GUIDE FOR THE COMPLETION OF THE C51 COLLECTIVE INVESTMENT SCHEMES MANAGEMENT COMPANY FORM

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South African Reserve Bank

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1. Introduction

The purpose of this guide is to explain the interpretation of each line item and column in the C51 Form. Guidance is provided on the classification of resident institutional sectors as well as the delineation between residents and non-residents. Guidance is also provided on general issues such as accounting conventions, maturity and the format of values.

2. Guidelines

2.1 Management companies of collective investment schemes

Management companies of collective investment schemes (Mancos) are required to submit the C51 Form to the South African Reserve Bank (SARB) in terms of Section 11 of the Financial Sector Regulation Act No. 9 of 2017 (FSRA). Mancos that are registered under the South African Companies Act as ring-fenced[1] (RF) companies should complete the C51 Form. **The balance sheet data should exclude assets managed and administered by Mancos on behalf of the schemes.**

2.2 Purpose of the C51 Form

The 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 C51 Form is to collect statistical data of Mancos registered in South Africa. The required data are used to compile macroeconomic statistics which are guided by international agreed-upon statistical manuals.

2.3 Accounting conventions

In general, the information required to generate statistical data for the C51 Form is sourced from financial accounting data of the company surveyed. The format of the C51 data has various similarities with that of financial reporting – which is based on International Financial Reporting Standards (IFRS) – but there are some specific differences of how it should be applied for statistical reporting, based on statistical guidelines and methodology.

The statistics required are based on **accrual accounting**. The income statement as well as the balance sheet should be reported on a **gross basis** (i.e. should not be netted). **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 the settlement date. Transactions generating income and expenditure should also be recorded at the time of the transaction. The look-through approach **should not** be followed when completing the C51 Form.

2.4 Reporting date and period

All monetary values should be reported in thousands of rand and fields that are not applicable must be empty and not zero. **Balances** (stock values) should be as at the **end of the quarter** (the last calendar day of the quarter). Income statement transactions and other **transactions** reported on all tables of the form must be the total of all transactions for **the quarter, not the cumulative amount**. The **transactions** (income and expenditure) and **balances** (equity and liabilities (line items for columns 1 and 2) and assets (line items for columns 1 and 4)) should reflect information for the **previous (last) quarter** and **this (reference\current) quarter.**

1 A company whose Memorandum of Incorporation (MOI) contains special conditions or prohibitions that prohibit the amendment of any particular provision of the MOI.

2.5 Valuations

Assets, and equity and liabilities 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. **Cash and deposits** as well as **loans** should be valued at **nominal values**, including 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. Accounts receivable/payable should be valued at nominal value.

2.6 Assets in foreign currency

This refers to the **'of which in foreign currency'** items and relates to **financial assets issued in foreign currency.** The foreign currency value of these financial assets should be converted to South African rand, at prevailing market exchange rates, as on the date to which the balance or transaction relates, and reported as such. For example, investments in South African government bonds issued in US dollars in international markets should be converted from US dollar to rand. The value of offshore financial instruments indexed in foreign currency should be treated as denominated in foreign currency and converted to rand.

2.7 Maturity

Interest-bearing (debt) securities and loans statistics are required in **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 only one year left to maturity should be recorded according to original maturity as long term. **Remaining maturity**, referred to at the **'of which'** line items under long-term interest-bearing securities and loans, is defined as the time left until an interest-bearing security matures.

3. Institutional units

- An institutional unit is an entity that can:
  - own assets and engage in transactions;
  - incur liabilities and enter into contracts on own behalf;
  - make economic decisions; and
  - generate a set of accounts, including assets and liabilities.

3.1 Resident and non-resident

An **institutional unit** 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. There is a difference between an institutional unit and a legal entity. For example, overseas branches or parent companies may be considered part of the legal entity, but should be classified as a separate institutional unit.

The classification of an **institutional unit** as a **non-resident** is based on the concept of residency. The institutional sector counterpart of a financial instrument should be classified as a non-resident if the address/residency of the issuer is outside the borders of South Africa. Even if the entity has a subsidiary in South Africa, but the non-resident entity issues the instrument in its own name, the instrument is still issued by a non-resident entity.

