodology have not had any significant impact on the time series of indices, so that no adjustments have been made.

There were no breaks either in the time series of market capitalisation data or in the time series of securities investors' data.

The introduction of the new reporting system in January 1999 caused a break in the continuous time series of foreign exchange market statistics. Historical data were not revised.

### **2.3.3 Revisions**

Financial market statistics are final when first released. There are no specific rules for revisions, although - in the event of changes - revised data are highlighted in explanatory footnotes.

## **2.4 Publications**

### **2.4.1 First release of data**

The first release and main publication of data on government debt securities are described in Sub-section 3.4.1.

VILIBID/VILIBOR data:

- Source: Reuters and the Bank of Lithuania.
- Frequency of publication: daily.
- Medium of publication: first released electronically by 12 noon (on Reuters' "LTBANK08" page and on the Bank of Lithuania's website), but subsequently published in hard copy in the Bank of Lithuania's Monthly and Quarterly Bulletins. Monthly Bulletins are published within a period of one month after the end of the reference period, while publication of Quarterly Bulletins is within a period of two months.

Interbank money deposit statistics and foreign exchange market statistics:

- Source: Bank of Lithuania.

- Frequency of publication: weekly and monthly.
- Medium of publication: first published in electronic format (on the Bank of Lithuania's website).

#### Equity indices data:

- Source: NSEL.
- Frequency of publication: daily.
- Medium of publication: published in electronic format (on Reuters, Bloomberg, Telerate, Telekurs, and Thomson Financial Datastream, on the NSEL's internet website (www.nse.lt) and on the Bank of Lithuania's internet website) and in hard copy in the "Financial Times". The NSEL's equity indices are also published in the NSEL's Monthly and Quarterly Bulletins (available both in hard copy and on the NSEL's website).

#### Market capitalisation data:

- Source: NSEL.
- Frequency of publication: Daily
- Medium of publication: published in electronic format (on the NSEL's website).

## 3 Securities issues statistics

### 3.1 Legal and institutional background

#### 3.1.1 Definitions

Securities issues statistics cover government debt securities, corporate debt securities and equities issued by public companies.

Government debt securities are those liabilities of the government issued in series on behalf of the state. They may take the following forms:

Government debt securities issues statistics, i.e. data on government debt securities (at nominal value) held by groups of investors, as well as interbank deposit statistics and commercial banks' foreign exchange statistics are published in the Bank of Lithuania's Monthly and Quarterly Bulletins (available in hard copy). Monthly Bulletins are published within a period of one month after the end of the reference period, while publication of Quarterly Bulletins is within a period of two months.

#### 2.4.2 Other statistical publications

The Bank of Lithuania publishes data on government debt securities, interbank deposit statistics, the NSEL's equity indices and market capitalisation in the Banking Statistics Yearbook (available in hard copy) in June.

The NSEL's equity indices are published in the NSEL's Annual Report (available both in hard copy and on the NSEL's website).

## 2.5 Users

The Bank of Lithuania, the MoF, international ratings agencies, Statistics Lithuania, the LSC, the CSD, financial institutions, investors and academic institutions are the main users of financial market data.

- State Treasury bills, i.e. securities which have an original maturity of one year or less;
- government bonds, i.e. securities which have an original maturity of more than one year;
- Savings notes, i.e. securities issued other than by auction and sold solely to natural persons in the primary market;

- government debt securities issued for special purposes, such as settlements with creditors (legal persons and companies not having the status of a legal persons) of the bank in the event of bankruptcy; or
- government debt securities issued in international financial markets, which are debt instruments issued in series by the government on behalf of the state in international financial markets in domestic or foreign currency.

Treasury bills, government bonds, eurobonds, government debt securities issued for special purposes and government debt securities issued in international financial markets are all negotiable.

Savings notes are not negotiable.

### **3.1.2 The role of securities issues statistics**

Debt and equity securities issues are alternatives to bank financing. These statistics are therefore important for the analysis of the financial sector's contribution to economic growth. Primary debt market information (interest rates, cover and volumes) is used by the MoF for debt management purposes, and is complementary to secondary market analysis. Primary debt market yields are also used for the evaluation of various risk premia.

### **3.1.3 Powers to collect securities issues statistics**

The Law on the Bank of Lithuania empowers it to collect financial and related statistics. Similarly, the Law on Statistics empowers government ministries, other state and local autonomous institutions, agencies and organisations, as well as the Bank of Lithuania, to collect data for official statistics. Supervisory institutions, such as the LSC, operate in accordance with the Law on Securities Market, which empowers the LSC

to collect information during the process of registration of securities issues. The information collected serves as a basis for statistics.

The Law on State Debt requires the MoF to register state debt liabilities.

## **3.2 Collection procedures**

### **3.2.1 Reporting agents**

The reporting agent for State Treasury bills and marketable government bonds issued by auction in the domestic market is the Bank of Lithuania. Both the MoF and the Bank of Lithuania act as statistics collection agencies. In the case of savings notes, the reporting agents are banks, brokerage companies and the CSD, while the CSD and the MoF act as statistics collecting agencies. For government debt securities issued for special purposes, banks and brokerage companies act as reporting agents, with the MoF assuming the role of statistics collection agency. The reporting and collection agent for government debt securities issued in foreign markets, however, is the MoF, whereas it is the LSC for corporate debt securities and equities. One hundred percent of the total reporting population is covered and there are no procedures to limit the reporting burden.

The LSC registers corporate debt securities and shares issued by public companies.

In the case of shares, the data include a description of the shares (i.e. type, class and number being issued), the nominal value, the total nominal value, the issue price or preliminary issue price, the share premium and the currency of denomination.

With regard to debt securities, the information comprises the number of securities being issued, the nominal value per unit, the issue price or preliminary issue price, the nominal value of all the securities being issued, the issue currency, the interest rate (on the nominal value), the beginning

and end of the offering, the terms of conversion or redemption and the payment of interest.

### 3.2.2 Reporting schemes

All securities are dematerialised.

Government debt securities and corporate debt securities, in the form of eurobonds, are issued in the euromarkets. No other types of securities are issued outside the country (except for some Global Depository Receipt issues of local public company shares). Eurobonds have been listed on the Frankfurt and Luxembourg stock exchanges.

Corporate debt securities and equity issues outside the country are first registered with the LSC.

The CSD allocates each securities issue a unique International Securities Identification Number (ISIN). The Bank of Lithuania is the majority shareholder in the CSD.

Primary data are collected on the basis of individual security information. There are no commercial data providers for this type of data.

In the case of government debt securities issues, only central government classification is applicable, whereas for corporate debt securities and equity issues, classification is by economic activity.

Government debt securities issues, end-of-period stock data, gross and net issuance, and gross redemption are broken down by instrument and original maturity.

Data on government debt securities are collected electronically, and statistics on issues are published by the Bank of Lithuania according to their nominal value.

### 3.2.3 Time range, frequency and timeliness of reporting

Data on government debt securities in the domestic market have been collected since the beginning of their issuance in July 1994, while data on government debt securities in foreign markets have been collected since December 1995.

For government debt securities issued by auction, the reporting frequency depends on the auction days (usually once a week), taking place at about 12 noon (local time) on the auction day.

The MoF collects the results of savings notes issuance every day. All data are collected in real time. For the last three years, the data on savings notes have been posted on the MoF's website. The data comprises the term of savings notes' issuance, the redemption day, the total redeemed amount in nominal value, the redeemed amount prior to the redemption date, and the average yield.

Security-by-security data is used to compile monthly data (gross government debt securities issues, redeemed government debt securities, outstanding government debt securities at nominal value broken down by type of security, and average interest rate on government debt securities), quarterly (outstanding government debt securities at nominal value, gross issuance at nominal value, gross repayments at nominal value, average interest rate on government debt securities, and weighted average maturity of outstanding government debt securities), and annual data.

The LSC collects security-by-security information on corporate debt securities and shares issued.

### **3.3 Data processing and compilation methods**

#### **3.3.1 Basis of calculation and quality controls**

Aggregated stock data on government debt securities issues refer to the end of the reference period, whereas data on gross and net issuance and on gross redemption correspond to values during the reference period. To calculate average interest rates, weighted averages are used. Quality control is ensured by the information systems used for processing the data.

#### **3.3.2 Breaks in series**

To date, there have been no breaks in series in government debt securities issues statistics.

#### **3.3.3 Revisions**

Government debt securities issues data are not revised. Published data are always based on the most up-to-date information. Minor changes to previously published data are always incorporated in the next publication without being identified. Revisions of a more substantial nature are highlighted in a footnote.

### **3.4 Publications**

#### **3.4.1 First release of data**

The first release of data on government debt securities is posted on the Bank of Lithuania's website ([www.lb.lt](http://www.lb.lt)) and on Reuters and Bloomberg pages immediately after the auction. Auction results are disseminated to all interested parties simultaneously by the Bank of Lithuania.

The statistical data on Treasury bills issued by auction are posted on the Bank of Lithuania's website and include the following information: maturity, amount offered, total

demand, accepted total amount of competitive and non-competitive bids, settlement and redemption days, minimum yield and average yield. In the case of government bonds issued by auction, the coupon rate, the coupon frequency, the coupon payment date, the first coupon date and the penultimate coupon date are also given. These data are published in electronic format on the day of the auction.

Statistics on marketable government debt securities issued by auction are published in the Bank of Lithuania's Monthly Bulletin. The bulletin provides the following information on Treasury bills issued by auction: maturity (days), amount offered, total demand and sale by nominal value, bid minimum yield, average yield and accepted highest yield at auction. For government bonds issued by auction, it also provides the coupon rate and the frequency of coupon payments per year. The publication is issued in hard copy within one month of the reference month.

The Bank of Lithuania's Quarterly Bulletin provides data on government debt securities issued by auction (total demand, sale by nominal value, redemptions, government debt securities in circulation at the end of the period, and average yields of different maturities of government debt securities). When reporting started, data were presented in annual time series; however, the data for the last three years have been broken down into quarterly time series. The publication is issued within a period of two months after the reference period.

Information on all types of government debt securities is available on the MoF's website ([www.finmin.lt](http://www.finmin.lt)). Data on the average yield of government debt securities (except for savings notes) broken down by instrument are available in annual time series from 1994 to 2000. Since 2001, these data have been available in monthly, quarterly and annual time series. Data on the average yield of savings notes broken down by maturity have been available in monthly, quarterly and annual time series since 1999.

Monthly data on government debt securities issues broken down by instrument and maturity are posted on the MoF's website ([www.finmin.lt](http://www.finmin.lt)) within 20 days of the end of reference month.

Annual data on outstanding government debt securities broken down by instrument and maturity, and indicating gross issuance and gross redemption, are available in time series on the MoF's website by the March of the year following the reference period.

Annual aggregated data on the issuance of corporate debt securities at their nominal value (since 1995) are available in electronic format ([www.lsc.lt](http://www.lsc.lt)) and in hard copy from the LSC. A hard copy of the annual report of the LSC is issued in June.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

Financial derivatives statistics cover the main types of instruments - forward, future, swap and option transactions (put/call) - in accordance with the risk category involved (foreign currency, interest rate, precious metals, equity-related and other contracts). Foreign exchange derivatives are broken down by currency, counterparty (banks, non-banks, residents and non-residents) and maturity of contract. The definitions of financial derivatives in general conform to accepted international definitions (International Monetary Fund, IAS).

#### 4.1.2 The role of financial derivatives statistics

Financial derivatives statistics are used to monitor market activity and to evaluate banks' management policies that are related to the risks of using financial derivatives.

### 3.4.2 Other statistical publications

The Bank of Lithuania publishes a Banking Statistics Yearbook (available in hard copy in June) which is based on the Bank's auction data (government debt securities issues, demand and sales by auction at nominal value, redemption, government debt securities in circulation). The data are given in annual time series.

### 3.5 Users

The main users of securities issues statistics are the Bank of Lithuania, the MoF, international rating agencies, Statistics Lithuania, the LSC, the CSD, financial institutions, investors and academic institutions.

### 4.1.3 Powers to collect financial derivatives statistics

In accordance with the Law on Statistics, the Bank of Lithuania is required to manage official statistics in its field of responsibility. The Law on the Bank of Lithuania empowers it to collect data on financial and related statistics.

### 4.2 Collection procedures

#### 4.2.1 Reporting agents

The reporting population concerned with financial derivative statistics covers all commercial banks and foreign bank branches.

Reporting agents are requested to provide data on the financial derivatives traded both over-the-counter (OTC) and on the stock exchange.

Financial derivatives reported by commercial banks are mostly OTC foreign exchange forward, swap and option transactions.



#### **4.2.2 Reporting schemes**

The monthly reports on financial derivatives include:

- outstanding amounts of contracts at the end of a reporting period broken down by instrument and risk category;
- volumes of transactions completed during a reference period broken down by instrument and risk category; and
- outstanding amounts of OTC contracts at the end of a reference period broken down by maturity, instruments and risk category.

Monthly data on financial derivatives are used solely for the needs of internal prudential supervision.

Weekly data contains the volumes of contracts of foreign exchange derivatives concluded during a reference period, broken down by currency, counterparty and maturity.

The monthly and weekly data on financial derivatives are submitted electronically.

The Bank of Lithuania determines the methodological guidelines for reporting. Reporting agents provide data on financial derivatives in accordance with the IAS and the accounting policy approved by the Bank of Lithuania. The data on financial derivatives are included in other reports as well as “on balance sheet” and “off balance sheet”.

#### **4.2.3 Time range, frequency and timeliness of reporting**

Monthly time series of data on financial derivatives start in October 1998, while time series for weekly data on foreign exchange derivatives start in January 1999.

The weekly data has to be submitted to the Bank of Lithuania by 1 p.m. (local time) every

Tuesday, and the monthly data within a period of ten days after the end of the reference month.

### **4.3 Data processing and compilation methods**

#### **4.3.1 Definitions**

The monthly data on financial derivatives are end-of-period data, with the exception of data on transactions completed during the period.

The weekly data on foreign exchange derivatives are data on turnover during the reference period.

#### **4.3.2 Breaks in series**

There have been no significant changes in reporting instructions or methodology.

#### **4.3.3 Revisions**

Published statistics are final. In the event of substantial changes, revised data are highlighted in explanatory footnotes.

### **4.4 Publications**

#### **4.4.1 First release of data**

Foreign exchange derivatives statistics are first published on the Bank of Lithuania’s website ([www.lb.lt](http://www.lb.lt)). Data are disseminated both weekly and monthly.

Foreign exchange derivatives statistics are also published in the Bank of Lithuania’s Monthly and Quarterly Bulletins (available in hard copy). Monthly Bulletins are published within a period of one month after the end of the reference period, while publication of Quarterly Bulletins is within a period of two months.

#### 4.4.2 Other statistical publications

Not available.

#### 4.5 Users

The Bank of Lithuania, banks, Statistics Lithuania, government ministries, international organisations and the general public.

## 5 Monetary financial institution interest rate statistics

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

Bank interest rate statistics cover interest rates applied by commercial banks and foreign bank branches to deposits by and loans to resident and non-resident customers (non-financial public and private enterprises, private households, non-profit organisations, central and local government and social security funds), irrespective of their size.

Data on interest rates on new loans are broken down by counterparty (non-residents, residents, enterprises and households), maturity (up to one month, over one and up to three months, over three and up to six months, over six and up to 12 months, over one and up to five years, and over five years) and currency (EUR, LTL, USD, and combinations of other foreign currencies).

Interest rate data are compiled for time, demand and savings deposits. Interest rates on new time deposits are broken down by counterparty (non-residents, residents and households), maturity (up to one month, over one and up to three months, over three and up to six months, over six and up to 12 months, over one and up to two years, and over two years) and currency (EUR, LTL, USD, and combinations of other foreign currencies). Interest rate data for demand deposits and savings deposits based on amounts outstanding are broken down by counterparty (non-residents, residents and households) and currency (EUR, LTL, USD, and combinations of other foreign currencies).

The classification of economic units by residents/non-residents is provided in the ECB publication entitled "Money and banking statistics in the accession countries: Methodological manual" (Sub-section 2.2.1 of the country chapter on "Lithuania").

Definitions of sectors in bank interest rates statistics are defined in Table 2 of the country chapter on "Lithuania" in the ECB publication entitled "Money and banking statistics in the accession countries: Methodological manual", except for the "private households" sector, where sole proprietorships are also included.

#### 5.1.2 The role of MFI interest rate statistics

Interest rate data are used to analyse monetary developments, borrowing costs in the non-financial sector and competition in the banking sector, to determine the sensitivity of household saving and corporate borrowing to interest rate changes, to implement macro-prudential supervision of banks and to monitor the stability of financial system.

#### 5.1.3 Powers to collect MFI interest rate statistics

In accordance with the Law on Statistics, the Bank of Lithuania is required to compile official statistics in the field in which it discharges its responsibility. The Law on the Bank of Lithuania empowers the it to collect data on financial and related statistics.

## 5.2 Collection procedures

### 5.2.1 Reporting agents

The reporting population concerned with retail interest rate statistics covers all commercial banks and foreign bank branches, but not credit unions.<sup>4</sup>

The interest rates (business volume) of reporting banks cover 100 % of the total deposits received and 100% of the total loans granted.

Commercial banks aggregate interest rate data of their branches and report these to the Bank of Lithuania.

### 5.2.2 Reporting schemes

There is one reporting system for all reporting agents, and a census approach is applied.

Reporting agents provide the data on the nominal rates of all instrument categories of loans and deposits referring to new business and amounts outstanding. The nominal rate is an annual interest rate agreed between the bank and the customer for a deposit or loan, excluding any charges.

The weekly and monthly data on deposit and loan interest rates are submitted to the Bank of Lithuania electronically.

The Bank of Lithuania provides methodological guidelines on completing report forms.

### 5.2.3 Time range, frequency and timeliness of reporting

The time series for monthly bank interest rate data starts in December 1992; time series for weekly data starts in January 1997.

The weekly data on interest rates on loans and deposits have to be submitted to the

Bank of Lithuania by 1 p.m. (local time) every Tuesday, and the monthly data within a period of ten days after the end of the reference month.

## 5.3 Data processing and compilation methods

### 5.3.1 Basis of calculation and quality controls

Bank interest rate statistics comprise interest rates on new business (for time deposits and loans) and on outstanding amounts (for demand and savings deposits). Rates on new business are calculated as averages for the period, while rates on outstanding amounts are calculated as end-of-period averages.

Reporting agents aggregate information on individual loans and deposits and calculate weighted average interest rates. Interest rates on new business are calculated as the weighted average of all interest rates on new contracts concluded during the reporting period. Interest rates on outstanding amounts are calculated as the weighted average of all rates applied to the stock of deposits on the last day of the reference period.

The Bank of Lithuania collects interest rate data as well as information on the amounts of new contracts and on the amounts outstanding. It compiles weighted average interest rates for each of the instrument categories on new business (time deposits and loans) and on outstanding amounts (demand and savings deposits).

### 5.3.2 Breaks in series

There have been no significant changes in reporting instructions or methodology, and no adjustments were made for any type of interest rate.

<sup>4</sup> See Table 5 in the country chapter on "Lithuania" in "Money and banking statistics in the accession countries: Methodological manual".

### 5.3.3 Revisions

Published interest rate statistics are usually final. In the event of substantial changes, revised data are highlighted in explanatory footnotes.

## 5.4 Publications

### 5.4.1 First release of data

Interest rates on loans and deposits are first published on the Bank of Lithuania's website ([www.lbank.lt](http://www.lbank.lt)). Data are disseminated in the form of time series. The new monthly data are available within two weeks after the end of the reference month.

Interest rates on loans and deposits are also published in the Bank of Lithuania's Monthly and Quarterly Bulletins (available in hard copy). Monthly Bulletins are published within

a period of one month after the end of the reference period, while publication of Quarterly Bulletins is within a period of two months.

### 5.4.2 Other statistical publications

Interest rates statistics are published in the Banking Statistics Yearbook (a hard copy is published in June). The source is the Bank of Lithuania's data: average resident deposit and lending rates broken down by instrument category and currency (national and foreign). The data are presented in the form of annual time series.

## 5.5 Users

The Bank of Lithuania, Statistics Lithuania, MFIs, OFIs, government ministries, international organisations and the general public.

## 6 Contacts at the Bank of Lithuania

Any queries concerning the issues described in this country chapter should be addressed to:

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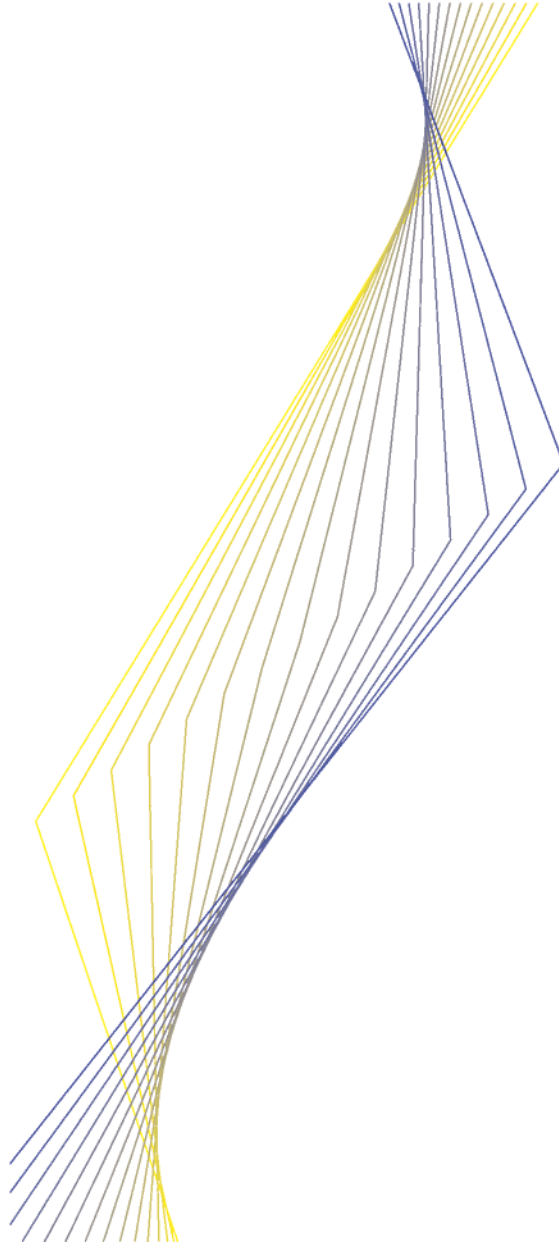
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## Lithuania



EUROPEAN CENTRAL BANK



**Malta**

**List of abbreviations**

<b>IAS</b>	International Accounting Standards
<b>IMF</b>	International Monetary Fund
<b>MFI</b>	monetary financial institution
<b>MFSA</b>	Malta Financial Services Authority
<b>MGS</b>	Malta government stocks
<b>MSE</b>	Malta Stock Exchange
<b>NSO</b>	National Statistics Office
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>repo</b>	repurchase agreement

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

The financial sector in Malta is currently organised into three broad groups:

- credit institutions licensed under the Banking Act, the supervision of which is performed by the Malta Financial Services Authority (MFSA) that acts as sole financial regulator;
- other financial intermediaries, which may be split into two broad categories:
  - all institutions which are licensed under the Financial Institutions Act, excluding foreign exchange bureaux and financial leasing companies, the latter having been exempted from the obligation to obtain a licence to carry out financial leasing activities under the Act (examples of such institutions are corporations engaged in factoring and institutions offering personal and commercial finance), and
  - certain collective investment schemes or mutual funds which are licensed under the Investment Services Act, a category that includes a small number of money market funds which are eligible for inclusion as monetary financial institutions (MFIs) on the basis of the fact that their underlying investments are in money market instruments; and
- insurance companies (in this regard, it should be mentioned that no institutions have to date been licensed to offer pension funds).

The financial auxiliaries sector includes most of those financial institutions that do not fall into one of the three main sectors mentioned above. In this respect, foreign exchange bureaux, which are licensed under the Financial Institutions Act, are among the most numerous in this sector.

The MFSA collects monthly data from all other financial intermediaries (OFIs). An official agreement is in place between the MFSA and the Central Bank of Malta whereby data are either received simultaneously by the two institutions, or received initially by the MFSA and subsequently forwarded to the Central Bank of Malta.

#### I.1.2 Definitions

The term “financial institution” is legally defined in the Financial Institutions Act of 1994 as “any person whose regular occupation or business is the carrying out of

- (a) Any activity listed in the Schedule to this Act;
- (b) Any other activity defined by the Minister as such by an order published in the Gazette amending the Schedule to this Act, for the account and at the risk of that person carrying out such business:

Provided that these activities are not funded through the taking of deposits or other repayable funds from the public as defined in the Banking Act.

Provided further that this Act shall not apply to any activity under (a) or (b) above, which is regulated under the Investment Services Act;”

The Schedule of the Act shows the permitted activities of financial institutions, which include:

- lending (including personal credits, mortgage credits, factoring with or without recourse, financing of commercial transactions, including forfeiting);
- financial leasing;
- venture or risk capital;



## Malta

- money transmission services; arrangement, continuously or in blocks at short intervals; or
- issuing and administering means of payment (e.g. credit cards, traveller's cheques and bankers' drafts); (d) units are, or have been, or will be issued continuously or in blocks at short intervals ..."
- guarantees and commitments;
- trading for one's own account or for the account of customers in:
  - money market instruments (cheques, bills, certificates of deposit, etc.);
  - foreign exchange;
  - financial futures and options;
  - exchange and interest rate instruments;
  - transferable instruments;
- underwriting share issues and the participation in such issues; and
- money broking.

### **1.1.3 The role of OFI statistics**

The Central Bank of Malta monitors a wide range of statistical data and information on OFIs in connection with its responsibilities for monetary policy and financial stability.

### **1.1.4 Powers to collect OFI statistics**

Arrangements are in place to ensure that the Central Bank of Malta receives such information from the MFSA on a monthly basis. Section 14 of the Financial Institutions Act empowers the competent authority to collect statistical data from OFIs. Section 14 states that "a financial institution shall submit such information and statements relating to its branches in or outside Malta as the competent authority may require in the discharge of its duties under this Act or any other law".

The term "collective investment scheme" is defined in the Investment Services Act as:

"any scheme or arrangement which has as its object or as one of its objects the collective investment of capital acquired by means of an offer of units for subscription, sale or exchange and which has any of the following characteristics:

- (a) the scheme or arrangement operates according to the principle of risk spreading; or
- (b) the contributions of the participants and the profits or income out of which payments are to be made to them are pooled; or
- (c) at the request of the holders, units are or are to be re-purchased or redeemed out of the assets of the scheme or

The Investment Services Act also empowers the competent authority to ask for statistical information from holders of licences for investment services. In fact, Section 13 of the Act states that "the competent authority may, by notice in writing require any person who is or was providing, or who appears to be or to have been providing, an investment service; or a collective investment scheme; or any person who is or was carrying on, or who appears to be or have been carrying on activities in connection with such a scheme to furnish to the competent authority, at such time and place and in such form as it may specify, such information and documentation as it may require with respect to any such service, scheme or advertisement as aforesaid; or to furnish to the competent authority any information or documentation

aforesaid verified in such manner as it may specify”.

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

- All institutions that are licensed under the Financial Institutions Act are obliged to submit information to the authorities. As the basis of their reporting, the institutions use the same monthly returns as those submitted by the credit institutions, but they only report the information specifically applicable to them. At the end of December 2002, eleven exchange bureaux, one lending institution and a factoring company were submitting returns. Complete coverage of data is in place.
- All collective investment schemes, including three money market funds, report monthly information to the MFSA. The latter then forwards the data to the Central Bank of Malta. At the end of 2002, there were 16 locally licensed collective investment funds submitting returns.

### **1.2.2 Reporting schemes**

- OFIs licensed under the Financial Institutions Act prepare a monthly set of returns. These returns include stock data as at the end of the reference month. The main schedule is the balance sheet of the institution. The other schedules comprise a further breakdown of most of the major items on the balance sheet, particularly those related to assets. Loans and securities are two of the items which are broken down by maturity, by sector, by issuing country and also by currency. With regard to the maturity breakdown, reference is frequently made to “remaining term to maturity”. The sectoral classification of loans and

securities does not yet conform to the European System of Accounts 1995 (ESA 95). Moreover, additional quarterly returns, including data on the performance of the institutions, are submitted to the authorities in electronic format (diskette).

