

ANNEX I

NOMENCLATURE OF THE CAPITAL MOVEMENTS
REFERRED TO IN ARTICLE 1 OF THE DIRECTIVE

In this Nomenclature, capital movements are classified according to the economic nature of the assets and liabilities they concern, denominated either in national currency or in foreign exchange.

The capital movements listed in this Nomenclature are taken to cover:

- all the operations necessary for the purposes of capital movements: conclusion and performance of the transaction and related transfers. The transaction is generally between residents of different Member States although some capital movements are carried out by a single person for his own account (e.g. transfers of assets belonging to emigrants),
- operations carried out by any natural or legal person⁽¹⁾, including operations in respect of the assets or liabilities of Member States or of other public administrations and agencies, subject to the provisions of Article 68 (3) of the Treaty,
- access for the economic operator to all the financial techniques available on the market approached for the purpose of carrying out the operation in question. For example, the concept of acquisition of securities and other financial instruments covers not only spot transactions but also all the dealing techniques available: forward transactions, transactions carrying an option or warrant, swaps against other assets, etc. Similarly, the concept of operations in current and deposit accounts with financial institutions, includes not only the opening and placing of funds on accounts but also forward foreign exchange transactions, irrespective of whether these are intended to cover an exchange risk or to take an open foreign exchange position,
- operations to liquidate or assign assets built up, repatriation of the proceeds of liquidation thereof⁽¹⁾ or immediate use of such proceeds within the limits of Community obligations,
- operations to repay credits or loans.

This Nomenclature is not an exhaustive list for the notion of capital movements — whence a heading XIII — F. ‘Other capital movements — Miscellaneous’. It should not therefore be interpreted as restricting the scope of the principle of full liberalization of capital movements as referred to in Article 1 of the Directive.

- I — DIRECT INVESTMENTS⁽¹⁾
 1. Establishment and extension of branches or new undertakings belonging solely to the person providing the capital, and the acquisition in full of existing undertakings.
 2. Participation in new or existing undertaking with a view to establishing or maintaining lasting economic links.
 3. Long-term loans with a view to establishing or maintaining lasting economic links.
 4. Reinvestment of profits with a view to maintaining lasting economic links.
- A — **Direct investments on national territory by non-residents⁽¹⁾**
- B — **Direct investments abroad by residents⁽¹⁾**
- II — INVESTMENTS IN REAL ESTATE (not included under I)⁽¹⁾

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- A — **Investments in real estate on national territory by non-residents**
- B — **Investments in real estate abroad by residents**
- III — **OPERATIONS IN SECURITIES NORMALLY DEALT IN ON THE CAPITAL MARKET (not included under I, IV and V)**
 - (a) *Shares and other securities of a participating nature⁽¹⁾.*
 - (b) *Bonds⁽¹⁾.*
- A — **Transactions in securities on the capital market**
 - 1. Acquisition by non-residents of domestic securities dealt in on a stock exchange⁽²⁾.
 - 2. Acquisition by residents of foreign securities dealt in on a stock exchange.
 - 3. Acquisition by non-residents of domestic securities not dealt in on a stock exchange⁽²⁾.
 - 4. Acquisition by residents of foreign securities not dealt in on a stock exchange.
- B — **Admission of securities to the capital market⁽²⁾**
 - (i) *Introduction on a stock exchange⁽²⁾.*
 - (ii) *Issue and placing on a capital market (*).*
 - 1. Admission of domestic securities to a foreign capital market.
 - 2. Administration of foreign securities to the domestic capital market.
- IV — **OPERATIONS IN UNITS OF COLLECTIVE INVESTMENT UNDERTAKINGS⁽²⁾**
 - (a) Units of undertakings for collective investment in securities normally dealt in on the capital market (shares, other equities and bonds).
 - (b) Units of undertakings for collective investment in securities or instruments normally dealt in on the money market.
 - (c) Units of undertakings for collective investment in other assets.
- A — **Transactions in units of collective investment undertakings**
 - 1. Acquisition by non-residents of units of national undertakings dealt in on a stock exchange.
 - 2. Acquisition by residents of units of foreign undertakings dealt in on a stock exchange.
 - 3. Acquisition by non-residents of units of national undertakings not dealt in on a stock exchange.
 - 4. Acquisition by residents of units of foreign undertakings not dealt in on a stock exchange.
- B — **Administration of units of collective investment undertakings to the capital market**
 - (i) *Introduction on a stock exchange.*
 - (ii) *Issue and placing on a capital market.*

