

1.34 **Financial innovation** is the emergence and growth of new financial instruments and arrangements among institutional units. Examples of instruments covered include financial derivatives, securitization, index-linked securities, and gold accounts. An example of institutional arrangements are special purposes entities and complex, multi-economy corporate structures. There are enhanced guidelines on direct investment in cases of long and complex chains of ownership, revised in conjunction with the revised *OECD Benchmark Definition of Foreign Direct Investment*. Revised treatments of insurance and other financial services are adopted. The *Manual* also provides expanded treatment on the issues of loan impairments, debt reorganization, guarantees, and write-offs.

1.35 In addition, the *Manual* incorporates changes arising from other statistical manuals, particularly the *2008 SNA*. The harmonization with other macroeconomic statistics is strengthened in terms of presentation by more details on the underlying economic concepts and their associated links with the equivalent parts of the *SNA* and other manuals. Other changes were made in response to requests to provide clarification or further detail on particular topics.

1.36 The overall structure of the accounts and broad definitions are largely unchanged in this edition, so the changes are less structural than those made for the fifth edition. Rather, economic and financial developments and evolution of economic policy concerns are taken into account, as well clarification and elaboration provided. A list of changes made in this edition of the *Manual* is included as Appendix 8.

## E. Revisions between Editions of the *Manual*

1.37 The IMF and the Committee have developed procedures for making updates of the *Manual* on an ongoing basis between major revisions. Under these procedures, updates can be divided into four types:

- (a) editorial amendments;
- (b) clarifications beyond dispute;
- (c) interpretations; and
- (d) changes.

Each of these types of updates has a different set of steps that are to be followed in the consultation process.

1.38 **Editorial amendments** refer to wording errors, apparent contradictions, and, for non-English versions of the *Manual*, translation errors. These corrections affect neither concepts nor the structure of the system. IMF staff will draft these amendments, which will be brought to the Committee for advice. An errata sheet will then be produced, and the amendments will also be publicized through the website.

1.39 A **clarification beyond dispute** would arise when a new economic situation emerges or when a situation that was negligible when the *Manual* was produced has become considerably more important; however, the appropriate treatment under existing standards is straightforward. IMF staff will draft these clarifications, based on existing recommendations, and after advice from the Committee, they will be publicized through the website and the newsletters.

## INTRODUCTION

1.40 An **interpretation** would arise when an economic situation arises for which the treatment under the *Manual* may not be clear. Several solutions on how to treat the situation may be proposed because it is possible to have different interpretations of the *Manual*. In this case, IMF staff, in consultation with the Committee, will draft preliminary text that will be sent to panels of experts, and to the InterSecretariat Working Group on National Accounts (ISWGNA) (if also relevant to *SNA* experts). IMF staff will propose a final decision, in consultation with the Committee. Interpretations will be publicized through the website and the newsletters.

1.41 A **change** to the framework would arise when an economic situation arises in which it becomes apparent that the concepts and definitions of the framework are not relevant, or are misleading and will require change. In such a situation, parts of the *Manual* may need to be substantially rewritten to reflect the needed changes. In such a case, IMF staff, in consultation with the Committee, will prepare proposals that will be disseminated widely, to panels of experts, to the ISWGNA (if also relevant to the *SNA*), and to all IMF member countries. The Committee will advise how such changes should be incorporated into the framework, whether promulgated immediately through a booklet detailing the amendments to the *Manual* or through issuing a new *Manual*. Information will be produced and provided to all countries with changes also publicized through the IMF website and the newsletters.

1.42 The IMF website will provide a consolidated list of these decisions.

1.43 A research agenda has been identified for possible future work. It includes:

- (a) ultimate investing economy and ultimate host economy in direct investment (see paragraph 4.156);
- (b) whether direct investment relationships can be achieved other than by economic ownership of equity (e.g., through warrants or repos) (see paragraph 6.19);
- (c) pass-through funds (see paragraphs 6.33–6.34);
- (d) reverse transactions (including short positions and investment income receivable/payable while a security is on-lent) (see paragraphs 5.52–5.55, 7.28, 7.58–7.61, and 11.69);
- (e) extended use of fair values of loans (see paragraphs 7.48–7.49);
- (f) how the risk and maturity structure of the financial assets and liabilities should be taken into account in the reference rate for calculations of financial services indirectly measured (see paragraphs 10.126–10.136);
- (g) investment income, in particular the different treatments of retained income for different investment types and the borderline between dividends and withdrawal of equity (see Chapter 11 Primary Income);
- (h) debt concessionality, in particular whether the transfer element should be recognized and, if so, how it should be recorded (see paragraphs 12.44 and 13.33); and
- (i) emission permits (see paragraph 13.14).