The **residence of the issuer** rather than the country or currency of issuance of the financial instrument determines residency, as shown in the table below.

Determining residency

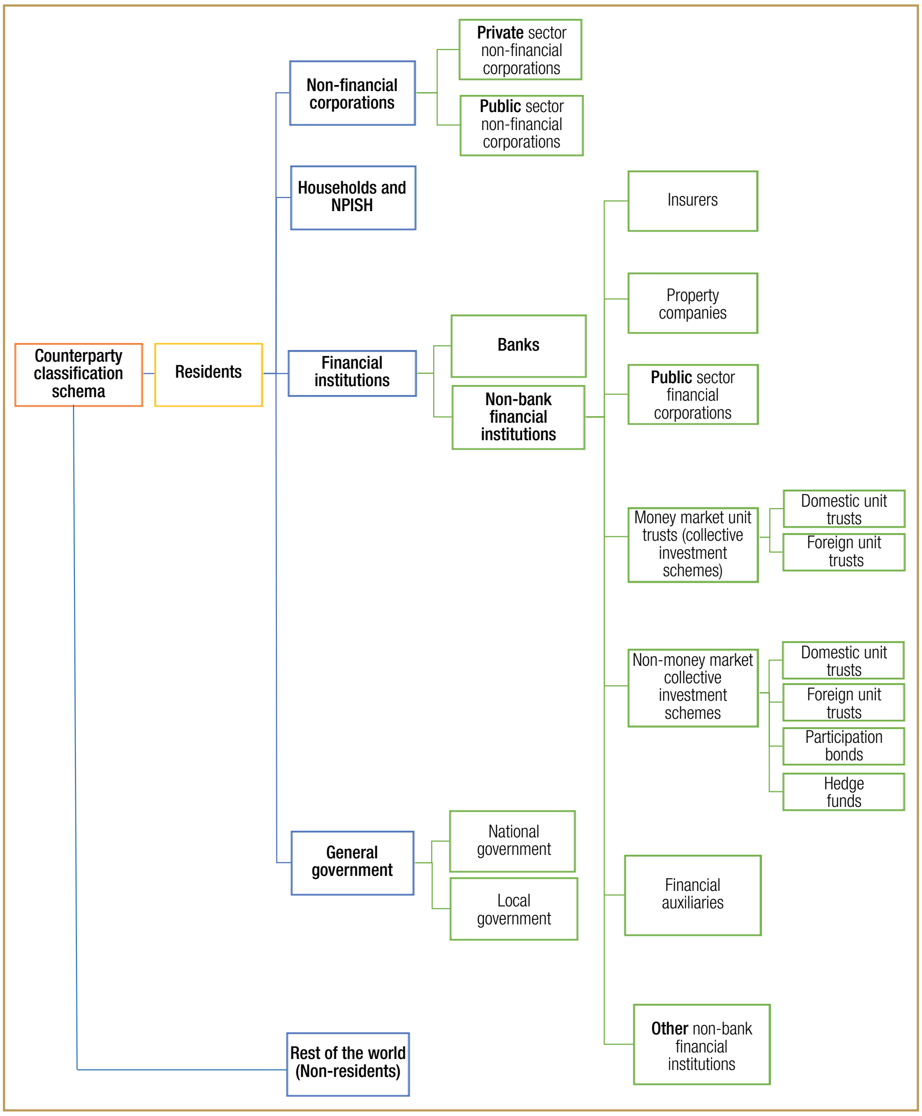
	Issued into the South African market	Issued into a foreign market
Issued by a resident unit	*Resident*	*Resident*
Issued by a non-resident unit	*Non-resident*	*Non-resident*

3.2 Classification of institutional sector counterparties

Institutional units are grouped into **institutional sectors** with similar characteristics.