- OFIs licensed under the Investment Services Act also report monthly balance sheet data. These returns are broadly in line with the classification of the ESA 95. The original maturity concept is used for the categorisation of loans and deposits in these schedules. The MFSA receives the schedules from the collective investment schemes on diskette or in another electronic format and subsequently forwards the information to the Central Bank of Malta in electronic format.

### **1.2.3 Time range, frequency and timeliness of reporting**

- Institutions licensed under the Financial Institution Act have been reporting statistical information since January 1995. Data are received monthly by the 15th calendar day of the month following the reference period.
- Collective investment schemes started reporting statistical information in December 1998, initially on a quarterly basis and then, as from January 2001, on a monthly basis. Data are received by the end of the month following the reference period.

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

There are no specific procedures in place for dealing with breaks in a data series.

### **1.3.2 Revisions**

There are no specific revision procedures.

### **1.4 Publications**

Neither the Central Bank of Malta nor the MFSA currently publish data on OFIs.

## **2 Financial market statistics**

### **2.1 Legal and institutional background**

#### **2.1.1 Definitions**

The financial market can be split into two main parts: the money market and the capital market.

The money market is made up of (a) the market for repurchase agreements (repos), which is mainly used by the Central Bank of Malta for open market operations in connection with its monetary policy; (b) the market for Treasury bills; and (c) the interbank market. The Central Bank of Malta carries out weekly auctions in the repo market, in which the domestic banks are the main participants. The secondary market for Treasury bills is fairly active, with the Central Bank of Malta and banks as the dominant players. Activity in the interbank market is limited and mainly influenced by the banking system.

#### **2.1.2 The role of financial market statistics**

Financial markets statistics are continuously used by the Central Bank of Malta for analytical purposes related to its monetary policy responsibilities. A number of statistical reports on developments in the various segments of the financial market are presented to the Bank's Monetary Policy Council for discussion at its monthly meetings. Financial market statistics are also

### **1.5 Users**

The main users of data on OFIs are the Central Bank of Malta, the MFSA and the National Statistics Office (NSO).

used by the MFSA, the Ministry for Economic Services and the Malta Stock Exchange (MSE).

#### **2.1.3 Powers to collect financial market statistics**

The MFSA and the Central Bank of Malta receive data on financial markets in the monthly banking returns. However, other related data are also available to the Central Bank of Malta from other sources, including the Ministry of Finance and the MSE. The Ministry of Finance compiles data on the secondary market for Treasury bills through its involvement in dealings. The MSE compiles data on short-term securities that are listed and traded on the stock exchange.

### **2.2 Collection procedures**

#### **2.2.1 Reporting agents**

Data on financial markets are received directly from banks in the monthly banking returns, but data from other sources also have to be obtained as the coverage is somewhat limited. These sources include:

- for the repo market - the Central Bank of Malta;
- for the secondary market for Treasury bills - the Central Bank of Malta and the Ministry of Finance and

- for the interbank market - banks directly, but only verbally.

### 2.2.2 Reporting schemes

The types of data received by the Central Bank of Malta vary in detail from one sector of the market to another. Data collected include:

- repo market - volume, values, counterparties, rates and maturity periods;
- secondary market for Treasury bills - volume, values, counterparties and prices;
- interbank market - volume, counterparties, rates and maturity periods; and
- foreign exchange market - counterparties, rates, values and denominations;

Most of the data are received in hard copy, although some of the data are received electronically.

### 2.2.3 Time range, frequency and timeliness of reporting

Most of the data received by the Central Bank of Malta is received from the other authorities which are either directly involved in trading or supervise the transactions. Data are generally available weekly.

Data on the financial markets first became available in 1992, when the MSE commenced operations. In subsequent years, with the establishment of other financial markets, more data has become available.

## 2.3 Data processing and compilation methods

### 2.3.1 Basis of calculation and quality controls

The types of data provided by other parties are as follows:

- repo market - flow data;
- secondary market for Treasury bills - flow data;
- interbank market - flow data; and
- foreign exchange market - transactions as they occur.

With regard to interest rates, the rate prevailing at the end of the month is normally quoted for all markets, unless specifically requested otherwise in ad hoc exercises.

### 2.3.2 Breaks in series

There are no specific procedures in place for breaks in data series.

### 2.3.3 Revisions

There are no specific revision procedures.

## 2.4 Publications

### 2.4.1 First release of data

- repo market - weekly report issued by the Central Bank of Malta;
- secondary market for Treasury bills - weekly report issued by the Central Bank of Malta and rates quoted daily;
- interbank market - weekly report issued by the Central Bank of Malta; and
- foreign exchange market - data are not released.

#### 2.4.2 Other statistical publications

Selected financial market data feature in the Central Bank of Malta's monthly release which is posted on its website and published in its Quarterly Review and Annual Report.

#### 2.5 Users

Users of financial market data are the Central Bank of Malta, the Ministry of Finance, the MFSA and the MSE.

### 3 Securities issues statistics

#### 3.1 Legal and institutional background

##### 3.1.1 Definitions

The legal definition of securities, according to Article 2 in the schedule called "The Statute" appended to the Malta Stock Exchange Act, is as follows:

- (i) shares, stocks, bonds, debentures, certificates of deposits, notes and other like instruments denoting ownership or creating or acknowledging indebtedness;
- (ii) units in a collective investment scheme as defined in the Investment Services Act of 1994;
- (iii) warrants, options, certificates or other instruments, including any record whether or not in the form of a document, entitling the holder to subscribe for, acquire, sell or otherwise dispose of, underwrite or convert any instrument or an interest in any instrument falling within this definition or for any currency;
- (iv) certificates or other instruments which confer property rights in respect of any instrument falling within this definition;
- (v) futures and foreign exchange contracts entered into for investment purposes or foreign exchange acquired or held for investment purposes; and
- (vi) rights under a contract for differences or under any other contract the purpose or intended purpose of which is to secure a profit or avoid a loss of reference to fluctuations in the value or

price of property of any description or in an index or other factor designated for that purpose in the contract.

At present, the following types of securities are traded on the MSE:

- ordinary shares;
- preference shares;
- government stocks/bonds; and
- corporate bonds.

Securities are generally issued by the Government, financial institutions and, to a lesser extent, by private non-financial companies. The Government issues Treasury bills and bonds, the latter being referred to as Malta Government Stocks (MGS). The primary market for Treasury bills is one of the main sources of short-term government borrowing. The Central Bank of Malta does not participate in this market, which is dominated by banks and other financial institutions. Treasury bill auctions are normally held on a weekly basis. MGS are launched on the primary market at irregular intervals. The Ministry of Finance is responsible for maintaining all data on the allotment of the issues. Corporate entities also issue securities and these may or may not seek a listing on the capital market (the MSE).

##### 3.1.2 The role of securities issues statistics

The Central Bank of Malta uses data and information on securities issues in its analysis

of financial markets and monetary conditions. This analytical work is related to its responsibility for monetary policy and financial stability.

### **3.1.3 Powers to collect securities issues statistics**

Securities issues statistics are collected or compiled by four separate authorities. These are the MSE, the NSO, the Central Bank of Malta and the MFSA.

The Malta Stock Exchange Act of 1990 gives authority to the MSE to request data from companies that issue securities which are subsequently listed on the Exchange.

The NSO is authorised to request information from those companies which issue unlisted securities of any type. Under the Malta Statistics Authority Act of 2000, the NSO has the authority to ask for securities issues statistics. With regard to the Central Bank of Malta and the MFSA, both have the power to request data on securities issues from MFIs and other financial institutions. This power is given to them by the Banking Act of 1994 and the Central Bank of Malta Act.

Apart from the explicit powers of the different authorities provided by legislation, informal arrangements are in place for the provision of information on securities issued. A typical example is the case of the Central Bank of Malta, which receives substantial information from the Ministry of Finance on securities issued by the government both through weekly Treasury bill auctions and occasional issues of MGS.

## **3.2 Collection procedures**

### **3.2.1 Reporting agents**

The MSE compiles and distributes data on those securities issues that are listed on the stock exchange. Data are gathered at the

time that a corporation or similar entity applies for its securities to be listed. No data on issues of unlisted securities are collected.

### **3.2.2 Reporting schemes**

The MSE is also responsible for reporting new issues of listed securities. The data are collected and maintained in accordance with the By-laws of the Exchange (Nos. 5.92 and 5.93) which state:

“The Exchange shall establish a Central Securities Depository which shall maintain the Register for each security admitted for a listing on the Exchange. This Register shall contain the registration details of a holder of such security including any or all of the following:

- full name and address;
- identity card number;
- passport number;
- company registration number
- residence or place of incorporation;
- account number generated by the Exchange;
- any other relevant details as the Central Securities Depository may reasonably require for administrative purposes” (By-law No. 5.92).

“The Central Securities Depository shall be regulated in terms of the By-laws of the Exchange” (By-law No. 5.93).

The MSE has set up an electronic Central Securities Depository which maintains the registers for each security admitted for listing on the stock exchange, using specially designed, sophisticated software. Each investor is assigned an account number generated by the MSE under which all the investor’s holdings are recorded. Movements

arising from purchases and sales of securities are reflected in the investor's account; the investor is informed of all such movements through the issue of a "Registration Advice".

### **3.2.3 Time range, frequency and timeliness of reporting**

Data are disseminated by the MSE whenever a new security is listed.

### **3.3 Data processing and compilation methods**

#### **3.3.1 Basis of calculation and quality controls**

The data disseminated refers to end-of-period values.

#### **3.3.2 Breaks in series**

There are no specific procedures in place for dealing with breaks in data series. However, it is relevant to mention that the statistics issued by the MSE have not been subject to any significant revisions to date.

#### **3.3.3 Revisions**

There are no specific revision procedures.

## **4 Financial derivatives statistics**

### **4.1 Legal and institutional background**

#### **4.1.1 Definitions**

The financial derivatives market is still very limited in size. However, the meaning of financial derivatives, as understood in Malta, does not differ from the definition used by the International Monetary Fund (IMF), namely that "a financial derivative contract is a financial instrument that is linked to another financial instrument and through

### **3.4 Publications**

#### **3.4.1 First release of data**

Information on new securities issues, which are listed on the MSE, is released on the first day of trading. In fact, such information features in the daily official list which is published on the MSE's website and in hard copy. No other authority releases data on securities issues.

#### **3.4.2 Other statistical publications**

- Monthly report, which is used internally and also disseminated to the Ministry of Finance.
- Quarterly report, which is published in hard copy and available to the general public. It provides statistical information on the activity that took place in the market during the quarter, including the issue of any new securities.

### **3.5 Users**

The main user of the data available on securities issues is the MSE. Other users are the Central Bank of Malta, both for monetary policy and financial stability purposes, the MFSA, credit institutions, fund management firms, and stockbrokers.

which specific financial risks can be traded in their own right in financial markets".

Options, futures (no official market) and structured notes are used only to a very limited extent. Forward contracts in foreign currencies are actively traded by banks, both with domestic and with foreign counterparties. Foreign currency swaps are used mostly in deals between the Central Bank of Malta and local banks.

With regard to the treatment of derivative financial instruments, including forward foreign exchange contracts and currency swaps, these are initially shown in the balance sheet at cost (including transaction costs), and subsequently at their fair value. Fair values for derivative contracts are determined on the basis of forward exchange market rates on the balance sheet date. Discounting techniques are used to reflect the fact that the exchange will not occur until a future date, when the value of money at the time has a significant effect on the fair valuation of these instruments. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Central Bank of Malta uses derivatives for macro-hedging purposes to cover against foreign exchange risk on its net balance sheet position. Accordingly, while providing effective economic hedges under the Bank's risk management policies, the Central Bank of Malta's derivative transactions do not qualify for hedge accounting under the specific rules of International Accounting Standard (IAS) 39 and are classified as instruments held for trading. Changes in the fair value of all derivative instruments which do not qualify for hedge accounting under IAS 39 are specifically referred to in the profit and loss account.

#### **4.1.2 The role of financial derivatives statistics**

Owing to the modest amount of transactions involving financial derivatives and to the fact that there is no organised local market for financial derivatives, the influence of such instruments on financial markets is limited. As a result, the Central Bank of Malta does not use data on financial derivatives for its analysis of monetary and financial developments.

#### **4.1.3 Powers to collect financial derivatives statistics**

To date, there is no legislation that gives powers to any authority to collect data specifically on financial derivatives. However, such data can still be compiled through legislative provisions which permit the Central Bank of Malta, as well as other authorities, to collect such statistics from any party. In 2001, most local banks commenced the alignment of their accounting systems with the IAS, which requires the treatment of financial derivatives as on-balance-sheet items.

### **4.2 Collection procedures**

#### **4.2.1 Selection of data providers**

Financial derivatives are traded solely "over-the-counter", as there is no organised exchange for such instruments. Moreover, there are no specific reporting arrangements in place.

#### **4.2.2 Collection schemes**

No reporting system exists at present.

#### **4.2.3 Time Range, frequency and timeliness of reporting**

No such requirements exist as there is no reporting system in place.

### **4.3 Data processing and compilation methods**

#### **4.3.1 Definitions**

Separate data are not stored in a database at present.



#### **4.3.2 Breaks in series**

Data are not stored in a database at present.

#### **4.3.3 Revisions**

Data are not stored in a database at present.

### **4.4 Publications**

#### **4.4.1 First release of data**

Data on financial derivatives are not published.

#### **4.4.2 Other statistical publications**

Data on financial derivatives are not published.

### **4.5 Users**

The Central Bank of Malta and the MFSA are the main users of data on financial derivatives. The current bank returns do not provide separate data on financial derivatives.

## **5 Monetary financial institution interest rate statistics**

### **5.1 Legal and institutional background**

#### **5.1.1 Definitions**

On September 10, 2002 the Parliament approved the amendments to the Central Bank of Malta Act, whereby, inter alia, the complete liberalisation of interest rates was brought into force.

#### **5.1.2 The role of MFI interest rate statistics**

MFI interest rates are closely monitored each month to assess emerging trends in money market conditions in the light of the Central Bank of Malta's monetary policy stance.

#### **5.1.3 Powers to collect MFI interest rate statistics**

The amendments to the Central Bank of Malta Act state that "the Bank may require a reporting agent... to provide the Bank with such information as the Bank may consider necessary to carry out its functions under this Act...".

Currently, selected information on interest rates is submitted by credit institutions through Banking Directive No. 6 (commonly referred to as BD06) which was issued under the Banking Act. Such information is provided by the credit institutions to the MFSA, which is the institution responsible for the supervision of all financial services in Malta and which assumed responsibility for supervising the credit institutions on 1 January 2002.

### **5.2 Collection procedures**

#### **5.2.1 Reporting agents**

With regard to reporting coverage, interest rates statistics, i.e. census data, are collected from all credit institutions. The information received relates to interest rates on credit institutions' Maltese lira-denominated loans and deposits.

#### **5.2.2 Reporting schemes**

The reporting arrangement covers all banks in Malta and is undertaken on the basis of census data, as opposed to sampling methods.

Interest rates on loans by credit institutions are classified by industry/economic activity, while deposit interest rates are classified by type of deposit, namely current, savings or time deposits. Interest rates on time deposits are further classified by maturity. Weighted average interest rates are reported in the case of both loans and deposits. Statistical information is received by the Central Bank of Malta in electronic format (diskette) and in hard copy. All interest rate data refer to end-of-month positions.

### **5.2.3 Time range, frequency and timeliness of reporting**

Reporting of data on interest rates on loans commenced in the early seventies. The series continued in the same format until the mid-1990s. A new series featuring more detailed data was introduced in January 1996. Since then, there have been no major breaks in the data. In the case of interest rates on deposits, the current series dates back to January 1995. Interest rates on both loans and deposits are collected on a monthly basis and are received at the Central Bank of Malta by the 15th calendar day following the end of the reference month.

## **5.3 Data processing and compilation methods**

### **5.3.1 Basis of calculation and quality controls**

Data collected refer to weighted averages of end-of-period rates. The averages are weighted by volume, i.e. the size of the actual balances within the specified category.

### **5.3.2 Breaks in series**

There have been no major breaks in series in the data on interest rates on loans collected after January 1996.

### **5.3.3 Revisions**

There are no officially listed or specific rules for revisions. However, the understanding between the authorities and the reporting banks is that banks should communicate any revision to the Central Bank of Malta as soon as it is available. Subsequently, the Central Bank of Malta should revise its database and issue the revised data in its official publication (the Quarterly Review). However, if the revision results in significant changes in the data, the Central Bank of Malta may decide to publish a footnote with an explanation of the changes. This note would appear at the bottom of the amended table.

## **5.4 Publications**

### **5.4.1 First release of data**

Aggregate interest rate data on loans and deposits are first released in a set of monthly tables that appear on the Central Bank of Malta's website. These data are published within a month of the reference month.

### **5.4.2 Other statistical publications**

The aggregate interest rate data would subsequently appear in the Central Bank of Malta's quarterly publication, the Quarterly Review. This publication includes statistical tables containing economic and financial statistical information. Interest rate data are shown in three of the tables. The source of the data is the banks' monthly returns. The Quarterly Review is generally issued within three months of the reference quarter and is also available on the Central Bank of Malta's website.

## **5.5 Users**

Apart from internal users at the Central Bank of Malta and at the MFSA, selected data are submitted to international institutions such

## Malta

as the IMF, Eurostat and the European Central Bank.

### **6 Contacts at the National Bank of Malta**

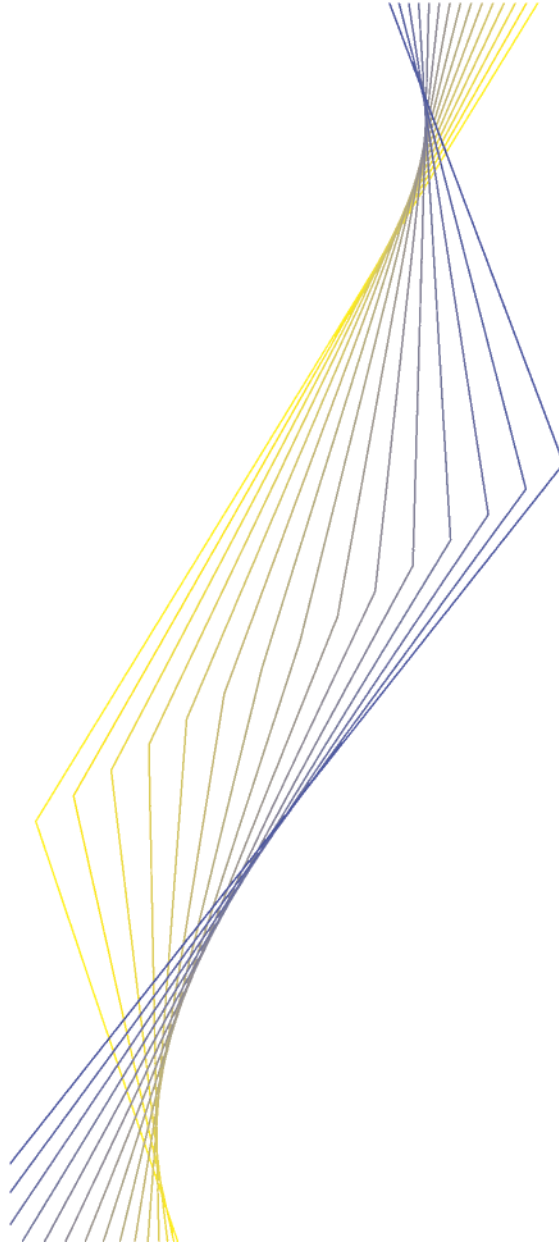
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EUROPEAN CENTRAL BANK



**Poland**

### List of abbreviations

<b>b.o.p.</b>	balance of payments
<b>ECB</b>	European Central Bank
<b>ESA 95</b>	European System of Accounts 1995
<b>EUR</b>	euro
<b>GINB</b>	General Inspectorate of Banking Supervision - Generalny Inspektorat Nadzoru Bankowego
<b>GPW</b>	Warsaw Stock Exchange - Gielda Papierów Wartościowych w Warszawie S.A.
<b>GUS</b>	Central Statistical Office - Główny Urząd Statystyczny
<b>ISIN</b>	International Security Identification Number
<b>KDPW</b>	National Depository for Securities - Krajowy Depozyt Papierów Wartościowych S.A.
<b>KPWig</b>	Polish Securities and Exchange Commission - Komisja Papierów Wartościowych i Giełd
<b>MFI</b>	monetary financial institution
<b>NIF</b>	national investment fund
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>OTC</b>	over-the-counter
<b>PLN</b>	Polish zloty
<b>repo</b>	repurchase agreement
<b>SKOK</b>	co-operative savings and credit union - spółdzielcza kasa oszczędnościowo-kredytowa
<b>UCITS</b>	undertakings for collective investment in transferable securities
<b>USD</b>	US dollar
<b>WIBID</b>	Warsaw interbank bid rate
<b>WIBOR</b>	Warsaw interbank offered rate

## I Other financial intermediaries statistics

### I.1 Types of financial institutions

#### I.1.1 Introduction

One of the stages in the adjustment of money and banking statistics to the requirements of the European Central Bank (ECB) was the introduction of sectorisation in line with the European System of Accounts 1995 (ESA 95). Sectoral classification effective as from March 2002 has been agreed with the Central Statistical Office (GUS) and the Ministry of Finance and will be followed in official statistics compiled by the institutions.

The sub-sector formed by other financial intermediaries (OFIs) (S123 of the ESA 95) consists of non-monetary financial corporations and quasi-corporations (except for insurance corporations and pension funds) which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and/or close substitutes of deposits from institutional units other than monetary financial institutions (MFIs).

The following entities are classified in this sub-sector: co-operative savings and credit unions (SKOKs), investment funds, national investment funds (NIFs), corporations engaged in financial leasing, corporations engaged in factoring, brokerage houses and financial vehicle corporations created to act as holders of securitised assets. Separate data are disseminated only for SKOKs, investment funds and brokerage houses.

#### I.1.2 Definitions

##### Co-operative savings and credit unions

The Law of 14 December 1995 on co-operative savings and credit unions<sup>1</sup> lays down the legal framework for SKOKs. Only individuals bound by professional or organisational relations can be members of SKOKs - in particular, individuals or

employees of one or a small number of enterprises belonging to the same social or professional organisation. The aim of SKOKs is to collect funds and grant loans and credits solely to their members, to perform financial settlements at the request of members, and to serve as an intermediary for the conclusion of insurance agreements as defined in the Act of 28 July 1990 on insurance activity<sup>2</sup>.

SKOKs are non-profit institutions. They are supervised by the National Association of Co-operative Savings and Credit Unions.

##### Investment funds

The Act of 28 August 1997 on investment funds<sup>3</sup> regulates the activities of investment funds and societies of investment funds.

Investment funds are legal persons whose exclusive activity is to invest capital funds, raised either publicly or non-publicly, in securities and other property rights.

Societies of investment funds, which are classified as financial auxiliaries, create, manage and represent investment funds in relations with third parties. Upon the entry of an investment fund into the investment funds register, a society of investment funds becomes the fund's representative body.

The Polish Securities and Exchange Commission (KPWiG) supervises all investment funds and societies of investment funds.

Investment funds may operate as: (i) open-end investment funds; (ii) specialised open-end investment funds; (iii) mixed investment funds; (iv) closed-end investment funds; or (v) specialised closed-end investment funds.

<sup>1</sup> Journal of Laws of 1996, No. 1, item 2, as amended.

<sup>2</sup> Journal of Laws of 1990, No. 11, item 62, as amended

<sup>3</sup> Journal of Laws of 2002, No. 49, item 448, as amended.

Only open-end investment funds comply with Council Directive 85/611/EEC on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), with regard to investments of UCITS.

Open-end investment funds and specialised open-end investment funds sell participation units, which are not securities. Other types of investment fund issue investment certificates, which are regarded as securities as defined in law. Natural persons, legal persons and unincorporated organisational entities may be participants in open-end investment funds. Participation units of specialised open-end investment funds are generally available to all potential investors. The statute of a specialised open-end investment fund may, however, limit the number and type of investors who are allowed to become participants in the fund.

Participants in mixed investment funds, closed-end investment funds or specialised closed-end investment funds that issue investment certificates admitted to public trading may be persons who purchase investment certificates in the market or persons specified in the issuing prospectus. Moreover, offers of specialised investment funds, which issue investment certificates not admitted to public trading, are usually directed at specific investors.

The principles of a fund's investment policy are set out in its statute. These include: (i) the portfolio diversification; (ii) the investment selection criteria; (iii) the types of securities the portfolio shall contain; and (iv) the rules concerning the taking up of loans and credits.

Open-end investment funds are quite restricted in the investments they are allowed to make, while a wider range of investments is allowed for specialised close-end investment funds. A venture capital enterprise may take the form of a specialised closed-end investment fund.

### Brokerage houses

The Law of 21 August 1997 on the public trading of securities<sup>4</sup> provides for the possibility of conducting brokerage activities in the Republic of Poland for the following entities: non-bank joint stock companies (brokerage houses), banks (brokerage offices) and foreign legal persons (at present, this form does not exist).

Banks may only conduct brokerage activities completely separately (in an organisational and financial sense) from the rest of the bank. For statistical purposes, all operations of bank brokerage offices are classified as operations of banks.

A brokerage house is a licensed joint stock company whose headquarters are located within the Republic of Poland.

According to the Law on the public trading of securities, brokerage activities conducted on the regulated market include activities associated with public trading in securities approved for public trading. Some activities require permission from the KPWiG (e.g. offering securities for primary distribution or in initial public offerings, buying and selling securities for another person's account, and buying and selling securities for own account in order to perform tasks associated with organising a regulated market) and some do not (e.g. drawing up a statutory prospectus and information memorandum, buying and selling securities for own account in order to execute underwriting agreements or standby underwriting agreements, managing own securities portfolio).

All entities conducting brokerage activities are licensed and supervised by the KPWiG.

Specific provisions related to the brokerage houses sector include the following EU directives: Council Directive 93/22/EEC of 10 May 1993 on investment services in the

<sup>4</sup> *Journal of Laws of 2002, No. 49, item 447.*

securities field, Council Directive 93/6/EEC of 15 March 1993 on the capital adequacy of investments firms and credit institutions and Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes.

In addition, the Act of 26 October 2000 on commodity exchanges,<sup>5</sup> which will become effective at the end of 2003, has defined other types of financial institution - a commodity brokerage house and a foreign legal person conducting brokerage activities in the Republic of Poland in the form of a branch. These will also be licensed and supervised by the KPWiG.

### **1.1.3 The role of OFI statistics**

At present, the National Bank of Poland monitors only certain types of entities classified as OFIs, namely co-operative savings and credit unions and investment funds, also using data published by commercial sources (e.g. the financial press). Attention is focused on their role in financial intermediation, complementary to the banking system. No specific reporting scheme is used by the National Bank of Poland, as the scale of their activities is not significant in comparison with the activities of banks.

The KPWiG collects the statistical data on investment funds it needs in order to perform its surveillance duties, which are to identify classes of investments by funds and to analyse the structure of assets of funds in particular reporting periods, to assess the participation of investment funds in the capitalisation of the stock exchange and to evaluate the dynamics of the assets of investment funds.

The KPWiG collects statistical data on entities conducting brokerage activities in order to provide effective supervision, to monitor the level of financial ratios of supervised entities, to assess the risk for assets belonging to clients and placed with brokerage houses, to monitor and assess the

potential for legal inadequacies in supervised entities and to counteract any irregularities in the functioning of these entities.

### **1.1.4 Powers to collect OFI statistics**

The GUS collects data for official statistical purposes in accordance with the Act of 29 June 1995 on public statistics<sup>6</sup> and the Regulation of the Council of Ministers on the statistical research programme for the public statistics<sup>7</sup> prepared for each year.

### **Co-operative savings and credit unions**

The GUS provides official data on SKOKs. For the years 1998 to 2000, the data were collected from the National Association of Co-operative Savings and Credit Unions. As from 2001 (data for 2001), the data are collected directly from SKOKs under a separate compulsory reporting scheme.

### **Investment funds**

Under the secondary legislation to the Law on the public trading of securities and the Act on investment funds, the KPWiG collects the data on investment funds it needs (on a quarterly, semi-annual and annual basis) in order to perform its surveillance duties. The reporting scheme is compulsory for all investment funds. However, KPWiG does not publish any data concerning investment funds. Semi-annual and annual data are transmitted to the GUS, which compiles official statistics on investment funds.

