

Explanatory notes
on reports on the status of claims and liabilities pursuant to section 66 of the Foreign Trade and Payments Regulation (*Aussenwirtschaftsverordnung*) arising from derivative financial instruments

Reporting form Annex Z 5b to the Foreign Trade and Payments Regulation

Residents – with the exception of monetary financial institutions (MFIs), investment stock corporations, alternative investment fund manager for their investment funds and private individuals – are required to report all their claims and liabilities vis-à-vis foreigners arising from financial and trade credits if the sum of the foreign claims or the sum of the foreign liabilities amounts to more than €5 million at the end of a given calendar month. The definitions of German foreign trade and payments law and the explanatory notes thereto shall be applicable. All counterparties domiciled outside Germany – also those domiciled in other euro-area member states – are consequently to be classified as foreign.

Furthermore, residents whose aggregate external claims or liabilities arising from financial relationships amount to **more than €500 million** (or the equivalent in other currencies) have to report their claims and liabilities vis-à-vis foreigners arising from derivative financial instruments once a quarter (at the end of the quarter). The reporting form distinguishes between positions vis-à-vis foreign banks and those vis-à-vis foreign enterprises. The latter are broken down further by affiliated enterprises and other enterprises. Foreign enterprises also include foreign futures exchanges and central counterparties domiciled abroad.

Derivatives are pending contracts whose value responds to changes in the value of an underlying asset, such as an interest rate, exchange rate or commodity price; they can be purchased at little or no cost; and they are not fulfilled until a future date. **Examples of derivatives include options, futures, swaps, forwards or commodities futures contracts whose primary object is not delivery of the goods, but cash settlement.** Both exchange-traded and over-the-counter (OTC) contracts are to be reported.

The positive or negative fair value of the respective pending contract arising from derivative transactions as at the end of the reporting quarter is to be regarded as the claim or liability from derivative financial instruments.

The fair value is usually equivalent to the market price (see section 255 (4) of the German Commercial Code (*Handelsgesetzbuch*)). Derivatives with a positive fair value must be reported as claims, while those with a negative fair value must be reported as liabilities. Notional values are not to be stated.

All claims and liabilities are to be entered **in thousands of euro** and broken down according to country. Amounts in foreign currencies are to be **converted into euro** at the ESCB reference rates on the reporting date. Please **do not enter any negative values** in the forms.

The report is to be submitted **by the 50th calendar day following the end of each calendar quarter**.

Information on the foreign trade and payments reporting system

Hotline: 0800 1234 111 (freephone – only available if call is made from a German landline)

Internet: www.bundesbank.de under Service/Reporting systems/External sector statistics

Newsletter: www.bundesbank.de under Service/Newsletter (category: Meldewesen Aussenwirtschaft)
(in German only)

E-mail: presse-information@bundesbank.de