Institutional sector counterparties are required for both financial asset and liability balances as well as transactions. **Residents** are disaggregated into **institutional sectors** and **non-residents** are reported in aggregate as non-resident (foreign) sector. For example, a resident (South African) bank will be reported in the institutional sector banks, while a non-resident (foreign) bank should be reported in the non-resident sector. Similarly, a South African household (individual) will be reported in the household sector, while a non-resident household (individual) should be reported in the non-resident sector.

Classification of selected institutional sector counterparties relevant to the C51 Form



4. Institutional sectors

The latest SARB *Institutional Sector Classification Guide* should be used as a basis to classify institutions. It is available on the SARB website (https://www.resbank.co.za/en/home/publications/guides/institutional-sector-classification-guide-for-sa).

4.1 Non-financial corporations

These are **private** and **public** sector corporations whose primary activities are to produce market goods and non-financial services.

4.1.1 Private sector non-financial corporations

A private non-financial corporation is a **resident privately-owned entity** whose primary activity is to produce market goods as well as non-financial services at market prices. These corporations are registered under the Companies Act 71 of 2008 (Companies Act), and operate with the intention to make profits. A list of private sector non-financial corporations listed 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%20private%20sector%20non-financial%20corporations%20listed%20on%20the%20JSE.pdf). Private sector non-financial corporations with a secondary listing on the JSE should be reported in private sector non-financial corporations and 'of which: Companies with secondary listings on South African exchanges'.

4.1.2 Public sector non-financial corporations

A public non-financial corporation is a **resident state-owned entity** whose primary activity is to produce market goods as well as provide non-financial services. A list of public sector non-financial corporations 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%20public%20sector%20non-financial%20corporations.pdf).

4.2 Households and non-profit institutions serving households

The household sector comprises individuals and unincorporated businesses (e.g. one-man businesses or sole proprietorships). Households should be grouped together with non-profit institutions serving households (NPISH). Individuals, friendly societies, and personal and family trusts should also be included in the household sector.

4.3 Financial institutions/corporations

These comprise banks and non-bank financial institutions, either private or publicly owned.

4.3.1 Banks

A bank is a company (Limited) registered under the Banks Act 94 of 1990 (Banks Act). A list of registered private banks is available on the SARB website (https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation/sa-registered-banks-and-representative-offices). Public sector banks include Ithala Bank, the Land and Agricultural Development Bank of South Africa (Land Bank) and Postbank. Banks with a secondary listing on the JSE should be reported in banks and 'of which: Companies with secondary listings on South African exchanges'.

4.3.2 Non-bank financial institutions

Non-bank financial institutions are institutions whose main function is to intermediate financial assets and liabilities or engage in activities closely related to financial intermediation. These institutions comprise linked investment service providers, collective investment schemes (comprising money market unit trusts, non-money market unit trusts, participation bonds and hedge funds), holding companies, financial corporations engaged in lending, financial auxiliaries, insurers, retirement funds, and public sector financial corporations.

4.3.2.1 Insurers

An insurer (or insurance company) is an entity whose primary business is to provide insurance to individuals (households) or other institutional units, or to provide reinsurance services to other insurers. A list of all registered insurers is available on the SARB website (https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation/insurers-list). Insurers also include public sector insurers, namely Escap SOC, Export Credit Insurance Corporation of South Africa SOC, Khula Credit Guarantee SOC, Land Bank Insurance SOC, Land Bank Life Insurance Company SOC and Sasria SOC.

4.3.2.2 Property companies

Listed property companies are companies that manage and develop commercial (industrial, offices, retail, etc.) and residential sites. A list of property companies listed 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%20property%20companies%20listed%20on%20the%20JSE.pdf). Investment in a listed property company with a secondary listing on the JSE should be reported in property companies and 'of which: Companies with secondary listings on South African exchanges'.

4.3.2.3 Public sector financial corporations

A public financial corporation is a **resident state-owned entity** or institution whose primary activity is to provide financial services. A list of public sector financial corporations 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%20public%20sector%20financial%20corporations.pdf).