### **Brokerage houses**

Under the Law on the public trading of securities, the KPWiG, as the supervisory body, collects data on entities conducting brokerage activities. The reporting scheme is compulsory. The scope of information disclosed varies and depends on the type of

<sup>5</sup> *Journal of Laws of 2000, No. 103, item 1099, as amended.*

<sup>6</sup> *Journal of Laws of 1995, No. 88, item 439, as amended.*

<sup>7</sup> *Journal of Laws of 2002, No. 146, item 1227 (for 2003).*



**Table I**  
**Reporting coverage of OFI statistics in Poland**

*Data as at 31 December 2001*

Type of institution	Number	Share of assets*)
Co-operative savings and credit unions	126	10%
Investment funds	96	76%
Brokerage houses	36	14%

\*) The total assets of entities presented in the table amounted to PLN 17.5 billion.

financial institution conducting brokerage activities.

The KPWiG does not publish any financial data on supervised entities. Only the number of securities accounts and the number of entities conducting brokerage activities are included in the Annual Report of the KPWiG.

Data on brokerage activity for official statistical purposes are collected by the GUS under a separate compulsory reporting scheme.

## 1.2 Collection procedures

### 1.2.1 Reporting agents

In the case of co-operative savings and credit unions, investment funds and brokerage houses, the data collected cover the whole reporting population.

### 1.2.2 Reporting schemes

#### Co-operative savings and credit unions

Data are derived from a simplified balance sheet (also for the previous year), including - on the assets side - fixed assets, working capital assets and accruals, and - on the liabilities side - capital (own funds), reserves, long-term liabilities, short-term liabilities, special purpose funds, accruals and deferred income, and a profit and loss account showing the operating profit/loss, gross profit/loss and net profit/loss. Accounting principles are in

line with the Accountancy Act of 29 September 1994<sup>8</sup>. The GUS collects the data in hard copy.

#### Investment funds

All investment funds submit information compiled in compliance with uniform standards. The semi-annual and annual reporting scheme covers the balance sheet, profit and loss account, cash flow, specification of investments and additional information. On 1 January 2002, there was a substantial change in the accounting rules for investment funds. Until that date, investment funds valued their assets according to prices on the valuation day. Since that date, the valuation of assets has been made at previous-day prices.

The data are submitted to the KPWiG in hard copy. The possibility of submitting information by electronic means is being considered.

#### Brokerage houses

The relevant reporting scheme, prepared by the GUS, covers the profit and loss account, the number of customer accounts, the value of securities held on customer accounts, and the value of securities in the own portfolio of the brokerage house. The data are collected in hard copy.

The measurement of financial instruments is fully in compliance with International Accounting Standard No. 39.

<sup>8</sup> *Journal of Laws of 2002, No 76, item 694.*

### 1.2.3 Time range, frequency and timeliness of reporting

#### Co-operative savings and credit unions

The GUS collects data on an annual basis, starting with data for 1997 (balance sheet). The data are submitted by 31 July of the following year.

#### Investment funds

The GUS is provided with semi-annual and annual data by the KPWiG by the end of September and by 15 May in the following year respectively.

#### Brokerage houses

Data are reported to the GUS on a quarterly basis, with a 25-day lag after the end of the reference period for the first, second and third quarters. Annual data are submitted by 28 February of the following year.

### 1.3 Data processing and compilation methods

#### 1.3.1 Breaks in series

Data on co-operative savings and credit unions, investment funds and brokerage houses cover the whole reporting population.

#### 1.3.2 Revisions

Data on co-operative savings and credit unions, investment funds and brokerage houses are not revised after publication.

### 1.4 Publications

#### Co-operative savings and credit unions

The annual publication “Wyniki finansowe spółdzielczych kas oszczędnościowo-kredytowych” (Financial results of co-operative savings and credit unions) is available on the GUS’s website ([www.stat.gov.pl](http://www.stat.gov.pl)) on 30 October of the year following the reporting period.

#### Investment funds

The publication “Wyniki finansowe towarzystw i funduszy inwestycyjnych” (Financial results of societies and investment funds) is available on the GUS’s website ([www.stat.gov.pl](http://www.stat.gov.pl)) and in hard copy. Semi-annual data are released in September of the same year, and annual data are released in June of the year following the reporting period.

#### Brokerage houses

The quarterly publication “Wyniki finansowe biur i domów maklerskich” (Financial results of brokerage houses) is available on the GUS’s website ([www.stat.gov.pl](http://www.stat.gov.pl)) and in hard copy. Data for the first, second and third quarters are released in June, September and December respectively. Annual data are released in April of the year following the reporting period.

### 1.5 Users

Users include the National Bank of Poland, banks, financial analysts and other users according to their needs.

## 2 Financial markets statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

##### Money market

Treasury bills (mainly with original maturities of 13, 26 or 52 weeks), National Bank of Poland bills (predominantly with original maturities of 28 days) and interbank deposits (overnight, tomorrow/next day, spot/next, spot/week, two-week, three-week, one-month, two-month, three-month, six-month, nine-month, twelve-month) are the main instruments traded.

The results of each tender for Treasury bills and National Bank of Poland bills are published via Reuters, Bloomberg and Telerate. Monthly data are published in the National Bank of Poland's Information Bulletin. Information about tenders for Treasury bills is also available on the Ministry of Finance's website ([www.mofnet.gov.pl](http://www.mofnet.gov.pl)).

The Warsaw interbank bid rate (WIBID) and the Warsaw interbank offered rate (WIBOR) are calculated for overnight, tomorrow/next day, one-week, three-month, six-month, nine-month and twelve-month.

Reuters provides technical assistance for WIBID and WIBOR fixing.

##### Capital market

The core of the capital market (excluding equities) is formed by long-term Treasury bonds with original maturities of over one year. Treasury bonds with a fixed coupon have the biggest share.

The results of each tender for Treasury bonds are published on the Ministry of Finance's website and via Reuters, Bloomberg and Telerate.

##### Foreign exchange market

Spot and forward transactions (overnight, tomorrow/next day, spot/next, spot/week, two-week, three-week, one-month, two-month, three-month, six-month, nine-month, twelve-month), including foreign exchange swaps, are concluded on the foreign exchange market, which is an interbank market. Most operations involve US dollars or euro.

The National Bank of Poland disseminates average exchange rates for, inter alia, the Polish zloty against the euro and the Polish zloty against the US dollar (fixing).

##### Equity market

The Warsaw Stock Exchange (GPW), in its current form, was established in April 1991. It is a joint-stock company, with the State Treasury, banks and brokerage houses as its shareholders. The GPW's listing rules, trading practices and disclosure requirements comply with international standards. All transactions are settled through the National Depository for Securities (KDPW). The settlement system is based on T+3 (T+2 for Treasury bonds, T+1 for derivative instruments) and delivery-versus-payment principles. The KPWiG supervises the GPW. Information about securities issues statistics and derivatives statistics are presented in Sections 3 and 4 respectively.

The GPW calculates and disseminates the following indices:

- WIG - a total-return index, weighted by the market values of companies. It comprises shares of companies listed on the GPW, which should constitute 99% of total market capitalisation. Its base value is 16 April 1991 equals 1,000;
- WIG20 - a price index covering the shares of 20 companies listed on the GPW main market with the highest turnover and market capitalisation. Its

base value is 16 April 1994 equals 1,000. The WIG20 is an underlying instrument for futures contracts;

- MIDWIG - a price index covering up to 40 midcap companies from the main, parallel and free markets which do not qualify for the WIG20. Its base value is 31 December 1997 equals 1,000;
- WIRR - a total-return index covering shares of companies listed on the GPW, which should constitute 1% of total market capitalisation. Its base value is 31 December 1994 equals 1,000;
- NIF - a portfolio-price index covering the shares of 15 national investment funds (NIFs) received upon the conversion of NIF certificates issued within the framework of mass privatisation. Its base value is 12 June 1997 equals 160; and
- TechWIG - a price index launched on 19 May 2000 covering high technology companies. Companies included in this index are also included in other GPW indices. The base value of the index is 31 December 1999 equals 1,000.

In addition, sub-sector indices are calculated for the banking, food, construction, telecommunications and information technology sectors.

The GPW also provides the following data:

- the closing price - the price of the last transaction in a given security during a given session;
- the turnover value - the total value of all transactions concluded for a given security or a given market; turnover on the GPW is calculated as the sum of the values of all buy and sell transactions (i.e. double counted);
- the opening price - (in the continuous trading system) the price of a security, determined on the basis of orders

accepted before the opening of the market, with relevant rules governing the single-price auction system applied accordingly. If no opening price can be determined, the price of the first transaction in continuous trading becomes the opening price;

- the turnover volume - the total number of securities traded, calculated for a given security or for a given market;
- the exercise price - the price at which the issuer of a warrant undertakes to buy or sell the underlying asset;
- the earnings per share - the net profit for the last four quarters divided by the number of shares in issue;
- the capitalisation - the market value of a company calculated as the product of the last trading price of its shares and the number of shares in issue;
- the market capitalisation - the total value of all listed securities (or groups of securities) based on their market prices;
- the price/earnings ratio - the market value of a listed company divided by the aggregate of its profits and losses for the last four quarters. For companies with an aggregate loss, a ratio is not calculated;
- the price/book value ratio - a listed company's market value divided by its book value; and
- the rate of return - the increase in value of an investment, including dividends, interest and subscription rights, expressed as a percentage.

#### **National Depository for Securities**

The KDPW, which is responsible for the clearing and settlement of transactions concluded in public trading, compiles the following data for each type of instrument

admitted to public trading: the number and value of transactions settled in the KDPW, the number, volume and value of registered operations as well as the number of issues registered in the KDPW, the volume of the issue, the volume of securities registered in investment accounts and the capitalisation.

For each instrument with an individual ISIN code, the KDPW compiles the following data: the number, volume and value of transactions settled in the KDPW, the trading value and average price as well as the volume of the issue and the volume of securities registered in investment accounts.

Data relating to corporate actions are also provided (assimilation, subscription rights, share splits, conversions of shares following a merger/demerger of public companies, dividends and interest payments as well as bond redemptions). Information about securities issues statistics and derivatives statistics are presented in Sections 3 and 4 respectively.

### **Official interest rates of the National Bank of Poland**

The official interest rates of the National Bank of Poland (the discount, repurchase agreement (repo), lombard and deposit rates) are available to the public. The repo rate, which refers to the minimum yield on 28-day National Bank of Poland bills, is the official reference rate with regard to current monetary policy.

#### **2.1.2 The role of financial market statistics**

The National Bank of Poland focuses on data relating to prices of financial instruments traded on money, capital and foreign exchange markets, as well as to turnover, open positions and issue sizes. This financial information is used in the analysis of short and long-term expectations for interest rates, exchange rates, market size and market

depth. In addition, these data enable a comparison of the Polish financial market with foreign markets, and an assessment of its development. Data on financial markets supplement macroeconomic data of importance to monetary policy-makers.

#### **2.1.3 Powers to collect financial market statistics**

The National Bank of Poland acts under the Act of 29 August 1997 on the National Bank of Poland.

The National Depository for Securities and the Warsaw Stock Exchange act under the Law on the public trading of securities.

### **2.2 Collection procedures**

#### **2.2.1 Reporting agents**

##### **WIBID/WIBOR**

Interest rates are calculated on the basis of data (quotations) provided by ten banks.

##### **Exchange rates**

Exchange rates are calculated on the basis of data (quotations) provided by a group of banks.

##### **National Depository for Securities**

Statistics cover all financial instruments registered at the KDPW.

##### **Warsaw Stock Exchange**

Statistics cover all quoted instruments.

#### **2.2.2 Reporting schemes**

##### **WIBID/WIBOR**

Fixing is calculated as an arithmetic average of the quotations provided by ten banks at

11 a.m. (two extreme quotations are rejected). If the number of quotations is less than five, the fixing is not calculated.

### **Exchange rates**

Fixing of the exchange rates of the Polish zloty against both the euro and the US dollar is calculated as an arithmetic average of the quotations provided by a group of the most representative banks at 11 a.m.

### **National Depository for Securities**

Data are derived from the KDPW's own database (depository and settlement system).

### **Warsaw Stock Exchange**

Data are derived from the GPW's own database.

### **2.2.3 Time range, frequency and timeliness of reporting**

#### **WIBID/WIBOR**

Daily (since March 1993).

#### **Exchange rates**

Daily.

#### **National Depository for Securities**

Daily data are used to compile daily, monthly and annual statistics for publication purposes.

#### **Warsaw Stock Exchange**

Daily data are available.

## **2.3 Data processing and compilation methods**

### **2.3.1 Basis of calculation and quality controls**

#### **National Depository for Securities**

Some data (e.g. the number and volume of issues registered at the KDPW, the volume of issues on investment accounts, and capitalisation) are end-of-period data. Other data (e.g. the number of transactions) relate to transactions settled during a particular period.

#### **Warsaw Stock Exchange**

Data are end-of-period data (e.g. capitalisation) or relate to trades in a particular period (e.g. turnover).

### **2.3.2 Breaks in series**

#### **WIBID/WIBOR**

In the event that fixing is not calculated, the previous value is carried forward.

#### **Exchange rates**

Not applicable.

#### **National Depository for Securities**

Information about methodological changes is provided in publications. In annual publications, data are presented in accordance with the new method. Such a situation arose, for example, when the quotation system on the GPW was changed.

#### **Warsaw Stock Exchange**

GPW indices are reviewed quarterly:

- WIG20 - on the third Friday in March, June, September and December, new companies with a high ranking (which

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includes share of total turnover and market capitalisation) are added to the index portfolio. An adjustment coefficient has been introduced to avoid non-market changes.

- WIG - on the third Friday in March, June, September and December, the list of participants (in this index) is changed and the number of shares of individual companies included in the index portfolio is determined. An adjustment coefficient has been introduced to avoid non-market changes.
- WIRR - on the third Friday in March, June, September and December, the list of participants (in this index) is changed and the number of shares of individual companies included in the index portfolio is determined. An adjustment coefficient has been introduced to avoid non-market changes.

### 2.3.3 Revisions

#### National Depository for Securities

Revised data and explanations are provided in the next publication.

#### Warsaw Stock Exchange

Revisions are included in the next publication.

## 2.4 Publications

### 2.4.1 First release of data

Generally, financial markets statistics are available via Reuters and Bloomberg.

#### National Depository for Securities

The publication "System Depozytowo-Rozliczeniowy" (Depository and Settlement System), the KDPW's bulletin, is published on a monthly basis in both electronic format

and hard copy. Data in electronic format (pdf and MS Access files) are published on the KDPW's website ([www.kdpw.com.pl](http://www.kdpw.com.pl)) by around the 15th calendar day of the month following the reporting period. Hard copies are available by around the 22nd calendar day of the month following the reporting period.

In addition, a database including daily and monthly data, with a querying facility, is available on the KDPW's website. It is updated at about 7 p.m. on each settlement day.

#### Warsaw Stock Exchange

The GPW publishes daily data in electronic format on its Polish and English websites ([www.gpw.com.pl](http://www.gpw.com.pl) and [www.wse.com.pl](http://www.wse.com.pl) respectively) one hour after the close of the session (about 5 p.m.). Until December 2002, data were also disseminated in hard copy in the GPW's daily bulletin "Cedula", which was available the next day.

#### National Bank of Poland official interest rates

Data are available on the National Bank of Poland's website ([www.nbp.pl](http://www.nbp.pl)).

### 2.4.2 Other statistical publications

#### National Bank of Poland

- Basic data on financial markets are available in the National Bank of Poland's Information Bulletin, which is published with a three-month lag.
- The publication "Rynek finansowy w Polsce 1998-2001" (Financial market in Poland 1998-2001) is available in electronic format (on the National Bank of Poland's website) and in hard copy. An English version will be also disseminated in both electronic format and hard copy.

### National Depository for Securities

The KDPW publishes annual statistics as a special issue of the publication "System Depozytowo-Rozliczeniowy" (Depository and Settlement System).

Bulletin was also disseminated in hard copy with a ten-day lag.

- The GPW Fact Book, which includes annual statistics, is published with a three-month lag.

### Warsaw Stock Exchange

- The GPW Monthly Bulletin is published in electronic format with a five-day lag. Until December 2002, the GPW Monthly

### 2.5 Users

Users are the National Bank of Poland, banks, investors, financial analysts and other users according to their needs.

## 3 Securities issues statistics

### 3.1 Legal and institutional background

#### 3.1.1 Definitions

The Polish legal system does not provide a general definition of securities pertaining to all branches of law. In general, Polish civil law makes the assumption that a closed list of securities applies (the principle of numerous clauses), i.e. securities may be issued only under a specific legal provision that provides for such a possibility. Securities regulated by statute include, in particular, shares (issued under the Commercial Code), bonds (issued under the Act of 29 June 1995 on bonds<sup>9</sup>), bank securities (issued under the Banking Act of 29 August 1997<sup>10</sup>), mortgage bonds (issued under the Act of 29 August 1997 on mortgage bonds and mortgage banks<sup>11</sup>), National Bank of Poland securities (issued under the Act of 29 August 1997 on the National Bank of Poland<sup>12</sup>), Treasury securities (issued under the Act of 26 November 1998 on public finances<sup>13</sup>) and investment certificates (issued under the Act of 28 August 1997 on investment funds<sup>14</sup>).

Shares are all securities representing ownership rights in a corporation. These securities entitle holders to a share in the profits of the corporation and to a share in its net assets in the event of liquidation.

Securities can be traded on public markets - the GPW and the regulated over-the-counter (OTC) market - with the permission of the KPWiG, which is the regulatory authority for these markets, except for Treasury securities and National Bank of Poland securities, trading in which is not subject to permission from the KPWiG. Public trading is regulated by the Law of 21 August 1997 on the public trading of securities. The KDPW serves as a central securities depository and as a central clearing house for securities admitted to public trading in Poland, with exception for Treasury bills, selected Treasury bonds (non-marketable) and the National Bank of Poland bills for which the National Bank of Poland acts as a central depository and clearing house. Each instrument (security) traded on the public market is assigned a code by the KDPW, in accordance with the ISO 6166 standard (ISIN). The responsibilities of the KDPW

Debt securities are securities that create financial obligations for an institutional entity (the issuer) in favour of the holder of the security and do not grant the holder any ownership rights in the institutional entity issuing the securities. Interest is paid by the issuer to the holder of a debt security.

9 Journal of Laws of 2001, No. 120, item 1300.

10 Journal of Laws of 2002, No. 72, item 665, as amended.

11 Journal of Laws of 1997, No. 140, item 940, as amended.

12 Journal of Laws of 1997, No. 140, item 938, as amended.

13 Journal of Laws of 1998, No. 155, item 1014, as amended.

14 Journal of Laws of 2002, No. 49, item 448, as amended.



include the registration of securities admitted to public trading; the reconciliation of the size of the securities issue with the number of securities in trading; the management of issuers' obligations to holders of securities (corporate actions such as dividend payments and splits, etc.); and the settlement of transactions of securities admitted to public trading. The KPWiG supervises the KDPW.

National Bank of Poland bills are debt securities with an original maturity of less than one year issued by the National Bank of Poland to absorb liquidity from the banking sector. The issuance of 28-day National Bank of Poland bills has been the main type of open-market operation conducted by the National Bank of Poland since 1998.

Treasury bills are debt securities issued by the Polish Treasury with an original maturity from one to 52 weeks.

Treasury bonds are debt securities issued by the Polish Treasury with an original maturity of one year or more.

Both debt securities and equity securities (shares, investment certificates, allotment certificates and depository receipts) can be traded on the GPW.

Investment certificates are securities issued by closed-end, specialised closed-end or mixed investment funds.

Allotment certificates are financial instruments which allow investors who have purchased rights to shares in a new issue to sell them prior to the introduction of a new issue to trading on the GPW.

Depository receipts are securities documenting ownership rights to shares in a foreign company.

### **3.1.2 The role of securities issues statistics**

For the National Bank of Poland, securities issues statistics are complementary to "core" money and banking statistics. They allow for

an analysis of shifts between indirect finance (provided by banks) and direct finance (through securities markets) which may affect the transmission mechanism of monetary policy. They also provide additional information on the economy and on the financing of its segments (e.g. general government, non-financial enterprises) and are used in the assessment of the depth of capital markets.

At the Ministry of Finance, the data collected are used mainly for monitoring general government debt, financial market analysis and the compilation and dissemination of general government debt statistics.

### **3.1.3 Powers to collect securities issues statistics**

The National Bank of Poland collects balance sheet data from banks covering, inter alia, own issues of debt securities and, as from March 2002, data on debt securities issued in the form of private placements (not admitted to public trading) by residents on the domestic market. Balance sheet data are collected in electronic format; data on private placements can be submitted in electronic format or in hard copy. Banks report to the National Bank of Poland in accordance with Resolution No. 3/2002 of the Management Board of the National Bank of Poland of 15 February 2002 on the manner and detailed principles of submission by banks to the National Bank of Poland of data necessary for the development of monetary policy, the periodic evaluation of the State's monetary stance and the evaluation of banks' financial situation and banking sector risk,<sup>15</sup> effective from 31 March 2002, and which replaced Resolution No. 15/1999 of the Management Board of the National Bank of Poland<sup>16</sup>.

The Ministry of Finance collects data under an agreement between the Ministry of

<sup>15</sup> *Official Journal of the National Bank of Poland of 2002, No. 5, item 9, as amended.*

<sup>16</sup> *Official Journal of the National Bank of Poland of 1999, No. 10, item 15, as amended.*

Finance, the National Bank of Poland and the KDPW, as well as under the Law on the public trading of securities and the regulations of the Minister of Finance issued thereunder.

The National Depository for Securities and the Warsaw Stock Exchange act under the Law on the public trading of securities.

### 3.2 Collection procedures

#### 3.2.1 Reporting agents

##### **National Bank of Poland**

All banks and branches of foreign banks operating in Poland submit balance sheet data to the National Bank of Poland.

Data on debt securities issued in the form of private placements on the domestic market are submitted to the National Bank of Poland by selected banks with dominant positions as depositories for these securities.

##### **Ministry of Finance**

All entities keeping accounts for Treasury securities (mainly brokerage houses and banks) submit data. Reporting agents' selection principles are set out in the Law on the public trading of securities.

##### **National Depository for Securities**

Statistics cover all securities registered at the KDPW.

##### **Warsaw Stock Exchange**

Statistics cover all quoted securities.

#### 3.2.2 Reporting schemes

##### **National Bank of Poland**

Issues of securities (issues of own debt securities by banks) constitutes one of the

main monthly balance sheet items. It is broken down by currency (Polish zloty and foreign currencies), by residency (resident and non-resident), and by original and remaining maturity (the original maturity has been available since March 2002). Banks issue debt securities in both dematerialised and physical forms (information about the form is not collected). Information on issues on foreign markets is collected through a separate reporting scheme for balance of payments (b.o.p.) purposes.

The reporting scheme for debt securities issued in the form of private placements on the domestic market covers amounts outstanding, new issues, redemptions (all reported in nominal value) and the number of new issues with breakdowns by original maturity (short-term and long-term securities, the latter with separate data for issues with an original maturity of over five years) and by sector of the issuer. Data are collected on a monthly basis.

The National Bank of Poland acts as a depository and clearing house for Treasury bills, selected Treasury bonds (non-marketable) and the National Bank of Poland bills.

##### **Ministry of Finance**

All Treasury securities issues exist in book-entry form. Data are collected on a security-by-security basis, according to a code (ISIN) assigned by the KDPW. Statistics cover amounts outstanding. Data are collected in electronic form. No commercial sources are used. Accounting rules are laid down in the Accountancy Act, in the Law on the public trading of securities and in regulations issued thereunder. For issues on foreign markets, no reporting scheme exists.

##### **National Depository for Securities**

All securities registered with the KDPW as being admitted to public trading are dematerialised.

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Capitalisation is calculated for each type of instrument, inter alia, for equities and debt securities. Data from the KDPW's own database are used. Detailed information about the method of calculation is included in KDPW publications.

### **Warsaw Stock Exchange**

Data from the GPW's own database are used to calculate market values of companies listed on the GPW.

#### **3.2.3 Time range, frequency and timeliness of reporting**

##### **National Bank of Poland**

Monthly balance sheet data are submitted to the National Bank of Poland by the end of the 10th working day following each reporting month. Monthly data on debt securities issued in the form of private placements are submitted to the National Bank of Poland by banks by the end of the 15th working day following each reporting month.

At present, data on debt securities issued in the form of private placements by residents on the domestic market are for internal use only.

##### **Ministry of Finance**

Daily and monthly data are submitted to the Ministry of Finance. Daily data are provided on the day following the reference day, and monthly data are provided with a 21-day lag. Daily data are for internal use only.

##### **National Depository for Securities**

Daily data are used to compile daily, monthly and annual statistics for publication purposes.

##### **Warsaw Stock Exchange**

Daily data are available.

### **3.3 Data processing and compilation methods**

#### **3.3.1 Basis of calculation and quality controls**

##### **National Bank of Poland**

Data on amounts outstanding are end-of-period data. Data on new issues and redemptions are flow data.

##### **Ministry of Finance, National Depository for Securities and Warsaw Stock Exchange**

Data on amounts outstanding/capitalisation are end-of-period data.

#### **3.3.2 Breaks in series**

##### **National Bank of Poland**

The National Bank of Poland provides information about any methodological changes implemented in the banking statistics reporting scheme.

##### **Ministry of Finance**

If the data submitted are incomplete or if there are any discrepancies, data from the KDPW or the National Bank of Poland are incorporated into aggregates and any necessary estimates are made before publication.

##### **National Depository for Securities**

Information about methodological changes is provided in publications. In annual publications, data are presented in accordance with the new method. Such a situation arose, for example, when the quotation system on the GPW was changed.

##### **Warsaw Stock Exchange**

Data relate to all shares quoted on the GPW.

### 3.3.3 Revisions

#### National Bank of Poland

Published monthly balance sheet data are subject to revisions.

#### Ministry of Finance

No revisions are made.

#### National Depository for Securities

Revised data and explanations are provided in the next publication.

#### Warsaw Stock Exchange

Revised data are provided in the next publication.

## 3.4 Publications

### 3.4.1 First release of data

#### National Bank of Poland

The National Bank of Poland's website ([www.nbp.pl](http://www.nbp.pl)) is the first available source of data for external users.

Data on amounts outstanding (at the amount paid) for National Bank of Poland bills are published in the National Bank of Poland's Information Bulletin. The results of each tender for National Bank of Poland bills, including the value of bids accepted, are published via Reuters, Bloomberg and Telerate. Monthly data are published in the National Bank of Poland's Information Bulletin.

#### Ministry of Finance

Monthly data on outstanding debt (Treasury securities) are published on the Ministry of Finance's websites ([www.mofnet.gov.pl](http://www.mofnet.gov.pl) and [www.mf.gov.pl](http://www.mf.gov.pl)) with a two-month lag.

Results of tenders for Treasury securities are published on the Ministry of Finance's website after the tender, and via Reuters, Bloomberg and Telerate.

#### National Depository for Securities

The publication "System Depozytowo-Rozliczeniowy" (Depository and Settlement System), the KDPW's bulletin, is published on a monthly basis, in both electronic format and hard copy. Data in electronic format (pdf and MS Access files) are published on the KDPW's website ([www.kdpw.com.pl](http://www.kdpw.com.pl)) by around the 15th calendar day of the month following the reporting period. Hard copies are available by around the 22nd calendar day of the month following the reporting period.

In addition, a database including daily and monthly data, with a query facility, is available on the KDPW's website. It is updated at about 7 p.m. on each settlement day.

#### Warsaw Stock Exchange

The GPW publishes daily data in electronic format on its websites ([www.gpw.com.pl](http://www.gpw.com.pl) and [www.wse.com.pl](http://www.wse.com.pl) for the Polish and English versions respectively) one hour after the close of the session (about 5 p.m.). Until December 2002, data were also disseminated in hard copy in the GPW's daily bulletin "Cedula", which was available on the next day.

### 3.4.2 Other statistical publications

#### National Bank of Poland

- The National Bank of Poland's Annual Report is published with an eight-month lag.
- The publication "Rynek finansowy w Polsce 1998-2001" (Financial market in Poland 1998-2001) is available in electronic format (on the National Bank of Poland's website) and in hard copy.

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An English version will be also disseminated in both electronic format and hard copy.

