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GUIDANCE FOR STAFF ON THE RECORDING OF CENTRAL BANK FX LIQUIDITY LINES IN IMF STAFF REPORTS

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EXECUTIVE SUMMARY

Since the Global Financial Crisis (GFC), the global network of central bank foreign exchange (FX) liquidity lines (LLs), including bilateral swap lines (BSLs) and repurchase agreements (repos), has expanded significantly. However their proper recording in macroeconomic frameworks remains incomplete due to high confidentiality and fragmented guidance in existing guidance notes, which address the recording of FX LLs for certain variables, such as debt, while omitting others, such as FX reserves. This can lead to inadequate disclosure of risks and vulnerabilities in Staff Reports, and potentially lack of uniform treatment across different sectors and countries. Inaccurate recording of the activation and terms and conditions of FX LLs can significantly impact the analysis of buffers and risks. The issue is particularly relevant when FX LLs, especially BSL, are used to provide "lender-of-last-resort" support during crises often in conjunction with IMF programs. This note consolidates comprehensive and consistent guidance to help staff systematically record and assess FX LLs, ensuring an accurate and transparent representation of buffers and risks, consistency within the macro-framework, and evenhandedness across member countries, while also allowing for appropriate country-specific adjustments.

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BACKGROUND ON CENTRAL BANK FX LIQUIDITY LINES

(See Appendix I for terminology relevant for this note)

1. Among the different types of central bank FX LLs, the global network of central bank BSLs expanded significantly over the past decade. The expansion started during the Global Financial Crisis (GFC), as the U.S. Federal Reserve (Fed) extended BSLs with five major central banks (CBs) in advanced economies (AEs) (i.e., European Central Bank (ECB), Bank of England (BoE), Bank of Japan (BoJ), Swiss National Bank (SNB), and Bank of Canada (BoC)), as well as with central banks of other AEs and selected emerging market economies (EMs), to ease pressure in US dollar funding markets. Similarly, to mitigate tensions in euro funding markets, the ECB has increased the use of BSLs through agreements with other central banks including BoE, BoJ, SNB, and People's Bank of China (PBoC). For repos, the Fed established the Foreign and International Monetary Authorities (FIMA) Repo Facility and the ECB set up bilateral repos under the Eurosystem repo facility for central banks (EUREP), to mitigate tensions in euro funding markets[1]. Both FIMA and EUREP started as temporary facilities in response to the Covid-19 pandemic but were later made permanent.

2. During the same period, other countries, including China and India also started to expand their network of BSLs. Currently, the PBoC has established a network of swap lines[2] involving more than 40 countries (McDowell, 2019). The Reserve Bank of India (RBI) has also extended a network of swap lines for the members of the South Asian Association for Regional Cooperation (i.e., Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka)[3]. These BSLs have some distinctive features that differentiate them from conventional BSLs offered by the Fed and ECB (Appendix II).

3. With these developments, FX LLs have become an important feature of the international monetary system (Perks et al., 2021). The Fed and ECB FX LLs have provided an important external liquidity backstop for several AEs and EMs during periods of high market stress (e.g., GFC and Covid-19 pandemic financial turmoil in March 2020). Other FX LLs, including PBoC and RBI swap lines, on the other hand, have become a relevant source of emergency financing for countries in situations of elevated sovereign and/or external distress.

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[1] The EUREP has medium-term bilateral repo arrangements with selected central banks in central and southeast Europe such as Romania, Hungary, North Macedonia and Albania.

[2] PBoC swap lines serve multiple objectives: (i) promoting internationalization of the renminbi (RMB); (ii) facilitating international trade and investment; and (iii) ensuring financial market stability through provision of renminbi liquidity (PBoC, 2023).

[3] RBI swap lines have features like PBoC swap lines, although much smaller in size. RBI swaps have provided lender-of-last-resort support (e.g., Sri Lanka), lending has been unidirectional (from RBI to members of the regional association), and recipient countries, facing limited market access, have benefitted from India's assistance in the form of deferments and credit lines (Gupta, 2023).

4. Given their relevance, FX LLs warrant a thorough analysis and consideration in IMF surveillance and programs. BSLs, in particular, have become a relevant source of financing in countries with Fund programs. They have sometimes coincided with debt restructuring discussions and operations. In this latter context, transactions associated with these swap lines not only impact external buffers and debt vulnerabilities but may also influence debt restructuring options. Indeed, these swap lines appear to have had considerable *de facto* seniority status in past debt restructurings, when they have been left out of the debt restructuring perimeter.[4,5]

5. Despite their macroeconomic relevance there can be an incomplete understanding when recording FX LLs in a macroeconomic framework. This stems from two key factors. First, the high confidentiality of FX LLs often limits the availability of information, which hinders a comprehensive assessment of these swap lines. Secondly, existing IMF guidance notes (GN) offer a fragmented approach to the treatment of FX LLs in the macroeconomic framework as the guidelines are focused on selected variables, such as government debt, while leaving the impact on other relevant macroeconomic variables unaddressed. This inconsistent treatment may lead to incorrect recording of FX LLs, including a lack of uniform treatment of FX LLs across sectors in the macro-framework and a lack of evenhandedness among countries.

6. This note aims to consolidate existing IMF guidance on the treatment of FX LLs to ensure accurate and consistent recording in the macro-framework and promote evenhandedness across countries. The approach discussed below combines a standardized, principle-based approach with guidance from statistical manuals and past IMF guidance notes to provide a baseline for the treatment of FX LLs and identify criteria to adjust the treatment to country-specific circumstances. The guidance this note draws on is listed in the following text table.

7. The features and considerations discussed in this note apply to central bank FX LLs, like bilateral swaps[6] and repos, but also apply to multilateral FX swap lines to central banks such as those in the Chiang Mai Initiative. While different types of FX LLs typically enhance FX liquidity, their impact on macroeconomic variables can differ depending on the specific mechanism. For instance, repos, exchanging collateral for FX cash, may only alter FX reserve composition rather than size. The nature of the collateral determines the direction and magnitude, potentially offsetting any increase in FX reserves. The guidelines in this note would also apply to the recording of commercial FX LLs signed by CBs with foreign private creditors.

