



Balance of Payments

Notes to the Population survey Other
Sectors

DRA

Version 6.0

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Introduction

Purpose of the report

The collection of statistical data and the compilation of statistics including the Balance of Payments is one of De Nederlandsche Bank's (DNB) tasks as laid down in the Bank Act 1998. For this purpose, DNB collects financial data from companies through a direct reporting system. De Nederlandsche Bank (DNB) collects *monthly and annual* data on cross-border transactions with non-residents and positions in foreign assets and liabilities. The information collected is used to compile the Balance of Payments and the International Investment Position (IIP) of the Netherlands. It is also used as input for the European Central Bank (ECB) to compile the Balance of Payments and the IIP of the Economic and Monetary Union (EMU). This survey is intended for companies not designated to report; the aim is to assess whether a reporting obligation should be imposed.

Legal basis and submission period

Pursuant to Section 7 (1) of the External Financial Relations Act 1994 (EFRA; *Wet financiële betrekkingen buitenland 1994*, Wfbb), every entity is obliged to provide information and data that are essential to the compilation of the Balance of Payments. Pursuant to Section 7(2) of the EFRA, the data should be provided in a timely, truthful and non-misleading manner. The provision of information and data to DNB should be in accordance with the instructions contained in the Balance of Payments Reporting Instructions 2003 (RV 2003). Pursuant to Section 8 of the EFRA, DNB is subject to a secrecy obligation with respect to the company-specific data it collects.

Within this framework, the requested survey is an obligation resulting from Section 7 of the EFRA in conjunction with Section 2 (2) of the RV 2003. This survey must be in DNB's possession no later than the date of submission stated in the accompanying letter.

In the event of non-compliance with the obligations under the EFRA, DNB is empowered to impose a cease and desist order under penalty or an administrative fine.

Residents and non-residents

The Balance of Payments includes transactions/positions between residents and non-residents only. In accordance with the definitions of the International Monetary Fund (IMF), residents of a certain country are taken to be the group of natural persons and legal entities whose centre of economic interest lies in the country concerned. In the Netherlands, this definition is elaborated further in the aforementioned EFRA.

The EFRA (Section 1) defines *residents* as:

1. Natural persons whose place of residence is in the Netherlands and whose names have been entered in the registers of births, deaths and marriages;
2. Legal entities, partnerships and limited partnerships which are established or have their offices in the Netherlands, as well as legal entities, partnerships and limited partnerships which, though not established in the Netherlands, are managed from the Netherlands, if so determined by DNB;
3. Branches and agencies established in the Netherlands, if not covered by 2 above;
4. Natural persons of Dutch nationality, if not covered by 1 above, who have upon their own request been designated as residents by Our Minister.

Non-residents are taken to be: natural persons, legal entities, partnerships, branches, agencies and enterprises not covered by the definition of "residents".

Representation

Reporting companies usually report independently to DNB, i.e. without the intervention of third parties. However, a reporting company may have its reporting done by an external party (a representative). Nevertheless, the reporting company shall remain responsible at all times for the fulfilment of its reporting requirements. Sanctions for failing to meet the reporting requirements or not meeting them on time shall therefore be imposed on the reporting company.

Representation shall be subject to the following conditions:

- a) the reporting company shall inform DNB forthwith of the appointment of a representative and of any changes in that respect;
- b) DNB shall send all correspondence in the name of the reporting company to the representative's correspondence address. This means that any correspondence about the imposition of sanctions shall also be sent to the representative's address;
- c) The representative must be a Dutch resident.

Rounding to EUR thousand

The figures must be reported in EUR thousand (for example EUR 1,250,000 becomes EUR 1,250). Rounding may only be applied at the level at which reporting takes place.

Reporting period

The positions to be reported concern the **calendar year mentioned on the survey**. If a financial year does not correspond with a calendar year, you are requested to report on the financial year ending in the calendar year stated. If the figures relating to the calendar year have not yet been approved, provisional figures may be used.

Valuation principles and conversion to euro

The positions to be reported (as at the beginning and end of the year) should, in principle, be valued at current market prices. For the valuation of *year-end* positions, year-end market prices should be used; in this respect, amounts in foreign currency should be converted into euro using the official (mid-) rate on the last trading day of the same year¹. When exchange rates in conformity with market prices are used in your system, these rates can be used for the conversion. The positions as at the *beginning of the year* should be stated on the basis of year-end market prices and year-end exchange rates of the preceding reporting year. If current market prices (or recent transaction prices) are not available, e.g. in case of unlisted securities, prudent estimations of current prices are acceptable. In case of transactions, the market price mainly corresponds to the agreed transaction price. Transactions in foreign currency should be converted into euro according to the official (mid-) rate on the transaction day or the actual exchange rate used in the transaction.