### Ministry of Finance

Monthly results of tenders for Treasury bills, including the values of bids accepted, and information on amounts outstanding (at the amount paid) are published in the National Bank of Poland's Information Bulletin with a three-month lag.

### National Depository for Securities

The KDPW publishes annual statistics as a special issue of the publication "System Depozytowo-Rozliczeniowy" (Depository and Settlement System).

### Warsaw Stock Exchange

- The GPW Monthly Bulletin is published in electronic format with a five-day lag.

Until December 2002, the GPW Monthly Bulletin was also disseminated in hard copy with a ten-day lag.

- The GPW Fact Book, which includes annual statistics, is published with a three-month lag.
- Capitalisation (aggregated) is included in the National Bank of Poland's Monthly Bulletin.
- The GUS Quarterly Bulletin.

### 3.5 Users

The National Bank of Poland, the Ministry of Finance, banks, investors, financial analysts and other users, according to their needs.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

*Futures* are forward contracts traded on organised exchanges.

#### 4.1.1 Definitions

The categories of financial derivatives used in existing statistics are consistent with international standards.

*Swaps* are contracts whereby the parties exchange cash flows based on the reference prices of the underlying items in accordance with agreed terms.

A financial derivative contract is a financial instrument which is linked to another specific financial instrument or indicator or commodity and through which specific financial risks (e.g. interest rate risk, foreign exchange risk, equity and commodity price risks and credit risk) can be traded in financial markets. The value of a financial derivative is derived from the price of the underlying item.

*Options* are contracts whereby the purchaser acquires from the seller a right to buy or sell (depending on whether the option is call or put) a specified underlying item at a strike price on or before a specified date. It is exercised only if exercising the option is advantageous to the holder of the option.

Forward contracts are unconditional contracts whereby two parties agree to exchange a specified quantity of an underlying item (real or financial) at an agreed price (the strike price) on a specified date. This category includes futures and swaps.

*Warrants* are financial instruments, the price of which is dependent on the price or value of an underlying instrument. In the formal and legal sense, a warrant is an unconditional and irrevocable obligation of its issuer to pay the entitled warrant owner the settlement amount.

*Index participation units* are financial instruments which allow the investor to make a uniform purchase of a complete index portfolio without the need to purchase the individual shares which make up that index.

*Subscription rights* (or pre-emptive rights) are financial instruments which represent the priority rights of shareholders to subscribe to shares in a new issue.

Future contracts, warrants, index participation units and subscription rights are also traded on the GPW (see Section 2).

#### **4.1.2 The role of financial derivatives statistics**

Data on derivatives, from official and commercial sources, are used by the National Bank of Poland in the analysis of the market size, activity and liquidity, and the market expectations (e.g. of interest and exchange rates). They are complementary to the macroeconomic data considered when monetary policy actions are discussed.

Data on derivatives submitted by banks are used by the General Inspectorate for Banking Supervision (GINB) to monitor the risk to which individual banks and the banking sector as a whole are exposed.

#### **4.1.3 Powers to collect financial derivatives statistics**

##### **National Bank of Poland**

The National Bank of Poland collects data on derivatives from banks in accordance with Resolution No. 3/2002 of the Management Board of the National Bank of Poland of 15 February 2002 on the manner and detailed principles of submission by banks to the National Bank of Poland of data necessary for the development of monetary policy, the periodic evaluation of the State's monetary stance and the evaluation of banks' financial

situation and banking sector risk<sup>17</sup>. Data for b.o.p. purposes are collected under the Resolution of the Management Board of the National Bank of Poland of 29 March 1999 on the manner and detailed principles of submission by banks to the National Bank of Poland of data necessary for the compilation of balance of payments and foreign assets and liabilities of the State<sup>18</sup>.

##### **National Depository for Securities and Warsaw Stock Exchange**

The National Depository for Securities and the Warsaw Stock Exchange act under the Law on the public trading of securities.

## **4.2 Collection procedures**

### **4.2.1 Reporting agents**

#### **National Bank of Poland**

All banks and branches of foreign banks operating in Poland submit data on derivatives to the National Bank of Poland.

Data on turnover are reported to the National Bank of Poland by banks with the status of money market dealer and banks which apply for this status.

#### **National Depository for Securities**

Statistics cover all derivatives registered with the KDPW.

#### **Warsaw Stock Exchange**

Statistics cover all quoted derivatives.

<sup>17</sup> *Official Journal of the National Bank of Poland of 2002, No 5, item 9, as amended.*

<sup>18</sup> *Official Journal of the National Bank of Poland of 1999, No 8, item 12.*

#### 4.2.2 Reporting schemes

##### National Bank of Poland

Data on financial derivatives are balance sheet and off-balance-sheet data. They are reported in electronic form.

The balance sheet data, available as from March 2002, present the market value of derivatives creating claims or liabilities.

The off-balance-sheet data are presented in terms of the notional (nominal) value of the underlying items. Breakdowns by type (forward contracts, including futures and swaps, options and complex forward transactions - the latter covers caps, floors and collars), by underlying instrument (interest rates, currencies, securities, commodities, precious metals), by character of transaction (hedging or speculation) and by counterparty (resident or non-resident) are available.

The National Bank of Poland also collects other data on financial derivatives, e.g. on turnover for interest rate swaps, forward rate agreements, currency options and interest rate options. These are provided in hard copy by banks which have the status of a money market dealer or which apply for this status (on a yearly basis). These data are used for internal analysis (only aggregated data on foreign exchange swaps in which the Polish zloty was involved are disseminated). Data provided to the National Bank of Poland under this reporting scheme were used for the purpose of the turnover part of the Triennial central bank survey of foreign exchange and derivatives market activity organised by the Bank for International Settlements in 1998 and 2001.

In the b.o.p. statistics compiled by the National Bank of Poland on a cash basis, derivatives are presented as a separate item. Polish banks provide the data. All financial flows resulting from the settlement of transactions (including variation and option margins, but excluding repayable initial

margins) are registered as financial derivatives. Data are collected on a gross basis, except in the case of foreign exchange options. For additional information, see the ECB publication entitled "Accession countries: Balance of payments/international investment position statistical methods" (February 2002).

##### National Depository for Securities

For futures contracts and index participation units, the following information is available: number and volume of transactions settled in the KDPW, trading value, average price per contract, number of individual client accounts, number, volume and value of registered operations, number of series registered in the KDPW.

For warrants, the following information is available: number and value of transactions, trading value, average warrant price, number, volume and value of registered operations, number of series and issue volume registered in the KDPW.

Detailed information on the method of calculation is included in KDPW publications. Data are compiled on the basis of the settlement date (T+1 for derivative instruments).

##### Warsaw Stock Exchange

The main data disseminated include the closing price, turnover volume and value, opening price and exercise price. GPW statistics cover concluded transactions.

#### 4.2.3 Time range, frequency and timeliness of reporting

##### National Bank of Poland

Data on derivatives, both balance sheet and off-balance-sheet data, are collected on monthly basis and submitted to the National Bank of Poland by the end of the 10th working day following each reporting month.

Money market dealers submit monthly data by the end of the 8th calendar day of the month following the reporting period.

For b.o.p. data, daily data are provided every ten days by the end of the 5th working day following each reporting period.

#### **National Depository for Securities**

Daily data are used to compile daily, monthly and annual statistics for publication purposes.

#### **Warsaw Stock Exchange**

Daily data are available.

### **4.3 Data processing and compilation methods**

#### **4.3.1 Basis of calculation and quality controls**

##### **National Bank of Poland**

Data on derivatives, both balance sheet and off-balance-sheet data, are end-of period data.

Data provided by money market dealers are monthly turnover data.

B.o.p. data (on a cash basis) reflect payments recorded by the Polish banking system.

##### **National Depository for Securities**

Data on the number of individual client accounts, the number of series registered in the KDPW and the issue volume for warrants are end-of-period data. Other data relate to transactions settled during the particular period.

##### **Warsaw Stock Exchange**

Data relate to trades on the GPW.

#### **4.3.2 Breaks in series**

##### **National Bank of Poland**

The National Bank of Poland provides information about any methodological changes implemented in the banking statistics reporting scheme.

Data on derivatives, reported as off-balance-sheet data, are available as from June 1999. Report forms have not been changed.

Data provided by money market dealers have been available to the public since from March 2001. Breaks exist as the population of banks reporting to the National Bank of Poland under this reporting scheme can change on an annual basis. Data are not adjusted.

##### **National Depository for Securities**

Information about methodological changes is provided in publications.

##### **Warsaw Stock Exchange**

Data relate to all derivatives quoted on the GPW.

#### **4.3.3 Revisions**

##### **National Bank of Poland**

Data on derivatives, reported as off-balance-sheet data, are subject to revisions. Revised data are considered in the next analysis.

Data provided by money market dealers are not revised.

B.o.p. data are routinely revised in the next two publications. In addition, once a year, the data for the whole calendar year are revised.

##### **National Depository for Securities**

Revised data and explanations are provided in the next publication.



### **Warsaw Stock Exchange**

Revised data are provided in the next publication.

#### **4.4 Publications**

##### **4.4.1 First release of data**

#### **National Bank of Poland**

Balance sheet data on derivatives are included in items "other assets" and "other liabilities" respectively, and are not presented separately.

Data on derivatives, reported as off-balance-sheet data, are included in the publication "Summary Evaluation of the Financial Situation of Polish Banks" which is prepared by the GINB on a quarterly basis. It includes aggregated data on forward transactions (interest rate and currency swaps, forward rate agreements, forwards, futures), options (quoted and OTC) and complex forward transactions (quoted and OTC) only for the last month in the quarter. Summary evaluations are available on the National Bank of Poland's website ([www.nbp.pl](http://www.nbp.pl)) and in hard copy. The publication is available with a three-month lag.

Data provided by money market dealers on monthly turnover of foreign exchange swaps in which the Polish zloty was involved are published via Reuters and Bloomberg on a monthly basis by around the 15th calendar day of the month following the reporting period.

B.o.p. data are published on the National Bank of Poland's website with a one-month lag.

#### **National Depository for Securities**

The KDPW publication "System Depozytowo-Rozliczeniowy" (Depository and Settlement System) is published on a monthly basis in both electronic format and

hard copy. Data in electronic format (pdf and MS Access files) are made available on the KDPW's website ([www.kdpw.com.pl](http://www.kdpw.com.pl)) by around the 15th calendar day of the month following the reporting period. Hard copies are available by around the 22nd calendar day of the month following the reporting period.

In addition, a database including daily and monthly data, with a query facility, is available on the KDPW's website. It is updated at about 7 p.m. on each settlement day.

#### **Warsaw Stock Exchange**

The GPW publishes daily data in electronic format on its websites ([www.gpw.com.pl](http://www.gpw.com.pl) and [www.wse.com.pl](http://www.wse.com.pl) for the Polish and English versions respectively) with a one-hour lag with reference to the close of the session (about 5 p.m.). Until December 2002, data were also disseminated in hard copy in the GPW's daily bulletin "Cedufa", which was available on the next day.

##### **4.4.2 Other statistical publications**

#### **National Bank of Poland**

- The "Central Bank Survey of Foreign Exchange and Derivatives Market Activity" is a publication disseminated by the Bank for International Settlements. The results of the last one conducted in 2001 have been published in March 2002.
- The publication "Rynek finansowy w Polsce 1998-2001" (Financial market in Poland 1998-2001) is available in electronic format (on the National Bank of Poland's website) and in hard copy. An English version will be also disseminated in both electronic format and hard copy.

#### **National Depository for Securities**

The KDPW publishes annual statistics as a special issue of the publication "System

Depozytowo-Rozliczeniowy” (Depository and Settlement System).

### **Warsaw Stock Exchange**

- The GPW Monthly Bulletin is published in electronic format and hard copy with a five-day lag. Until December 2002, the GPW Monthly Bulletin was also disseminated in hard copy with a ten-day lag.

- The GPW Fact Book, which includes annual statistics, is published with a three-month lag.

- The GUS Quarterly Bulletin.

### **4.5 Users**

The National Bank of Poland, banks, investors, financial analysts and other users, according to their needs.

## **5 Monetary financial institution interest rate statistics**

### **5.1 Legal and institutional background**

#### **5.1.1 Definitions**

The National Bank of Poland is responsible for the compilation and publication of interest rate statistics. The term “MFI interest rates” refers to retail interest rates that the reporting agents (banks) offer to charge on loans and to pay on deposits (advertised nominal rates for standard loans and deposits) vis-à-vis non-financial corporations and households.<sup>19</sup>

#### **5.1.2 The role of MFI interest rate statistics**

Direct inflation targeting exercised by the National Bank of Poland requires short-term interest rates to be monitored closely. Therefore, the National Bank of Poland’s interest rate transmission mechanism, which operates through interbank market rates which, in turn, affect the interest rate policies of banks, needs to be clearly understood. Interest rate statistics provide relevant information on the supply of and demand for money in the economy, the interbank market situation, credit markets and the costs of bank deposits. At the same time, they allow factors that determine interest rate levels to be monitored.

Interest rate statistics enable various institutions to conduct analyses and research on the money market situation, as well as to make forecasts and examine relationships between economic processes and interest rates levels, including foreign capital inflows and public debt financing, etc.

The National Bank of Poland analyses interest rates on a continuous basis and publishes its explanations of interest rates developments in the quarterly Inflation Report and the Monetary Policy Annual Report. The National Bank of Poland has also been working on the development of the “Small Transmission Model” project.

The Ministry of Finance also monitors interest rate developments since they affect the cost of public debt financing.

#### **5.1.3 Powers to collect MFI interest rate statistics**

Banks are obliged to report information to the National Bank of Poland in accordance with the Act on the National Bank of Poland and Resolution No. 3/2002 of the Management Board of the National Bank of Poland of 15 February 2002 on the manner

<sup>19</sup> At present, the “MFI” category is equivalent to “banks” in Poland. The term “banks” is therefore used in the rest of this section.

and detailed principles of submission by banks to the National Bank of Poland of data necessary for the development of monetary policy, the periodic evaluation of the State's monetary stance and the evaluation of banks' financial situation and banking sector risk<sup>20</sup>.

In particular, Annex 8 of Resolution No. 3/2002 sets out detailed requirements for the scope and timeliness of the submission of interest rates to the National Bank of Poland.

For weighting purposes, the balance sheet data used are derived from the standard reporting system, which was developed under the Accountancy Act of 29 September 1994<sup>21</sup> and the following ordinances issued under this act:

- Resolution of the Minister of Finance of 10 December 2001 on the specific principles of banks' accounting rules;<sup>22</sup>
- Resolution of the Minister of Finance of 12 December 2001 on model charts of accounts for banks;<sup>23</sup> and
- Resolution of the Minister of Finance of 10 December 2001 on the manner of principles of making provisions related to banking activity.<sup>24</sup>

## 5.2 Collection procedures

### 5.2.1 Reporting agents

Interest rate statistics are collected from the 11 largest banks by balance sheet volume, which account for 1.5% of all the institutions classified in that category. In terms of volume, the 11 largest banks accounted for 73% of the total balance sheet at the end of December 2001, for 83% of the deposits and for 68% of the loans of all Polish banks.

Interest rate statistics are collected only from headquarters of banks, since branches offer interest rates according to headquarters' instructions.

### 5.2.2 Reporting schemes

The reporting scheme is uniform for all banks submitting interest rate information. Since March 2002, banks have been obliged to provide interest rate data on the following types of loans and deposits:

#### PLN loans:

- to corporations:
  - overdrafts and
  - loans with original maturities of one, two, three, five and over five years;
- to households:
  - overdrafts,
  - consumer loans,
  - loans for house purchases,
  - loans for individual entrepreneurs,
  - loans for agricultural purposes, and
  - other loans.

Data are collected on all types of loans to households (except overdrafts) with original maturities of one, two, three, five and over five years.

#### PLN deposits:

- from households:
  - demand,
  - current accounts, and

20 Official Journal of the National Bank of Poland of 2002, No 5, item 9, as amended.

21 Journal of Laws of 2002, No. 76, item 694.

22 Journal of Laws of 2001, No. 149, item 1673, as amended.

23 Journal of Laws of 2001, No. 152, item 1727.

24 Journal of Laws of 2001, No. 149, item 1672, as amended.

- deposits with agreed maturities of one, three, six, 12, 24 and over 24 months.
- from corporations:
  - demand and
  - deposits with agreed maturities of one, three, six, 12, 24 and over 24 months.

#### Foreign currency loans:

- USD and EUR loans to corporations and households (interest rates are calculated separately for USD and EUR loans, as a total for corporations and households):
  - overdrafts and
  - loans with original maturities of one, two, three, five and over five years.

#### Foreign currency deposits:

- USD and EUR deposits from corporations and households (interest rates are calculated separately for USD and EUR deposits, as a total for corporations and households):
  - demand and
  - deposits with agreed maturities of one, three, six, 12, 24 and over 24 months.

Interest rates are presented as the annual percentage rate on the reporting date and are submitted to National Bank of Poland by fax.

#### 5.2.3 Time range, frequency and timeliness of reporting

Interest rate data have been available in the form of advertised rates since 1992, and in that of average interest rates on deposits and on loans since 1992 and 1996

respectively. They were reported on a ten-day basis until December 1997. Since that date, interest rates have been reported on a monthly basis only. Reporting agents are obliged to transmit the data by close of business on the second working day following the end of the month to which they relate.

### 5.3 Data processing and compilation methods

#### 5.3.1 Basis of calculation and quality controls

Data provided by reporting agents are end-of-period advertised data. Interest rates are presented by the National Bank of Poland as time series with weighted averages. The weights applied represent the proportion in stocks attributable to particular banks in a given category relative to all the banks within the reference group. Weighted average rates are calculated by the National Bank of Poland for the following categories of loans and deposits:

#### PLN loans:

- to corporations:
  - overdrafts,
  - loans with original maturities of one, two, three, five and over five years, and
  - the average rate for all original maturities;
- to households:
  - overdrafts,
  - weighted average interest rates on loans with original maturities of one, two, three, five and over five years, including fees, and

## Poland

- average interest rate of loans to households and corporations for all original maturities.

### PLN deposits:

- from households:
  - demand,
  - current accounts,
  - deposits with agreed maturities of one, three, six, 12, 24 and over 24 months, and
  - average interest rate for all agreed maturities (excluding demand deposits and current accounts);
- from corporations:
  - demand,
  - deposits with agreed maturities of one, three, six, 12, 24 and over 24 months, and
  - average interest rate for all agreed maturities (excluding demand deposits);
- average interest rate for all agreed maturities of deposits from households and corporations.

### Foreign currency deposits:

- USD and EUR deposits from corporations and households (interest rates are calculated separately for USD and EUR deposits, as a total for corporations and households):
  - demand,
  - deposits with agreed maturities of one, three, six, 12, 24 and over 24 months, and

- average interest rate for all USD and EUR deposits (excluding demand deposits).

### Foreign currency loans:

- USD and EUR loans to corporations and households (interest rates are calculated separately for USD and EUR loans, as a total for corporations and households):
  - overdrafts,
  - loans with original maturities of one, two, three, five and over five years, and
  - average interest rate for all USD and EUR loans.

### 5.3.2 Breaks in series

Breaks in series may be caused by changes in the reporting population (in most cases, due to mergers and acquisitions) or changes in the reported categories. The National Bank of Poland provides information about any methodological changes introduced in the banking reporting procedure which results in a break in series (recent changes were introduced in March 2002). Such information is also published in the methodological notes to the National Bank of Poland's Information Bulletin and on the National Bank of Poland's website. Time series have not been adjusted retrospectively.

### 5.3.3 Revisions

Data presented in publications of the National Bank of Poland are final, but it may happen that published data are changed and revised due to changes resulting from errors made by banks. An exception is the average interest rates for December, which may change due to changes in weightings. They may change due to the fact that December data are subject to revision and considered

final only after the annual balance sheet has been audited and any revisions have been submitted to the National Bank of Poland.

## 5.4 Publications

### 5.4.1 First release of data

The National Bank of Poland provides equal access to data for all users on the National Bank of Poland's website ([www.nbp.pl](http://www.nbp.pl)), which is the first available source of data for external users. Weighted average interest rates are published on a monthly basis with a five-week lag.

### 5.4.2 Other statistical publications

Interest rate statistics are also included in the following publications:

- The National Bank of Poland's Information Bulletin in hard copy - published monthly with at least a three-month lag,
- The National Bank of Poland's Annual Report - published with an eight-month lag in electronic format on the National Bank of Poland's website and in hard copy.

Publications are available in both Polish and English.

## 5.5 Users

The Ministry of Finance, banks, financial analysts and other users, according to their needs.

Interest rate statistics are also provided to international institutions: the International Monetary Fund, Eurostat and the European Central Bank.

## 6 Contact at the National Bank of Poland

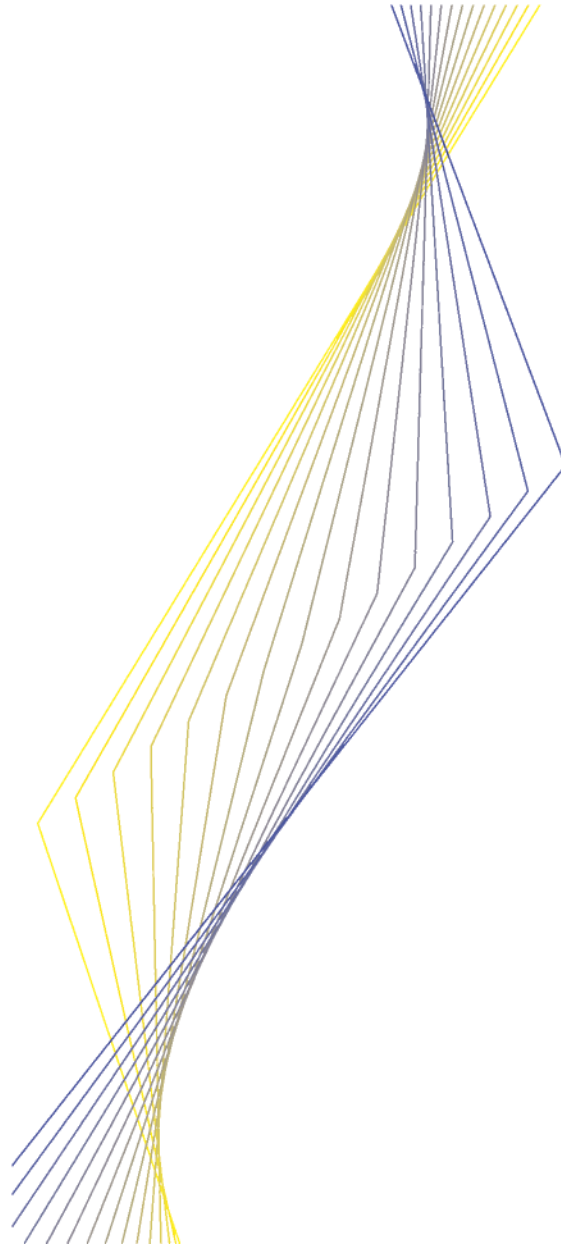
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## Poland



EUROPEAN CENTRAL BANK



**Romania**



## Romania

### List of abbreviations

<b>ACEIR</b>	Romanian External Auditors Association - <i>Asociata Contabililor si Expertilor Independenti din Romania</i>
<b>ANSVM</b>	National Association of Securities Intermediaries - <i>Asociatia Nationala a Societatilor de Valori Mobiliare</i>
<b>BVB</b>	Bucharest Stock Exchange - <i>Bursei de Valori Bucuresti</i>
<b>CHF</b>	Swiss franc
<b>CNVM</b>	National Securities Commission - <i>Comisia Nationala a Valurilor Mobiliare</i>
<b>ECB</b>	European Central Bank
<b>EUR</b>	euro
<b>GBP</b>	pound sterling
<b>JPY</b>	Japanese yen
<b>MFI</b>	monetary financial institution
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>RASDAQ</b>	Romanian over-the-counter share market
<b>ROL</b>	Romanian leu
<b>SEK</b>	Swedish krona
<b>SNCDD</b>	National Clearing, Settlement and Depository Company - <i>Societatea Nationala de Compensare, Decontare si Depozitare</i>
<b>UNOPC</b>	National Union of Collective Investment Schemes - <i>Uniunea nationala a Organismelor de Plasament Colectiv</i>
<b>USD</b>	US dollar

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

external auditor on an annual and semi-annual basis;

#### I.1.1 Introduction

Other financial intermediaries (OFIs) operating in the capital markets in Romania under the supervision of the National Securities Commission (CNVM) include:

- (i) financial investment services companies - financial data reported to the CNVM include the analytical trial balance, the shareholders' equity (assets minus liabilities), the debt ratio (total liabilities divided by shareholders' equity) and certain balance sheet indicators, certified and reported by an independent external auditor on an annual and semi-annual basis;
- (ii) custody agents - financial data reported to the CNVM include minimum net capital and certain balance sheet indicators, certified and reported by an independent external auditor on an annual and semi-annual basis;
- (iii) investment consultants - statistical data reported to the CNVM include certain balance sheet indicators, certified and reported by an independent external auditor on an annual and semi-annual basis;
- (iv) independent registrars - statistical data reported to the CNVM include certain balance sheet indicators, certified and reported by an independent external auditor on an annual and semi-annual basis, and a list of all securities issuers and holders, whether they be natural or legal persons;
- (v) the National Clearing, Settlement and Depository Company (SNCDD) - statistical data reported to the CNVM include certain balance sheet indicators, certified and reported by an independent
- (vi) the Bucharest Stock Exchange (BVB) - statistical data are reported to the CNVM on request and relate to information on the performance of stock exchange indices (BET and BET-C), daily trading volumes and capitalisation grouped by tiers, and financial indicators from the annual balance sheet;
- (vii) RASDAQ - statistical data are reported to the CNVM on request and relate to information regarding the performance of the over-the-counter index (the RASDAQ Composite Index), the daily traded value and capitalisation grouped by tiers, and financial indicators from the annual balance sheet;
- (viii) open-end investment funds - data are reported to the CNVM by the licensed asset management companies and relate to the fund's objectives, the fund's activities, the current number of investors, the number of fund units in issue and the total funds under management (gross and net);
- (ix) venture capital funds - data reported to the CNVM include financial statements (balance sheet, profit and loss account, cash-flow analysis), the report on the company's activities, and changes that influence shareholders' equity and the management of the company;
- (x) investment companies - data are reported to the CNVM by the licensed asset management companies and relate to the company's objectives, the company's activities and financial statements (balance sheet and profit and loss account);

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- (xi) asset management companies - data reported to the CNVM relate to the fund's objectives (the fund's investment strategy for reaching its goals, the report on activities undertaken during the reporting period, significant changes in the public offer prospectus during the reporting period, the performance of the unit net asset value, and any information that might help investors in making decisions concerning the fund units), the report of the external auditor regarding the management of the fund's assets and the report of the Board of Trustees on the fund's activities, the position of the fund's assets and the fund's obligations calculated quarterly, half-yearly and annually (the asset management company must report to the CNVM the portfolio structure, the net asset value and the unit net asset value on a weekly basis - the net asset value of an open-end fund is calculated by deducting the obligations from the total funds under management);
- (xii) depository companies - statistical data are reported to the CNVM on request and relate to the accounts of the shares/units issued by the fund or the investment companies;
- (xiii) exchange companies - the data to be reported to the CNVM according to the regulations include the performance of the main economic and financial indicators, information regarding the active members of the exchange company and the auditor's report;
- (xiv) brokerage companies - the data to be reported to the CNVM according to the regulations include information regarding the owners' equity and the debt ratio, the annual and semi-annual balance sheet and the annual report certified by an external auditor or audit company;
- (xv) clearing houses - the legal framework concerning statistical data that must be reported to the CNVM is under review with the aim of bringing the current regulations into line with European Union directives, but the statistical data which clearing houses will have to report to the CNVM include the open positions of each securities intermediary and of each clearing member as well as the degree of exposure to market risk;
- (xvi) traders - the legal framework concerning statistical data that must be reported to the CNVM is currently under development, but data which traders will have to report will include their open positions and the upper limit on the amount of money allowed to be used for transactions;
- (xvii) consulting exchange companies - regulations on the statistical data that must be reported to the CNVM are to be introduced; and
- (xviii) audit companies - regulations on the statistical data that must be reported to the CNVM are to be introduced.