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[4] Central bank swap extended on behalf of the government for BOP purposes are treated as direct bilateral claims and subject to the IMF's policy on Lending Into Official Arrears (LIOA) (IMF, 2022c). In practice, based on experience, the debtor and its creditors can exercise considerable discretion over the scope of debt to be treated. Short-term debt instruments (by original maturity), such as short-term FX LLs, have generally been excluded from past debt restructurings, with a few exceptions (IMF, 2015a).

[5] For instance, in the case of Sri Lanka, the authorities' proposed a restructuring perimeter that excluded debt owed to international financial institutions (IFIs), central bank currency swaps, emergency credit lines extended in 2022, and any new disbursements made after the moratorium announcement (IMF, 2023b).

[6] The guidelines in this note refer to the recording of BSLs in the macroeconomic framework and do not affect the treatment of CB FX swaps under the Multiple Currency Practice policy.

8. The rest of the note is structured as follows: principles for the recording of FX LLs; details on how these principles are applied when recording FX LLs in specific policy variables in the macro-framework, and implementation and transition issues.

Text Table 1. Statistical Manuals and IMF Guidance Notes Underpinning the Guidance in this Note

Macro-variable:	Guidance from:
Gross International Reserves (GIR)	Definition of GIR: Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6), (IMF, 2009); Integrated Balance of Payments and International Investment Position Manual, Seventh Edition (BPM7) White Cover (Pre-Edited) Version), (IMF, 2025). Swap Recording in GIR: Clarification note on Recording of Central Bank Swap Arrangements in Macroeconomic Statistics (IMF, 2018); Assessing Reserve Adequacy, (IMF Policy Paper, February 2011); Assessing Reserve Adequacy – Further Considerations, (IMF Policy Paper, November 2013b). Repo recording: International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template, (IMF, 2013a) and Treatment of Securities Under Reverse Transactions in Reserve Assets, (IMF, 2023e), endorsed in Integrated Balance of Payments and International Investment Position Manual, Seventh Edition (BPM7) White Cover (Pre-Edited) Version), (IMF, 2025). Considerations for Reserve Adequacy Assessment: Guidance Note on the Assessment of Reserve Adequacy and Related Considerations, (IMF, 2016). FX LL recording in GIR projections: Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6), (IMF, 2009).
Net International Reserves (NIR)	Standardized NIR Definition: B.2 Standardized Statistical Definition of Net International Reserves (IMF, 2022b), endorsed in Integrated Balance of Payments and International Investment Position Manual, Seventh Edition (BPM7) White Cover (Pre-Edited) Version), (IMF, 2025).
Government Debt and Gross Financing Needs	Treatment of swap lines in DSA: Staff Guidance Note on the Sovereign Risk and Sustainability Framework for Market Access Countries, (IMF, 2022a).
External Debt and External Gross Financing Needs	External Debt Statistics: Guide for Compilers and Users, (IMF, 2014a).

PRINCIPLES FOR THE TREATMENT OF FX LLS IN THE MACRO-FRAMEWORK

To ensure accurate and consistent treatment in the macro-framework, the following three principles should be applied to all types of central bank FX liquidity lines:

- Recording only actual FX LLs assets/liabilities in the macro-framework, which are equivalent to the activated amounts of the FX LLs (¶9).
- Ensuring consistency of treatment within the macro-framework (¶10).
- Respecting confidentiality and transparency requirements in Staff Reports (¶11).

The remainder of this section provides detailed guidance on how to implement these principles.

9. Recording only actual FX LLs' assets/liabilities in the macro-framework. Only the funds activated from the FX LL to the requesting CB, and not the maximum amount of the master agreement, should be recorded in macroeconomic statistics. Non-activated resources from the FX LL should be considered as a contingent asset/liability. This is equivalent to credit lines, which are outside the financial asset/liability boundaries (IMF, 2018 and BPM6 Para. 5.10), and consistent with the treatment for IMF precautionary arrangements (IMF, 2013b). In the case of BSL arrangements, only the funds exchanged between central banks—referred to as "activated amounts"—should be recorded in macroeconomic statistics. Although BSLs are established under a master agreement with a defined ceiling, individual transactions typically involve only a portion of the agreed amount. For statistical and accounting purposes, only these activated transactions should be recorded, as the non-activated amounts remain contingent and fall outside the boundaries of financial assets and liabilities.

9.1. For historical data, country teams should only record activated amounts and related liabilities. In addition, if there are conditions attached to the usability of activated funds, these funds from the FX LL should not be recorded as FX reserves, but only as foreign currency assets held with nonresidents.

9.2. Baseline projections should include projected activated amounts from the FX LL and related liabilities based on projected external financing needs and conditions to activate and use non-activated FX LL resources. This treatment aligns with guidance in the 2022 SRDSF GN on the recording of BSLs in the debt sustainability analysis (IMF, 2022a)[7].

9.3. Even though excluded from macroeconomic statistics, country teams are encouraged to record non-activated resources as off-balance-sheet contingent FX assets/liabilities to enhance transparency, for example, by adding a memo item to the Selected Economic Indicators Table.

9.4. While not included in baseline projections, contingent assets/liabilities from FX LLs could

[7] "… Large undrawn bilateral FX swaps should be fully disclosed and built into the projected debt stock to the extent that drawing is expected (informed by balance of payments projections) …" (IMF, 2022a).

be incorporated into alternative scenarios, fan charts, and macro-modeling when analyzing risks and vulnerabilities. Contingent foreign claims could be used to address shocks even though they are not included in reserve assets under baseline projections. The guidance aligned with this treatment is already outlined in selected policy papers, which describe various types of contingent credit that can be used to mitigate shocks, even though they are not classified as reserve assets (IMF, 2011, 2013b, and Committee on the Global Financial System, 2011). These policy papers also warn that there are limits to substitutability with FX reserves as the availability of contingent credit in times of stress is highly uncertain (IMF 2013b, and Committee on the Global Financial System, 2011). Hence, in assessing reserve adequacy, the External Sector Assessment should discuss the role of contingent FX LLs as a potential additional precautionary buffer, including an explanation of any limitations on their usability (see ¶13.1). If applicable, the assessment should also cover potential short-term drains on foreign currency liquidity from the repayment of the FX LLs' liability, warranting an assessment based on net reserves, which is consistent with the ARA GN (IMF, 2016). In addition, the materialization of FX LL-related contingent liabilities in the event of shocks could strain debt sustainability, particularly in countries with high debt levels and/or elevated sovereign risks. These risks could be accounted for in the debt sustainability analysis, for instance in the form of a stress test.