4.3.2.4 Money market unit trusts (collective investment schemes)

A money market unit trust is a collective investment scheme which pools investors' money with a manager for investment, on their behalf, in assets mostly comprising money market instruments. These money market instruments have an original maturity of one year or less. The value of money market unit trusts is the net asset value (NAV).

4.3.2.5 Non-money market collective investment schemes

A non-money market collective investment scheme includes non-money market unit trusts, participation bond schemes and hedge funds.

4.3.2.6 Financial auxiliaries

Financial auxiliaries are financial institutions that engage in serving financial institutions and markets, but do not take ownership of the financial assets and liabilities. Financial auxiliaries include brokers and agents, clearing houses, stock exchanges and trust companies.

4.3.2.6.1 Trust companies

A trust company is an entity that holds or administers assets for the benefit of individuals (households) or other institutional units. As such, these entities administer trusts and manage assets and estates that belong to the beneficiaries.

4.3.2.7 Other non-bank financial institutions

Other non-bank financial institutions exclude non-bank financial institutions already shown in separate line items (sectors) in the C51 Form. These include, among others, holding companies, retirement funds and financial corporations engaged in lending.

4.3.2.7.1 Holding companies

A holding company is a legal unit that holds the assets of other legal units but does not undertake any management activities. A holding company owns a group of subsidiary companies.

4.3.2.7.2 Retirement funds

Retirement funds are independent pension and provident funds managed by institutional units. Official retirement funds are managed in terms of own statutes, while private funds were established under the Pension Funds Act 24 of 1956 (Pension Funds Act).

4.3.2.7.3 Financial corporations engaged in lending

A financial corporation that engages in lending is an entity that obtains funds in various forms such as loans, bonds, debentures or notes, with the sole objective of investing or lending these funds in the form of instalment sale finance, financial leases, mortgage loans and other loans.

4.4 General government

General government consists of the government units that produce services for individual or collective consumption, mainly on a non-market basis, and redistribute income and wealth. General government comprises the central government, which consists of national government, social security funds and extra-budgetary institutions, as well as provincial and local governments. However, only national and local governments issue interest-bearing securities and are therefore separately included in the form.

4.4.1 National government

National government is principally engaged in the production and provision of non-market goods and services intended for individual and collective consumption. National government is the institutional sector counterparty for interest-bearing securities (government bonds and Treasury bills) issued by the South African government. Interest-bearing securities issued by state-owned companies should not be included in national government.

4.4.2 Local government

Local government is a third-tier government unit that provides a wide range of services to resident institutional units. Local government is the sector counterparty for interest-bearing (debt) securities issued by municipalities. A list of local governments (metropolitans) 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%20local%20governments%20(metropolitans).pdf).

4.5 Non-residents

Non-residents comprise any institutional unit whose centre of predominant economic interest is outside South Africa's economic territory. These units are therefore residents of foreign countries.

4.6 Companies with secondary listings on South African exchanges

A secondary listing (dual listing) is when a company is listed on more than one exchange. Secondary listed shares should be reported in both the respective resident sector (line items 66 to 71) and 'of which: Companies with secondary listings on South African exchanges'. 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). In the 'of which: Companies with secondary listings on South African exchanges' similar secondary listings on A2X Markets where the primary listing is on a foreign bourse must be included, with a list of these 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%20A2X%20Markets.pdf).

To ensure the institutional sector counterparty remains accurate over time, compilers should make reasonable efforts to verify the classification of institutions.

5. Column descriptions (Table 1): Income and expenditure

5.1 Transactions previous quarter (Column 1): Foreign countries

This refers to income and expenditure transactions received and earned from or paid to foreign countries (non-residents) for the previous (last) quarter.

5.2 Transactions previous quarter (Column 2): South Africa

This refers to income and expenditure transactions received and earned from or paid to South African residents for the previous (last) quarter.

5.3 Transactions this quarter (Column 3): Foreign countries

This refers to income and expenditure transactions received and earned from or paid to foreign countries (non-residents) for this (current) quarter.

5.4 Transactions this quarter (Column 4): South Africa

This refers to income and expenditure transactions received and earned from or paid to South African residents for this (current) quarter.