1. Admission of units of national collective investment undertakings to a foreign capital market.
 2. Admission of units of foreign collective investment undertakings to the domestic capital market.
- V — OPERATIONS IN SECURITIES AND OTHER INSTRUMENTS NORMALLY DEALT IN ON THE MONEY MARKET⁽²⁾
- A — **Transactions in securities and other instruments on the money market**
1. Acquisition by non-residents of domestic money market securities and instruments.
 2. Acquisition by residents of foreign money market securities and instruments.
- B — **Admission of securities and other instruments to the money market**
- (i) *Introduction on a recognized money market* (*).
 - (ii) *Issue and placing on a recognized money market.*
1. Admission of domestic securities and instruments to a foreign money market.
 2. Admission of foreign securities and instruments to the domestic money market.
- VI — OPERATIONS IN CURRENT AND DEPOSIT ACCOUNTS WITH FINANCIAL INSTITUTIONS⁽³⁾
- A — **Operations carried out by non-residents with domestic financial institutions**
- B — **Operations carried out by residents with foreign financial institutions**
- VII — CREDITS RELATED TO COMMERCIAL TRANSACTIONS OR TO THE PROVISION OF SERVICES IN WHICH A RESIDENT IS PARTICIPATING⁽³⁾
1. Short-term (less than one year).
 2. Medium-term (from one to five years).
 3. Long-term (five years or more).
- A — **Credits granted by non-residents to residents**
- B — **Credits granted by residents to non-residents**
- VIII — FINANCIAL LOANS AND CREDITS (not included under I, VII and XI)⁽³⁾
1. Short-term (less than one year).
 2. Medium-term (from one to five years).
 3. Long-term (five years or more).
- A — **Loans and credits granted by non-residents to residents**
- B — **Loans and credits granted by residents to non-residents**
- IX — SURETIES, OTHER GUARANTEES AND RIGHTS OF PLEDGE

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- A — **Granted by non-residents to residents**
 - B — **Granted by residents to non-residents**
 - X — TRANSFERS IN PERFORMANCE OF INSURANCE CONTRACTS
 - A — **Premiums and payments in respect of life assurance**
 1. Contracts concluded between domestic life assurance companies and non-residents.
 2. Contracts concluded between foreign life assurance companies and residents.
 - B — **Premiums and payments in respect of credit insurance**
 1. Contracts concluded between domestic credit insurance companies and non-residents.
 2. Contracts concluded between foreign credit insurance companies and residents.
 - C — **Other transfers of capital in respect of insurance contracts**
 - XI — PERSONAL CAPITAL MOVEMENTS
 - A — **Loans**
 - B — **Gifts and endowments**
 - C — **Dowries**
 - D — **Inheritances and legacies**
 - E — **Settlement of debts by immigrants in their previous country of residence**
 - F — **Transfers of assets constituted by residents, in the event of emigration, at the time of their installation or during their period of stay abroad**
 - G — **Transfers, during their period of stay, of immigrants' savings to their previous country of residence**
 - XII — PHYSICAL IMPORT AND EXPORT OF FINANCIAL ASSETS
 - A — **Securities**
 - B — **Means of payment of every kind**
 - XIII — OTHER CAPITAL MOVEMENTS
 - A — **Death duties**
 - B — **Damages (where these can be considered as capital)**
 - C — **Refunds in the case of cancellation of contracts and refunds of uncalled-for payments (where these can be considered as capital)**
 - D — **Authors' royalties: patents, designs, trade marks and inventions (assignments and transfers arising out of such assignments)**
 - E — **Transfers of the monies required for the provision of services (not included under VI)**
 - F — **Miscellaneous**
- EXPLANATORY NOTES

For the purposes of this Nomenclature and the Directive only, the following expressions have the meanings assigned to them respectively:

Direct investments

Investments of all kinds by natural persons or commercial, industrial or financial undertakings, and which serve to establish or to maintain lasting and direct links between the person providing the capital and the entrepreneur to whom or the undertaking to which the capital is made available in order to carry on an economic activity. This concept must therefore be understood in its widest sense.