10. Ensuring consistency of treatment within the macro-framework. To ensure a coherent assessment of policy buffers and risks while avoiding double counting, the recording of swap-related assets and liabilities must be consistent within the macro-framework according to the following criteria:

10.1. Consistent assumptions on the maturity of FX LL-related liabilities such as the assumption on rollovers: If the country team concludes that there is a high likelihood of the FX LL-related liabilities being rolled over, this assumption should be reflected in the projections of all impacted variables: external debt, Gross External Financing Needs (GEFNs), reserves, reserve-related liabilities, government debt and Gross Financing Needs (GFNs), where the latter two should be based on a risk-based approach (see ¶15). The rollover assumptions should be made on a case-by-case basis and are based on discussions with the authorities, historical use of FX LLs, contractual terms and conditions, economic and political circumstances, and consultations with relevant departments in the Fund. For program countries, similar to any other official bilateral financing, the rollover assumptions require (i) "firm commitments" of financing for the 12 months following the program approval or review, and (ii) good prospects for adequate financing for the remaining program period beyond the subsequent 12 months (IMF, 2024c).

10.2. Consistent recording of the amount of FX LL-related assets and liabilities: Possible sources of inconsistency associated with the amount of FX LL drawings and related liabilities may stem from:

- Inconsistent or outdated exchange rates used to convert drawings and related liabilities in local currency and/or US dollar.

- Inaccurate recording of inter-agency borrowing of funds from FX LLs, such as double counting of a BSL-related liability in government debt when the CB on-lends some of the swap funds to the government (see ¶15).

11. Respecting confidentiality and transparency requirements in Staff Reports.

11.1. Public data on usage and terms and conditions of FX LLs are typically very limited. To record FX LLs in the macro-framework, country teams may rely on the following sources:

- *Confidential Information:* Provided bilaterally by the authorities, especially during program negotiations.
- *Central Bank Balance Sheet Data:* Some information may be deduced from the "granular presentation" of data submitted to STA, especially for countries receiving technical assistance from STA for compiling this data. Although this presentation does not include a separate categorization for swap transactions, a sharp increase in foreign currency deposits held with nonresidents may be noticeable if the swap drawings are very large.
- *Reserves Template:* For countries subscribing to SDDS and SDDS Plus under the IMF Data Standards Initiatives, information regarding drawings on liquidity lines, associated liabilities, interest payments, and collateral may be in the Data Template on International Reserves/Foreign Currency Liquidity (IMF, 2013a) for both the borrowing and lending CBs. In particular, in the template of the borrowing CB, the size of the drawings could be derived from the value of the associated liability that might be recorded in Section II of the template. Details about the collateral, including whether it is included in reserve assets, may be found in Section IV: Memo Items. Non-activated resources from the FX LL might also be reported in Section IV as an undrawn credit line.
- *Central Banks' Audited Annual Financial Statements or Reports:* Annual financial statements or reports, which are commonly published, may offer additional insights into the terms and conditions of FX LLs, such as interest rates, maturity of FX LL-related liabilities, conditions for activation, and usage limitations (e.g., only for trade settlement and not for debt repayment).
- *Information from the IMF Finance Department (FIN):* When preparing safeguards assessments reports for program countries, FIN reviews a range of relevant CB documents and data including the above.

When information on FX LLs is derived from staff computations using public sources, such as published central bank balance sheets or financial statements, staff should transparently disclose that assumptions regarding FX LL activations, liabilities, and/or usage are staff estimates, not official data provided by authorities. This disclosure is facilitated by the Data Adequacy Framework (IMF, 2023d) as a part of the standardized section within the Data Issues Annex in the Staff Report dedicated to disclosing staff estimates that differ from or serve as alternatives to official data, accompanied by the underlying methodology.

11.2. The underlying information and assumptions used for recording FX-LLs in historical data and projections in the macro-framework should be transparently disclosed by country teams.

This transparency enables reviewers and the Board to adequately understand the buffers and vulnerabilities associated with these FX LLs. At a minimum, disclosure should include:

- *Recording of FX LL-related assets and liabilities in historical data:* Describe how the assets and liabilities are reflected in the parameters of the macro-framework. For repos, provide information on the value of the collateral and how it is recorded in the macro-framework.
- *Assumptions on the incorporation of FX LL-related assets and liabilities in projections:* Provide the assumptions and explain the rationale for incorporating FX LLs in projections, such as expected activation and drawings, rollover of liabilities, or renewal of the agreements.
- *Information necessary for program purposes:* Disclose information critical for program requests and monitoring (e.g., financing assurances).

Box 1 provides a (non-exhaustive) list of information that may be relevant for disclosure, depending on its relevance to the country-specific program or surveillance. Information on FX LLs in Policy Notes is strongly expected for program countries and encouraged for surveillance countries. The strong expectation for UFR cases is justified by the critical importance of FX LL information for assessing financing needs and sources, as well as for accurately evaluating FX reserves, essential for Fund safeguards. Information on FX LLs in Staff Reports, is expected to be included in surveillance and program cases if buffers and risks from these facilities are assessed as macro-critical.

11.3. When disclosing information on FX LLs, staff need to be aware of potential market sensitivity (which may provide a rationale for deleting the information from the published Staff Report). The information may bolster market confidence, by demonstrating an expansion of swap networks that strengthens the global financial safety net. However, it could also signal vulnerabilities in a country, which could undermine market confidence, such as when a country activates the FX LLs. It is important to understand that for deletion a case would need to be made under the Transparency Policy that there is a credible concern about disruptive market impacts.

11.4. In addition, the terms and conditions and activated amounts from FX LLs can be subject to confidentiality clauses. If confidentiality concerns warrant limited public disclosure[8], such information and assumptions could be omitted from Staff Reports, in accordance with the Fund's existing Transparency Policy (IMF, 2024d).

