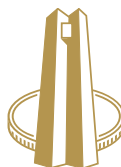


GUIDE FOR THE COMPLETION OF THE B31 FORM: THE FOREIGN ASSETS OF INSTITUTIONAL INVESTORS

June 2021



SOUTH AFRICAN RESERVE BANK





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1. Introduction

The purpose of this guide is to provide general guidelines for the completion of the B31 Form. The guide provides definitions of financial instruments used in the B31 Form.

2. Guidelines

2.1 Purpose of the B31 Form

The B31 survey is conducted for statistical purposes, in order to compile official statements of South Africa's balance of payments and international investment position. The required data are used to compile macroeconomic statistics, which are guided by internationally agreed upon statistical manuals.

The B31 Form records the quarterly cross-border transactions of South African institutional investors (insurers, pension funds and collective investment schemes) which, as at the reference period of the survey form, owned assets issued by unrelated non-residents. These transactions include quarterly acquisitions of foreign assets, disposals of foreign assets and the subsequent repatriation of funds, as well as foreign investment income (interest and dividends).

2.2 Authority

The South African Reserve Bank (SARB) is assigned the function to collect information required for the purpose of compiling official statements of South Africa's balance of payments and international investment position in terms of Government Notice 702 of 9 May 2005, read with Government Notice 703 of 20 April 1956, issued in terms of *Government Gazette No. 5663 of 20 April 1956* under the Currency and Exchanges Act 9 of 1933 (Currency and Exchanges Act).

Further, in terms of section 11 of the Financial Sector Regulation Act 9 of 2017 (FSR Act), the SARB is responsible for protecting and enhancing financial stability. This includes monitoring the environment for risks to financial stability, gathering information concerning financial stability, and taking steps to mitigate the risks identified. In fulfilling this responsibility, the SARB may utilise any power vested in it as the Republic's central bank or conferred on it in terms of the FSR Act or any other legislation.

2.3 Confidentiality

In terms of paragraph 4 of the Regulations of section 9 of the Currency and Exchanges Act 9 of 1933, all the employees of the SARB involved in this survey are sworn to secrecy. Over and above this provision, assurance is given that no action of any kind will be taken under the Exchange Control Regulations against any person or organisation on the grounds of any information provided in this survey.

2.4 Accounting conventions

In general, the information required to generate statistical data for the B31 Form is sourced from financial accounting data of the entity being surveyed. The statistics required are based on accrual accounting. Transactions (flows originating from purchases and sales) should be recorded at the time of the transaction and not at settlement date.

2.5 Valuations

Transactions should be recorded at **market prices** at which the transactions (purchases/sales) were conducted (i.e. the transaction value). If the market price is not available, fair value estimates should be used. Currency and deposits should be valued at nominal values.

2.6 Currency of completion

This survey should be completed in South African rand, and the amounts must be completed in **thousands of rand**.

2.7 Formatting of field values

The currency fields in the survey will only accept positive monetary values, with no decimals as input values.

2.8 Relevant transactions

All transactions between residents and non-residents must be reported.

2.9 Residents and non-residents

A **resident** is any individual, enterprise or other organisation that 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 residents even if they have no ‘physical presence’ in the country.

A **non-resident** is any individual, enterprise or other organisation ordinarily domiciled in a country other than South Africa. The non-resident branches and subsidiaries of South African enterprises are regarded as non-residents.

3. Table descriptions

3.1 Table 1

This table records acquisitions of foreign financial assets by South African institutional investors. The value of all acquisitions and funds transferred abroad (outflow of funds) during a specific quarter should be captured in this table.

3.2 Table 2

This table records disposals of foreign financial assets by South African institutional investors. The value of all disposals and funds repatriated to South Africa (inflow of funds) during a specific quarter should be captured in this table.

3.3 Table 3

This table records investment income earned on foreign financial assets. Items 22 and 23 record investment income accrued during a specific quarter, while items 25 and 26 record investment income repatriated to South Africa during a specific quarter.

4. Definitions

4.1 Listed equity securities (Lines 2 and 12)

These are equity securities listed on stock exchanges or other organised financial markets. 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.

4.2 Unlisted equity securities (Lines 3 and 13)

These refer to equity securities not listed on a stock exchange. Unlisted shares can also be called private equity; venture capital usually takes this form.

4.3 Money market funds (Lines 4 and 14)

Money market funds 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 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.

4.4 Non-money market funds (Lines 5 and 15)

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.

4.5 Short-term debt securities (Lines 6 and 16)

These refer to financial instruments with an original maturity of one year or less, such as notes, commercial paper, promissory notes, Treasury bills, debt securities that have been sold under repurchase agreements and debt securities that have been lent under a securities lending arrangement.

4.6 Long-term debt securities (Lines 7 and 17)

These are financial instruments with an original maturity of more than one year, such as debentures, bonds, notes (for example credit-linked notes), subordinated debt and asset-backed securities (for example mortgage-backed bonds), loan stock, and bearer-script issued by an organisation to obtain funds for the purpose of financing its own activities.

4.7 Currency (Lines 8 and 18)

Currency consists of notes and coins that are of fixed nominal values and issued by the monetary authority of a country (either the central bank or government).

Currency does not include:

- (i) Notes and coins that are not in circulation (for example, central bank or general government holdings of unissued currency); and
- (ii) Commemorative coins (which are classified as valuables), not commonly used to make payments.

4.8 Transferable deposits (Lines 9 and 19)

Transferable deposits are deposits that are exchangeable for currency on demand at par and without penalty or restriction. They are directly usable for making payments by cheque, draft, direct debit or credit, or any other direct payment facility. It should be noted that a transferable deposit cannot have a negative value. In the case of an overdraft, the related amount is treated as a loan.

4.9 Other deposits (Lines 10 and 20)

Other deposits comprise all claims other than transferrable deposits, which are represented by evidence of deposit. Other deposits include savings deposits (which are always non-transferrable), 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 transferrable deposits without some significant penalty or restriction.

4.10 Dividends (Lines 22 and 25)

These are distributed earnings allocated to owners of equity for placing funds at the disposal of enterprises.

4.11 Interest (Lines 23 and 26)

Interest is a form of investment income that is received by the owners of certain kinds of financial assets (for example deposits, debt securities, loans and other accounts receivable) for placing these financial assets at the disposal of other institutional units.