Notes pertaining to the above columns:

- All income and expenditure transactions should be the total for the quarter and not the cumulative amount.
- The columns for foreign countries plus South Africa should be equal to the total for each line item for the quarter.

6. Income and expenditure transactions

6.1 Total income

This is the sum of all income received by the Manco for the quarter.

6.1.1 Management fees

This refers to fees received and earned by the Manco for managing and administering the collective investment scheme.

6.1.2 Other fees

This refers to any other fees received and earned by the Manco.

6.1.3 Interest income

Interest income is income received and earned by the Manco on interest-bearing investments.

6.1.4 Dividend income

Dividend income is income received and earned by the Manco on equity investments. Income from real estate investment trusts (REITs) and real estate investment and services development should also be included in dividend income.

6.1.5 Profit (+) or loss (-) on investments and assets

This refers to the adjustment to fair value and profit or loss on investments and assets of the Manco.

6.1.5.1 Realised sales and redemptions

Realised capital gains/losses on sales and redemptions occur when the sales price or redemption value of an instrument is higher or lower than its original cost (carrying value) at the time of sale. A realised gain/loss is the difference between the carrying value and the sales price.

6.1.5.2 Adjustment to fair value

This adjustment refers to the accounting adjustment of transactions to fair value, which is given as the value that approximates the value that would arise from a market transaction between two parties.

6.1.6 Other income

Other income is income that is not mentioned as a separate line item in the C51 Form.

6.2 Total expenditure

Total expenditure is the sum of all expenditure for the quarter.

6.2.1 Asset management fees

This refers to fees paid by the Manco to asset or fund managers.

6.2.2 Administration fees

This refers to fees paid by the Manco to asset and liability administrators of the collective investment scheme.

6.2.3 Consulting and professional fees

This refers to consulting and professional fees paid by the Manco to consultants and for other professional services rendered.

6.2.4 Performance fees

This refers to performance fees paid by the Manco to the asset or fund managers for generating positive returns on investments made on behalf of the scheme.

6.2.5 Audit fees

This refers to a fee paid by the Manco to the Manco's external auditors.

6.2.6 Other fees

This refers to any other fees paid by the Manco.

6.2.7 Employee costs

This refers to costs incurred by the Manco in exchange for services rendered by employees, consisting of short-term employee benefits, post-employment benefits and other long-term employee benefit payments.

6.2.8 Taxation paid

This refers to tax paid by the Manco.

6.2.8.1 Company tax

This refers to company tax paid by the Manco.

6.2.8.2 Skills development

This refers to the levy paid by the Manco for skills development of employees.

6.2.9 Dividends paid

This refers to dividends paid by the Manco to the shareholder.

6.2.10 Interest paid

This refers to interest paid by the Manco.

6.2.10.1 Interest on loans

This is interest paid by the Manco on loans received.

6.2.10.2 Interest on lease liabilities

This is interest paid by the Manco on lease liabilities.

6.2.11 Depreciation

Depreciation expenditure of the Manco is the cost of an asset that has been depreciated and shows how much of the asset's value has been used up in that year.

6.2.12 Marketing, advertising and distribution costs

This refers to marketing, advertising and distribution costs paid by the Manco.

6.2.13 Donations and sponsorships

This refers to donations made, and sponsorships provided by the Manco.

6.2.14 Bank charges

This refers to the amount paid by the Manco to the bank for providing services.

6.2.15 Other expenditure

Other expenditure is expenditure that is not mentioned as a separate line item in the C51 Form.

7. Column descriptions (Table 2): Equity and liabilities

7.1 Balance at end of previous quarter (Column 1)

This refers to the **value** of the outstanding stock of a financial instrument held or provided by the reporting Manco at the end of the previous (last) quarter. This balance is therefore the opening balance of this (current) quarter.

7.2 Balance at end of this quarter (Column 2)

This refers to the **value** of the outstanding stock of a financial instrument held or provided by the reporting Manco at the end of this (current) quarter. This balance will therefore be the closing balance of this (current) quarter.

