

## **Traded loans (borderline between securities and other financial instruments)**

With respect to question (a), the AEG decided that the current SNA position should be maintained: that is, the loan should be reclassified as a security only if there is evidence of a market and there are quotations in the market.

This change of category of financial instrument is achieved via a change in classification entry in the other changes in the volume of assets account and not via transactions cancelling the loan and issuing a security.

The fact that a loan is sold once does not necessarily involve reclassifying the loan as a security.

Questions (b) and (c) were not considered by the AEG because in general traded loans would not be reclassified as debt securities – they would not change their classification status as a result of being sold.

There was agreement not to break down loans into traded and non-traded categories.

With respect to question (e), the AEG agreed that untraded securities should not be reclassified.