11.5. In a program context, the treatment of confidential data from FX LLs aligns with the principles for handling confidential data on debt outlined in the Fund's Debt Limits Policy Guidance Note (IMF, 2021, Box 3). This alignment is particularly appropriate when FX LLs are effectively intended to function as medium-term borrowing (e.g., when countries utilize swap activation as "lender-of-last-resort" support). There is a broad consensus that the financing

[8] The IMF's Central Bank Transparency Code acknowledges the need to balance transparency with confidentiality in the context of market-sensitive information (e.g., adverse signaling effects) and financial stability concerns (e.g., ELA).

provided by these BSLs has contributed to a more complex landscape for public debt[9] since the GFC, as highlighted in IMF policy papers (IMF, 2023c and 2022 SRDSF GN, Box 2, pages 22-23).

11.6. In the context of surveillance under Article IV consultations, staff discussions with national authorities should aim at increasing the disclosure of FX LLs. These discussions should leverage existing best practices and ongoing reforms that promote public debt transparency (IMF, 2023c and IMF, 2024a).

Box 1. FX LL-Related Information that May Be Relevant to Disclose in Staff Reports

Details and assumptions made by staff for projections of FX LLs in the macro-framework could include the following (non-exhaustive) list:

Historical data

- FX LL activated amounts.
- Conditions/authorizations for availability/use of activated funds.
- Recording of FX LL activated amounts in Gross International Reserves (GIR), External Debt, Gross External Financing Needs, and Government Debt and Government Gross Financing Needs (if conditions apply).
- Applicable collateral and how this is accounted for in main policy variables (e.g., GIR).
- (optional) Contractual terms for exchange rates or, where absent, assumptions regarding exchange rates. This information is relevant in the context of rapid/significant devaluation of the local currency.
- (optional) Applicable interest rate, surcharges, and margin calls.

Projections

- Projected activations and associated liabilities.
- Rollover assumptions of FX LL-related liabilities (e.g., amount, likelihood, conditions, and maturity).
- Assumptions on new, renewal, and augmentation of the FX LL agreement (e.g., status of discussions between recipient CB and provider of BSLs, assurances from providers, likelihood, conditions, and maturity).
- Projected repayments (e.g., conditions and sources of funds).

[9] "… Central bank foreign-currency swaps are increasingly being used to facilitate government financing, rather than to implement monetary policy or manage liquidity or foreign exchange reserves. Central bank liabilities contracted on behalf of the government are rarely reported in public debt statistics …" (IMF, 2023c).

RECORDING OF FX LIQUIDITY LINES IN SPECIFIC POLICY VARIABLES IN THE MACRO-FRAMEWORK

12. GROSS AND NET INTERNATIONAL RESERVES

12.1. When the funds are activated through the FX LL, each CB acquires a foreign asset in foreign currency and creates a foreign liability in foreign currency[10].

13. GROSS INTERNATIONAL RESERVES (GIR)

13.1. Based on statistical manuals, the foreign currency funds acquired through the activation of a FX LL should increase GIR if the following two criteria are met:

- Denominated and settled in convertible foreign currencies: This applies to all currencies in the SDR.
- Readily available to and controlled by monetary authorities in the most unconditional form. Whether this criterion is met is determined by the terms and conditions established in the FX LL agreements. In cases where the agreements are subject to conditions that may constrain the use of the funds as reserves[11], country teams should include the activated amounts in reserves only if the usability conditions have been met—this applies to both current and historical reporting. Non-activated resources of the FX LL should not be included in GIR (see ¶9). For projections, country teams should include the funds in reserves only if their assessment indicates that the usability conditions will be met going forward. In addition, if the use of the funds is subject to authorization from the FX LL provider, the funds cannot be recorded as reserves until the authorization has been granted (IMF, 2009: BPM6, Paras. 6.64–6.75).

13.2. Repos and collateralized liquidity lines require correct collateral recording, potentially impacting GIR.

- When borrowing central banks provide reserve assets (e.g., high-quality securities denominated in convertible currency or monetary gold) as repo collateral, these assets are excluded from the borrower's reported reserves for the tenor of the repo. This exclusion aligns with the BPM6 definition requiring reserve asset availability, as the borrower's control

[10] In the case of BSL the foreign liability is denominated in domestic currency that is indexed to a foreign currency. Appendix III contains details on the specific recording of BSL drawings and liabilities on the CB balance sheet, including the treatment to account for fluctuations in exchange rates.

[11] For instance, in Sri Lanka, the central bank signed an agreement with the PBoC that allows for the flexible use of funds from the swap line under the condition that the country's gross reserves remain above the equivalent of "3 months of previous year's import cover" (IMF, 2023b). In the case of Argentina, under the 2018 supplementary swap agreement between the PBoC and the BCRA, the use of funds from the swap line was contingent upon implementation of the IMF's Stand-By Arrangement. This condition was eliminated in the subsequent 2020 renewal of the swap agreement (Arnold, 2023a).

is temporarily restricted. Consequently, the cash received from the repo is offset by the removal of the collateral from reserve assets (IMF, 2023e)[12]. As a haircut is usually applied to the collateral, the net effect on GIR is a decrease equal to the value of the haircut.

- When borrowing central banks provide non-reserve assets (e.g., equity and domestic securities) as repo collateral, the repo cash drawings increase GIR. These non-reserve assets were not initially included in reserves such that their temporary use as collateral does not offset the increase in cash.

14. Net International Reserves (NIR)

14.1. The NIR technical note (TN) coauthored by SPR and STA (IMF, 2022b) introduced a standardized statistical definition for NIR, which has been endorsed in the new version of the Balance of Payments Manual (i.e., BPM7; IMF, 2025). The NIR TN defines NIR as reserve assets minus net short-term (up to one year) foreign currency drains on a remaining maturity basis.