8. Financial instruments: Equity and liabilities

8.1 Ordinary share capital

Share capital represents shareholders' own funds (paid-up capital). Share capital should be reported at book value.

8.2 Reserves

Company reserves are all forms of reserves that are identified as equity in the Manco's balance sheet.

8.2.1 Non-distributable reserves

These are reserve funds that cannot be distributed to shareholders in the form of dividends. These reserves consist of the initial share capital of the company as well as funds raised through the sale of newly issued shares or funds released due to the revaluation of assets. Non-distributable reserves include share premium.

8.2.2 Distributable reserves

These are reserve funds that can be distributed to shareholders in the form of dividends. Distributable reserves include retained earnings.

8.2.3 Other reserves

Other reserves are reserves excluding non-distributable and distributable reserves.

8.3 Loans

A loan is created when a creditor (company) lends funds directly to the Manco. The value of loans on the balance sheet is made up of principal outstanding and accrued interest that has been earned but not been paid. Bank overdrafts should be included in loans. A loan that becomes negotiable must be reclassified as an interest-bearing security.

8.4 Provisions

These are funds put aside by the Manco to cover unexpected events.

8.4.1 Provisions: Taxation

This refers to provisions made for a tax liability.

8.4.2 Provisions: Deferred tax

This refers to provisions made for a deferred tax liability.

8.4.3 Provisions: Other

This refers to other provisions not specified separately, such as provisions for financial leases.

8.5 Accounts payable

Accounts payable include prepayments, taxes payable and retirement benefit obligations. Accounts payable are measured at nominal value.

8.6 Other liabilities

Other liabilities are financial obligations that have not been specified in the equity and liability line items of the C51 Form.

9. Column descriptions (Tables 3 – 5): Assets

9.1 Balance at end of previous quarter (Column 1)

This refers to the **value** of non-financial assets and the outstanding stock of a financial instrument owned by the Manco as at the end of the previous (last) quarter. This balance is therefore the opening balance of this (current) quarter.

9.2 Transactions: purchases and new issues (Column 2)

This refers to the **value** of securities (such as shares and interest-bearing securities) that have been bought, as well as the **value** of securities that are offered for sale for the first time in the market (new issues). These financial transactions relate to the acquisition of financial assets of each type of financial instrument including corporate actions for this (current) quarter. All financial transactions should be recorded on a **gross basis**, therefore transactions for purchases and new issues should not be **netted** against transactions for sales and redemptions for all instruments.

9.3 Transactions: sales and redemptions (Column 3)

This refers to the **value** of securities (such as shares and interest-bearing securities) that have been sold, as well as the value of the principal amount of securities that reached their maturity date and/or were redeemed. These financial transactions relate to the selling of financial assets of each type of financial instrument including corporate actions for this (current) quarter. All financial transactions should be recorded on a gross basis, therefore transactions for sales and redemptions should not be **netted** against transactions for purchases and new issues for all instruments.

9.4 Balance at end of this quarter (Column 4)

This refers to the **value** of non-financial assets and the outstanding stock of a financial instrument owned by the Manco as at the end of this (current) quarter. This balance will therefore be the closing balance of this (current) quarter.

Notes pertaining to the above columns:

- The sum of column 1 plus column 2 minus column 3 is **not** equal to column 4. The difference relates to **revaluation** and **other volume changes** which could occur due to the re-classification of financial instruments. Transactions in columns 2 and 3 are the financial transactions of the Manco.
- Where shaded (blocked), purchases and new issues, as well as sales and redemptions are not required.

10 Non-financial assets

10.1 Land and buildings

This refers to the value of land and buildings owned by the Manco. Land and buildings include owner-occupied property, but exclude investment in listed property companies. Right-of-use property asset should be reported here.

10.2 Office equipment

This refers to the office equipment of the Manco, but excludes the lines mentioned below. Office equipment should be reported on a **net of depreciation** basis.

10.3 Furniture and fittings

This refers to furniture and fittings that are permanently attached to the building of the Manco.

