

**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
financial and trade credits**

Reporting forms Z 5 and Z 5a to the Foreign Trade and Payments Regulation

A General information

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 € 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.

Form **Z 5** is to be used for all short and longer-term claims and liabilities **vis-à-vis foreign banks**. **Z 5a forms** are to be used for claims and liabilities **vis-à-vis foreign non-banks**. Forms **Z 5a sheet 1/1 and sheet 1/2** are to be used for **claims and liabilities arising from financial relationships**, and **Z 5a sheet 2/1 and sheet 2/2** for those **arising from transactions in goods and services**.

All unsecuritized claims and liabilities vis-à-vis foreign banks are to be specified in the Z 5 form. These include short and longer-term credit balances held with foreign banks as well as all short and longer-term loans taken out at foreign banks, irrespective of whether the credit amount was transferred to Germany or used outside Germany (e.g. to pay for imported goods). Cash collateral transferred or received in connection with securities lending transactions is also included here. Credit balances with banks or liabilities to banks that are affiliated with the party required to report or are linked to the party required to report by way of a participating interest are likewise to be recorded here. Claims and liabilities arising from the granting and taking up of promissory note loans and the purchase of registered debt securities are also to be shown here.

All unsecuritized short and long-term claims and liabilities vis-à-vis foreign non-banks are to be stated in reporting forms Z 5a sheet 1/1 and sheet 1/2, provided the claims and liabilities in question do not arise from transactions in goods and services. Cash collateral transferred or received in connection with securities lending transactions and claims arising from the

granting of promissory note loans and the purchase of registered debt securities are also to be included here. Claims and liabilities arising from trade credits, credit terms granted and used as well as down payments made and received are to be reported on forms Z 5a sheet 2/1 and sheet 2/2.

All claims and liabilities are to be entered in thousands of euro and broken down according to country and contract currency. 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 form.

The originally agreed maturity or notice period and not the remaining maturity on the reporting date are decisive for the maturity classification of claims and liabilities. Claims and liabilities where no maturities or periods of notice have been agreed are deemed to be of a short-term nature.

The following should not be included in the reports

- Credit commitments that have not been drawn,
- Capital interests in foreign banks and non-banks,
- Mezzanine capital (including participation rights capital) if it can be assigned to equity capital in the balance sheet,
- Claims and liabilities securitized in marketable securities (claims and liabilities arising from bills of acceptance and exchange are therefore to be included in the report),
- Loans in kind, e.g. claims to the return of securities lent or the obligation to return securities borrowed in connection with securities lending operations.

Reports are to be submitted to the Deutsche Bundesbank electronically on **the last working day of the preceding month** and **no later than the tenth (Z 5) or twentieth day (Z 5a)** following the end of the month.

If a party that was required to report on an earlier reporting date initially falls short of the aforementioned reporting threshold of €5 million and is therefore not required to return a report, it must notify the office to which it normally returns reports by the tenth (Z 5) respectively twentieth day (Z 5a) of the following month (nil report). The reporting requirement comes into effect again if the €5 million threshold is exceeded at a later point.