- Based on the NIR TN, the short-term liability associated with a conventional FX LL (e.g., BSLs with the Fed) qualifies as a short-term drain and should be deducted from reserve assets when computing NIR.
    - Regarding FX LL drawings collateralized by reserve assets (e.g., repos), the associated short-term liability should not be separately deducted from GIR when calculating NIR. This is because the initial decrease in GIR already reflects the encumbrance of reserve assets provided as collateral. Deducting the liability in addition to the collateral would result in a double counting of the FX LL obligation, artificially depressing the NIR. Consequently, for FX LL drawings collateralized by reserve assets, both GIR and NIR decrease by an amount equivalent to the haircut applied to the collateral.
    - In all other instances of liquidity lines incurring a short-term liability, including repos collateralized by non-reserve assets, drawings increase GIR but have no net impact on NIR due to the corresponding increase in short-term liabilities.
    - If the country team determines that there is a high likelihood of a rollover for the FX LL-related liability (see ¶10), then its de facto maturity is considered longer than one year, and therefore, would not cause short-term drains on reserves in practice. In this case, the FX LL-related liabilities would not be deducted from reserve assets in NIR computation. In other words, the funds drawn from the FX LL would increase both GIR and NIR. However, in the case of FX LLs collateralized by reserve assets, the deduction of these assets from GIR effectively accounts for the liability. Consequently, even with a long-term maturity,

[12] Several countries incorrectly include both the cash received from repos and the securities or monetary gold provided as collateral in their reserve assets. As of March 2022, 24 out of 29 economies reporting repo activities in the Data Template on International Reserves/Foreign Currency Liquidity declared that securities or monetary gold provided as collateral under repo transactions (Section IV. (1)(d)) were not deducted from official reserve assets (IMF, 2023e). In such cases, country teams should reclassify the collateral assets out of foreign reserves as a memo item, as the classification used by the authorities fails to account for the temporary unavailability of the collateralized assets and could represent a form of reserve window dressing.

liabilities from FX LL drawings collateralized by reserve assets continue to decrease both GIR and NIR by the value of the haircut applied to the collateral.

- When designing a program with adequate safeguards for Fund resources, extra care should be taken in recording FX LLs in NIR. In those cases, for FX LLs that are not collateralized by reserve assets, country teams should seek to clarify in the Technical Memorandum of Understanding (TMU) if the NIR definition is based on the contractual residual maturity, consistent with the standardized statistical NIR definition (IMF, 2022b) which states that "Foreign Currency Drains (FCD) are the predetermined contractual foreign currency obligations (foreign currency outflows net of inflows) scheduled to come due during the 12 months ahead". Staff should also explain if any adjustments are undertaken when they conclude that there is a high likelihood that the FX LL-related liability will be rolled over beyond one year. As noted in ¶10, any rollover assumed within the year in the baseline projections should be supported by specific financing assurances.

14.2. The introduction of a standardized statistical definition for NIR (IMF, 2022b), along with the guidance proposed in this section, should not limit the flexibility to adjust NIR computation for reserve adequacy assessments or Fund-supported program designs. Country-specific circumstances should be carefully considered when computing NIR (IMF, 2018 and IMF, 2024b). Adequate disclosure of underlying assumptions when computing NIR, however, remains paramount.

15. Government Debt and Gross Financing Needs in Debt Sustainability Analyses

15.1. Guidance on the treatment of BSLs in DSAs is included in the SRDSF GN (IMF, 2022a), which proposes a standardized risk-based approach that can also be applied to the LIC DSF. Specifically, in cases where the central bank is not part of the DSA perimeter and where the BSL repayment by the central bank is not projected to take place in the context of a Fund arrangement[13], the SRDSF GN requires that resources drawn under the BSL[14] be recorded as debt under certain circumstances. The key circumstance under which the BSL should be recorded as debt is when the BSL-related liabilities cannot be repaid by the central bank without actions that are detrimental to government debt levels. This is normally seen to be the case when BSL scheduled repayments lower central bank gross reserves to less than 60 percent of the ARA metric [or, if the ARA metric is not available, below 60 percent of the reserve adequacy level[15]]. In this case, the central bank's capacity to respond to a balance of payments crisis would be considered critically impaired. Consequently, the government would need to intervene, which

[13] When the future BSL repayment by the CB takes place in the context of a Fund arrangement (and is consistent with the program parameters), the CB is expected to be able to execute the repayment without actions that are detrimental to the government debt level, and the swap should not be included in the stock of debt or the GFN in the DSA.

[14] For the purpose of their potential inclusion as debt in the DSA, the resources under the swap line are considered drawn only once they are activated and become readily available to monetary authorities.

[15] For example, the common range of reserve adequacy assessments for LICs, i.e., 3-5 months of imports.

includes borrowing FX to pay a portion of the liabilities.

15.2. The BSL liabilities can be excluded from the DSA government debt if the total amount of all drawn BSLs is *de minimis* (i.e., less than 1 percent of GDP).

15.3. In projections, undrawn BSLs should be incorporated into the projected debt stock to the extent that drawings are expected (informed by balance of payments projections), and the condition described above (i.e., BSL-related liabilities cannot be repaid by the central bank without actions detrimental to government debt levels) is anticipated to continue to hold. In addition to the guidance above, the country team could consider the following additional elements when recording BSLs in the DSA:

- The recording of BSL-related liabilities in government debt should inform the inclusion of these liabilities in GFNs projections. Interest, fees, and margin calls on BSLs included in the DSA debt stock may not be included in DSA's public GFNs if the team assesses that these costs can be borne by the CB.
- Principal repayment of BSLs should be incorporated in GFN projections unless there are firm commitments by the BSL provider to roll over the BSL.
- If the CB on-lends (part of) the funds received from the BSLs to the government for budget support[16], this amount should be subtracted from the swap-related liabilities added to government debt for DSA purposes. This would avoid double counting on the part of the liabilities that is on-lent by the CB, which would already be included in debt as domestic financing (regardless of the currency denomination of the CB loan, because the CB is a resident to its own country by the residency principle (IMF, 2014b: GFS Manual, A3.72–A3.78, Table A3.1). Country teams may consider additional issues associated with this case, including the following:
    - Deciding how to record the exchange rate risk associated with the BSLs: The repayment terms may be detailed in a memorandum of understanding between the CB and the Treasury. When the government borrows from the CB in domestic currency, the exchange rate risk may or may not remain on the balance sheet of the CB. The government may be obligated to revalue and repay the domestic currency loan as if it were in foreign currency and this would eliminate the exchange rate risk faced by the CB. In this case, the stock of CB on-lending would be indexed to a foreign currency and classified as a FX loan to the government on its balance sheet. If, instead, the exchange rate risk remains on the CB's balance sheet, the team must assess whether the CB can extinguish the associated liabilities or whether the government will eventually need to intervene.
    - Maturity mismatch between the swap-related liabilities and the CB loan to the government. This may imply some risks on one of the two counterparties (CB or government).