### **1.1.2 Definitions**

- (i) Financial investment services company - a joint-stock company authorised by the CNVM to carry out, as its sole activity, the professional intermediation of securities by trading either on its own behalf (dealer) or on behalf of third parties (broker).
- (ii) Custody agent - any stock exchange, financial investment services company, bank or other credit institution, insurance company or any other entity authorised by the CNVM to carry out on its own behalf or on behalf of third parties the following activities:

- holding securities in individual client accounts;
  - buying or selling securities from/to a clearing, settlement and depository company in order to ensure the settlement of transactions;
  - holding the monetary resources needed for the securities transactions in individual client accounts;
  - managing amounts of money in accordance with the instructions given by the authorised clearing, settlement and depository company in order to ensure the settlement of transactions;
  - submitting securities transfer requests to an independent registrar on behalf of clients;
  - sending reports to and receiving instructions from clients in order to ensure the effectiveness of the clearing process;
  - offering assistance to clients concerning information related to shareholder meetings and to other activities of the issuers; and
  - collecting funds and carrying out payment operations with regard to dividends, interest and any other benefits granted by issuers to securities holders who are clients of the custody agent.
- (iii) Investment consultant - a natural or legal person authorised to provide professional advisory services to the public concerning investments in securities. Authorised advisory services concerning investments in securities include securities analysis, portfolio selection services, securities rating services and publication activities.
- (iv) Independent registrar - a legal person authorised by the CNVM to maintain a register of securities holders and to carry out the following activities:
- the registration of a securities transfer in the central register of the holders of that security;
  - ensuring the transfer of the securities in the clearing, settlement and depository system which facilitates the issuers' access to the financial markets regulated and supervised by the CNVM; and
  - updating and keeping track of the documentation indicating the total number of shares or the total value of a bond issue.
- (v) National Clearing, Settlement and Depository Company (SNRDD) - a joint-stock company authorised by the CNVM to carry out the following activities:
- conducting operations with deposited securities in accordance with contracts concluded with issuers and custody agents;
  - establishing responsibilities for the settlement of securities transactions and carrying out such settlements;
  - offering depository and custody services, and facilitating settlement by registering securities transactions on client accounts together with an authorised independent registrar; and
  - ensuring access to an independent registrar authorised by the CNVM.
- (vi) Bucharest Stock Exchange (BVB) - a public institution which:
- ensures an organised framework for carrying out securities transactions

## Romania

on the basis of a system of principles, rules, regulations and procedures authorised by the CNVM; and

- facilitates the settlement and execution of contracts in a transparent and correct manner.

HORIZON, the transaction system used by the BVB, is an electronic system (based on the auction system) that ensures the correct and transparent execution of securities transactions. The transaction system operates under a regime that relates to the electronic clearing, depository and registration systems of the BVB.

- (vii) RASDAQ - the components of the RASDAQ market are the electronic trading system RASDAQ (an adaptation of the PORTAL system developed by the National Association of Securities Dealers in the United States), the SNCDD and the independent registrars of issuers whose stocks are traded on this market. The RASDAQ trading system ensures the functioning of a geographically decentralised market whose participants are interconnected through a database (using dedicated or exchange lines). The market is created by the competing financial investment services companies which issue bid and ask quotations for the traded securities. The transactions may be negotiated by telephone and/or through the system. Unlike the stock exchange, which is an auction market, RASDAQ is a negotiation market.
- (viii) Open-end investment fund - through a civil company contract and subject to the authorisation of the CNVM, natural or legal persons may establish an open-end investment fund without legal personality comprising the sum of contributions of money to the fund (from a continuous public offering of participation securities documenting

rights of ownership of the fund) and of the assets accumulated by investing such contributions in a diversified portfolio of transferable securities.

The investment strategy of each open-end investment fund is defined and explained in the Public Offer Prospectus for the fund units. Almost all open-end investment funds on the Romanian capital market have invested their financial resources in money markets instruments.

- (ix) Investment company - a joint-stock company with a minimum of 50 shareholders whose sole activity is to raise financial resources from natural and legal persons and to invest them in securities in accordance with the regulations of the CNVM.
- (x) Asset management company - a joint-stock company, set up with the prior authorisation of the CNVM, whose sole activity is the administration of open-end investment funds and investment companies.
- (xi) Depository company - a joint-stock company with which asset management companies deposit the assets of the open-end investment funds and investment companies which they manage with depository companies, to be held in trust on a contract basis under the authorisation of the CNVM.
- (xii) Commodity exchange - a joint-stock company under the regulation and supervision of the CNVM which is independent from the commodity market and which provides services for brokerage companies and their clients.
- (xiii) Brokerage company - a joint-stock company authorised by the CNVM to act as an intermediary on the commodity exchange, which has the status of a member, an affiliated member or a clearing member of a

commodity exchange. Its object is to negotiate contracts and to carry out settlements for its own account or for the account of third parties.

- (xiv) Clearing house - a joint-stock company established by the members of a commodity exchange, banks and insurance companies, or a department within a commodity exchange, that provides for the registration of futures and options contracts, the settlement of payments and the clearing of futures and options contracts.
- (xv) Trader - a natural person certified by a commodity exchange and authorised by the CNVM whose sole activity is the negotiation of contracts to buy and sell for his own account on the basis of a licence issued by the commodity exchange.
- (xvi) Investment advisory company - a joint-stock company authorised by the CNVM to provide consultancy services for third parties with respect to the trading system at the commodity exchange, the analysis of spot markets, futures markets and options markets and to provide commodity market rating services.
- (xvii) Audit company - a joint-stock company authorised to provide auditing services.

### **1.1.3 The role of OFI statistics**

At present, the National Bank of Romania does not gather statistical information directly from OFIs. At the same time, there is no formal exchange of information on a regular basis between the National Bank of Romania and the institutions gathering such information. However, this lack of information had no detrimental impact on the development and implementation of monetary policy since banks dominate the financial market and OFIs play an only minor role in the monetary policy transmission

mechanism. Further increases in the number and volume of transactions made by OFIs, as seen recently, are expected to change the role they play in the monetary policy transmission mechanism and, hence, the way the National Bank of Romania conducts monetary policy.

### **1.1.4 Powers to collect OFI statistics**

According to the provisions of Law No. 52/1994 on securities and the stock exchange and of CNVM regulations in force, capital market entities have an obligation to submit reports to the CNVM on a regular basis.

The entities that must submit reports to the CNVM include the following:

- (i) financial investment services companies, independent registrars, the SNCDD, the BVB and RASDAQ;
- (ii) asset management companies, depository companies and custody agents - on their own behalf and on behalf of the open-end investment funds whose assets they manage or hold; and
- (iii) other entities such as the National Union of Collective Investments Schemes (UNOPC) and the Romanian External Auditors Association (ACEIR).

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

Data submitted for the various categories of reporting agents are as follows:

#### **A.1 Financial investment services companies**

- on a monthly basis:
  - report concerning the minimum owners' equity and the debt ratio, and

## Romania

- analytical trial balance for the reporting month;
  - on a half-yearly basis:
    - semi-annual balance sheet and
    - profit and loss account;
  - on an annual basis:
    - annual balance sheet,
    - report of the Board of Directors and
    - record of changes in the shareholders' register; and
  - any other information - at the request of the CNVM.
- A.2 Independent registrars**
- on an annual basis:
    - independent external auditor's report,
    - annual balance sheet and
    - list of issuers to whom the registrars provide services; and
  - any other information - at the request of the CNVM.
- A.3 The SNCDD, the BVB and RASDAQ**
- on an annual basis:
    - independent external auditor's report and
    - annual balance sheet; and
  - any other information - at the request of the CNVM.
- B.1 Asset management companies**
- (a) on behalf of the managed investment funds:
- on an annual basis:
    - financial statements certified by auditors,
    - auditor's report on the annual financial statement,
    - report concerning investments and
    - changes in the number of investors, in the number of outstanding fund units and in the unit net asset value;
  - on a half-yearly basis:
    - financial statements in line with the annual ones;
  - on a quarterly basis:
    - financial statements in line with the annual ones, but not certified by an external auditor, including detailed reports on portfolio investments, and
    - changes in the number of investors, the number of outstanding fund units and the net asset value;
  - on a weekly basis:
    - daily net asset values of the managed investment funds; and
  - any other information - at the request of the CNVM; and
- (b) on their own behalf:
- on a half-yearly basis:
    - semi-annual balance sheet and
    - profit and loss account;

- on an annual basis:
  - annual balance sheet,
  - report of the Board of Directors and
  - record of changes in the shareholders' register; and
- any other information - at the request of the CNVM.

### **B.2 Depository companies**

- on a weekly basis:
  - daily net asset values of the investment funds;
- on a half-yearly basis:
  - semi-annual balance sheet and
  - profit and loss account;
- on an annual basis:
  - annual balance sheet,
  - report of the Board of Directors and
  - record of changes in the shareholders' register; and
- any other information - at the request of the CNVM.

### **B.3 Custody agents**

- on a half-yearly basis:
  - semi-annual balance sheet and
  - profit and loss account;
- on an annual basis:
  - annual balance sheet,

- report of the Board of Directors and
- record of changes in the shareholders' register; and

- any other information - at the request of the CNVM.

### **B.4 Investment companies**

- on a monthly basis:
  - net asset value;
- on a half-yearly basis:
  - semi-annual balance sheet and
  - profit and loss account;
- on an annual basis:
  - annual balance sheet,
  - report of the Board of Directors and
  - record of changes in the shareholders' register; and
- any other information - at the request of the CNVM.

### **C.1 UNOPC**

- on monthly basis:
  - reports concerning the authorisation of investment funds' publicity.

### **C.2 ACEIR**

- on a half-yearly basis:
  - reports concerning the association's activities.



**Table 1**  
Reporting coverage of OFI statistics in Romania

Type of OFI	Number	Present asset value (ROL thousands) as at 31 December 2001
Financial investment services companies	120	227,140,187.16
Independent registrars	10	-
Open-end investment funds	27	-
Venture capital funds	1	-
Depository companies	9	-
Custody agents	9	-
Investment companies	5	-

### 1.2.2 Reporting schemes

For undertakings for collective investment in transferable securities (UCITS):

For financial investment services companies:

- the layout of the report is presented in Appendix I of the Law 52/1994,
- the data collected are based on the trial balance sheet and
- the report form includes the categories of financial instruments used by financial investment services companies (information concerning their maturity is provided at the request of the CNVM).

- the layout of the weekly report provides information on the maturities of financial instruments and
- the information requested is not grouped according to geographical criteria.

All the data are collected on paper reports, although some of the reports are collected by electronic means.

**Table 2**  
Monthly financial statement of a typical OFI's present asset value

No.	Type of asset	Account number	Acquisition value (stocks)	Market value	Present value	Risk coefficient	Present asset value
0	1	2	3	4	5	6	7 = 5 - (5*6)
01	Cash	511+512-419*** +531+532+541 +461.01		*		0%	
02	Certificates of deposit	267-296* 508-590		*		2%	
03	Long-term deposits in commercial banks. Other papers that represent deposits in commercial banks. Deposits in commercial banks under the supervision of the National Bank of Romania.	267-296* 508-590		*		5% 95%	

**Table 2**  
**Monthly financial statement of a typical OFI's present asset value**

No.	Type of asset	Account number	Acquisition value	Market value	Present value	Risk coefficient	Present asset value (stocks)
04	Treasury bills.	506-590				2%	
	Securities issued by local authorities.	267-296*				10%	
05	a) Securities issued by joint-stock companies which have been offered for sale to the public and are traded on a liquid market regulated by the CNVM.	503+506 +508-590				30%	
	b) Shares and bonds issued by joint-stock companies for which the securities intermediary is market maker.	503+506 +508-590				20%	
	c) Shares and bonds issued by any one joint-stock company that account for more than 20% of the securities traded by the securities intermediary.	503+506 +508-590				50%	
06	Securities whose public offer or sale is still open (the bid price - the trading fee, for the guaranteed investment).	503+506 +508-590		*		40%	
07	Shares registered with the SNCDD and the independent registrars (at the acquisition price).	261-296*		*		30%	
08	a) Fund units in open-end investment funds.	261-296*				25%	
	b) Fund units where the total holding in a single open-end investment fund accounts for more than 20% of the securities traded by the securities intermediary.	261-296*				50%	
09	a) Deposits of money to pay for securities purchased on behalf of clients (up to three working days after the transaction date).	419**				0%	
	b) Deposits of securities purchased on behalf of clients and held in the securities intermediary account, with the appropriate risk coefficient (more than three working days after the transaction date).					30% 20%50%	
10	Deposits in a depository company licensed by the CNVM.	267-296*				8%	
11	Guarantee reserves made in accordance with the regulations in force for each financial market.	267-296				8%	
12	Deposits placed with another securities intermediary, based on a settlement contract authorised by the CNVM.	267-296				2%	
13	Shares and bonds issued by joint-stock companies which are not traded on a regulated market, or which are traded on a regulated market but have been restricted for a period of time longer than two weeks.	503+506 +508-590		*		100%	
14	TOTAL ASSETS	*		*		*	

**1.2.3 Time range, frequency and timeliness of reporting**

**A.1 Financial investment services companies**

Monthly reports must be received by the CNVM within ten business days of the end of the reporting month.

Semi-annual reports must be received by the CNVM within five business days of the date established by the Public Finance Department as “the deadline for submission of the balance sheet”.

Annual reports, certified by an independent external auditor, must be received by the CNVM within five business days of the date established by the Public Finance Department as “the deadline for submission of the balance sheet”.

**A.2 Independent registrars**

Annual reports must be received by the CNVM within 15 days of the certification of the balance sheet by the Ministry of Finance.

**B.1 Asset management companies**

Weekly reports must be received by the CNVM on the Monday of the week following the reporting period.

Quarterly reports must be received by the CNVM within 60 days of the end of the reporting period.

Semi-annual reports must be received by the CNVM within 60 days of the end of the reporting period.

Annual reports must be received by the CNVM within 60 days of the end of the reporting period.

**B.2 Depository companies**

Weekly reports must be received by the CNVM on the Monday of the week following the reporting period.

Semi-annual reports must be received by the CNVM within 60 days of the end of the reporting period.

Annual reports must be received by the CNVM within 60 days of the end of the reporting period.

**B.3 Custody agents**

Semi-annual reports must be received by the CNVM within 60 days of the end of the reporting period.

Annual reports must be received by the CNVM within 60 days of the end of the reporting period.

**B.4 Investment companies**

Monthly reports must be received by the CNVM within ten days of the end of the reporting period.

Semi-annual reports must be received by the CNVM within 60 days of the end of the reporting period.

Annual reports must be received by the CNVM within 60 days of the end of the reporting period.

**C.1 UNOPC**

There are no deadlines for the submission of reports by the UNOPC.

**C.2 ACEIR**

There are no deadlines for the submission of reports by the ACEIR.

**1.3 Data processing and compilation methods**

**1.3.1 Breaks in series**

Financial data are collected by the CNVM for the supervision of capital market entities and no statistical analysis is made.

### 1.3.2 Revisions

None.

### 1.4 Publications

Statistical data collected by the CNVM from entities subject to regulation and supervision by the CNVM are not published on a regular basis.

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

The Romanian money market is defined as a continuous market in which deposits are made or received in Romanian leu at an interest rate established freely by the market.

The interbank money market comprises all banks licensed by the National Bank of Romania, and their conduct is governed by specific rules issued by the National Bank of Romania.

It is compulsory for banks to offer rates for at least the following maturities: overnight, one week, one month, three months, six months, nine months and one year.

The Romanian foreign exchange market is governed by National Bank of Romania Regulation No. 3/1997 and is a continuous market for interbank, corporate and personal foreign exchange transactions, with specific provisions for each category.

Access to the interbank foreign exchange market is subject to the prior authorisation of the National Bank of Romania under the provisions of Norm No. 1 of the above regulation.

Banks authorised to perform transactions on the Romanian interbank foreign exchange market are obliged to display binding or, at

### 1.5 Users

Data are collected by the CNVM for supervision purposes and are not intended for the use of any individuals.

least, informative rates for at least six of the hard currencies published on the National Bank of Romania's indicative rate list (USD, EUR, CHF, GBP, JPY, SEK etc.).

The Romanian capital market includes all the entities listed in Sub-section 1.1.2 above. The securities currently traded on the BVB and RASDAQ are mostly shares issued by public joint-stock companies. In addition, municipal bonds with maturities longer than one year are also traded on the BVB. Treasury notes with maturities longer than one year will be traded from the end of 2002 provided that the financial investment services companies meet the minimum capital requirements under the regulations in force.

The commodities exchanges are regulated and licensed markets which provide their members and clients with centralised negotiating and risk management facilities through clearing and depository systems for transactions such as:

- sales or acquisitions on the spot market or futures market of agricultural products or unprocessed raw materials which, by their nature, are fungible goods or which, by design, are transferable goods;
- sales or acquisitions, using spot or forward, futures and options contracts, on the spot market or futures market respectively of commodity securities

(e.g. warehouse warrants, bills of lading, cargo insurance policies and other similar instruments authorised and regulated by the CNVM);

- sales or acquisitions on the futures market of money market or financial market instruments or derivatives whose underlying assets are money market or financial market instruments, or any other instruments authorised and regulated by the CNVM;
- cargoes, ships and cargo insurance policies; or
- sales or acquisitions of other financial instruments authorised and regulated by the CNVM.

### **2.1.2 The role of financial market statistics**

Financial market statistics are very important for the monetary policy transmission mechanism. There are statistics on the money market (the interbank money market and the primary and secondary markets for government securities) and the foreign exchange market.

### **2.1.3 Powers to collect financial market statistics**

According to the regulations in force, the CNVM is an independent administrative authority that carries out regulatory and supervisory tasks such as authorising, exempting, banning, investigating and issuing penalties to participants in the capital market.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

The CNVM collects data from the BVB, the National Association of Securities Intermediaries (ANSVM), the SNCDD and the National

Bank of Romania. The data are submitted at the request of the CNVM.

The National Bank of Romania, which is the Ministry of Finance's agent for the issuing of Treasury bills, publishes information via Reuters on the most recent Treasury bills auction (amount settled, participants, average yield, minimum and maximum accepted rate, etc.) and provides data on all Treasury bills in circulation.

### **2.2.2 Reporting schemes**

Financial investment services companies must report information on their securities portfolio to the CNVM. The reports which the companies submit to the CNVM must contain the following information:

- the ticker symbol of the security held;
- the quantity held;
- the acquisition price; and
- the market price of the security at the end of the reporting period.

### **2.2.3 Time range, frequency and timeliness of reporting**

No specific information is available.

## **2.3 Data processing and compilation methods**

### **2.3.1 Basis of calculation and quality controls**

The data collected refer to the end of the reporting period.

Data published via Reuters relate to Treasury bills issued. Following the implementation of the new regulations on the Treasury bill market, it will be compulsory for all banks to display on-line rates for Treasury bill issues in circulation.

**2.3.2 Breaks in series**

Not applicable.

**2.3.3 Revisions**

Not applicable.

**2.4 Publications****2.4.1 First release of data**

Not applicable.

**2.4.2 Other statistical publications**

Not applicable.

**2.5 Users**

The main users of statistical data on the financial markets are investors (natural and legal persons), employees of participants in the capital markets, financial analysts and securities agents.

**3 Securities issues statistics****3.1 Legal and institutional background****3.1.1 Definitions**

The National Bank of Romania is empowered to act as the state agent for the sale, registration, transfer and settlement of government securities. The legal framework for the market in government securities is contained in Law No. 81/1999 on public debt, Convention No. 16813/19 concluded between the Ministry of Finance and the National Bank of Romania on 17 March 1998 and Regulation No. 2/1997 on government securities operations.

Regarding statistics on public offers of securities, the CNVM receives raw data in hard copy. This information is sent to the CNVM by each issuer and is not statistically analysed.

**3.1.2 The role of securities issues statistics**

The only data of this kind available to the National Bank of Romania are those regarding statistics on issues of government bonds and Treasury bills. The information is therefore particularly important for the analyses used as a basis for monetary policy decisions, since the strategy of deficit financing and public debt refinancing -

especially the related costs - is one of the main factors influencing the National Bank of Romania's interest-rate policy. The main data used by the monetary authority are the interest rate, the amount of bills on offer, the term structure of interest rates, the timetable of issues and their denomination.

**3.1.3 Powers to collect securities issues statistics**

Romania does not have a separate institution or agency which is able to collect information on securities issues for official statistical purposes.

On the basis of Article 45 of Law No. 81/1999 on public debt, the Ministry of Finance keeps ledgers in which information on public debt (including government securities and state guarantees) are recorded. The ledgers contains data regarding the public debt, its value, the level of interest, commissions and other information in chronological order.

At the same time, in accordance with Articles 44 and 47 of the Law No. 72/1996 regarding public finance, each year the Ministry of Finance provides a general account of public debt which is attached to the general annual account for the execution of the state budget.

## 3.2 Collection procedures

### 3.2.1 Reporting agents

No specific statistical framework has thus far been organised for securities issues. Available primary data rely on different sources.

### 3.2.2 Reporting schemes

The general account of public debt (including government securities) has two parts: the account of internal public debt and the account of external public debt to which is attached an account of government guarantees for internal and external credits.

The accounts cover direct borrowing from the internal financial market, including borrowing from the resources of the state treasury, indicating the type of borrowing, the term, the starting balance both at the aggregate level and for each group of instruments, new borrowing, repayments and the balance at the end of the period.

The same criteria are applied to the external public debt.

### 3.2.3 Time range, frequency and timeliness of reporting

No specific information is available.

## 3.3 Data processing and compilation methods

### 3.3.1 Basis of calculation and quality controls

### 3.3.2 Breaks in series

No adjustments are made for any types of break in series.

## 3.3.3 Revisions

Not applicable.

## 3.4 Publications

### 3.4.1 First release of data

Relevant publications (first publication) for government securities statistics (new and roll-over issues):

- Annual report, National Bank of Romania;
- Monthly Bulletin, National Bank of Romania;
- Macroeconomic Indicators, National Bank of Romania.

The National Bank of Romania also publishes a wide range of data on its website ([www.bnro.ro](http://www.bnro.ro)). The following government securities statistics (new and rollover issues) are available:

- interest-bearing Treasury bills:
  - nominal value and
  - average interest rate; and
- interest-bearing bonds:
  - nominal value and
  - average interest rate.

### 3.4.2 Other statistical publications

There are no relevant publications other than those given in Sub-section 5.4.1.

## 3.5 Users

All interested users.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

The main categories of derivatives on the Romanian capital market are:

- (i) option contracts - standardised contracts which, in exchange for the payment of a premium, create for the buyer of the option the right, but not the obligation, to buy (call option) or to sell (put option) a certain underlying asset at a predetermined price, the "exercise price", up to or on the expiry date;
- (ii) forward contracts - standardised contracts with negotiable terms and with a maturity agreed between the parties. The maturity of a forward contract may be up to 18 months, but not less than ten days; and
- (iii) futures contracts - standardised contracts which create for each party the obligation either to sell or buy a certain underlying asset on the maturity date at a price agreed upon at the time the transaction is concluded. The obligations under the contract must be met in no more than ten days. The maturity of a futures contract may be up to 18 months, but not less than ten days.

#### 4.1.2 The role of financial derivatives statistics

Financial derivatives statistics are not available to the National Bank of Romania since the market for these instruments is still under development. Monetary policy analyses do not use information about financial derivatives.

### 4.1.3 Powers to collect financial derivatives statistics

The regulations issued by the CNVM, as the regulatory, supervisory and control authority for the commodities and derivatives markets, include information about forms, deadlines and the means by which data must be reported.

## 4.2 Collection procedures

### 4.2.1 Reporting agents

At present, information regarding derivatives transactions is not reported to the CNVM, but the new capital market regulations will lay down the specific data required and the deadlines by which they will have to be reported to the CNVM.

### 4.2.2 Reporting schemes

The system and the means used in the reporting of the statistical data will be laid down in the new capital market regulations.

### 4.2.3 Time range, frequency and timeliness of reporting

These will be laid down in the new capital market regulations.

## 4.3 Data processing and compilation methods

### 4.3.1 Definitions and methodology

These will be laid down in the new capital market regulations.



#### 4.3.2 Breaks in series

How these are to be dealt with will be laid down in the new capital market regulations.

on that of the Romanian Commodities Exchange ([www.brm.ro](http://www.brm.ro)) and on that of the Sibiu Monetary-Financial and Commodities Exchange Sibiu ([www.bmfms.ro](http://www.bmfms.ro)).

#### 4.3.3 Revisions

How these are to be dealt with will be laid down in the new capital market regulations.

#### 4.4.2 Other statistical publications

See Sub-section 4.4.1.

### 4.4 Publications

#### 4.4.1 First release of data

At present, the CNVM does not publish any statistical analyses. The capital market entities publish statistical data via the media, in their own bulletins and on their own websites -

### 4.5 Users

The main users of financial services regarding derivatives and statistical data on the regulated commodities markets are the participants in these markets (hedgers, speculators, brokers, traders and financial analysts) and their staff.

## 5 Monetary financial institution interest rate statistics

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

Banks calculate:

#### lending rates for

- non-bank customers,
- credit in Romanian leu (overdrafts and loans by maturity - short-term and medium to long-term) to the non-government sector, to companies, households and other customers (insurance companies, private non-profit institutions), and
- credit in Romanian leu to the government (Treasury bills, other government credits, deposits with the State Treasury, other); and

#### deposit rates for

- non-bank customers,

- demand and time deposits in Romanian leu from companies, households, and other customers (this also includes restricted deposits and certificates of deposit), and
- deposits in Romanian leu from public institutions (extra-budgetary funds, deposits received by banks from the State Treasury).

#### 5.1.2 The role of MFI interest rate statistics

Interest rates applied by the banks are among the key indicators used in monetary analysis and monetary policy decisions. They have been gaining in importance, in particular last year, as the capacity of the National Bank of Romania to influence these rates has increased and as the macroeconomic response to their movements has become more elastic.

**Table 3****Reporting coverage for MFI interest rate statistics in Romania***As at 31 December 2002*

Type of reporting agent	Reporting coverage		Interest receivable (total value of retail interest receivable on balance sheets)	Interest payable (total value of retail interest payable on balance sheets)
	Number of reporting agents	Percentage of the total category	Percentage of the total balance sheet of all institutions	Percentage of the total balance sheet of all institutions
National central bank	1	100	0.2	0.2
Credit institutions	40	100	0.8	0.4
Banks and branches of foreign banks	39	100	0.8	0.4
Credit co-operatives	1	100	Not collected yet	Not collected yet
Other MFIs	-	-	-	-
Total	41	-	1.0	0.6

**5.1.3 Powers to collect MFI interest rate statistics**

According to Article 51 of Law No. 101/1998 on the Statute of the National Bank of Romania, the National Bank of Romania is entitled to collect information from banks which are licensed by the National Bank of Romania. Within this framework the banks report interest rates.

The legislation referred to in this sub-section can be found on the National Bank of Romania's website.

**5.2 Collection procedures****5.2.1 Reporting agents**

The reporting of Romania's financial institutions covers the National Bank of Romania and banks. There are 42 operational commercial banks, including 34 Romanian joint-stock companies and eight branches of foreign banks.

**5.2.2 Reporting schemes**

The National Bank of Romania collects primary data from banks for interest rate statistics purposes pursuant to Law No. 101/1998 on the Statute of the National Bank of Romania and Law No. 58/1998 (the Banking Act).

Interest rates applied by banks (lending and deposit rates) are compiled by the Statistics Department of the National Bank of Romania on a monthly basis. Data are collected in hard copy and through the interbank communications network.

The methodological rules laid down for the data which banks are requested to transmit to the National Bank of Romania are as follows:

- The average debit balance (loans) and credit balance (deposits) are calculated as monthly daily averages.
- The monthly interest is calculated by multiplying the interest rate by the debit balance/credit balance for the period of time over which the interest is calculated using the following formula:

$$D = \frac{\sum s \times r \times t}{100 \times 365}$$

where

D = interest to be received or interest to be paid (ROL millions),

s = daily debit balance (for loans)/credit balance (for deposits) (ROL millions),

r = the annual interest rate (%), and

t = number of calendar days for which the interest is calculated (within the reporting period).

- The average interest rate is calculated as a weighted arithmetic average.

### 5.2.3 Time range, frequency and timeliness of reporting

The National Bank of Romania provides information about any change in methodology implemented in the reporting procedure for banks which results in a break in series. There have been no adjustments in data time series thus far.

