

## Currency Union Technical Expert Group (CUTEG)

### OUTCOME PAPER (CUTEG) # 15-2

JANUARY 24, 2005

**(1) Topic: Intra Currency Union Claims and Liabilities Arising from Subscription to the Currency Union Central Bank**

(2) Issues – see CUTEG Draft Follow-up Paper #15-2  
<http://www.imf.org/external/np/sta/bop/pdf/fp15-2.pdf>

(3) Outcome of the discussion:

1. Member countries in the different CUCBs classify the capital subscriptions to the CUCB differently, partly resulting from the differences in the institutional arrangement among CUs. Also, the existence of an actual claim or not of a member country on the CUCB in the event of that country leaving the CU differs among CUs.
2. Member countries in two CUCBs classify the subscription as *other investment*, consistent with *BPM5*; countries in another CU classify such transactions as *direct investment*; and in another CU, these transactions are classified as *portfolio investments*.
3. While CUTEG lent towards classifying the subscription as equity, it was agreed that the CUCBs would undertake further research to discover the reasoning behind their present classification policy.
4. The question of how to accrue income on the subscription was discussed, along with the question of how to record reinvested earnings if the subscription is classified as direct investment.
5. In all CUCBs profits are classified as income on the underlying financial asset to which member countries' subscriptions are attributed.

(4) Rejected Alternatives

None.

(5) Actions

The CUCBs agreed to review the reasoning behind their present classification approaches.