



GFSAC Review

1.32 Recording of share buybacks

For Endorsement

Global Consultation Responses:

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	23
No	0
Partially	0
No Comment	4
Total	27

Global Consultation Comments: Respondents agreed with the proposed recommendations with one respondent suggesting a clarification for the background and issues section of the proposed recommendation document, while another queried the treatment of dividend reinvestment. The latter is already covered under PR 1.10 (Superdividends and reinvested earnings of public corporations), while the suggested clarification of the background and issues does not lead to a change in the proposed recommendations. Some select comments are provided below:

- *“Please revise the drafting of paragraph 3, third sentence, as it could be interpreted to suggest that the treatment in Annex 1 to GN F.2 creates undesirable incentives, whereas it is in fact intended to prevent them (as stated at the end of the paragraph).”*
- *“Agree that share buybacks are not to be treated as dividends. The proposed text for GFSM update, para 8.125, is a little out of context as it is referring to 'short selling' in the context reverse transactions and so is covered in GN F.3. This GN, raises the issue of dividend reinvestment which is not covered and is far more prevalent than share buybacks in lieu of dividends. Dividend reinvestment schemes provide dividends to shareholders in the form of shares rather than cash -- a common form of "in kind" dividend distribution. Presumably the transactions associated with this are covered in the Draft 2025 SNA, BPM7 etc.”*

Questions for GFSAC:

- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

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GFS Notice of Decision:

The updated GFSM will clarify the treatment of share buybacks (at market prices) as financial transactions, without recording an imputed distribution of dividends. In doing so, it will adopt language in the [draft 2025 SNA](#) (paras. 8.135 and 8.125).

GFS Related Documents:**GFS Proposed Recommendations Document**[GFSM PR 1.32](#)**GFS Discussion Note**

Not applicable

GFS Global Consultations[July 2025](#)**Discussions at GFSAC Meeting(s)**

To be added

SNA/BPM Related Documents:**Guidance/Issue Note**[Minor Action Point B.2; GN F.2](#)**Global Consultation(s)**BPM Consultation: [June 2021](#)SNA Consultation: [November 2021](#)**Discussions at the AEG/BOPCOM¹ Meeting(s)**AEG: [March 2023](#)BOPCOM: [June 2021](#)

¹ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee