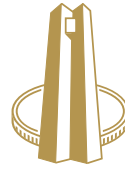


# GUIDE FOR THE COMPLETION OF THE B16 FORM: FOREIGN ASSETS OF INSTITUTIONAL INVESTORS

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SOUTH AFRICAN RESERVE BANK





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Enquiries relating to this publication should be addressed to:

Economic Statistics Department  
South African Reserve Bank  
P O Box 427  
Pretoria 0001  
[SARB-B16@resbank.co.za](mailto:SARB-B16@resbank.co.za)

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# 1. Introduction

The purpose of this guide is to explain the meaning of each line item and column when completing the B16 Form. Guidance is also provided on the delineation between residents and unrelated non-residents. Furthermore, guidance is provided on general issues such as accounting conventions, maturity splits, format of values, and so on.

## 2. Guidelines

### 2.1 Purpose of B16 Form

The South African Reserve Bank (SARB) is responsible, in terms of both national and international obligations, to produce high-quality statistics for economic policy. In line with this, the purpose of the B16 Form is to collect information about the holdings of South African institutional investors (insurers, pension funds and collective investment schemes) of equities, long-term debt securities (bonds and notes), short-term debt securities, money market funds and non-money market funds, as well as currency and deposits issued by unrelated non-residents. The information will be used to compile balance of payments and international investment position statistics for South Africa. The information that has to be collected includes the geographical details of the country of residence of the issuer, the currency breakdown and transactions, price changes, exchange rate changes and other volume changes of these assets. The data collected will be used to compile macroeconomic statistics which are guided by internationally agreed upon statistical manuals. The survey is conducted in coordination with other countries to facilitate international data comparability.

### 2.2 Accounting conventions

The statistics required are based on accrual accounting. Assets should be reported on a **gross basis** (assets should not be netted against liabilities). **Balances** (stocks at a certain point in time) and **transactions** (flows originating from purchases and sales as well as issues and redemptions) should be recorded at the time of the transaction and not at settlement date.

### 2.3 Reporting, date and period

All monetary values should be reported in **thousands of rand**. Balances (stock value) should be at the end of the period (the last calendar day of the reference period). Changes between the opening and closing balance reported on Table 3 of the form includes the transactions, valuations for price and exchange rate changes and other volume changes during the period. Respondents may compile one consolidated report for their entire organisational unit resident in South Africa, or different units of the organisation may report independently. If two or more units intend to submit separate forms, the Economic Statistics Department should be contacted for additional reference numbers. Only a consolidated report for the entire domestic organisation or reports for the separate units should be compiled.

### 2.4 Valuations

Assets should be valued **at market prices**, where applicable, on the date to which the form relates. If the market price is not available, **fair value estimates** should be used. Currency and deposits should be valued at **nominal values**, including any accrued interest. Transactions should be recorded at the prevailing prices at which the transactions (purchases/sales) were conducted (i.e. transaction value) excluding service charges, fees, commissions and taxes. Assets should be converted to South African rand, using the exchange rate prevailing at reference date of the survey.



## 2.5 Maturity

Interest bearing (debt) securities statistics should be based on **original maturity**. Original maturity should reflect the time between the issue and maturity date of an interest bearing security. The maturity of a financial instrument should be split into short term (one year or less) and long term (more than one year). For example, a bond issued for 10 years with less than one year left to maturity should be recorded according to original maturity as long term. **Remaining maturity** under long-term interest bearing securities is defined as the time left until an interest bearing security matures.

## 2.6 Residents and non-residents

The residence of the issuer is classified as a **resident** of South Africa when it has a predominant centre of economic interest in South Africa, that is, when it has premises within the economic territory of South Africa where it engages or intends to engage in economic activity. Corporations legally registered in South Africa are deemed to be resident even if they have no 'physical presence'. A **non-resident** is any individual, enterprise or other organisation ordinarily domiciled in a country other than South Africa. Non-resident branches and subsidiaries of South African enterprises are regarded as non-residents.

## 2.7 Unrelated non-residents

**Only data of unrelated non-residents should be reported in this form.** An unrelated non-resident is an incorporated or unincorporated enterprise in another country in which the **South African investor owns less than 10%** of the ordinary shares or voting power (for an incorporated enterprise). Therefore, assets issued by a non-resident enterprise that is related to the resident owner of those assets should be excluded.

## 2.8 Related non-resident enterprises

Securities (whether equities or debt) issued by a non-resident enterprise that is related to the resident owner of those securities **should be excluded**. Related non-resident enterprises are enterprises in which **an enterprise group has an equity interest of 10% or more** or where a non-resident has more than 10% of the holdings in a group. Ownership is measured in terms of the ordinary shares or the voting stock of incorporated enterprises or an equivalent beneficial interest in unincorporated enterprises. Where such a relationship exists, exclude all securities (debt and equities). The only exception is if the non-resident entity who issued the security and the domestic resident owner of the security are affiliated financial intermediaries (e.g. banks). In these circumstances, securities issued by related enterprises, other than equity or permanent debt, should be included.