[16] This retrocession of funds received from BSL to the government requires a legal basis. There are countries that no longer allow CB loans to governments, due to their inflationary effect.

- Interest rate differential between the BSL and the CB loan to the government.

16. External Debt and Gross External Financing Needs

16.1. Liabilities associated with FX LL drawings qualify as gross external debt based on the definition in the External Debt Statistics Guide: "Gross external debt, at any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to nonresidents by residents of an economy" (IMF, 2014a).

16.2. In external debt sustainability analyses, the baseline scenario should be consistent with the team's assumptions on the maturity profile of the FX LL-related liabilities, as reflected in other variables of the macro-framework (see ¶10).

16.3. To avoid double counting of FX LL-related liabilities in external debt, country teams need to pay attention when consolidating the debt of different institutional sectors (e.g., government and central bank debt). Specifically, if FX LL-related liabilities have been added to government external debt for DSA purposes, this amount should be deducted when computing total external debt because it is already recorded in the balance sheet of the CB.

16.4. Projections of GEFNs, defined as the sum of current account deficit and short-term amortization at residual maturity, would include repayments of FX LL-related liabilities including interest, fees, and margin calls. Given that these are actual external liabilities, rather than contingent, this inclusion would apply regardless of whether there is an expected rollover of the FX LL and/or if the FX LLs are collateralized by reserve assets[17].

IMPLEMENTATION TIMELINE AND TRANSITION ISSUES

17. The rollout of the new framework is anticipated for Q1 2026. This timeline will provide sufficient opportunity for country teams to become accustomed to the new reporting standards and gather necessary information.

18. The implementation of these guidelines will involve close collaboration with IMF country teams:

[17] The difference in treatment of committed rollovers between GEFN in the external DSA and GFN in the public DSA arises from the different classification of swap-related liabilities in the two cases. In the context of external debt, these liabilities are actual liabilities, necessitating their inclusion in GEFN due to their direct impact on external obligations. Conversely, in the case of government debt—assuming the perimeter does not include the central bank—swap-related liabilities are contingent liabilities to the government. Their incorporation into the government's GFN follows a risk-based approach and depends on the likelihood of amortization materializing. To the extent that a creditor's commitment to rollover lowers the likelihood of materialization of the government's payment, this justifies excluding the scheduled repayment from the government's GFN.

- Development of Implementation Materials: Resources to support the implementation are expected to be available by the end of the second half of 2025. This will include the creation of a clear and standardized checklist for reporting FX LLs information in Policy Notes, which will be strongly expected for program countries and encouraged for surveillance countries, especially when buffers and risks from FX LLs are macro-critical.
- Support for Country Teams: Country teams can rely on:
  - STA support to explore internal databases and provide technical advice.
  - SPR support to ensure evenhandedness.

19. For existing program cases, some transition arrangements will apply. Specifically:

- For programs approved prior to the rollout date of the guidelines in this note but expiring after the rollout date, in case of substantial impact on financing needs and sources, that could result in programs being underfinanced, teams would be allowed to maintain the previous convention for 6 months. Thereafter, to allow for comparability over time, the new and correct reporting should be made alongside the original program approach for up to 12 months.
- Programs that expire prior to the rollout date would not be affected by differences between the current and new framework. However, insofar as a successor program is expected to be approved after the rollout date, the successor program would be subject to the guidelines in this note and staff would need to manage communications with the authorities accordingly.

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Appendix I. Terminology

1. Central bank liquidity lines: Bilateral agreements between two central banks, allowing one central bank (recipient) to obtain foreign currency from the other central bank (provider), in exchange for a collateral. In the case of a central bank swap line the collateral is the recipient central bank's own currency; in the case of a repo the collateral is high quality financial assets.

2. Central bank swap line: Master/umbrella agreement, with a specified duration, between two central banks to exchange a maximum amount of cash flow (i.e., deposit) in one currency against a cash flow in another currency with the obligation to reverse the transaction on a specified future date, at an agreed exchange rate, as well as predetermined terms and conditions. Individual swap transactions are carried out for a fraction of the maximum amount agreed in the master agreement, where the total principal amount outstanding cannot exceed in aggregate the maximum in the master agreement. In some cases, there could be several individual swap transactions that unwind within a few months. In some cases, individual swap transactions can be rolled over for several years following the specified duration of the master agreement.

3. Central bank repo line: Agreement with a specified duration that the recipient central bank (borrower) obtains foreign currency for a specified period and pledges high quality financial as collateral to the providing central bank (lender), with the obligation to reverse the transaction on a specified future maturity date. The predetermined terms and conditions include eligible collateral, interest rate charges and haircuts.

4. Activation of a FX LL versus availability of FX LL-related Funds: When a central bank swap arrangement is activated (i.e., deposits are exchanged), each central bank acquires a foreign asset in foreign currency and creates an external liability in domestic currency, fully linked to a foreign currency. The activation of a swap arrangement is a necessary, but not sufficient, condition for the availability of the associated funds by the borrowing central bank, as additional conditions may apply or authorization from the lending central bank may be required. In alignment with the language used in the SRDSF GN, in the public DSA section of this note, "drawing" refers to BSL funds that are activated and readily available.

5. LL-related liability: Liability arising from individual LL transactions as funds are drawn/activated.

6. Duration/Tenor/Term: Number of days or months that the FX LL agreement is outstanding. It refers to the period covered under the master/umbrella agreement that could be temporary with tenor under a year or have a tenor of several years followed by renewals.

7. Maturity of the LL-related liability: Individual liquidity line transactions are typically, but not exclusively short-term, but could be rolled over for an extended period and, consequently, the *de-facto* maturity could be longer than one year.

8. Non-activated LL resources: Remaining amount available under the master agreement but not yet activated. This is a contingent asset/liability, like an undrawn credit line, that is considered outside the financial asset/liability boundaries.

Appendix II. Distinctive Features of Bilateral Swap Lines Supporting Trade and Balance of Payments Needs

While most conventional BSLs—such as those among reserve currency-issuing AE CBs—are designed as short-term liquidity backstops to support market confidence and financial stability, a subset of non-traditional swap arrangements has emerged in recent years. These arrangements often serve broader purposes, such as facilitating trade settlement or addressing FX shortages in emerging and developing economies facing BoP pressures.