Further information

Further information can be obtained from:

De Nederlandsche Bank N.V.
Statistics & Information Division
Other financial intermediaries statistics
P.O. Box 98
1000 AB Amsterdam
The Netherlands
Telephone: +31 20 524 3102
e-mail: si-media@dnb.nl

¹ For information on exchange rates, please refer to DNB's website (<http://www.statistics.dnb.nl>)

Form 1. General information

On this form you should show your company's register data. These are:

- Name of the company;
- Chamber of Commerce registration number;
- Date of establishment;
- Last month of the financial year;
- Description main activities of the company;
- Industry code worldwide group activities;
- Country UBO;
- Industry code UBO;
- Address of the company;
- (If applicable) Name of the representative;
- (If applicable) Address of the representative;
- Contact person: name, sex (male/female), telephone number, e-mail address and preferred language (English/Dutch);

Terms and definitions

Industry code and Ultimate Beneficial Owner (UBO)

We kindly request you to report the industry code of the worldwide group activities (this is not the industry code of the Special Financial Institution itself). We have attached an industry code list for this purpose at the bottom of the form population survey Other Sectors. We also ask you to report the industry code of the company activities of the Ultimate Beneficial Owner (UBO).

You should only fill out one code. In case more than one code is applicable, we ask you to choose the code concerning the most important activity of the group/UBO. In the column "Comments" you may add any comments or a description of the group/UBO activities if you like.

UBO = Ultimate Beneficial Owner. When a parent company abroad is not owned for more than 50% by another natural or legal person, the foreign parent and the ultimate beneficial owner are the same person.

Form 2. Financial Data

Assets

Foreign assets

Equity investment in non-resident companies

The position as at the end of the financial year (mentioned in the survey) on investments in the equity capital of a non-resident enterprise and direct investment in foreign real estate², should be reported here. In the column *Transactions during current year* any purchases and sales of equity investment and real estate should be reported.

The purpose of the equity investment must be the acquisition of a more or less permanent interest conferring a certain degree of control (i.e. 'significant influence' and a 'long-term relationship') over the management of the company, in contrast to the motives of investors in securities, for example.

The type of equity investment may vary from case to case:

- Through share capital: your enterprise holds all or part of a non-resident company's share capital.
- Other than through share capital:
 - Through the provision of working capital by your company to non-residents provided there are no independent legal entities (branch offices and/or branches), and/or

² 'Direct' here means not via foreign subsidiaries or branches.

- In the form of (capitalised) expenditure incurred with a view to the permanent formation of fixed capital, e.g. for exploration with a view to the extraction of minerals and other natural resources (including investments for such exploitation).

The equity investment position should be reported (according to the percentage held) as the share owned by the company in the net asset value of the non-resident company. If data on the net asset value is unavailable, the book value of the company (i.e. on the basis of historical cost) will suffice.

Direct investment in real estate must be reported at market value. If the market value is unavailable, it may be substituted by a recently estimated value, or otherwise historical cost.

Loans granted to and other accounts receivable from non-resident group companies

The position as at the end of the financial year (mentioned in the survey) and transactions during the current year of loans granted to and other accounts receivable from non-resident group companies, should be reported here:

- Loans granted to and other accounts receivable from non-resident shareholders, non-resident subsidiaries and associates and other non-resident group companies;
- Other accounts receivable from/claims on non-resident shareholders, non-resident subsidiaries and associates and other non-resident group companies.

Exception: companies with claims on a non-resident group company which is a bank or an Other Financial Intermediary (OFI), except OFIs which are holding companies only, should report these claims under 'Loans granted to and other accounts receivable from third parties'.

Investments in securities issued by non-residents

The position as at the end of the financial year (mentioned in the survey) and transactions during the current year of the ownership of foreign securities, i.e. securities issued by non-residents, should be reported here.

The position as at the end of the financial year should be calculated on the basis of closing prices (in case of debt instruments: excluding accrued interest) on the last trading day of the financial year. Non-interest bearing debt instruments should be valued at historical cost. Non-negotiable (private) money or capital market paper should be reported as a loan.