B Affiliated enterprises

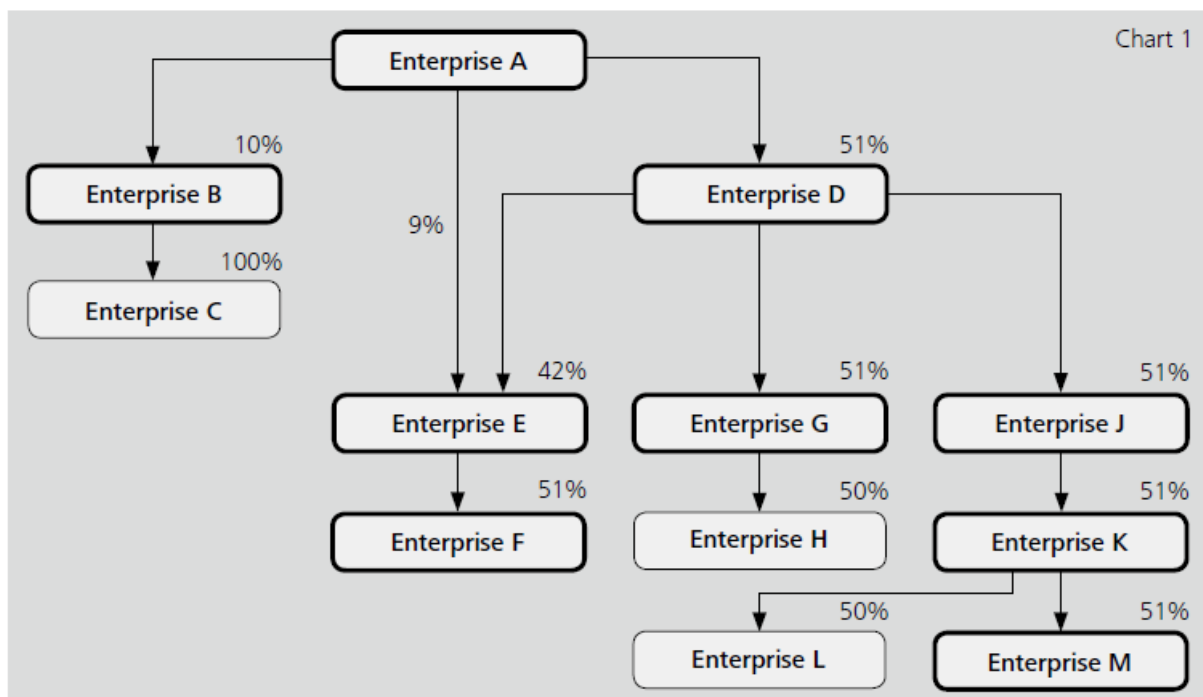
Claims and liabilities vis-à-vis foreign affiliated enterprises and claims and liabilities vis-à-vis other foreign non-banks are to be shown separately. Whether a foreign enterprise is affiliated and what type of participating interest exists is determined in each individual case by the Notes on the Coding List for the Balance of Payments Statistics, Special Statistical Publication 7 of the Deutsche Bundesbank, September 2013, page 75 et seq.

Enterprises are considered to be affiliated within the meaning of the reporting rules if

- a) 10% or more of the nominal capital or voting rights of the non-resident enterprise can be directly attributed to the resident enterprise or
- b) either indirectly or directly and indirectly taken together, more than 50% of the nominal capital or voting rights of the non-resident enterprise can be attributed to the resident enterprise¹ or
- c) there is no direct or indirect stake linking the resident and the non-resident enterprise but both enterprises – directly or indirectly – share a common direct investor (“fellow subsidiaries”).

Criteria a) and b) apply accordingly to a **non-resident direct investor and its resident subsidiary**.

This is illustrated in chart 1.



¹ In this case, the non-resident enterprise is considered to be dependent on the resident enterprise. For further details on the concept of a dependent enterprise see also Section 64 and 65 of the Foreign Trade and Payments Regulation.

The chart shows a group of affiliated enterprises, known as a direct investment relationship (outlined in bold). Enterprises in which enterprise A has a direct stake of 10% or more are regarded as affiliated enterprises (B, D).

Furthermore, enterprise D is also considered to be dependent on enterprise A as the latter has a stake of more than 50% in the former.

Where such dependent enterprises have further downstream stakes of more than 50% in other enterprises, the latter are likewise considered to be dependent enterprises of enterprise A (G, J, K, M), and thus also form part of the same direct investment relationship.

Where more than 50% of another enterprise is attributable to one or more enterprises that are dependent on enterprise A, or on enterprise A combined with its dependent enterprises, this enterprise (E) is also classified as being dependent on enterprise A ($9\%_{\text{direct}} + 42\%_{\text{indirect}} = 51\%$). Since enterprise E, as a dependent enterprise, has a downstream stake of over 50% in enterprise F, the latter is likewise considered to be dependent on enterprise A and is thus part of the direct investment group headed by enterprise A.

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