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For discussion

F.8 Valuation of Debt Securities at Both Market and Nominal Value: Outcome of the Public Consultation

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Public consultation showed strong support for the proposals in the guidance note (GN). Most comments supported the proposal to strengthen the existing guidance in BPM6 and 2008 SNA for presenting statistics on stocks of debt securities at nominal value for liabilities. However, there was limited support for extending the nominal valuation to total debt securities assets and intercompany debt in form of debt securities due to anticipated implementation challenges. The feedback also highlighted the need to clarify and harmonize across all manuals the definition of nominal value. Other comments highlighted the need to develop guidelines for compilers on how to implement the proposals. In the light of the wide agreement received during the public consultation, the GN is proposed to be considered by the Committee for final decision.

1. *Do you agree with the proposal to strengthen the existing guidance in BPM6 and 2008 SNA for presenting statistics on stocks of debt securities at nominal value?*

- All respondents agreed with the proposal to strengthen the existing guidance in *BPM6* and *2008 SNA* for presenting statistics on stocks of debt securities at nominal value highlighting its analytical value for some users.

2. *Do you agree with the proposal to introduce a supplementary table presenting the reconciliation between debt securities valued at nominal and market value (see Table 1 in the GN), only for liabilities, similar to the one presented in the EDS Guide?*

- Most of the public comments supported the introduction of a supplementary table presenting the reconciliation between debt securities valued at nominal and market value highlighting the following
 - Consistency with the recommendation in the *Handbook on Securities Statistics* (HSS).
 - Availability of comparable information based on nominal value
 - Encouragement of analysis of discrepancies by compilers
 - Alignment with the G20 II.7 Recommendation on securities statistics
- However, some disagreed noting that
 - reliance on different sources for data on securities would complicate implementation, and
 - there was no need for duplication since it was already provided for in the *EDS Guide* (Table 7.16)

3. *Do you agree with the proposal to report in economies where it is relevant supplementary items on the nominal value of the total amount of assets in debt securities and debt securities used for intercompany lending?*

- The majority of the comments did not support reporting of the nominal value for the total amount of assets in debt securities and debt securities used for intercompany lending citing practical difficulties as well as more relevance of nominal value for liabilities.

4. *What is your opinion on the practical feasibility of the proposed options?*

- Implementation could be difficult for direct reporters due to difficulty with understanding the definition of nominal value

- Implementing two types of valuation for the same items (market and nominal value) would increase the burden on compilers and reporters
- Compilation for assets would be difficult to implement
- Reporting at higher frequency would not be feasible in the near term due to the need to change reporting forms
- Direct reporters and custodians may not be able to provide nominal values

5. *Do you have any other comments/suggestions on the GN?*

The definition of nominal value needs to be clarified and guidance provided on the treatment of special cases such as debt without preset repayment schedule, and in cases of floating interest rate. The definition of nominal value needs to be harmonized across all manuals.