# 3. Column and row descriptions

## 3.1 Table 1: Country breakdown

In Table 1, assets are to be attributed to the country of residence of the non-resident issuer of the assets. Country attribution should be based on the country where the issuer is ordinarily domiciled. If there is doubt about the issuer's country of domicile, then, as a general rule, the country of residence of any enterprise can be taken as the country where it is legally incorporated or, in the absence of legal incorporation, where it is legally domiciled. Assets issued by international organisations (IOs) should not be allocated to the country in which the IO is located, but rather to a separate column marked 'International Organisation' specified on the form. An issuer's country of residence should not be determined by the currency of issue.

### 3.1.1 Listed equity securities issued by unrelated non-residents (Line 1)

Refers to a country breakdown of all listed equity securities. Equity securities cover all instruments and records acknowledging, after the claims of all creditors have been met, claims to the residual values of enterprises. They are also referred to as quoted shares. The existence of quoted prices of shares listed on an exchange means that current market prices are usually readily available. This line is the total of line 2 plus line 3.

### 3.1.2 Unrelated non-residents (Line 2)

Refers to a country breakdown of listed equity securities issued by unrelated non-residents, owned by the reporting entity. An unrelated non-resident is an incorporated or unincorporated enterprise in another country in which the South African investor owns less than 10% of the ordinary shares or voting power (for an incorporated enterprise).

### 3.1.3 Companies with primary listing abroad and secondary listing on the JSE Limited (Line 3)

Refers to a country breakdown of secondary listed (dual-listed) companies on the JSE Limited (JSE). It applies where a company is primary-listed on a foreign exchange, and has a secondary listing on the JSE. A list of companies with secondary listings on the JSE is available on the SARB website

<https://www.resbank.co.za/content/dam/sarb/what-we-do/statistics/guides/guides-for-the-completion-of-c-forms/List%20of%20companies%20with%20secondary%20listings%20on%20the%20JSE.pdf>

### 3.1.4 Unlisted equity securities (Line 4)

Refers to a country breakdown of equity securities in companies that are not listed on an official stock exchange. Unlisted shares can also be called private equity, and venture capital usually takes this form.

### 3.1.5 Collective investment schemes/mutual funds (Line 5)

A collective investment scheme (CIS) – sometimes known as a ‘pooled investment’ – is a fund that usually has several people contributing to it. The fund manager of a CIS will invest investors’ money into one or more types of assets, such as equity securities and debt securities. This line equals line 6 (non-money market funds) plus line 7 (money market funds).

### 3.1.6 Non-money market funds (Line 6)

Refers to a country breakdown of the reporting entity’s investment in non-money market funds abroad. These are investment funds that invest predominantly in financial assets, other than short-term assets. Non-money market funds are not transferable and are typically not regarded as substitutes for deposits.

### 3.1.7 Money market funds (Line 7)

Refers to a country breakdown of the reporting entity’s investment in money market funds abroad. These are investment funds that invest in money market instruments with a residual maturity of one year or less, for example, Treasury bills, certificates of deposit and commercial paper. Money market funds are often transferable and are often regarded as close substitutes for deposits. Money market fund shares or units represent a claim on a proportion of the value of an established money market fund.





### 3.1.8 Long-term debt securities (Line 8)

Refers to a country breakdown of long-term interest bearing (debt) securities. These are securities on which interest is due to be paid, either periodically or at maturity, and with the face value repaid at maturity. A long-term interest bearing security is a financial instrument with an original maturity of **more than one year**. Long-term interest bearing securities include bonds, debentures, notes (e.g. credit-linked notes), subordinated debt and asset-backed securities such as mortgage-backed bonds.

### 3.1.9 Short-term debt securities (Line 9)

Refers to a country breakdown of short-term interest bearing (debt) securities – a financial instrument with an original maturity of **one year or less**. Short-term interest bearing securities include notes, commercial paper, promissory notes and Treasury bills, debt securities that have been sold under repurchase agreements and debt securities that have been lent under a securities-lending arrangement.

### 3.1.10 Currency (Line 10)

Refers to a country breakdown of notes and coins that are of fixed face value and are issued or authorised by central banks or national governments. Currency does not include: (i) notes and coins that are not in circulation, for example, central bank or national government holdings of unissued currency; and (ii) commemorative coins that are not commonly used to make payments. These are classified as valuables.

### 3.1.11 Transferable deposits (Line 11)

Refers to a country breakdown of all deposits that are exchangeable on demand, at par without penalty or restriction, and directly usable for making payments by cheque, draft, giro order, direct debit/credit or other direct payment facility. Transferable deposits include call deposits.

### 3.1.12 Other deposits (Line 12)

Refers to a country breakdown of all claims, other than transferable deposits, that are represented by evidence of deposit. Other deposits include savings deposits (which are always non-transferable), fixed-term deposits and non-negotiable certificates of deposit. Other deposits cannot be used to make third-party payments, except on maturity or after an agreed period of notice, and they are not exchangeable for currency or for transferable deposits without some significant restriction or penalty.