10.4 Computer equipment

Computer equipment consists of devices that use electronic controls and also the electronic components that form part of the computer.

10.5 Computer software

Computer software consists of computer programs, program descriptions and supporting materials for both systems and applications software of the Manco.

10.6 Database

Databases consist of files of data organised in such a way as to permit resource-effective access and use of the data. Databases may be developed exclusively for own use or for sale as an entity or for sale by means of a licence to access the information contained. Databases for sale should be valued at the market price. The value of a software component should be recorded under computer software.

10.7 Other non-financial assets

This refers to other non-financial assets not specified separately, such as transport, inventories and other intangible assets. Other right-of-use assets, which is a lessee's right to use an asset over the life of a lease, must also be reported here.

11 Financial instruments: Assets

11.1 Listed ordinary shares including participating preference shares

An **ordinary share** represents equity ownership and voting rights in a listed company.

A **preference share** represents equity ownership in a company without voting rights. **Participating preference shares** are classified together with ordinary shares as they provide the holder with a claim on a share in the residual value of the company on dissolution.

11.2 Unlisted ordinary shares including participating preference shares

An unlisted ordinary share represents equity ownership that gives the holder voting rights in a company that is not listed on a stock exchange.

Investment in private equity funds should be included in unlisted ordinary shares. Private equity funds invest in instruments that are similar to equity instruments of unlisted companies.

11.3 Money market unit trusts (collective investment schemes)

A money market unit trust is a collective investment scheme that pools investors' money with a manager for investment, on their behalf, in assets mostly consisting of money market instruments. These money market instruments have an original maturity of 13 months or less. The value of money market unit trusts is the net asset value (NAV).

11.3.1 Domestic money market unit trusts

Refer to South African (domestic) registered money market funds.

11.3.2 Foreign money market unit trusts

Refer to foreign (non-resident) registered money market funds.

11.4 Non-money market collective investment schemes

A non-money market collective investment scheme includes non-money market unit trusts, participation bond schemes and hedge funds.

Non-money market unit trusts exclude money market unit trusts and invest in equity, as well as interest-bearing and multi-asset portfolios. **Fund of funds** unit trusts are non-money market unit trusts that invest in other domestic or foreign unit trusts. The value of non-money market unit trusts is the NAV.

Exchange-traded products comprise the following three sub-categories namely (i) exchange-traded funds (ETF); (ii) exchange-traded commodities or currencies (ETC); and (iii) exchange-traded notes (ETN). ETFs registered as collective investment schemes invest ETF holders' capital, therefore investors have a claim on the fund's assets and should be classified as non-money market unit trusts. ETC and ETN are only backed by the credit of the issuer and are therefore interest-bearing securities. ETC and ETN are senior unsubordinated debt that are issued by a single issuer. Unlike ETF, ETC and ETN do not hold the underlying assets in a trust for their investors.

11.4.1 Domestic non-money market unit trusts

Refer to South African (domestic) registered non-money market funds.

11.4.2 Foreign non-money market unit trusts

Refer to foreign (non-resident) registered non-money market funds.

11.4.3 Participation bonds

A participation bond scheme is a collective investment scheme whereby investors' money is pooled with the objective of providing loans to real estate developers.

11.4.4 Hedge funds

A hedge fund is a collective investment scheme that makes use of pooled funds using a variety of investment strategies.

11.5 Long-term interest-bearing securities

Interest-bearing (debt) securities 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.** Interest receivable on interest-bearing securities should be recorded on the balance sheet as it accrues, and not when it is actually received. 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. Debt securities with **embedded financial derivatives** should be classified as interest-bearing securities.

Equity linked notes (ELN) are typically privately placed interest-bearing (debt) instruments. An ELN differs from conventional debt instruments as the principal, coupons or both are linked to the performance of an equity index or individual share. Although the return on the ELN is linked to the underlying equity, it should not be classified as equity or a derivative.