Commercial banks provide data on lending and deposit rates to the National Bank of Romania by the end of the 15th day after the end of the reporting period.

## 5.3 Data processing and compilation methods

### 5.3.1 Basis of calculation and quality controls

The interest rates provided by reporting banks are weighted average rates. The average interest rate is calculated on amounts outstanding.

Lending rate: weighted monthly average rate charged by commercial banks on loans (in

domestic currency) to resident non-bank customers (economic agents, individuals, general government, other).

Deposit rate: weighted monthly average rate paid by commercial banks on demand, time and savings deposits (in domestic currency) of resident non-bank customers and on government deposits.

### 5.3.2 Breaks in series

No adjustments are made for any kind of break in series under the present data collection system.

### 5.3.3 Revisions

Data may be subject to revision after publication, mainly due to updating needs. No specific rules are applied. Explanatory notes for revised data are inserted in the publication.

## 5.4 Publications

### 5.4.1 First release of data

Relevant publications (first publication) for interest rate statistics:

- Annual report, National Bank of Romania;
- Monthly Bulletin, National Bank of Romania; and
- Macroeconomic Indicators, National Bank of Romania.

The National Bank of Romania also publishes a wide range of data on its website each month. The following interest rates statistics applied by banks are available:

lending rates (average) for

- non-bank customers and

- interbank operations (including lending to the National Bank of Romania); and
- deposit rates (average) for
- non-bank customers and
- interbank operations (including deposits from the National Bank of Romania).

## 5.5 Users

The National Bank of Romania provides equal access to data for all users according to the calendar of data dissemination published on its website, which is the first available source of data for external users. The main users of MFI interest rate statistics are the National Bank of Romania, the Ministry of Finance, academic institutions, economic agents and ratings agencies.

### 5.4.2 Other statistical publications

There are no relevant publications other than those given in Sub-section 5.4.1.

## 6 Contacts at the National Bank of Romania

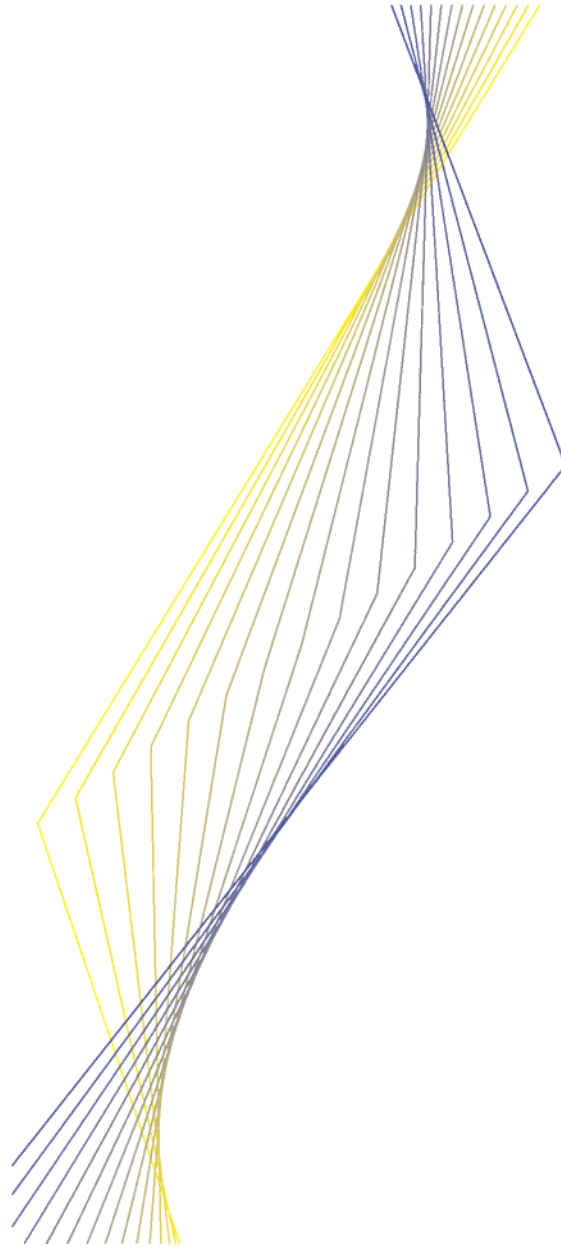
Any queries concerning the issues described in this country chapter should be addressed to:

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**Romania**



EUROPEAN CENTRAL BANK



**Slovakia**

### List of abbreviations

<b>ANNA</b>	Association of National Numbering Agencies
<b>BCPB</b>	Bratislava Stock Exchange - Bratislavská burza cenných papierov
<b>CSD</b>	central securities depository
<b>DEM</b>	Deutsche Mark
<b>EUR</b>	euro
<b>FMA</b>	Financial Market Authority
<b>IMF</b>	International Monetary Fund
<b>ISIN</b>	International Securities Identification Number
<b>KBB</b>	Bratislava Commodity Exchange - Komoditná burza Bratislava
<b>MFI</b>	monetary financial institution
<b>MoF</b>	Ministry of Finance
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>OSDA NBS</b>	Treasury Department of the National Bank of Slovakia - Odbor správy devízových aktív Národná banka Slovenska
<b>OTC</b>	over-the-counter
<b>repo</b>	repurchase agreement
<b>SBCP</b>	Slovak Securities Stock Exchange - Slovenska Burza Cenných Papierov
<b>SCP</b>	Securities Centre of the Slovak Republic - Stredisko cenných papierov
<b>SDDS</b>	Special Data Dissemination Standard
<b>SKK</b>	Slovak koruna
<b>SOSR</b>	Statistical Office of the Slovak Republic
<b>USD</b>	US dollar

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

The financial sector consists of all corporations and quasi-corporations that deal mainly with financial intermediation and/or auxiliary financial operations. Financial intermediation comprises such activities as the acquisition of financial assets and, at the same time, the acceptance of commitments for the institutional entity's own account in the context of its own financial transactions on the market. Auxiliary financial activities are activities which are closely connected with financial intermediation, but which are not per se financial intermediation.

The other financial intermediaries sector (OFI sector) in Slovakia includes mainly securities dealers and trust companies. In view of the fact that banks (which belong to the monetary financial institution (MFI) sector) can also be securities dealers, there is no strict separation of the MFI and OFI sectors. The Financial Market Authority (FMA) has thus far collected information from OFIs within the framework of statutory requirements to provide information for supervisory purposes.

#### I.1.2 Definitions

Securities dealers are joint-stock companies with their registered headquarters in the territory of Slovakia that provide investment services on the basis of a licence for the provision of financial services granted by the FMA.

Foreign securities dealers are legal entities or natural persons registered outside Slovakia that provide investment services and have licences for the provision of such services granted in the country in which they are registered.

Trust companies are legal entities that collect funds from the public on the basis of a public notice for the purposes of investing these funds in assets defined by law, that use said assets to create and manage mutual funds and that perform as trustees in mutual funds.

Foreign trust companies are foreign legal entities licensed to conduct business in the area of collective investment by the relevant authority of the country in which they are registered.

Trust companies manage mutual funds. There are three kinds of mutual funds acknowledged by law - open-end, closed-end and specialised mutual funds. Each mutual fund is obliged to have statutes that include, in addition to other provisions, a description of the fund's investment strategy.

#### I.1.3 The role of OFI statistics

The FMA uses the information collected for capital market analysis. It is obliged by law to publish such data annually. The central bank needs statistical data and information on OFIs to monitor their role in financial intermediation and, together with MFI statistics, to provide a comprehensive picture of financial intermediation in the financial market. Monitoring OFIs helps the central bank ensure that the list of MFIs remains up-to-date, accurate and as homogeneous as possible.

#### I.1.4 Powers to collect OFI statistics

The mandate of the FMA to collect information from securities dealers dates back to Act No. 566/2001 Coll.<sup>1</sup> on securities and investment services, which has been in force since 1 January 2002. Under that act, both securities dealers and foreign securities dealers are obliged to submit data from their accountancy records and statistical data to

<sup>1</sup> Collection of laws.



the Ministry of Finance (MoF) and the FMA in the manner and at the time stipulated in the relevant MoF Decree. The aforementioned obligations relate to all dealers and foreign dealers.

The FMA is not authorised to require trust companies to submit statistical information. However, trust companies submit a report on their economic performance and on the management of assets in mutual funds to the FMA on a biannual basis. Moreover, trust companies are obliged regularly to disclose information about the sale and redemption of shares in mutual funds administered by them.

The FMA is authorised to require supervised entities to submit the data, documents and information necessary for supervisory purposes.

## **1.2 Collection procedures**

### **1.2.1 Reporting agents**

Reporting agents are securities dealers, trust companies and mutual funds which are managed by trust companies. There are three kinds of mutual funds: open-end, closed-end and specialised mutual funds. At present, detailed information about the collection procedure (i.e. the number of reporting institutions, the coverage of data collected, etc.) is not available, because the new Act No. 566/2001 Coll. I set out new conditions in this field. Therefore, some institutions have to be re-licensed. The deadline for this transformation expires at the end of 2002. More information in this area will become available after that date.

The submission of information and reports to the FMA, as a form of meeting statutory disclosure requirements, applies equally to all securities dealers and foreign securities dealers, and to all trust companies and foreign trust companies.

### **1.2.2 Reporting schemes**

Securities dealers and foreign securities dealers are obliged to submit reports on their economic performance to the FMA on a biannual basis. These reports include, in particular, financial statements, detailed reports on the financial situation and information on the prospective economic and financial situation. The reports are submitted in hard copy.

Trust companies and foreign trust companies are obliged to submit reports on their economic performance and on the management of assets in mutual funds to the FMA on a biannual basis. The reports include not only financial statements, but also detailed data on the structure and value of the assets in the mutual funds.

### **1.2.3 Time range, frequency and timeliness of reporting**

The reports on economic performance are currently submitted on a biannual basis, with the semi-annual report being submitted within two months of the end of the calendar half-year; and the annual report within four months of the end of the calendar year in the case of trust companies and within five months in that of securities dealers.

## **1.3 Data processing and compilation methods**

### **1.3.1 Breaks in series**

None.

### **1.3.2 Revisions**

None.

## 1.4 Publications

At present, there are no publications available.

## 1.5 Users

The FMA collects data for the purposes of supervision, and uses them subsequently in preparation of its capital market analysis.

## 2 Financial market statistics<sup>2</sup>

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

The interbank money market is a special segment of the money market where the banks trade with each other, or with the central bank. The interbank market is not institutionalised, but is created through direct links between the individual entities via internet and telephone connections. The settlement of transactions is effected through clearing. The Banking Clearing House carries out clearing in Slovak koruna (SKK) between banks registered in Slovakia.

Deposit trades represent the major portion of the interbank money market, followed by swaps. Forward contracts and interest rate swaps are traded to a lesser extent. Repurchase agreement (repo) transactions and other trades on the secondary securities market are carried out rather sporadically. Since 1 February 2002, the National Bank of Slovakia has started to manage its monetary policy through the overnight refinancing and the overnight sterilisation rates which form a corridor for interbank money market lending rates corridor. This change has brought stability to the money market as a prerequisite for its further development and creation of derivatives.

The sole organiser of debt securities trading on the secondary market is the Bratislava Stock Exchange (BCPB). The debt securities traded there are government bonds, corporate bonds, bank bonds, municipal bonds and mortgage bonds. Government bonds are most frequently traded. As at 31

March 2002, 90 bond issues were registered, 65 of which were listed.

Trading in corporate shares (more than 99%) takes place predominantly on the BCPB; its activities are set out in Act No. 330/2000 Coll.<sup>3</sup> on the securities stock exchange. It is the main organiser of the secondary market in Slovakia. The SAX is the official stock index of the BCPB. It is a capital-weighted index which compares the market capitalisation of a selected set of shares with the market capitalisation of the same set of shares as of the reference day. No transactions have been carried out on the derivatives market thus far. The supervision of the capital market is carried out by the FMA pursuant to Act No. 96/2002 Coll.<sup>3</sup> on the supervision of the financial market.

In January 2002, the Slovak Stock Exchange (SBCP), which organises supply and demand in the field of securities only, started operations. In addition to trading in securities, the SBCP provides economic information on issuers and the tradability of individual issues, as well as background information on the pricing of portfolios and technical consultations.

The exchange rate of the Slovak Koruna on the Slovak foreign exchange market has been fixed since the introduction of the Slovak currency in February 1993. The Slovak

<sup>2</sup> The term "financial markets" refers to the domain of money markets, capital markets, foreign exchange markets and commodity markets. Some of the items in this section have already been treated in the other sections - notably, securities issues and financial derivatives statistics. The presentation of the material in this sub-section should, however, be organised along the lines portrayed in Sub-section 5.1.1.

<sup>3</sup> Collection of laws.

koruna was pegged to a currency basket that initially comprised five currencies, in the same manner as the Czechoslovak koruna had been. This five-currency monetary basket was replaced with a two-currency basket comprising the Deutsche Mark (60%) and the US dollar (40%) in July 1994. The National Bank of Slovakia conducted transactions with commercial banks within the framework of foreign exchange fixing. On the basis of the actual rates on the foreign exchange market, the National Bank of Slovakia shifted its calculated rates within what was known as the fluctuation band of  $\pm 7\%$ . On 1 October 1998, the National Bank of Slovakia changed both the regime of fixed exchange rates and the system of pegging the exchange rate to a currency basket, moving to a regime of floating exchange rates (in which the exchange rate of the Slovak koruna is determined solely by the market). If the development of the exchange rate is not in line with the goals of the National Bank of Slovakia's monetary policy, the central bank intervenes directly in the foreign exchange market. Upon the abolition of exchange rate peg to the currency basket, the Deutsche Mark served as a reference currency for the Slovak koruna from 1 October 1998 to the end of that year. It was this currency, and the euro as from January 1999, that was used by the National Bank of Slovakia for interventions in the foreign exchange market. Transactions between Slovakia and foreign banks take place in the foreign exchange market in Slovakia. Swap transactions, most of which have the US dollar as the reference currency, account for the largest proportion of all foreign exchange transactions in the market, followed by spot transactions, in which the euro is the predominant reference currency, and forward transactions, the proportion of which is insignificant.

The KBB was established pursuant to the Act No. 299/1992 on the commodities exchange. The supervisory authority responsible for the KBB is the Ministry of the Economy of the Slovak Republic, which carries out this task through the Exchange

Commissioner/Trustee/Agent. The supervisory body is entitled to ask the KBB for any relevant information with regard to trades on the exchange.

The KBB, which is the only operational commodity exchange in Slovakia, ensures a transparent commodity market in Slovakia. It is possible to conduct spot and term trades at the KBB, with a material delivery of goods. Given that derivatives are not currently traded at the KBB and that only delivery trades are carried out, the KBB has not been included in the category of financial market institutions.

### **2.1.2 The role of financial market statistics**

Financial markets statistics broaden the analysis of the transmission mechanism of monetary policy. They also support the review of financial stability and developments both within the financial market and in relation to the external sector. Moreover, they offer a wide range of financial information for monetary policy analysis and contribute data on asset price developments.

### **2.1.3 Powers to collect financial market statistics**

The National Bank of Slovakia has a sole right to collect data from banks and foreign banks' branches pursuant to the National Bank of Slovakia's Regulation on reporting (see Section 5). Other institutions do not collect data on the financial market for statistical purposes.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

The National Bank of Slovakia collects the information directly from the commercial banks via electronic media.

The securities exchanges provide the FMA with statistical data on trading in the preceding period. The Securities Centre of the Slovak Republic (SCP) provides data on the volume of securities transfers.

### **2.2.2 Reporting schemes**

Only the National Bank of Slovakia has the legal power under its Regulation on reporting to collect data on the foreign exchange market for statistical purposes.

The methodology used for collecting data is defined by the Statistics Department via the system of internal reports and cross reports. The accounting rules are regulated by the MoF.

The data collected on the foreign exchange market include details of the type of transaction, the name of the bank, the name of the counterparty, the transaction volume, the performance date of the transaction, the value date, the maturity date (in the case of swaps), the spot foreign exchange rate and, in the case of swaps and forward transactions, also the forward rate. Data are adjusted for double entries and sent in electronic format.

The FMA does not have the legal right to collect statistical data on financial markets. All entities are obliged to submit the required data, information and documents to the FMA for the purposes of supervision.

### **2.2.3 Time range, frequency and timeliness of reporting**

Banks report all the derivative transactions (forward and swap) they carry out, irrespective of their maturity, for all working days over the last ten days.

Data of the foreign exchange market are collected from commercial banks every ten days, with a submission deadline of up to five days after the reference period.

## **2.3 Data processing and compilation methods**

### **2.3.1 Basis of calculation and quality controls**

Data on the foreign exchange market represent the sum total of all transactions carried out in the respective ten-day periods; they are not average values.

### **2.3.2 Breaks in series**

None

### **2.3.3 Revisions**

None

## **2.4 Publications**

### **2.4.1 First release of data**

Foreign exchange market data are part of the "Monetary Survey", which is usually published with a one-month delay in the form of text and numerical data, given as changes in comparison with the preceding month, without tables. They are also published on the National Bank of Slovakia's website.

### **2.4.2 Other statistical publications**

Foreign exchange market data in the form of tables are published, on a monthly basis, on the Reuters "NBSK02" page.

Until 10 October 2000, the National Bank of Slovakia assured the fixing of interest rates for all standard maturities, from overnight to 12 months. The fixed rates - Special Data Dissemination Standard (SDDR) data categories, interest rates and BRIBOR - were published via the Reuters "NBSK07" page immediately after the fixing at around 11 a.m., on the same day at around 5 p.m. on the National Bank of Slovakia's website and

## Slovakia

on the next day in the daily newspaper “*Hospodárske noviny*”. Since 11 October 2000, the agency TELERATE has been assuring the fixing of interest rates on the money market, so that the ways in which data are published were extended.

The National Bank of Slovakia, which acts as the agent of the MoF in the primary market for government securities, provides the following information on its activities:

- The results of each auction (primary sale) of government bonds or Treasury bills are published immediately afterwards via the Reuters’ “NBSK17” and “NBSK18” pages (government bonds and Treasury bills respectively).
- The results of the auction are usually also published on the same day on the National Bank of Slovakia’s website ([www.nbs.sk](http://www.nbs.sk)), where they are put into the database of government bonds and Treasury bills issued. The data include information on the type of securities, the International Securities Identification Number (ISIN), the maturity, the coupon, the total amount of the issue, the total and the accepted bids at auction, and the minimum, average and maximum yield from the auction. The total of existing issues is updated daily in the database of government bonds and is also distinguished by colour. The individual issues are also arranged according to maturity, as well as in the summary tables.
- The data are automatically included in the SDDS project organised by the International Monetary Fund (IMF), for which the Statistical Office of the Slovak Republic (SO SR) is responsible in Slovakia.
- On the day of each auction, the results are sent to the media (by e-mail and/or fax) and published on the following day, as well as to domestic and foreign agencies (Bloomberg, Reuters, etc.), and to the BCPB.

- Information illustrating the development on the primary and secondary markets of government securities is released in electronic format on the National Bank of Slovakia’s website every half-year and comprises 10-11 pages.

- Papers (reports) on the development of the capital and money markets are elaborated on a monthly, six-monthly and annual basis, and are attached to the reports on monetary developments.

The BCPB releases data on the development of the equity and bond indices, data on the volume of trades in individual types of securities, data on the trading amounts of major titles and data on the market capitalisation of individual types of securities. These data are published in the daily press and on the following website: [www.bsse.sk](http://www.bsse.sk).

The KBB releases data on all trades concluded on its website ([www.kbb.sk](http://www.kbb.sk)), in the daily press (“*Hospodárske noviny*”, “*Hospodársky denník*” and “*Rolnícke noviny*”) and via the press agencies SITA and ATIS (Agrarian and Market Information of Slovakia). The data are released once a week and are published in the following form:

- commodity;
- minimum price (in SKK);
- maximum price (in SKK);
- average price (weighted, in SKK);
- amount (in tonnes); and
- total volume (in SKK).

### 2.5 Users

The main users of financial markets data are the employees of the National Bank of Slovakia (in cases where the data are collected by the National Bank of Slovakia). Given that the financial market data are on

the websites of the relevant institutions and are also published in the daily press, they are

accessible both to professionals and to the general public.

### 3 Securities issues statistics

#### 3.1 Legal and institutional background

##### 3.1.1 Definitions

The Securities Centre of Slovakia (SCP) was established under Act No. 600/1992 Coll.4 on securities, in order to register dematerialised securities and data related to those securities. At the end of 2002, it will be required to apply for a new central securities depository (CSD) licence under Act No. 566/2001 Coll.4 of 9 November 2001 on securities and investment services and on amendments to certain laws.

Pursuant to the following regulations:

- Act No. 149/2001 Coll.4 supplementing Act No. 566/1992 Coll.4 on the National Bank of Slovakia, as amended;
- Act No. 566/2001 Coll.4 on securities and investment services and on amendments and supplements to certain laws;
- Decision of the National Bank of Slovakia No. 4/1999 of 27 August 1999, which sets the rules for the operation of the Central Register maintained by the National Bank of Slovakia.

The Central Register was set up by law as a register of the short-term securities denominated in Slovak koruna that are issued by the MoF and the National Bank of Slovakia with maturities of up to one year to cover the state budget deficit and to regulate the money market.

##### 3.1.2 The role of securities issues statistics

The data on the dematerialised securities obtained from the SCP and the data on

trading in such securities obtained from the stock exchanges are used by the FMA in preparing its analysis of the capital market situation. The FMA is legally required to submit its analysis to the Slovak Government once a year.

Information on issues and holdings of securities is an important element of monetary and financial analysis at the National Bank of Slovakia. For borrowers, securities issues are an alternative to bank financing. Holders of financial assets may view bank deposits, negotiable instruments issued by banks and other securities as partial substitutes. Over time, any movements in financing between the banking system and the securities markets may affect the transmission mechanism of monetary policy.

##### 3.1.3 Powers to collect securities issues statistics

By law, only the registration requirement has been laid down for securities issues. It applies to two entities, namely the SCP and the National Bank of Slovakia's Central Register. The legal framework for statistical purposes has not been provided.

#### 3.2 Collection procedures

##### 3.2.1 Reporting agents

##### 3.2.2 Reporting schemes

At the present, there is no reporting system in place. There are no legal powers to collect data on securities issues for statistical purposes.

<sup>4</sup> Collection of laws.

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In 1993, the MoF appointed the SCP to act as the national numbering agency for Slovakia responsible for allocating and registering the ISIN codes for publicly tradable securities in Slovakia.

The SCP is a member of the international Association of National Numbering Agencies (ANNA).

### **3.2.3 Time range, frequency and timeliness of reporting**

The FMA collects data for the purposes of supervision and for the preparation of capital market analysis. It currently collects issuer reports on economic performance, which are submitted on a biannual basis, with the semi-annual report being submitted within two months of the end of the calendar half-year; and the annual report within five months of the end of the calendar year. Trustee companies disclose data on issued and redeemed units in open-end funds at least once a week, and in closed-end funds at least once a month.

## **3.3 Data processing and compilation methods**

### **3.3.1 Basis of calculation and quality controls**

Data collected by the FMA are recorded as of the last day of the period under review (i.e. as the end-of-period data).

### **3.3.2 Breaks in series**

None.

### **3.3.3 Revisions**

None.

## **3.4 Publications**

### **3.4.1 First release of data**

As the MoF's agent on the primary market for government securities, the National Bank of Slovakia discloses the following information:

- After each auction (primary sale) of government bonds or Treasury bills, the results are immediately disclosed via the Reuters "NBSK17" and "NBSK18" pages (government bonds and Treasury bills respectively).
- As a rule, the auction results are also disclosed on that day on the National Bank of Slovakia's website ([www.nbs.sk](http://www.nbs.sk)), where they are included in the database of government bonds and Treasury bills issued. The database comprises information on the security's form, the ISIN, the maturity, the coupon, the issue volume, total and accepted bids at auction, and the minimum, average and maximum yield from the auction. In the database of government bonds, the volume of existing issues, which is also differentiated by colour, is updated daily. In addition to the summary tables, individual issues are also listed according to their maturity.
- These data are automatically included in the SDDS project organised by the IMF, for which the SO SR is responsible in Slovakia.
- On the day of auction, the results are sent to the media (via e-mail and fax), which publish them on the following day, as well as to domestic and foreign agencies (Bloomberg, Reuters, etc.) and to the BCPB.
- On a six-monthly basis, the report on the development of the primary and secondary markets for government securities is published in electronic format on the National Bank of Slovakia's website. The report comprises some 10-11 pages.

- Monthly, six-monthly and annual papers (reports) on capital and money market developments are prepared, and supplement the reports on monetary developments.

Within the scope of its open market operations, the National Bank of Slovakia carries out primary auctions of National Bank of Slovakia bills and discloses their results on the day of auction on the Reuters “NBSK03” page, from which data are downloaded into the Telerate system. On that day, after 5 p.m., the results are also published on the National Bank of Slovakia’s website (www.nbs.sk). On the

subsequent working day, the results are published in the daily “*Hospodárske noviny*”.

### 3.4.2 Other statistical publications

None

## 3.5 Users

The FMA collects data for supervisory purposes, and later uses them in preparation of its capital market analysis.

## 4 Financial derivatives statistics<sup>4</sup>

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

A *financial derivative* is a contract whereby the purchaser acquires from the seller a right to buy (or sell, depending on whether the option is a call or a put) a specified underlying instrument at a strike price on or before a specified date.

A *forward contract* is an unconditional contract whereby two counterparties agree to exchange a specified quantity of an underlying instrument (real or financial) at an agreed price on a specified date.

A *futures contract* is a forward contract traded on organised exchanges.

*Structured notes*<sup>5</sup> have not been traded in Slovakia thus far.

A *swap contract* is a forward contract whereby counterparties exchange, at prearranged terms, cash flows based on the reference prices of the underlying instruments.

The definitions of financial derivatives are in line with those used internationally.

### 4.1.2 The role of financial derivatives statistics

The Treasury Department of the National Bank of Slovakia (OSDA NBS) monitors the interbank foreign exchange market every ten days and assesses its development on a monthly basis. Commercial banks report all foreign exchange transactions carried out against the Slovak koruna, including swaps and forwards, while options are not reported thus far.

Financial derivatives statistics is not used in monetary policy, because financial derivatives thus far play an only insignificant role in financial markets.

### 4.1.3 Powers to collect financial derivatives statistics

Only National Bank of Slovakia has the legal power under the Regulation of the National

<sup>4</sup> Here, the term “financial derivatives statistics” refers to data accruing to the following categories: options, forward contracts, futures, structured notes and swaps.

<sup>5</sup> Structured notes are hybrid securities, possessing characteristics of standard debt instruments and derivative instruments. Rather than paying a standard fixed or floating coupon, the interest payments on these instruments are tailored to a vast array of possible indices or rates. They provide investors with an opportunity to take advantage of views not only on the direction of the development of interest rates, but also on the volatility, the range, the shape of the term structure (i. e., long-term rates versus short term rates) and the direction of the development of commodity and equity prices.



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Bank of Slovakia No. I4/2002 of 12 December 2002 on the presentation by banks and branch offices of foreign banks of reports to the National Bank of Slovakia to collect information on financial derivatives from commercial banks.

### 4.2 Collection procedures

#### 4.2.1 Reporting agents

The Statistics Department of the National Bank of Slovakia collects the data directly from all commercial banks. Financial derivatives are traded over-the-counter (OTC).

#### 4.2.2 Reporting schemes

The Statistics Department of the National Bank of Slovakia collects data on the type of transaction, the name of the bank, the name of the counterparty, the volume of transactions, the date of the transaction, the value date of the transaction, the maturity value (for swaps), the spot rate and, for swaps and forwards, also the forward rate. The data are delivered in electronic format via the STATUS system. The collection methodology is set by the Statistics Department of the National Bank of Slovakia and comprises a system of cross-reports and interbank reports.

#### 4.2.3 Time range, frequency and timeliness of reporting

Banks report all derivative (forward and swap) transactions carried out, irrespective of their maturity. The data is reported for every ten-day period and within five days after the reference period.

### 4.3 Data processing and compilation methods

#### 4.3.1 Definitions

The data are provided as a ten-day total of the individual transactions, and not as average data.

