

ANNEX III

REVALUATION ADJUSTMENTS OR TRANSACTIONS

1. The actual reporting population must report revaluation adjustments or transactions as set out in Article 6 of this Regulation. If the actual reporting population reports revaluation adjustments, these will cover either revaluations due to price and exchange rate changes, or only price changes in the reference period, subject to the relevant NCB's prior approval. If the revaluation adjustment covers only revaluations due to price changes, the relevant NCB collects the necessary data, which should cover as a minimum a currency breakdown into pound sterling, Swiss franc, yen and US dollar in order to derive the revaluations due to exchange rate changes.
2. 'Financial transactions' refers to those transactions that arise out of the creation, liquidation or change in ownership of financial assets or liabilities. These transactions are measured in terms of the difference between stock positions at end-period reporting dates, from which the effect of changes due to influences from 'revaluation adjustments' (caused by price and exchange rate changes) and 'reclassifications and other adjustments' is removed. The European Central Bank requires statistical information for the purpose of compiling transactions in the form of adjustments covering 'reclassifications and other adjustments' and 'price and exchange rate revaluations'. Financial transactions should in principle comply with the ESA 2010, but may deviate due to national practices.
3. 'Price and exchange rate revaluations' refers to fluctuations in the valuation of assets and liabilities that arise either from changes in the prices of assets and liabilities and/or the exchange rates that affect the values expressed in euro of assets and liabilities denominated in a foreign currency. The adjustment in respect of price revaluations of assets/liabilities refers to fluctuations in the valuation of assets/liabilities that arise because of a change in the price at which assets/liabilities are recorded or traded. The price revaluations include the changes that occur over time in the value of end-period stocks because of changes in the reference value at which they are recorded, i.e. holding gains/losses. Movements in exchange rates against the euro that occur between end-period reporting dates give rise to changes in the value of foreign currency assets/liabilities when expressed in euro. As these changes represent holding gains/losses and are not due to financial transactions, these effects need to be removed from the transactions data. In principle, 'price and exchange rate revaluations' also contain valuation changes that result from transactions in assets/liabilities, i.e. realised gains/losses; however, there are different national practices in this respect.