The undertakings mentioned under I-1 of the Nomenclature include legally independent undertakings (wholly-owned subsidiaries) and branches.

As regards those undertakings mentioned under I-2 of the Nomenclature which have the status of companies limited by shares, there is participation in the nature of direct investment where the block of shares held by a natural person of another undertaking or any other holder enables the shareholder, either pursuant to the provisions of national laws relating to companies limited by shares or otherwise, to participate effectively in the management of the company or in its control.

Long-term loans of a participating nature, mentioned under I-3 of the Nomenclature, means loans for a period of more than five years which are made for the purpose of establishing or maintaining lasting economic links. The main examples which may be cited are loans granted by a company to its subsidiaries or to companies in which it has a share and loans linked with a profit-sharing arrangement. Loans granted by financial institutions with a view to establishing or maintaining lasting economic links are also included under this heading.

Investments in real estate

Purchases of buildings and land and the construction of buildings by private persons for gain or personal use. This category also includes rights of usufruct, easements and building rights.

Introduction on a stock exchange or on a recognized money market

Access — in accordance with a specified procedure — for securities and other negotiable instruments to dealings, whether controlled officially or unofficially, on an officially recognized stock exchange or in an officially recognized segment of the money market.

Securities dealt in on a stock exchange (quoted or unquoted)

Securities the dealings in which are controlled by regulations, the prices for which are regularly published, either by official stock exchanges (quoted securities) or by other bodies attached to a stock exchange — e.g. committees of banks (unquoted securities).

Issue of securities and other negotiable instruments

Sale by way of an offer to the public.

Placing of securities and other negotiable instruments

The direct sale of securities by the issuer or by the consortium which the issuer has instructed to sell them, with no offer being made to the public.

Domestic or foreign securities and other instruments

Securities according to the country in which the issuer has his principal place of business. Acquisition by residents of domestic securities and other instruments issued on a foreign market ranks as the acquisition of foreign securities.

Shares and other securities of a participating nature

Including rights to subscribe to new issues of shares.

Bonds

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Negotiable securities with a maturity of two years or more from issue for which the interest rate and the terms for the repayment of the principal and the payment of interest are determined at the time of issue.

Collective investment undertakings

Undertakings:

- the object of which is the collective investment in transferable securities or other assets of the capital they raise and which operate on the principle of risk-spreading, and
- the units of which are, at the request of holders, under the legal, contractual or statutory conditions governing them, repurchased or redeemed, directly or indirectly, out of those undertakings' assets. Action taken by a collective investment undertaking to ensure that the stock exchange value of its units does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption.

Such undertakings may be constituted according to law either under the law of contract (as common funds managed by management companies) or trust law (as unit trusts) or under statute (as investment companies).

For the purposes of the Directive, 'common funds' shall also include unit trusts.

Securities and other instruments normally dealt in on the money market

Treasury bills and other negotiable bills, certificates of deposit, bankers' acceptances, commercial paper and other like instruments.

Credits related to commercial transactions or to the provision of services

Contractual trade credits (advances or payments by instalment in respect of work in progress or on order and extended payment terms, whether or not involving subscription to a commercial bill) and their financing by credits provided by credit institutions. This category also includes factoring operations.

Financial loans and credits

Financing of every kind granted by financial institutions, including financing related to commercial transactions or to the provision of services in which no resident is participating.

This category also includes mortgage loans, consumer credit and financial leasing, as well as back-up facilities and other note-issuance facilities.

Residents or non-residents

Natural and legal persons according to the definitions laid down in the exchange control regulations in force in each Member State.

Proceeds of liquidation (of investments, securities, etc.)

Proceeds of sale including any capital appreciation, amount of repayments, proceeds of execution of judgements, etc.

Natural or legal persons

As defined by the national rules.

Financial institutions

Banks, savings banks and institutions specializing in the provision of short-term, medium-term and long-term credit, and insurance companies, building societies, investment companies and other institutions of like character.

Credit institutions

Banks, savings banks and institutions specializing in the provision of short-term, medium-term and long-term credit.

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- (1) See Explanatory Notes below.
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- (3) See Explanatory Notes below.