#### 4.3.2 Breaks in series

None

#### 4.3.3 Revisions

None

### 4.4 Publications

#### 4.4.1 First release of data

The data are included in the Monetary Survey for the related month, normally with a time lag of one month, in the form of text and numeral data on changes compared with the preceding month, without charts. The data are also available on the National Bank of Slovakia's website ([www.nbs.sk](http://www.nbs.sk)).

#### 4.4.2 Other statistical publications

The National Bank of Slovakia also publishes statistical data on financial derivatives. The data cover transactions between Slovak banks (excluding foreign participations), transactions between Slovak and foreign banks, foreign exchange market transactions in Slovakia, excluding those of the National Bank of Slovakia, the type of transaction (spot, forward, swap), the total volume of transactions in US dollars and the number of transactions. These data can be found on the Reuters "NBSK14", "NBSK19" and "NBSK20" pages and are provided in electronic format on a monthly basis.

### 4.5 Users

The OSDA NBS and commercial banks use the data for their own needs.

## 5 Monetary financial interest rate statistics<sup>6</sup>

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

According to Section 2 of Article 42 of Act No. 483/2001 Coll.<sup>7</sup> on banks and the corresponding amendments to some other acts, “banks and branch offices of foreign banks shall be obliged to produce and present to the National Bank of Slovakia returns, notifications and other reports in line with the specified method and within specified deadlines; the content, form, arrangement, deadlines, method, and place of their presentation shall be stipulated by the National Bank of Slovakia in a directive published by the National Bank of Slovakia and promulgated in the Collection of Laws.”

In 2003, the National Bank of Slovakia published the Regulation of the National Bank of Slovakia No. 14/2002 of 12 December 2002 on the presentation by banks and branch offices of foreign banks of reports to the National Bank of Slovakia. This regulation governs the reports on interest rates that banks and branch offices of foreign banks submit to the National Bank of Slovakia. Interest rate statistics cover those interest rates that are applied by resident banks and branch offices of foreign banks to national currency deposits of and loans to households and non-financial corporations resident in Slovakia. All banks and branch offices of foreign banks resident in Slovakia are included in the reporting population.

#### 5.1.2 The role of MFI interest rate statistics

The main reason for the collection of data on retail interest rates is related to the transmission mechanism of monetary policy. Data on interest rates are needed to monitor the process by which changes in central bank interest rates influence the economy. They also play important role in financial market analysis, identifying lending costs and demand

for money. They throw light upon the changing structure of financial system, and on sectoral financial positions and pressures to which these may be subject.

#### 5.1.3 Powers to collect MFI interest rate statistics

The reports submitted to the National Bank of Slovakia by banks and branch offices of foreign banks under the provisions of Regulation No. 14/2002 are obligatory.

### 5.2 Collection procedures

#### 5.2.1 Reporting agents

All banks and branch offices of foreign banks present such reports. The branch offices of Slovak banks are not subject to statistical reporting requirement; the respective head offices submit the reports.

All banks and branch offices of foreign banks are obliged to comply with the statistical reporting requirements of the National Bank of Slovakia.

In view of the fact that all banks submit reports, the reporting coverage is 100%.

#### 5.2.2 Reporting schemes

Pursuant to Regulation No. 14/2002, the National Bank of Slovakia collects the same data from all banks. On 31 December 2002, there were 22 commercial banks in Slovakia, namely 17 universal commercial banks (two of which were subject to insolvency proceedings), three housing savings bank and two branch offices of foreign banks.

<sup>6</sup> The term “MFI interest rates” refers to “retail interest rates” (see Regulation ECB/2001/18).

<sup>7</sup> Collection of laws.

## Slovakia

The census method is used.

Data are collected on interest rates for granted and drawn credits and for deposits. The following reports are required:

### **V/NBS/7-12**

monthly report on credits and the level of average interest rates, broken down by type of credit (from 1993);

### **V/NBS/9-12**

monthly report on credit drawings and the level of average interest rates, Broken down by type of credit (from 1993);

### **V/NBS/91-12**

monthly report on credit drawings in the current month and the level of average interest rates, broken down by maturity (from 2002);

### **V/NBS/11-12**

monthly report on deposits and the level of average interest rates, broken down by maturity (from 1993); and

### **M/NBS/11-12**

monthly report on new deposits accepted in the current month and the level of average interest rates, broken down by maturity (from 2003).

The data is collected electronically via the STATUS system, which is used for collecting and processing statistical reports.

The collection methodology is set by the Statistics Department of the National Bank of Slovakia and comprises a system of internal reports and cross-reports. The accounting rules are regulated by the MoF. The MoF updates the chart of accounts as required.

### **5.2.3 Time range, frequency and timeliness of reporting**

The interest rates for credits are collected and are broken down by:

- amount (the total amount of credits, credits drawn in a specific month, and credits granted in the current year only);
- type of credit (overdraft, bill of exchange, operating, developing, consumer credit for households, construction, mortgage, etc.);
- sector (non-financial corporations: public, private, under foreign control; general government (excluding the central government), households, non-profit institutions and others); and
- maturity (short term, medium term, long term, up to seven days, up to one month, up to three months, up to six months, up to nine months, up to one year, up to 18 months, up to two years, up to three years, up to four years, up to five years, and above five years).

The interest rates on deposits (Slovak koruna only) are collected and broken down by:

- sector (non-financial corporations: public, private, under foreign control; general government (excluding the central government), households, non-profit institutions and others);
- maturity (demand; and time: short term, medium term, long term, up to seven days, up to one month, up to three months, up to six months, up to nine months, up to one year, up to 18 months, up to two years, up to four years, up to five years, and above five years)

The reports on interest rates are submitted monthly on the basis of stocks as at the end of a given month, with a submission deadline of the 15th calendar day of the subsequent month.

### 5.3 Data processing and compilation methods

#### 5.3.1 Basis of calculation and quality controls

The volumes of credits or deposits are stock variables as at the end of the reference period, and the interest rates are weighted arithmetic mean rates.

#### 5.3.2 Breaks in series

None.

### 5.4 Publications

#### 5.4.1 First release of data

Monthly data in electronic format are available to internal users in the STATUS system up to 25 calendar days after the end of the reference period. Monthly data are available to the public on the National Bank of Slovakia's website ([www.nbs.sk](http://www.nbs.sk)) at the end of the month after the end of the reference period.

### 5.4.2 Other statistical publications

Data on interest rates are released in the following publications:

- Monetary Survey: monthly - published after approval by the Board of the National Bank of Slovakia at the end of the month following the reference period, in hard copy (in Slovak only) and in electronic format (in both Slovak and English) on the National Bank of Slovakia's website ([www.nbs.sk](http://www.nbs.sk));
- Annual Report: annually - published after consideration by the National Board of Slovakia, usually up to six months after the end of the reference period, in hard copy and in electronic format (in both Slovak and English) on the National Bank of Slovakia's website ([www.nbs.sk](http://www.nbs.sk)).

### 5.5 Users

The main users of the interest rates data are the employees of the National Bank of Slovakia. In view of the fact that the interest rate data are available on the National Bank of Slovakia's website, they are accessible both to professionals and to the general public.

## 6 Contacts at the National Bank of Slovakia

Any queries concerning the issues described in this country chapter should be addressed to:

Statistics Department - Section of Statistics  
for International Institutions

Tel: +421-2-57872690

+421-2-57872691

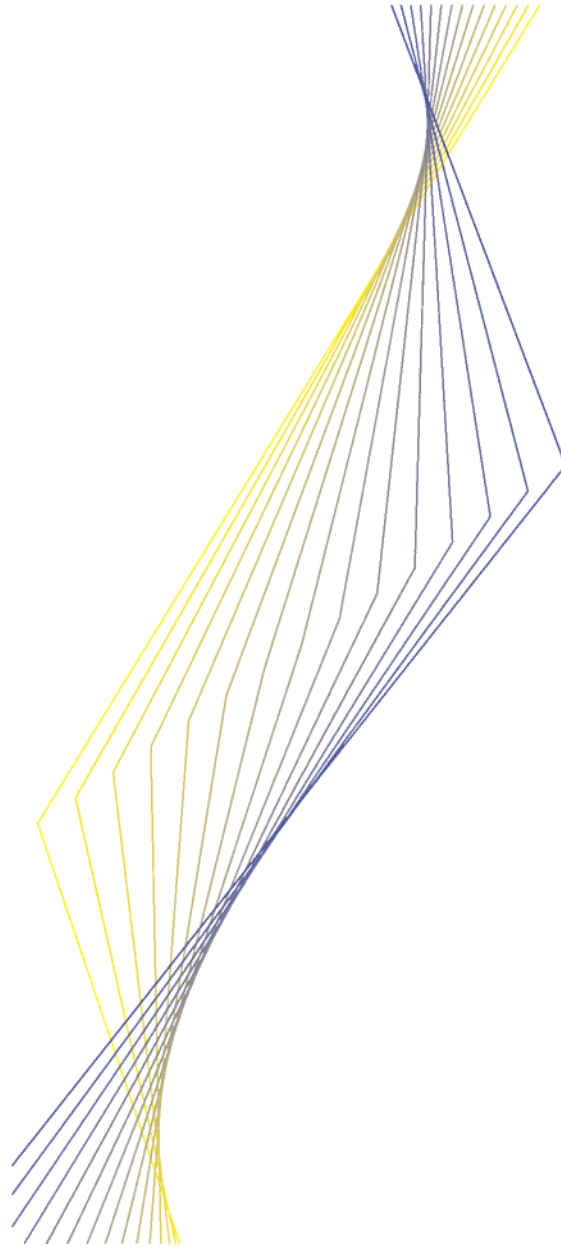
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## Slovakia



EUROPEAN CENTRAL BANK



**Slovenia**

### List of abbreviations

<b>ATVP</b>	Securities Market Agency - Agencija za trg vrednostnih papirjev - the government agency for the supervision of securities markets in Slovenia
<b>BTS</b>	the electronic trading system at the Ljubljana Stock Exchange - borzni trgovalni sistem
<b>CFI</b>	Classification of Financial Instruments
<b>€ or EUR</b>	euro
<b>GDP</b>	gross domestic product
<b>ISIN</b>	International Security Identification Number
<b>KDD</b>	Central Securities Clearing Corporation - Centralna klirinško depotna družba d.d. - a joint-stock company providing clearing and registry services in relation to dematerialised securities traded on the national securities market
<b>LJSE</b>	Ljubljana Stock Exchange - Ljubljanska borza vrednostnih papirjev - the organised part of the secondary securities market
<b>MFI</b>	monetary financial institution
<b>NAV</b>	net asset value
<b>OFIs</b>	other financial intermediaries, excluding insurance corporations and pension funds
<b>SURS</b>	Statistical Office of the Republic of Slovenia - Statistični urad Republike Slovenije
<b>TOM</b>	Tolar Indexation Clause - temeljna obrestna mera - an annual rate used for the indexation of financial liabilities

## I Other financial intermediaries statistics

### I.1 Legal and institutional background

#### I.1.1 Introduction

The Slovenian financial sector is divided into monetary financial institutions (MFIs) and non-monetary financial institutions (non-MFIs). Monetary financial institutions include the Bank of Slovenia, commercial banks, savings banks and savings and loan undertakings. At the end of 2001, there were 21 commercial banks in Slovenia (including four subsidiaries of foreign banks and one branch of a foreign bank), three savings banks and 45 savings and loan undertakings.

Non-MFIs are further divided into other financial intermediaries (OFIs), financial auxiliaries and insurance corporations and pension funds. At the end of 2001, there were 15 insurance companies (including ten classic insurance companies, two re-insurance companies and three specialised public institutions). The pension reform in Slovenia started at the beginning of 2000. At the end of 2001, among financial institutions dealing with pension schemes, there were seven mutual pension funds and six pension companies. The most significant financial auxiliaries are the agency financial institutions (or financial agents). At the end of 2001, 11 banks and 20 stockbroking companies were engaged in this business segment. In Slovenia, the OFI sector includes mutual funds and authorised investment companies. At the end of 2001, there were 35 authorised investment companies and 18 mutual funds.

#### I.1.2 Definitions

Authorised investment companies are regarded as a special form of closed-end investment company established for the purpose of collecting vouchers from Slovenian citizens and exchanging them for shares in privatised companies in accordance with the Act on Ownership Transformation of Companies<sup>1</sup>. The problem of the

“privatisation hole” will be solved with the sale of some state-owned companies. Authorised investment companies have to be converted into regular companies (holdings) or investment funds by the end of 2003. Authorised investment companies are supervised by the Securities Market Agency (ATVP)<sup>2</sup> under the Act on Investment Funds and Fund Management Companies<sup>3</sup>.

Mutual funds pool money from investors. Fund managers then invest the money in different types of securities. This offers investors the advantage of diversification and professional management. In Slovenia there are mutual funds with more aggressive and mutual funds with more conservative investment policies. Mutual funds are supervised by the ATVP under the Act on Investment Funds and Fund Management Companies.

Fund management companies are the only entities authorised to establish and run mutual funds or authorised investment companies.

As well as investment funds and the companies mentioned above, the OFI sector also includes companies concerned with financial intermediation in the area of consumer loans, credit cards, mortgage loans, financial leasing, securitisation and specialised financial companies (such as venture capital companies). A statistical analysis of the described financial intermediaries is not yet available, except in the area of financial leasing where the data is reported by the Association of Leasing Companies of Slovenia.

<sup>1</sup> Official Gazette of the Republic of Slovenia (Official Gazette), Nos. 55/92, 7/93, 31/93, 32/94 and 40/94.

<sup>2</sup> The ATVP supervises the securities markets and carries out the tasks and responsibilities set out in the Securities Market Act, the Act on Investment Funds and Fund Management Companies, the Takeovers Act and the Dematerialised Securities Act. The ATVP carries out its duties and responsibilities in order to ensure that the provisions of the various acts are complied with, to create the conditions necessary for the efficient operation of the securities markets and to inspire investor confidence in those markets.

<sup>3</sup> Official Gazette, Nos. 6/94, 25/97 and 32/97 - amended in Nos. 10/98 and 26/99.



### 1.1.3 The role of OFI statistics

The collected data on mutual funds and authorised investment companies are used for supervisory purposes by the ATVP. The Bank of Slovenia has access to the data for statistical and analytical purposes.

### 1.1.4 Powers to collect OFI statistics

The Act on Investment Funds and Fund Management Companies lays down a mandatory reporting scheme for mutual funds and authorised investment companies. According to the Rules on Co-operation Among Supervisory Institutions<sup>4</sup>, the Bank of Slovenia, the Ministry of Finance and the Insurance Supervision Agency have access to the data for statistical and analytical purposes.

## 1.2 Collection procedures

### 1.2.1 Reporting agents

The management companies of 35 authorised investment companies and 18 mutual funds report to the ATVP on a regular basis. The Bank of Slovenia receives data on authorised investment companies and mutual funds from the ATVP according to its analytical needs (quarterly).

At the end of 2001, authorised investment companies accounted for 57% and mutual funds for 2% of the total assets held by OFIs.

### 1.2.2 Reporting schemes

Types of data collected:

#### Balance sheet items

- Reporting population: the management companies of authorised investment companies and mutual funds.
- Medium of reporting: e-mail (from the ATVP to the Bank of Slovenia)

- Available breakdowns:
  - short-term securities,
  - long-term securities,
  - bonds (traded on organised and unorganised markets), and
  - shares (traded on organised and unorganised markets).

Breakdowns along geographical and sectoral lines do not yet exist.

#### Selected balance sheet items on the structure of investments (assets)

- Reporting population: the management companies of authorised investment companies and mutual funds.
- Medium of reporting: e-mail (from the ATVP to the Bank of Slovenia).

#### Number of investors

- Reporting population: the management companies of mutual funds.
- Medium of reporting: e-mail (from the ATVP to the Bank of Slovenia).

#### Net asset value

- Reporting population: the management companies of mutual funds.
- Medium of reporting: e-mail (from the ATVP to the Bank of Slovenia).

#### Information on transformed authorised investment companies

- Reporting population: the management companies of the authorised investment companies.

<sup>4</sup> Official Gazette, Nos. 55/99 and 97/00.

- Medium of reporting: e-mail (from the ATVP to the Bank of Slovenia).

### **1.2.3 Time range, frequency and timeliness of reporting**

#### **Balance sheet items**

The Bank of Slovenia has data on the balance sheets items of authorised investment companies and mutual funds dating back to 1997.

Annual reporting.

#### **Selected balance sheet items on the structure of investments (assets)**

The Bank of Slovenia has data on selected balance sheet items dating back to 1995.

The ATVP sends data on the structure of assets of authorised investment companies and mutual funds to the Bank of Slovenia on a quarterly basis, at the request of the Bank of Slovenia. The management companies of authorised investment companies and mutual funds are obliged to send data on the structure of their assets to the ATVP on a monthly basis, within eight days of the end of the reporting month.

#### **Number of investors**

The Bank of Slovenia has data on numbers of investors dating back to 2000.

The ATVP sends data on the number of investors to the Bank of Slovenia on a quarterly basis, at the request of the Bank of Slovenia. The management companies of mutual funds are obliged to report the number of their investors to the ATVP on a monthly basis, within eight days of the end of the reporting month.

#### **Net asset value**

The Bank of Slovenia has data on net asset values (NAVs) dating back to the beginning of 1997.

The ATVP sends data on NAVs to the Bank of Slovenia on a quarterly basis, at the request of the Bank of Slovenia. The management companies of mutual funds are obliged to report their NAVs to the ATVP daily.

#### **Information on transformed authorised investment companies**

The Bank of Slovenia has data on transformed authorised investment companies dating back to 2000.

The ATVP sends the Bank of Slovenia a list of transformed authorised investment companies at the request of the Bank of Slovenia. In order to become “transformed”, authorised investment companies have to get permission from the ATVP.

### **1.3 Data processing and compilation methods**

#### **1.3.1 Breaks in series**

Breaks in series are not relevant.

#### **1.3.2 Revisions**

The Bank of Slovenia only uses revised data from the ATVP.

### **1.4 Publications**

Data on OFIs are published in the following publications:

Financial Markets:

- Source: Bank of Slovenia.
- Frequency of publication: quarterly.
- Medium of publication: in hard copy and on the Bank of Slovenia’s website ([www.bsi.si](http://www.bsi.si)) (only in Slovene).

Bulletin on Financial Markets in Slovenia:

- Source: Ministry of Finance.
- Frequency of publication: quarterly.
- Medium of publication: in hard copy (only in Slovene).

## 2 Financial market statistics

### 2.1 Legal and institutional background

#### 2.1.1 Definitions

##### Debt markets:

##### *Money market*

The Foreign Exchange Act<sup>5</sup> defines securities traded on the money market as short-term securities with a maturity of less than one year, such as Treasury bills, bank bills, certificates of deposit, bankers' acceptances and other similar instruments.

The most important participants in the money market are banks, the Treasury, the pension fund and the health security fund. Market transactions are usually based on bilateral agreements in form of deposits or loans rather than on securities repurchase agreements. Over the last two years, currency swaps have also become increasingly common among banks.

The interbank market is the most significant part of the money market. It has an adequate level of activity and is mainly devoted to the management of the liquidity needs of banks. Banks trade their liquidity positions bilaterally during and at the end of the business day. The most common transactions are overnight, call and very short-term loans without collateral.<sup>6</sup>

The money market in a broader sense also includes the market for short-term securities. In this market Treasury bills are the only tradable securities (until 2000 there were

### 1.5 Users

Internal users within the Bank of Slovenia and other financial institutions which use the data for financial analysis.

also Bank of Slovenia bills). The government started to issue Treasury bills in May 1998. It began with three-month bills and later added six-month, twelve-month and one-month bills. Treasury bills are discounted, dematerialised securities sold at auctions through primary dealers. Three-month, six-month and twelve-month Treasury bills are listed on the Ljubljana Stock Exchange (LJSE). The Bank of Slovenia and the Ministry of Finance have become more active in supporting the Treasury bills market. Market makers were introduced and their quotations are publicly presented.

##### *Capital market (excluding equities)*

The Foreign Exchange Act defines securities traded on the capital market as shares, bonds and other securities issued in series and traded on the organised or unorganised securities markets.

The capital market (excluding equities) is the market for trading in debt securities with original maturities of one year or more.

The Securities Market Act<sup>7</sup> defines debt securities as securities that obligate the issuer to pay the holder the principal and any interest or other returns due.

<sup>5</sup> Official Gazette, No. 23/99.

<sup>6</sup> At the beginning of 2002, banks started to quote interbank deposit rates with different maturities (overnight, one week, two weeks, two months, three months, six months and nine months). These are displayed on the Bank Association of Slovenia's website ([www.zbs-giz.si](http://www.zbs-giz.si)). In future, these rates may be used as a reference for determining other rates.

<sup>7</sup> Official Gazette, No. 56/99.

On the capital market, the main issuers of debt securities, apart from government issues, are banks, which raise long-term funds for lending to companies.

There were 76 bonds listed on the LJSE at end of December 2001. The market capitalisation of bonds reached €1.6 billion, or 8% of Slovenia's gross domestic product (GDP). The value of bond transactions on the LJSE in 2001 amounted to €0.2 billion (1% of GDP). Bonds accounted for 15% of total turnover on the LJSE.

### Asset markets:

#### Equity market

In the area of equity securities, rapid development has led to a number of problems. Most shares stem from the privatisation process. The majority of listed companies have low profitability and shares on the secondary market are trading for many companies below book values.

The main indices are:

- the Slovenian Stock Exchange Index - SBI 20;
- the non-weighted Slovenian Stock Exchange Index - SBI 20 NT;
- the Free Market Index - IPT; and
- the Index of Authorised Investment Fund Shares - PIX.

There are also six sector indices, whose main purpose is to provide basic information about share price movements within individual industrial sectors. These are:

- FAR (pharmaceuticals);
- HRP (food and beverages);
- KEM (chemicals);

- NAF (oil and gas);
- TRS (transport); and
- TRG (trade).

The principal share index of the LJSE is the SBI 20. Its main purpose is to provide information about general share price movements on the LJSE. It is compiled from the prices of the 20 leading ordinary shares quoted on the LJSE.

There were 194 shares listed on the LJSE at the end of December 2001 (including 38 shares of authorised investment companies). The market capitalisation of shares reached €4.6 billion (22% of GDP). The value of share transactions on the LJSE in 2001 amounted to €1.4 billion (6% of GDP). Shares accounted for 84% of total turnover on the LJSE. The top five shares accounted for 26% of the market capitalisation of shares and 32% of turnover in shares.

#### Foreign exchange market

In accordance with the Foreign Exchange Act, the Bank of Slovenia supervises the activities of persons authorised to conduct foreign exchange operations, including that part of the activities of authorised banks and savings banks which concerns foreign exchange operations.

The foreign exchange market in Slovenia is composed of a spot market and a forward market and includes transactions between banks and banks, between banks and enterprises, between banks and non-residents and between banks and households. In 2001, turnover on the foreign exchange market amounted to €25.9 billion (€18.4 billion in spot transactions, €3.3 billion in forward transactions and €4.2 billion in exchange bureaux transactions).

The exchange rate of the Slovenian tolar on the foreign exchange market is determined freely by the relationship between supply and demand. The Bank of Slovenia disseminates

daily data on the spot exchange rates of the Slovenian tolar against 15 foreign currencies, including the world's leading currencies and the currencies of Slovenia's main trading partners. The official exchange rates in relation to the other currencies are calculated and published once a month.

### *Commodity market*

There is no commodity exchange in Slovenia at present.

### **2.1.2 The role of financial market statistics**

Financial market statistics are used by the Bank of Slovenia, the ATVP, the Insurance Supervision Agency, the Ministry of Finance and other entities for analytical and supervisory purposes.

Financial market statistics provide a tool for analysing the financial stability of the country, for analysing the liquidity situation of banks and the distribution of excess reserves, or for informing the general public at home and abroad about financial and macroeconomic developments in the Republic of Slovenia.

Financial market statistics have an indirect impact on the monetary policy of the Bank of Slovenia.

### **2.1.3 Powers to collect financial market statistics**

The collection of statistics and the recording, compilation, processing, posting and delivery of data by banks are governed by the following laws and acts, which can be found on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)):

- The Law on the Bank of Slovenia<sup>8</sup> is the law which governs the central bank and includes articles explicitly authorising the central bank to collect and process data on monetary and credit activities.

- The Law on Banking<sup>9</sup> lays down the conditions for the establishment, operation and supervision of banks and savings banks. It includes provisions on regular monthly reporting by banks to the Bank of Slovenia.
- The Foreign Exchange Act<sup>10</sup> contains general provisions governing reporting to the Bank of Slovenia and reporting on operations in securities.
- The Securities Market Act<sup>11</sup> and the Dematerialised Securities Act<sup>12</sup> provide the legal basis for the collection of data on securities statistics by the ATVP and the Central Securities Clearing Corporation (KDD).

In accordance to the Foreign Exchange Act, the Bank of Slovenia collects data on the foreign exchange market from banks and savings banks which conduct foreign exchange operations and from other persons authorised to conduct foreign exchange operations.

## **2.2 Collection procedures**

### **2.2.1 Reporting agents**

There are various types of reporting agents for financial market statistics.

- Data on interbank interest rates and on the money market in general are provided by banks.
- Data on securities (securities market) are based on information from:
  - the KDD, which offers issuing, transfer, payment and record-keeping services. Most existing securities and

<sup>8</sup> Official Gazette, No. 58/02.

<sup>9</sup> Official Gazette, Nos. 7/99, 102/00 and 59/01.

<sup>10</sup> Official Gazette, No. 23/99.

<sup>11</sup> Official Gazette, No. 56/99.

<sup>12</sup> Official Gazette, No. 23/99.

- all of the privatisation shares are already in a book-entry form;
  - the LJSE, which represents the organised part of the secondary securities market;
  - the ATVP; and
  - the Ministry of finance.
  - Data on the foreign exchange market are based on information from banks and savings banks which conduct foreign exchange operations and from other persons authorised to conduct foreign exchange operations.
  - foreign portfolio investments (purchases and sales of securities by foreign investors);
  - the register of securities and issuers;
  - information on investors (broken down by sector and by country); and
  - portfolio investments abroad (purchases and sales by Slovenian investors abroad).
- Data on the foreign exchange market which are reported to the Bank of Slovenia include turnover and exchange rates for transactions (spot and forward) between:

### 2.2.2 Reporting schemes

Data collected on interest rate statistics include:

- average declared commercial bank interest rates;
- average effective commercial bank interest rates;
- interbank money market rates; and
- Bank of Slovenia interest rates.

The data on interbank transactions report by banks to the Bank of Slovenia include volumes and interest rates. In the past, banks reported on transactions with maturities of up to 30 days, but they have been obliged to report all transactions since March 2002.

Data collected on securities statistics include data on:

- the primary securities market;
- the LJSE (turnover, capitalisation);
- the unregulated securities market;

- banks and enterprises;
- banks and banks;
- banks and non-residents; and
- banks and households.

The Foreign Exchange Act provides the legal basis for the compilation and dissemination of statistics on exchange rates by the Bank of Slovenia. The official exchange rate of the Slovenian tolar against the euro is calculated on the basis of the exchange rates reported by the commercial banks. Data on forward exchange rates are not yet disseminated.

The media used for data collection are electronic (e-mail), hard copy and the internet.

The accounting rules are in line with national accounting standards, which correspond to international accounting standards.

### 2.2.3 Time range, frequency and timeliness of reporting

Interest rate statistics:

- monthly data on declared commercial bank interest rates;

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- quarterly data on effective commercial bank interest rates;
  - daily data on interbank money market rates; and
  - daily and monthly data on Bank of Slovenia interest rates.
- markets, which has been available since 2000; and
  - daily data for individual transactions on the foreign exchange market.

### 2.3 Data processing and compilation methods

#### 2.3.1 Basis of calculation and quality controls

#### Securities statistics:

- monthly data on the primary securities market;
- daily and monthly data on the LJSE;
- monthly data on turnover on the unregulated securities market;
- daily and monthly data on foreign portfolio investments;
- monthly data on the register of securities and issuers (Book of shareholders);
- quarterly data on securities portfolio analysis by sector; and
- monthly data on portfolio investments abroad.

#### Interest rate statistics:

- annual averages of Bank of Slovenia interest rates are calculated as simple arithmetic averages of monthly data;
- annual averages of interbank interest rates are calculated as simple arithmetic averages of monthly data;
- monthly average interest rates of commercial banks are calculated as weighted arithmetic averages of the minimum and maximum interest rates;
- the spread is the difference between the minimum and maximum interest rates.