Loans granted to and other accounts receivable from non-resident third parties

The position as at the end of the financial year (mentioned in the survey) and transactions during the current year of loans granted to and other accounts receivable from non-resident third parties, should be reported here:

- Loans granted to and other accounts receivable from non-resident third parties, including non-resident group companies which are banks or OFIs;
- Other accounts receivable from/claims on non-resident third parties, including deposit balances, accounts with foreign banks and other accounts receivable.

Dutch assets

The position as at the end of the financial year (mentioned in the survey) of all assets relating to Dutch residents should be reported here. This concerns, for example, equity investments in Dutch residents, loans granted to residents, Dutch bank balances and deposits, ownership of securities issued by residents, etc.

Accruals and deferrals (e.g. interest receivable) and intangible assets can also be reported under this heading. Furthermore, to cover all balance sheet items, all other foreign assets which are not included under the sections above should be reported under this heading.

Liabilities

Foreign liabilities

Equity investment in your company by non-resident shareholders

The position as at the end of the financial year (mentioned in the survey) on investments in your company's equity capital by a non-resident shareholder, should be reported here. In the column *Transactions during current year* any purchases and sales should be reported.

A non-resident shareholder owns some or all of your company's equity capital. The purpose of the equity investment must be the acquisition of a more or less permanent interest conferring a

certain degree of control (i.e. 'significant influence' and a 'long-term relationship') over the management of your company, in contrast to the motives of investors in securities, for example.

The equity investment position should be reported (according to the percentage held) as the share owned by the company in the net asset value of the non-resident company. If information on the net asset value is unavailable, the book value of the company (i.e. on the basis of historical cost) will suffice.

Loans received from and other accounts payable to non-resident group companies

The position as at the end of the financial year (mentioned in the survey) and transactions during the current year of loans received from and other accounts payable to non-resident group companies, should be reported here:

- Loans received from and other accounts payable to non-resident shareholders, non-resident subsidiaries and associates and other non-resident group companies;
- Other accounts receivable from/liabilities to non-resident shareholders, non-resident subsidiaries and associates and other non-resident group companies.

Exception: companies with claims on a non-resident group company which is a bank or an Other Financial Intermediary (OFI), except OFIs which are holding companies only, should report these claims under 'Loans granted to and other accounts receivable from third parties'.

Securities issued abroad by your company

The position as at the end of the financial year (mentioned in the survey) and transactions during the current year in securities issued by the surveyed enterprise and deposited with a foreign central securities depository (CSD) should be reported here. To assess whether the securities are deposited with a foreign CSD, one needs to look at the country of establishment of the depository where the global note or equivalent certificate in respect of the outstanding security is deposited.

The position as at the end of the financial year should be calculated on the basis of closing prices (in case of debt instruments: excluding accrued interest) on the last trading day of the financial year. Non-interest bearing debt instruments should be valued at historical cost throughout their term. Non-negotiable (private) money or capital market paper should be reported as a loan.

Loans received from and other accounts payable to non-resident third parties

The position as at the end of the financial year (mentioned in the survey) and transactions during the current year of loans received from and other accounts payable to non-resident third parties, should be reported here:

- Loans received from and other accounts payable to non-resident third parties, including non-resident group companies which are banks or OFIs;
- Other accounts payable to/liabilities to non-resident third parties.

NB: Syndicated loans should be regarded as foreign loans if the syndicate manager is a non-resident and as Dutch loans if the syndicate manager is a Dutch resident. 'Syndicate manager' refers to the entity acting as the administrative agent (or the agent's back office) of the syndicate, via which the cash flows relating to the provision of the loan, repayments and interest payments are channelled.

Dutch liabilities

The position as at the end of the financial year (mentioned in the survey) of all liabilities relating to Dutch residents should be reported here. This concerns, for example, equity investments in your company, loans received from residents, etc.

Accruals and deferrals (e.g. interest payable) and intangible assets can also be reported under this heading. Furthermore, to cover all items of the balance sheet, all other foreign assets which are not included under the sections above should be reported under this heading.

NB. Total assets must equal total liabilities.

Dutch Shareholders and Subsidiaries

The Dutch Shareholders and the Dutch Subsidiaries should be reported here.

Royalties and licence fees

Royalties and licence fees which your company receives from a non-resident should be reported here. *Royalties and licence fees* includes fees for the authorised use of immaterial, non-produced, non-financial goods (such as patents, copyrights, trademarks, industrial processes and designs), the use through licensing agreements of produced originals and prototypes (such as manuscripts, computer programs, film and music rights). All fees received from non-residents with regard to royalties and licences during the financial year (mentioned in the survey) should be reported under this heading.