Clarifying the Remaining Maturity Definition in 

*BPM6*
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The definition of remaining maturity in BPM6 was clarified in BOPCOM paper 15/15, and an updated version of the note conveying the treatment agreed by BOPCOM (and attached to this note) has been posted on the BPM6 website in line with procedures set out in BPM6 (Chapter 1, Section E).

I. **UPDATING THE BPM6 WEBSITE**

1. BOPCOM paper 15/15 “Remaining Maturity Classification—Clarification of the Definition,” which was presented at the Twenty-Eighth Meeting of the IMF Committee on Balance of Payments Statistics in October 2015, proposed that a note be placed on the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)* website setting out the options to calculate remaining maturity and so clarify the text in *BPM6*. BOPCOM members agreed that the remaining maturity definition in *BPM6* needed to be clarified in line with the 2013 *External Debt Statistics: Guide for Compilers and Users* *(2013 EDS Guide)*. Committee members also underscored the challenges involved in the practical implementation of the remaining maturity classification.

2. Consequently, an updated version of BOPCOM paper 15/15 to reflect the final BOPCOM views on this matter has been posted on the *BPM6* website in line with existing procedures.²

3. The note clarifies the definition of remaining maturity in *BPM6* (paragraphs 5.104 and 5.105), confirming that the payment schedule should be used as the conceptual basis for classifying debt on a remaining maturity basis. It also discusses practical options to calculate remaining maturity measures.

II. **MEASURING DEBT ON A REMAINING MATURETY BASIS IN BPM6, 2013 EDS GUIDE, AND 2016 MFSMCG**

4. Remaining maturity data are intended to convey information on liquidity risk. So, conceptually, the classification of debt liabilities on a remaining maturity basis relates to the payments that fall due: remaining maturity of one year or less relates to payments that fall due in the coming year, while remaining maturity over one year relates to all other debt payments on the instrument. The intent of BOPCOM paper 15/15 was to clarify the definition of remaining maturity in *BPM6* (paragraphs 5.104 and 5.105).

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² Paragraph 1.39 of *BPM6* addresses the treatment of clarifications beyond dispute related to situations of growing importance and indicates that, after advice from the Committee, they will be publicized on the website.
5. *BPM6* (paragraphs 5.104 and 5.105) discusses the maturity classification of debt instruments. Paragraph 5.104 describes remaining maturity as “the period from the reference date until the final contractually scheduled payment” while paragraph 5.105 explains that long term debt due for payment within one year or less can be combined with short term debt on an original maturity basis to calculate remaining maturity on a short-term maturity basis. As paragraph 5.104 speaks of “the final contractually scheduled payment,” but paragraph 5.105 speaks of “due of payment,” the purpose of the paper was to clarify the wording in *BPM6*, confirming that the payment schedule should be used as the conceptual basis for classifying debt on a remaining maturity basis.

6. The importance of clarifying the remaining maturity definition is understandable, given the growing interest in debt data on a remaining maturity basis, particularly on short-term remaining maturity. In *BPM6*, coverage of other selected breakdowns of positions includes the compilation of data on short-term debt liabilities on a remaining maturity basis.

7. The 2013 *EDS Guide*, paragraph 6.6, already provided a conceptually accurate and clearer description of remaining maturity as it explicitly made reference to debt payments as the basis for remaining maturity classification (i.e., the period of time from the reference date until the debt payments fall due).

8. The 2013 *EDS Guide* indicates that, conceptually, remaining maturity should be calculated by discounting payments due, with those falling within one year or less as short-term remaining maturity and those falling beyond one year as long-term remaining maturity. However, given practical considerations, the undiscounted value of principal payments to calculate remaining maturity provides an acceptable proxy (see 2013 *EDS Guide*, paragraph 6.8).

9. The new pre-publication draft of the *Monetary and Financial Statistics Manual and Compilation Guide* (IMF, 2016), also confirmed that the payment schedule should be used as the conceptual basis for classifying debt on a remaining maturity basis. Paragraph 4.210 describes remaining maturity as “the period from the reference date until the final contractually scheduled payment” and has added the following footnote to the definition: “For debt instruments repaid in installments, until the contractual dates of payments of individual installments.”
III. Final Remarks

11. An updated version of BOPCOM paper 15/15 (attached) has been posted on the BPM6 website to clarify that, when measuring remaining maturity, the total value of a debt instrument is divided (or not) based on the payment schedule. The paper also gives examples of practical options to calculate remaining maturity measures. Conceptually, remaining maturity should be calculated by discounting payments due, with those falling within one year or less as short-term remaining maturity and those falling beyond one year as long-term remaining maturity. However, given practical considerations, the undiscounted value of principal payments to calculate remaining maturity provides an acceptable proxy.