11.5.1 Characteristics of interest-bearing securities

- They are negotiable and can be traded on secondary markets.
- The holder has the unconditional right to a fixed or contractually determined income in the form of coupon payments and/or a stated fixed sum on a specific date or dates, or starting from a date specified at the time of issue.

11.6 Short-term interest-bearing securities

A short-term interest-bearing security is a financial instrument with an original maturity of **one year or less.** Such securities are predominantly money market instruments. Interest receivable on interest-bearing securities should be recorded on the balance sheet as it accrues, and not when it is actually received. Short-term interest-bearing securities include debentures, notes, bills of exchange, negotiable certificates of deposit (NCD), commercial paper, promissory notes and Treasury bills. These instruments should be reported in **long-term interest-bearing securities** if they have an original maturity of more than one year.

11.6.1 Negotiable certificates of deposit

An NCD is a negotiable-bearer interest-bearing (debt) security issued by banks at face value and can be traded in the secondary market.

11.6.2 Treasury bills

A Treasury bill is a short-term interest-bearing security issued by national government. Treasury bills are sold at a discount and carry no coupon. Treasury bills are issued at different maturities up to 12 months.

11.6.3 Land Bank bills

A Land Bank bill is a short-term discount interest-bearing security that is issued by the Land Bank.

11.6.4 Promissory notes issued by banks

A promissory note is a written, dated and signed two-party instrument containing an unconditional promise by the bank to pay a payee on demand or at a specified future date.

11.7 Other short-term interest-bearing securities

These include short-term interest-bearing securities other than NCDs, Treasury bills, Land Bank bills and promissory notes issued by banks with an original maturity of one year or less. Other short-term interest-bearing securities include notes, bills of exchange, commercial paper, promissory notes issued by non-bank institutions and debentures with original maturity of one year or less.

11.7.1 Bills of exchange

A bill of exchange is an unconditional order written and signed by one party (drawer of the bill), requiring the other party to whom it is addressed to pay on demand, or at a fixed or determinable future time, a specified sum to the bearer. Bills of exchange are often referred to as trade bills.

11.7.2 Commercial paper

Commercial paper is an unsecured interest-bearing security issued by a corporation to finance accounts receivable, inventories or short-term liabilities.

11.7.3 Debentures

A debenture is an interest-bearing security that is not secured by any physical asset or collateral. A debenture with a maturity of one year or less should be classified as a short-term interest-bearing security.

11.8 Loans

A loan is created when the Manco lends funds to another sector such as households or corporations. Loans are valued at the nominal value of the outstanding claim including accrued interest. A loan that becomes negotiable must be reclassified as an interest-bearing security.

11.9 Provisions

These are funds received by the Manco on provision made to cover unexpected events.

11.9.1 Provisions: Deferred tax

These are funds received on deferred tax provisions.

11.9.2 Provisions: Other

These are other provisions that are not specified separately in the C51 Form.

11.10 Cash and deposits

Cash and deposits comprise notes and coin on hand, as well as transferable and other deposits. **Money market instruments** are not part of cash and deposits and should be reported in **short-term interest-bearing securities.** Cash and deposits should be reported at nominal value including accrued interest.

11.10.1 Notes and coin on hand

This refers to physical bank notes and coins that are held by the Manco. Notes and coins should be reported at nominal value.

11.10.2 Transferable deposits

Transferable deposits are deposits that are directly transferable on demand to make payments without incurring penalties or restrictions. These deposits include transactional accounts such as cheque accounts, as well as credit and debit payment facilities.

11.10.3 Other deposits

Other deposits are non-transferable deposits with an agreed maturity (fixed term), where early withdrawal is subjected to a penalty. These deposits include time (fixed) and saving accounts. Other deposits also include call deposits.

11.11 Accounts receivable

Accounts receivable are financial assets that are created where there is a timing difference between transactions and corresponding payments. Examples of accounts receivable are unsettled sales of financial instruments, retirement benefit asset, investment income (interest and dividend) receivables and tax receivables. Accounts receivable are measured at nominal value.

11.12 Other assets

Other assets are assets not specified in the asset line items of the C51 Form.