## 3.2 Table 2: Currency breakdown

In Table 2 of the survey form, assets are to be attributed to the currency in which the assets are denominated. This currency breakdown is focused on the eight major world currencies, which are the United States dollar, euro, British pound, Japanese yen, Swiss franc, Chinese renminbi, Canadian dollar and Australian dollar. If foreign assets are not denominated in any of these currencies they must be reported under the 'other' currencies column.

### 3.2.1 Listed equity securities issued by unrelated non-residents (Line 13)

Refers to a currency breakdown of the reporting entity's investment in listed equity securities issued by unrelated non-residents. The total must equal to item 2 on Table 1.

### 3.2.2 Unlisted equity securities (Line 14)

Refers to a currency breakdown of the reporting entity's investment in unlisted equity securities issued by unrelated non-residents. The total must equal item 4 on Table 1.



### 3.2.3 Collective investment schemes/mutual funds: (Line 15)

This is the sum of line 16 and 17 on Table 2. The currency breakdown of the reporting entity's investment in non-money market funds plus money market funds abroad. The total should be equal to item 5 on Table 1.

### 3.2.4 Non-money market funds (Line 16)

Refers to a currency breakdown of the reporting entity's investment in non-market funds abroad. The total must be equal to the total of item 6 on Table 1.

### 3.2.5 Money market funds (Line 17)

Refers to a currency breakdown of the reporting entity's investment in money market abroad. The total must be equal to the total of item 7 on Table 1.

### 3.2.6 Long-term debt securities (Line 18)

Refers to a currency breakdown of the reporting entity's investment in foreign long-term debt securities. The total must be equal to the total of item 8 on Table 1.

### 3.2.7 Short-term debt securities (Line 19)

Refers to a currency breakdown of the reporting entity's investment in foreign short-term interest bearing securities. The total must be equal to the total of item 9 on Table 1.

### 3.2.8 Currency (Line 20)

Refers to a currency breakdown of foreign currency owned by the reporting entity. The total must be equal to the total of item 10 on Table 1.

### 3.2.9 Transferable deposits (Line 21)

Refers to a currency breakdown of foreign transferable deposits of the reporting entity. The total must be equal to the total of item 11 on Table 1.

### 3.2.10 Other deposits (Line 22)

Refers to a currency breakdown of the reporting entity's other deposits holdings abroad. The total must be equal to the total of item 12 on Table 1.

## 3.3 Table 3: Breakdown of flows for assets issued by unrelated non-residents

The change in the asset balances from the end of the previous period to the end of the current period must be broken down between actual transactions (net of purchases and sale of assets), revaluation of the assets resulting from price or exchange rate changes and other volume changes.

### 3.3.1 Listed equity securities (Line 23)

This is the breakdown of changes in foreign listed equity holdings from end of previous period to the end of current period of the reporting entity. The total of line 24 and 25 on Table 3 should be equal to listed equity securities. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 1 on Table 1.



### 3.3.2 Unrelated non-residents (Line 24)

This is the breakdown of changes in unrelated non-residents' listed equity holdings from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 2 on Table 1 and the total of item 13 on Table 2.

### 3.3.3 Companies with primary listings abroad and secondary listing on the JSE (Line 25)

This is the breakdown of changes in companies with primary listings abroad and secondary listing on the JSE holdings from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 3 on Table 1.

### 3.3.4 Unlisted equity securities (Line 26)

This refers to the breakdown of changes in unlisted equity holdings from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 4 on Table 1 and the total of item 14 on Table 2.

### 3.3.5 Collective investment schemes/mutual funds (Line 27)

This refers to the breakdown of changes in the sum of money market plus non-money market funds from end of previous period to the end of current period. Total of line 28 and 29 should be equal to line 27. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 5 on Table 1 and the total of item 15 on Table 2.

### 3.3.6 Non-money market funds (Line 28)

This refers to the breakdown of changes in non-money market funds from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 6 on Table 1 and the total of item 16 on Table 2.

### 3.3.7 Money market funds (Line 29)

This refers to the breakdown of changes in money market funds from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 7 on Table 1 and the total of item 17 on Table 2.

### 3.3.8 Long-term debt securities (Line 30)

This refers to the breakdown of changes in long-term debt securities from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 8 on Table 1 and the total of item 18 on Table 2.



### 3.3.9 Short-term debt securities (Line 31)

This refers to the breakdown of changes in short-term debt securities from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 9 on Table 1 and the total of item 19 on Table 2.

### 3.3.10 Currency (Line 32)

This refers to the breakdown of changes in currency holdings from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 10 on Table 1 and the total of item 20 on Table 2.

### 3.3.11 Transferable deposits (Line 33)

This refers to the breakdown of changes in transferable deposits from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 11 on Table 1 and the total of item 21 on Table 2.

### 3.3.12 Other deposits (Line 34)

This refers to the breakdown of changes in other deposits from end of previous period to the end of current period. Opening stock plus/minus transactions plus/minus price changes plus/minus exchange rate changes plus/minus other volume changes must be equal to the closing stock. The closing stock should be equal to the total of item 12 on Table 1 and the total of item 22 on Table 2.