#### Foreign exchange market:

- official exchange rates of the Slovenian tolar against the major currencies, which are set at 2 p.m. on each business day and enter into effect on the following business day;
- information on spot transaction turnover on the foreign exchange market, which has been available for transactions between banks and banks and between banks and enterprises since 1992, and for transactions between banks and non-residents and between banks and households since 2000;
- information on forward transaction turnover on the foreign exchange

#### Securities statistics:

- data relate primarily to transactions made in a period and positions at the end of that period;
- data are broken down by type of security and by sector and country of the issuer and the holder;
- nominal values, market values and book values are used to estimate amounts of securities outstanding .

#### LJSE:

- turnover by market segment or by type of security is measured by single counting (i.e. each transaction is counted only once);

- market capitalisation by market segment or by type of security is calculated as the sum of the market capitalisation of individual securities;
- the market capitalisation of an individual security is calculated as the product of the number of listed securities and the market price at the end of the period;
- the turnover ratio is calculated by dividing the turnover in a period by the market capitalisation at the end of period;
- short-term securities are not included in calculations of the market capitalisation.

Bank of Slovenia exchange rates:

- the official exchange rate of the Slovenian tolar against the euro is calculated daily by the Bank of Slovenia on the basis of a moving average of the daily market rates on the foreign exchange market over the preceding 60 days. The other official exchange rates are then calculated on the basis of the closing rates on the Frankfurt foreign exchange market;
- monthly averages are calculated as arithmetic averages of the daily rates;
- annual rates are calculated as arithmetic averages of the monthly rates.

Foreign exchange market:

- daily rates are averages calculated from all transactions (between banks and enterprises, between banks and banks, between banks and non-residents, between banks and households), weighted by the size of transaction;
- monthly rates are averages calculated from daily rates on working days, weighted by turnover;
- annual rates are calculated as arithmetic averages of the monthly rates.

### **2.3.2 Breaks in series**

All changes are marked and explained in notes. The explanation for the data series is provided in the Monthly Bulletin of the Bank of Slovenia.

### **2.3.3 Revisions**

The corrected data are marked when they are first published in the Monthly Bulletin and the change is accompanied by a comment if its nature requires explanation.

## **2.4 Publications**

### **2.4.1 First release of data**

Monthly Bulletin:

- Source: Bank of Slovenia.
- Type of data: interest rates (Bank of Slovenia interest rates, interbank money market rates and indexation clauses, interest rates for Bank of Slovenia bills, average interest rates for commercial banks); data from the LJSE (turnover by market segment and type of security, market capitalisation and turnover ratio, SBI 20 and bond index); and exchange rates (selected Bank of Slovenia exchange rates, average rates, turnover and foreign exchange market rates).
- Frequency of publication: monthly, in the second half of the month following the month under review.
- Medium of publication: in hard copy (in English and Slovene) and on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)) (in English).

### **2.4.2 Other statistical publications**

Financial Markets:

- Source: Bank of Slovenia.



- Type of data: securities markets: primary securities market (data on the number of securities issues and members of the KDD) and unregulated securities market (data on the number of securities issuers and members of the LSE, foreign portfolio investment, analysis of trading with shares on the LSE, securities portfolio analysis by sectors, portfolio investment abroad); and interest rates (Bank of Slovenia interest rates, interbank money market rates).
  - Medium of publication: in hard copy and on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)) (only in Slovene).
- Frequency of publication: quarterly.

### 2.5 Users

The main users of financial market data are internal users in the Bank of Slovenia (for analytical purposes), international financial institutions, other financial institutions and the general public.

## 3 Securities issues statistics

### 3.1 Legal and institutional background

#### 3.1.1 Definitions

The Slovenian securities market is governed by the following pieces of legislation: the Securities Market Act, the Dematerialised Securities Act and the Foreign Exchange Act.

The ATVP was established on 13 March 1994. The ATVP has powers to carry out tasks related to trading in securities as laid down by the Securities Market Act, the Act on Investment Funds and Fund Management Companies, the Takeovers Act<sup>13</sup> and the Dematerialised Securities Act. The responsibilities of the ATVP include issuing operating licences to financial institutions (to the LJSE, the KDD, brokerage firms, fund management companies, investment funds etc.); approving and overseeing public offerings on the primary market; monitoring the activities of authorised participants in the secondary market; monitoring the activities of the LJSE<sup>14</sup> and the KDD in relation to insider trading; issuing regulations, which provide the legal basis for the regulation, control and development of the securities markets; developing and maintaining public registers; and processing other data related to the securities markets. The ATVP keeps a register of authorisations granted

for the public offering of and organised trading in securities.

The KDD was founded in 1994. It offers services related to the issue and transfer of securities, payments and record keeping. Most existing securities and all privatisation shares are already in a dematerialised form. The KDD's system is compatible with BTS, the electronic trading system of the LJSE.

The KDD provides automatic clearing and settlement of transactions on the LJSE (payments and transfers of securities); settlement of all off-market transactions (transfers of securities); registration of dematerialised securities; allocation of the International Security Identification Number (ISIN); securities accounts for legal owners; a central database for all dematerialised

<sup>13</sup> Official Gazette, No. 47/97.

<sup>14</sup> The LJSE is the organised part of the secondary securities market. Securities may be traded in the official market segment or in the free market segment. Shares and bonds are traded in both market segments, while shares in authorised investment companies and short-term securities are traded in the free market segment only. Trading in each market segment is conducted only through the BTS.

270 securities (194 shares and 76 bonds) issued by 220 issuers were listed on the LJSE at end of December 2001. The total market capitalisation of securities amounted to 6.2 billion (30% of GDP). The total value of transactions on the LJSE amounted to 1.6 billion (8% of GDP) in 2001. The highest proportion of total turnover was accounted for by shares (68%), followed by shares in authorised investment companies (16%) and bonds (15%).

securities; central depository services; custody services; and services in relation to corporate action.

According to the Securities Market Act, the clearing house and depository must be a public limited company which has obtained authorisation from the ATVP to provide the services of a clearing house and depository. The clearing house and depository may only provide (i) services involving the calculating, balancing and ensuring of the meeting of obligations arising from securities transactions made on the organised securities market; (ii) services involving the keeping of the central register of dematerialised securities; and (iii) other services with regard to securities transactions, the meeting of obligations and the exercise of rights arising from securities.

The Dematerialised Securities Act governs the issuing and transferring of dematerialised securities, the replacing of existing physical securities with dematerialised securities, the conditions for and restrictions on access to information about holders of dematerialised securities, and the rules for keeping a central register of dematerialised securities. A dematerialised security is a computer entry which represents an undertaking by the issuer of a security registered in the central register of dematerialised securities to fulfil all liabilities under the security to the person who is registered in the central register as the legal holder of the security. A dematerialised security may be a registered security or a bearer security. Dematerialised securities must be issued by banks, insurance companies, brokerage firms, fund management companies, issuers of serial securities, the first sale of which was carried out by public offering, or companies derived from privatisation with more than 50 shareholders. Issuers of other serial securities may issue dematerialised securities or replace existing physical securities with dematerialised securities.

According to the Securities Market Act, securities are shares, bonds and other serial

securities. An initial offering of securities is the offering of securities by the issuer at the time the securities are issued. All other offerings of securities are secondary offerings. A public offering of securities is a published invitation addressed to the general public to subscribe for securities in an initial offering or to buy securities in a secondary offering. An initial public offering of securities is an issuer's own public offering of securities. A secondary public offering of securities is a holder's public offering of securities or an offering of securities on the organised securities market.

An initial offering of securities may only be carried out on the basis of a public offering, unless the issuer can prove that the issue is intended for previously-known, well-informed investors, or unless the issuer of the securities is either the Republic of Slovenia or the Bank of Slovenia. In the case of a non-public offering, the issuer is only obliged to notify the ATVP. Securities may only be traded on organised markets if the issuer has successfully carried out an initial public offering of securities or obtained authorisation for organised trading from the ATVP. These conditions for organised trading do not apply to securities issued by the Republic of Slovenia or by the Bank of Slovenia.

According to the Foreign Exchange Act, operations in securities are operations in securities traded on the capital and money markets and operations in units of mutual funds. Operations in securities include:

- (i) the sale, issue and introduction of Slovenian securities abroad;
- (ii) the sale, issue and introduction of foreign securities in the Republic of Slovenia;
- (iii) the acquisition by residents of securities abroad; and
- (iv) the acquisition by non-residents of securities in the Republic of Slovenia.

The introduction of securities means the beginning of trading in foreign securities in the Republic of Slovenia or in Slovenian securities abroad.

Non-residents may only buy or sell securities in the Republic of Slovenia through an authorised participant in the securities market. Since January 2002, non-residents have been able to buy or sell securities on the capital and money markets without any restrictions. The Bank of Slovenia may prescribe the conditions and methods for operations in securities by non-residents. Foreign debt securities may only be issued in the Republic of Slovenia after permission has been obtained from the Ministry of Finance.

Investments by Slovenian residents in securities abroad are free of any restrictions. Until September 1999, only banks were allowed to buy securities abroad. In accordance with the Foreign Exchange Act, residents may only buy and sell securities issued abroad through an authorised participant in the Slovenian securities market. Slovenian residents investing in securities abroad are obliged to deposit a written statement with the authorised participant in the securities market confirming that they are acquainted with all conditions of such a purchase. Authorised participants in the securities market, insurance companies and banks are allowed directly to purchase securities abroad. Slovenian residents other than banks must, subject to the prior approval of the Ministry of Finance, obtain the permission of the ATVP to introduce equity securities abroad.

### **3.1.2 The role of securities issues statistics**

Securities issues statistics are important to the Bank of Slovenia because of its responsibility for financial stability. Purchases and sales of securities on primary or secondary markets by non-residents result in cross-border capital movements, which are of significance for the monetary and foreign

exchange policy of the Bank of Slovenia. The Bank of Slovenia is also active on the securities market as an issuer of short-term debt securities (Bank of Slovenia bills), so it takes an interest in issues of debt securities, particularly in the volume and yield of such issues.

Securities issues statistics are also important for the Ministry of Finance, which is the Treasury of the Republic of Slovenia. As one of the most important issuers of debt securities on the domestic securities market, the Ministry of Finance monitors volumes and prices achieved for issues of debt securities from other issuers. This information is needed to define characteristics of their debt securities and to make decisions on issuing debt securities on the domestic securities market (bonds and Treasury bills) or on foreign securities markets (eurobonds).

Data on securities issues and on securities registered with the KDD are also important for the LJSE for planning secondary market development.

Other participants in the securities market (issuers of securities; authorised participants in securities market (banks and brokerage firms); and institutional investors).

### **3.1.3 Powers to collect securities issues statistics**

The Securities Market Act, the Dematerialised Securities Act, the Foreign Exchange Act and regulations provide the legal basis for the collection of securities issues statistics by the ATVP, the KDD, the Bank of Slovenia and the Ministry of Finance.

Most of the data related to securities issues and to amounts of securities outstanding are available to the public.

## 3.2 Collection procedures

### 3.2.1 Reporting agents

The ATVP keeps a register of all authorisations granted to issuers for public offerings and organised trading. The ATVP also possesses information on all non-public offerings of securities.

The KDD is the source of data on amounts of securities outstanding registered in the central register of dematerialised securities.

Authorised participants in the securities markets, insurance companies and banks must submit reports to the Bank of Slovenia on all operations by Slovenian residents in securities abroad and on all operations by non-residents in securities in the Republic of Slovenia. Resident issuers of debt securities must report their issues of securities abroad.

The Ministry of Finance publishes information on its issues of debt securities on the domestic securities market (bonds and Treasury bills) and abroad (eurobonds).

### 3.2.2 Reporting schemes

- (a) Dematerialised securities must be issued by banks, insurance companies, brokerage firms, fund management companies, issuers of serial securities of which the initial sale was carried out by public offering and companies derived from privatisation with over 50 shareholders. Issuers of other serial securities may issue dematerialised securities or substitute existing physical securities with dematerialised securities.
- (b) Slovenian residents are active on the international financial markets with some issues of securities. In 2001, two Global Depository Receipt programmes (issued by a company and a bank) were closed. At the end of 2001, there were seven eurobonds issued by the Republic of Slovenia and one issue of commercial

notes issued by a company. The aggregate value of eurobonds reached €2.35 billion (about 11% of Slovenia's GDP).

- (c) The numbering of issued securities is entrusted to the KDD, which uses the ISIN system for numbering securities and Classification of Financial Instruments (CFI) codes for their types. The ISIN number of a security is composed of a prefix, a basic number and check digit. The prefix for securities issued in the Republic of Slovenia is SI. A list of ISIN numbers of Slovenian securities can be found on the KDD's website ([www.kdd.si](http://www.kdd.si)).
- (d) Data relating to issuers and securities are individual data, while data relating to holders (investors) are mostly aggregated data (by institutional sector or by country).
- (e) There are no commercial data providers in this area of statistics.
- (f) The ESA 95 definitions of institutional sectors are followed.

The ATVP submits annual reports on the status of the securities market to the National Assembly of the Republic of Slovenia. The report includes data on the public offerings of securities, trading on organised securities markets, the admission of securities to organised markets, and trading in securities outside of the organised securities markets. The annual report is available to the public in hard copy and on the ATVP's website ([www.a-tvp.si](http://www.a-tvp.si)).

Information on authorisations granted to issuers for public offerings and for organised trading is available on the ATVP's website. Information on non-public offerings of securities (aggregated data) are available in the annual report only.

The KDD is also a source of data used by the Bank of Slovenia. The following data are available on the KDD's website or are sent to the Bank of Slovenia by e-mail in text format:

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- information on KDD members, issuers of securities and individual securities (monthly);
- information on foreign portfolio investments (daily);
- information on investors (number of investors and their share in individual securities, by sector and by country of residence of investor) (monthly); and
- information needed for preparing a breakdown of securities portfolios by sector of issuer and by sector of investor (quarterly).

At the end of December 2001, the KDD had 1,033 securities, including 915 shares and 118 bonds, issued by 885 issuers on its books. The market value of shares registered with the KDD at the end of December 2001 amounted to €13.4 billion (64.8% of GDP), while the market value of bonds was €2.6 billion (12.7% of GDP).

Non-financial corporations are the most important issuers of shares (78% of total share value), followed by banks (15%) and OFIs (6%). The largest shareholder category is the Slovenian Government (26%), followed by households (20%), non-financial corporations (20%), OFIs (19%), foreign investors (10%) and banks (4%).

The largest issuer of bonds is the Slovenian Government (77% of total bond value), followed by banks (13%) and non-financial corporations (9%). The largest category of bond holders is banks (47%), followed by insurance companies (20%), households (14%), the government (7%), non-financial corporations (6%), OFIs (4%) and foreign investors (2%).

The KDD reports to the ATVP on newly issued securities and overall turnover in individual securities as well as on other facts and circumstances relevant to the operation of the organised securities market.

Authorised participants in the securities markets, insurance companies and banks must submit reports to the Bank of Slovenia on all operations by Slovenian residents in securities abroad and all operations by non-residents in securities in the Republic of Slovenia. Resident issuers of debt securities must report their issues of securities abroad. The Bank of Slovenia lays down what is to be reported (see annex), the method (fixed text format, encryption, e-mail) and deadlines (monthly, 20 days after the end of the month).

The Bank of Slovenia prepares reports on investment flows and positions in securities by sector and country of issuer and investor.

The contents of the monthly reports to the Bank of Slovenia include:

- general information:
  - month and year,
  - reporting agent (identification number),
  - type of report, and
  - type of operation (according to the market, issuer and investor);
- client information:
  - country of residence,
  - name,
  - identification number, and
  - institutional sector;
- securities information:
  - issuer:
    - country of residence,
    - name,

<ul style="list-style-type: none"> <li>- identification number, and</li> <li>- institutional sector,</li> <li>- security: <ul style="list-style-type: none"> <li>- ISIN code</li> <li>- code name,</li> <li>- CFI code,</li> <li>- number of securities issued,</li> <li>- currency, and</li> <li>- par value;</li> </ul> </li> <li>• portfolio: <ul style="list-style-type: none"> <li>- opening position,</li> <li>- issues (or purchases on the primary market),</li> <li>- redemption,</li> <li>- purchases on the secondary market,</li> <li>- sales,</li> <li>- other changes,</li> <li>- closing position,</li> <li>- income,</li> <li>- fees,</li> <li>- taxes,</li> <li>- number of securities in portfolio,</li> <li>- custody account,</li> <li>- market (country), and</li> <li>- currency of transaction.</li> </ul> </li> </ul>	<p>The Ministry of Finance publishes information on securities already issued or intended to be issued by the Republic of Slovenia (bonds and eurobonds) or by the Ministry of Finance (Treasury bills), including presentations of securities, prospectuses, a calendar of issues, auction announcements and auction results, on the Ministry of Finance's website (<a href="http://www.sigov.si">www.sigov.si</a>). The Ministry of Finance sends all data on government securities to the Bank of Slovenia by e-mail.</p> <p><b>3.2.3 Time range, frequency and timeliness of reporting</b></p> <p>ATVP: authorisations granted to issuers for public offerings and organised trading (since 1991, same day); annual report (since 1994, annually, six months after the end of the reporting year).</p> <p>KDD: information on KDD members, issuers of securities, individual securities and investors (since January 1997, monthly, at the end of month); information on foreign portfolio investments (since January 1997, daily, next day); information needed for preparing a breakdown of securities portfolios by sector of issuer and sector of investor (since March 1998, quarterly, at the end of the reporting period).</p> <p>Authorised participants in the securities markets, insurance companies, banks and resident issuers of debt securities abroad: monthly reports to the Bank of Slovenia (since September 1999, monthly, twenty days after the end of the reporting month).</p> <p>Ministry of Finance: information published on the Ministry of Finance's website and reported to the Bank of Slovenia on bonds (since 1991, same day); eurobonds (since 1996, same day); and Treasury bills (since May 1998, same day).</p>
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### 3.3 Data processing and compilation methods

#### 3.3.1 Basis of calculation and quality controls

Data are mostly details of transactions made in a period and positions at the end of a period. Data are broken down by type of security and by sector and country of the issuer and holder. Nominal values, market values and book values are used to estimate outstanding amounts of securities.

#### 3.3.2 Breaks in series

Breaks in series are not relevant.

#### 3.3.3 Revisions

Data are final and are not subject to revision.

### 3.4 Publications

#### 3.4.1 First release of data

There are no special statistical publications which cover securities issues statistics.

#### 3.4.2 Other statistical publications

##### Monthly Bulletin:

- Source: Bank of Slovenia.
- Frequency of publication: monthly, in the second half of the month following the month under review.
- Medium of publication: in hard copy (in English and Slovene) and on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)) (in English).

##### Financial Markets:

- Source: Bank of Slovenia.
- Frequency of publication: quarterly.
- Medium of publication: in hard copy and on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)) (only in Slovene).

##### Annual Report on the Securities Market:

- Source: ATVP.
- Frequency of publication: annually.
- Medium of publication: in hard copy and on the ATVP's website ([www.a-tvp.si](http://www.a-tvp.si)) (only in Slovene).

##### Bulletin on Financial Markets in Slovenia:

- Source: Ministry of Finance.
- Frequency of publication: quarterly.
- Medium of publication: in hard copy (only in Slovene).

### 3.5 Users

Internal users within the Bank of Slovenia, financial institutions and the general public.

## 4 Financial derivatives statistics

### 4.1 Legal and institutional background

#### 4.1.1 Definitions

According to the Securities Market Act, the Foreign Exchange Act and the Law on Banking, financial derivatives are instruments whose value is directly or indirectly dependent on the price of an underlying security, foreign currency or commodity, or on the level of interest rates. Trading in derivative financial instruments is regulated by the provisions of the acts and laws which govern trading in the underlying financial instruments.

The following types of financial derivatives are traded in Slovenia:

*forward contracts* - agreements between a seller and a buyer concerning the purchase or sale of an underlying financial instrument on a specific date in the future (more than two working days after the transaction day);

*futures* - the same as forward contracts, except that they are standardised in amount and maturity and traded on the organised market;

*swaps* - agreements concerning the exchange of two different cash flows based on different foreign currencies or different interest rates;

*options* - contracts which gives the owner the right but not the obligation to buy or sell an underlying financial instrument at an agreed price on or before the maturity day.

#### 4.1.2 The role of financial derivatives statistics

The Bank of Slovenia has a natural interest in monitoring financial derivatives. As part of its conduct of monetary policy in Slovenia, the Bank of Slovenia monitors and ensures the smooth functioning of the financial

markets, of which financial derivatives are a part.

Connections to global financial markets are made through financial derivatives. This increases the efficiency of the domestic market, but can also pose a threat to its stability.

#### 4.1.3 Powers to collect financial derivatives statistics

Under the Foreign Exchange Act, all commercial banks are obliged to report transactions made on the foreign exchange market on a daily basis.

### 4.2 Collection procedures

#### 4.2.1 Reporting agents

The Bank of Slovenia only collects data on foreign exchange forward contracts which banks enter into with other parties. The data are reported directly by banks. The Bank of Slovenia collects data on turnover on the forward exchange market for transactions between banks and banks, between banks and enterprises, between banks and non-residents and between banks and households. For each type of transaction, the Bank of Slovenia receives data on average forward exchange rates for all maturities combined and not for individual maturities.

The Bank of Slovenia also possesses data on foreign exchange swaps and foreign exchange forward contracts entered into between commercial banks and the Bank of Slovenia from its own database). All financial derivatives are traded over-the-counter.

#### 4.2.2 Reporting schemes

Banks which report transactions made on the foreign exchange market report prices and



volumes for individual transactions on a daily basis. The medium of data collection is electronic.

### **4.2.3 Time range, frequency and timeliness of reporting**

Reporting agents provide data on a daily basis. Time series are available reaching back to January 1996. Data on forward contracts reach back to October 1999.

## **4.3 Data processing and compilation methods**

### **4.3.1 Definition and methodology**

Reporting agents (banks) report data daily on individual transactions on the foreign exchange market. The same principle is applied when creating a database of foreign exchange swaps and forward contracts between the Bank of Slovenia and commercial banks. Weekly, monthly and yearly aggregates are calculated by the Bank of Slovenia.

### **4.3.2 Breaks in series**

Breaks in series are accompanied by a comment if the nature of the change requires explanation.

### **4.3.3 Revisions**

No revisions are made to data.

## **4.4 Publications**

### **4.4.1 First release of data**

Data on foreign exchange forward contracts entered into by banks are not published regularly. There are irregular publications for research and analysis.

Data on foreign exchange swaps and forward contracts between banks and the Bank of Slovenia are first published on the Bank of Slovenia's website within the framework of the Bank of Slovenia's ten-day balance sheet (in English) and the Bank of Slovenia's monthly balance sheet (in English).

The Bank of Slovenia's ten-day and monthly balance sheets are also published in the Bank of Slovenia's Monthly Bulletin (see Subsections 2.4.1 and 3.4.2).

### **4.4.2 Other statistical publications**

Data on foreign exchange swaps and forward contracts between the Bank of Slovenia and commercial banks are also published using the International Monetary Fund's Special Data Dissemination Standard template "International reserves and foreign currency liquidity". The data is published monthly, no later than the last working day of the month, on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)).

## **4.5 Users**

Financial derivatives statistics are primarily intended for internal use within the Bank of Slovenia. The statistics which are published are available to anyone.

## 5 Monetary financial institutions interest rate statistics

### 5.1 Legal and institutional background

#### 5.1.1 Definitions

Statistics published for commercial banks include average interest rates and interest rate spreads for deposits and loans. The published rates are declared interest rates provided by the commercial banks at the beginning of each month. Data are collected on a monthly basis, but the figures for the latest month are always provisional and subject to correction in the following month. The average interest rates are weighted arithmetic averages of the minimum and maximum interest rates that the banks charge on loans and pay on deposits. The sources of the data are individual reports from the banks. The spread is the difference between the minimum and maximum interest rates reported by the banks. Interest rates on loans and deposits are given in real terms (except for instruments with maturities of up to one year, for which interest rates are also given in nominal terms) and then converted into nominal terms using the Tolar Indexation Clause (TOM) or the Foreign Currency (EUR) Indexation Clause. The TOM is the annual interest rate used for preserving the value of financial liabilities and assets in domestic currency. The Foreign Currency Indexation Clause is the growth rate of the Bank of Slovenia's end of month exchange rate for the Slovenian tolar against the euro.

The Bank of Slovenia also publishes the effective interest rates of commercial banks. Average effective interest rates are calculated on the basis of the interest charged during the period. Data are collected on a quarterly basis.

#### 5.1.2 The role of MFI interest rate statistics

For the Bank of Slovenia, the most important reason for monitoring MFI interest rates is to

monitor the transmission of monetary policy through interest rates. Other institutions are also interested in interest rate movements, since many different financial analyses are based on interest rates.

#### 5.1.3 Powers to collect MFI interest rate statistics

MFIs are obliged to report data on retail interest rates to the Bank of Slovenia in accordance with:

- the Law on the Bank of Slovenia;<sup>15</sup> and
- the Law on Banking.<sup>16</sup>

### 5.2 Collection procedures

#### 5.2.1 Reporting agents

In Slovenia, banks are classified in the following groups:

- commercial banks;
- savings banks; and
- savings and loan undertakings.

Only commercial banks and savings banks are obliged to report retail interest rates. The Bank of Slovenia only publishes average interest rates for commercial banks, since savings banks are relatively insignificant compared with commercial banks.

#### 5.2.2 Reporting schemes

The reporting population (in April 2002) includes 21 commercial banks and three savings banks (100% coverage). These report

<sup>15</sup> Official Gazette, Nos. 1/91, 58/02, 85/02.

<sup>16</sup> Official Gazette, Nos. 7/99, 102/00 and 59/01.

real interest rates over the TOM or over the Foreign Currency Indexation Clause, except for Slovenian tolar-denominated instruments with maturities of up to one year. For the latter, interest rates are reported also in nominal terms, since the use of TOM for instruments with maturities of less than one year is not allowed (since 1 July 2002). Reported real interest rates are then converted by the Bank of Slovenia into nominal rates. Interest rates are classified in the following groups:

- short-term loans - working capital loans, consumer credit;
- long-term loans - for capital investments and housing;
- demand deposits;
- time deposits - up to 30 days, 31 to 90 days, 91 to 180 days, 181 days to one year, over one year; and
- foreign exchange deposits.

The medium of data collection from reporting agents is the local network between banks and the Bank of Slovenia.

Interest rates are expressed as annual percentages.

### **5.2.3 Time range, frequency and timeliness of reporting**

Reporting agents report data at the beginning of each month. Time series are available dating back to December 1991. Average interest rates are calculated provisionally at the beginning of each month. Final data are made available with a one-month lag.

## **5.3 Data processing and compilation methods**

### **5.3.1 Basis of calculation and quality controls**

Reporting agents provide minimum and maximum interest rates for each type of instrument. Average interest rates for the various types of instrument are then calculated by the Bank of Slovenia (weighted according to amounts on the books of individual banks).

### **5.3.2 Breaks in series**

Breaks in series are accompanied by a comment if the nature of the change requires explanation.

### **5.3.3 Revisions**

Revisions are made only to declared interest rates, since the published data are always provisional. Final data are available with a one-month lag. Minor corrections are made to the previous month's data when publishing data for the current month.

## **5.4 Publications**

### **5.4.1 First release of data**

Selected declared interest rates are first released on the Bank of Slovenia website ([www.bsi.si](http://www.bsi.si)) in the first half of the month (in English).

Both declared and effective interest rates are also published in the Bank of Slovenia's Monthly Bulletin:

- *Source:* Bank of Slovenia.
- *Frequency of publication:* monthly, in the second half of the month following the month under review.

- *Medium of publication:* in hard copy (in English and Slovene) and on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)) (in English).
- *Frequency of publication:* quarterly.
- *Medium of publication:* in hard copy and on the Bank of Slovenia's website ([www.bsi.si](http://www.bsi.si)) (only in Slovene).

#### **5.4.2 Other statistical publications**

MFI interest rates are also published in the Bank of Slovenia publication entitled Financial Markets:

- *Source:* Bank of Slovenia.

#### **5.5 Users**

The main users of MFI interest rate statistics are internal users within the Bank of Slovenia, banks and the general public who use the data for financial analysis.

## **6 Contacts at the Bank of Slovenia**

Any queries concerning the issues described in this country chapter should be addressed to:

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## Slovenia