1. Counterpart Structure

Traditional swap arrangements typically involve reserve currency issuers (e.g., the Federal Reserve, European Central Bank) and their peers in other AEs or financially sound EMs. In contrast, trade -or BoP-oriented swap lines often link CBs offering hard/reserve currency with CBs offering soft currency, including those in countries with limited FX reserves or external vulnerabilities.
For example:

- *The PBoC has signed over 40 swap agreements, many of which are with countries participating in the Belt and Road Initiative, including Pakistan, Argentina, and Nigeria.*
- *The Reserve Bank of India has activated swap arrangements enabling borrowings of US dollars, euros, or Indian rupees with Sri Lanka and Bhutan during periods of acute FX need.*
- *The Central Bank of the Republic of Turkey has entered swap deals with Qatar, China, and the UAE, some reportedly to support trade flows and FX liquidity.*

These arrangements differ from conventional liquidity lines in their counterpart profiles and underlying motivations.

2. Purpose and Context of Use

Whereas conventional swap lines are typically activated during global liquidity shocks, many BoP-oriented swap lines are drawn in situations of domestic distress—such as low reserve adequacy, sovereign credit downgrades, or loss of market access. For instance, Horn et al. (2023) document that 13 of 17 countries that drew on PBoC swap lines were experiencing BoP crises, sovereign defaults, or sanctions. Similarly, Argentina drew on both PBoC and IMF resources in parallel amid FX constraints and loss of market access after debt restructuring (IMF, 2023a).

Such swap lines can serve as lender-of-last-resort tools outside traditional multilateral channels. They may be used to meet urgent FX needs (e.g., for imports or debt service), although they can also create swap-related liabilities that compound external debt vulnerabilities if not managed carefully.

3. Activation and Availability

In conventional swap lines, activation occurs when a participating CB exchanges a predetermined amount of its currency, in the form of a deposit, with a counterpart CB at the prevailing spot exchange rate, accompanied by a commitment to unwind the operation on a future date at an agreed exchange rate. When this transaction takes place, the deposit of central bank A (CBA) held with the counterpart central bank B (CBB) is a foreign asset of CBA, denominated in foreign

currency. The deposit is part of the international reserves of CBA and CBB if the funds meet the criteria for being reserve assets (IMF, 2018).

However, some non-traditional swap arrangements involve multi-step activation mechanisms. For example, in PBoC swaps, the exchange of deposits between CBs does not make the funds readily available to the monetary authorities and, therefore, these assets should not count towards gross reserves at this point of the transaction. Availability of a portion of the swap agreement necessitates an additional step for its inclusion as gross reserves, whereby PBoC transfers the corresponding funds to an offshore RMB clearing bank (usually in Hong Kong) that provides international RMB payment services, rather than onshore in China (IMF, 2023a, text figure in Box 3; Bahaj and Reis, 2023).

Such arrangements may constrain/delay the availability of liquidity and require judgment in determining when the associated assets qualify as usable reserves. This distinction is also relevant in debt sustainability analysis, where resources are considered drawn only when fully accessible to the recipient monetary authorities (see ¶15.1).

4. Duration and Maturity of Liabilities

Formally, most swap-related liabilities are short-term, with repayment typically scheduled within 12 months. In practice, however, these obligations are often rolled over multiple times, creating longer-term exposures akin to official loans. For example, Horn et al. (2023) estimate that the average effective maturity of PBoC swap-related liabilities is around 3.5 years, despite being contractually short-term.

Similarly, some swap agreements between CBs in Turkey and Qatar, or India and Sri Lanka, have been renewed or extended numerous times, in ways that blur the distinction between liquidity support and bilateral financing arrangements.

5. Transparency[1] and Disclosure Practices

Transparency varies widely across providers. Central banks such as the Federal Reserve publish detailed contracts, usage statistics, and board minutes related to swap operations. Others—including some central banks offering trade- or BoP-oriented swaps—provide only aggregate data, often with limited disclosure on terms, conditions, and drawdowns.

For example, the PBoC publishes information on the notional size and counterparties of its swap agreements, but not on the activation status or repayment terms of individual drawings. Similarly, swap arrangements by the UAE or the Reserve Bank of India are typically announced in general terms, without detailed breakdowns on usage or conditions.

Improved transparency—particularly in cases where swap-related liabilities may have fiscal or external implications—would enhance public accountability and facilitate more accurate assessments of debt sustainability and FX exposure.

[1] The 2023 public debt transparency policy paper (IMF, 2023c) recognizes the growing complexity of government debt, including the use of bilateral CB swap lines: "… Central bank debt issuance and foreign-currency swaps are increasingly being used to facilitate government financing, rather than to implement monetary policy or manage liquidity or foreign exchange reserves. Central bank liabilities contracted on behalf of the government are rarely reported in public debt statistics except for transactions with the Fund…".

Appendix III. Recording of Bilateral Swap Lines in the Central Bank Balance Sheet

1. Central bank currency swaps typically take place under an umbrella/master agreement. Individual swap transactions are carried out for a fraction of the amount agreed in the master swap agreement, but the total principal amount outstanding cannot exceed in aggregate the maximum agreed in the master swap agreement.

2. For accounting and statistical purposes, only the individual swap transactions should be recorded, since the remaining amount until the ceiling of the master agreement is reached is contingent upon the parties and is to be considered as a contingent asset/liability (i.e., like an undrawn line of credit or a guarantee) and no financial asset/liability should be recognized (BPM6, Para. 5.10).

3. When the transaction is initiated (i.e., funds are disbursed), each central bank exchanges a certain amount of its currency with the partner central bank for the other country's currency at the spot exchange rate, with the commitment to unwind the operation on a future date, at an agreed exchange rate (normally, the spot rate of the date of the original transaction).

4. The clarification note on the "Recording of Central Bank Swap Arrangements in Macroeconomic Statistics" (IMF, 2018) recommends recording the corresponding transactions as an exchange of deposits between the central banks, with the obligation to unwind the operation at a fixed exchange rate (typically, the spot rate of the date of the original transaction) on a specified date.

