OUTCOME PAPER (RESTEG) # 3

Clarification of Currency of Denomination

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RESERVE ASSETS TECHNICAL EXPERT GROUP (RESTEG)
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(1) **Topic**: Clarification of Currency of Denomination

(2) **Issues**: See RESTEG Issues Paper #3

(3) **Outcome of the Discussions**:

   (i) The majority view was to exclude from reserves, assets denominated or indexed to the domestic currency but settled in foreign currency. The main consideration was that in a crisis situation the value of these assets would decline along with the domestic currency. However, a significant minority disagreed. Given the majority view, in the new *Manual* reserve assets would include only those assets denominated and settled in foreign exchange.

(4) **Rejected Alternatives**:

   Include all instruments settled in foreign currency as reserve assets.

(5) **Actions**:

   *RESTEG outcome to be incorporated in the draft Manual for IMF Committee on Balance of Payments Statistics (BOPCOM) review.*