5. Under this option, the deposit of central bank A (CBA) held with the counterpart central bank B (CBB) is a foreign asset of CBA, denominated in foreign currency and part of its international reserves if the funds meet the criteria for reserve assets. If the criteria are not met (e.g., if the use of the funds is subject to any authorization by the counterpart central bank), the funds would not conform to the definition of reserve assets and the deposit should be recorded as "other investment" in external sector statistics (and as other foreign assets in monetary statistics, within the central bank balance sheet). A similar treatment would be applied to the deposits of CBB held with CBA, as relevant.

6. The deposit issued by CBA and held by CBB is a foreign liability of CBA denominated in domestic currency, but fully linked to a foreign currency. This is so, because CBA has an obligation to buy back the foreign currency at the agreed exchange rate paying the spot exchange rate prevailing on the delivery date. Therefore, this account should be treated as being denominated in that foreign currency (BPM6, Para. 3.101). To accomplish this, periodic revaluation adjustments on the CBB's deposit account should be carried out to ensure the appropriate recording of the actual outstanding amount that is owed—the amount of foreign currency to be reimbursed at the end of the agreement, including any interest payment. A similar recording will take place at CBB. This treatment ensures that the domestic currency value of the liability is updated over time to account

for movements in the spot exchange rate.[1] The FX revaluation is made to the amount of the unused deposit asset and the full amount of the deposit liability. If the deposit assets are fully undrawn, the revaluations will offset each other.[2]

7. When monitoring the total outstanding currency swaps at CBB, the recommended variable is the deposit liability of CBB with CBA, as the CBB's deposit asset in foreign currency at central bank CBA is expected to be used as needed. The deposit liability of CBB with CBA will change over time due to exchange rate movements; unpaid accrued interests; usage of new swap transactions and repayment of existing transactions.

8. Figure A1 illustrates a numerical example displaying the recording of drawings from a fictitious swap line between CBA and CBB.

- In this example, on November 30, 2022, CBA and CBB sign an agreement to establish a bilateral currency swap line for up to $A 10 billion. Under this agreement, one central bank (the "requesting" party) can request from the other central bank (the "providing" party) to purchase a certain amount of the other country's currency in exchange for its own currency, with the commitment to repurchase its own currency with the other country's currency at a future date. The total amount activated through successive requests cannot exceed $A 10 billion. On November 30, 2022, no transactions are recorded.
- On January 2, 2023, CBB requests from CBA to buy $A 1 billion in exchange of $B 1.2 billion (spot exchange rate: $A 1.00 = $B 1.20), with a commitment to unwind the transaction on December 31, 2023.
- On March 31, 2023, the currency of Country B devalues to $A 1.00 = $B 1.40. Exchange rates do not change until the end of the year. The carrying balances in the accounts are periodically revalued to reflect exchange rate movements as the liability deposit account in domestic currency is fully indexed to the $A.
- On June 30, 2023, to pay for imports received from Country A, CBB sold $A 500 million (at the current exchange rate) to the commercial bank used by the Country B importer, represented by an account receivable. CBA shall in turn make the transfer to the commercial bank used by the Country A exporter.
- On December 31, 2023, the currency swap is unwound.

[1] The liability should be classified as a foreign currency deposit with nonresidents in the monetary and financial statistics, the counterpart to the revaluation of deposit liabilities will be posted to the valuation account (in equity), reflecting the central bank's need to come up with funds to make up the difference.

[2] This treatment differs from the treatment of a standard market-based currency swap transaction, where the recommendation is to record the swap as an exchange of deposits (spot transaction) with the simultaneous creation of a financial derivative, namely a forward contract at its market value.

Figure 1. Simulated Recording of Bilateral Central Bank Swap Lines in Central Banks' Balance Sheet

November 30, 2022 (swap initiated)

CB-A and CB-B sign an agreement to establish a bilateral currency swap arrangement for up to $A 10 billion. No transactions are recorded.

January 2, 2023 (swap activated)

(million $A)	Central Bank A			*(million $B)*	Central Bank B			
Foreign Assets			Foreign Liabilities		Foreign Assets			Foreign Liabilities
CB-A dep. acc. at CB-B (in $B)	1,000		CB-B dep. acc. at CB-A (in $A)	1,000	CB-B's dep. acc. at CB-A (in $A)	1,200		CB-A's dep. acc. at CB-B	1,200

CB-B requests from CB-A to buy $A 1 billion in exchange of $B 1.2 billion (spot exchange rate: $A 1.00 = $B 1.20), with a commitment to unwind the transaction on December 31, 2023.

March 31, 2023

(million $A)	Central Bank A			*(million $B)*	Central Bank B			
Foreign Assets			Foreign Liabilities		Foreign Assets			Foreign Liabilities
CB-A dep. acc. at CB-B (in $B)	1,000		CB-B dep. acc. at CB-A (in $A)	1,000	CB-B's dep. acc. at CB-A (in $A)	1,400		CB-A's dep. acc. at CB-B	1,400

The $B devalues to $A 1.00 = $B 1.40 and the exchange rates do not change until the end of the year. The liability deposit account in domestic currency is fully indexed to the $A and revaluation takes place periodically.

June 30, 2023

(million $A)	Central Bank A			*(million $B)*	Central Bank B			
Foreign Assets			Foreign Liabilities		Foreign Assets			Foreign Liabilities
CB-A dep. acc. at CB-B (in $B)	1000		CB-B dep. acc. at CB-A (in $A)	500	CB-B's dep. acc. at CB-A (in $A)	700		CB-A's dep. acc. at CB-B	1,400
			Bank in country A (exporter's bank)	500	Account receivable (importer's bank)	700			

CB-B sold $A 500 million to the importer's bank by using the $A from its account at CB-A to pay for imports from Country A received in previous periods.

December 31, 2023

(million $A)	Central Bank A			*(million $B)*	Central Bank B			
Foreign Assets			Foreign Liabilities		Foreign Assets			Foreign Liabilities
CB-A dep. acc. at CB-B (in $B)	– 1,000		CB-B depo. acc. at CB-A (in $A)	–1,000	CB-B's dep. acc. at CB-A (in $A)	–1,400		CB-A's dep. acc. at CB-B	– 1,400

Before unwinding the swap, both central banks replenish their deposit accounts.

Source: IMF Staff