



9 May 2018

Explanatory Notes

Statistics on Holdings of Irish Government Long-Term Bonds

Data Sources

Data Compilation from September 2016 to present

The compilation of the holders of Irish Government Bonds is sourced from a mix of direct reporting on a monthly basis and quarterly reporting. Credit institutions and Central Bank are sourced from internal Central Bank holdings and direct reporting by credit institutions and credit unions on a monthly basis. Investment Funds, Financial Vehicle Corporations and Insurance Companies (solvency II home basis) are directly reported to the Central Bank on a quarterly basis and therefore the off quarter months will be the roll on of the quarterly data. Pension funds, Other financial intermediaries, Non-Financial Corporates and Households are reported by Irish resident custodians on a monthly basis and only reflect their holdings on behalf of these sectors. Non-resident holders is the balance of the total minus the Irish resident holders. All figures are subject to revision on a quarterly and annual basis.

Data Compilation from December 2013 – August 2016

The introduction of the Securities Holding Regulation¹ from December 2013 has enabled the enhanced collection of data from resident custodians who hold securities on behalf of investors. This has resulted in the expanded publication of statistics on resident holders of Irish Government Bonds. The data compilation is assisted also by the long-term government bond register maintained by the Central Bank of Ireland as well as other information provided by national authorities.

Currently there is no direct reporting by insurance companies or pension funds to the statistics division of the Central Bank of Ireland, and therefore, the figures reflected here for those sectors are reported to us as being held by the custodians on behalf of insurance companies and pension funds.

Data Collected prior to December 2013

The allocation of long-term securities to creditors is generally problematic due to the frequent transactions that may occur on secondary markets through intermediaries acting on behalf of investors, and long custodian chains obscuring the identity of the ultimate holders. Due to changes in the structure of the custodian reporting population, the Central Bank of Ireland has aggregated its classification for Irish financial intermediaries for 2012 and 2013. A new data collection system, including direct reporting from custodians has facilitated the reporting of more detailed information from December 2013. The custodian data are supplemented by

¹ http://www.ecb.europa.eu/ecb/legal/pdf/l_30520121101en00060024.pdf

information collected from end-investors and from the long-term Government bond register maintained by the Central Bank of Ireland.

Information from domestic banks on the volume of their own account holdings, as well as the holdings of nominee accounts is collected by the Central Bank. In this regard, where a bank is acting as a custodian, the sectoral breakdown of these nominee accounts is requested, thus allowing the Central Bank to “look through” the custodian to end-investor in Irish Government bonds. In addition, other information provided by national authorities facilitates monthly compilation of resident holders of Government bonds statistics by the Central Bank.

Definitions of Sectors:

Credit Institutions

The deposit-taking corporations sector, (excluding the Central Bank) includes all financial corporations and quasi-corporations, which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units, hence not only from MFIs, and, for their own account, to grant loans and/or to make investments in securities.

The following financial intermediaries are classified in this sector:

- commercial banks, ‘universal’ banks, ‘all-purpose’ banks;
- savings banks (including trustee savings banks and savings banks and loan associations);
- post office giro institutions, post banks, giro banks;
- rural credit banks, agricultural credit banks;
- cooperative credit banks, credit unions;
- specialised banks (e.g. merchant banks, issuing houses, private banks); and
- electronic money institutions principally engaged in financial intermediation.

General Government

The government sector consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth.

Investment Funds

Collective investment schemes that raise funds by issuing shares or units to the public. The proceeds are invested in financial and nonfinancial assets.

Financial Vehicle Corporations

These are entities set-up with the purpose of carrying out securitisation transactions and whose structure is intended to isolate the payment obligations of the undertaking from those of the originator

Insurance Corporations

The insurance corporations sector consists of all financial corporations and quasi-corporations who are principally engaged in financial intermediation as the consequence of the pooling of risks mainly in the form of direct insurance or reinsurance.

Insurance corporations provide the following services:

- life and non-life insurance to individual units or groups of units;

- reinsurance to other insurance corporations.

Pension Funds

The pension funds sector consists of all financial corporations and quasi-corporations who are principally engaged in financial intermediation as the consequence of the pooling of social risks and needs of the insured persons (social insurance). Pension funds as social insurance schemes provide income in retirement, and often benefits for death and disability. This sector consists of only those social insurance pension funds that are institutional units separate from the units that create them. Such autonomous funds have autonomy of decision and keep a complete set of accounts. Non-autonomous pension funds are not institutional units and remain part of the institutional unit that sets them up.

Other Financial Intermediaries

The other financial intermediaries sector, excluding insurance corporations and pension funds, consists of all financial corporations and quasi-corporations who are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits, or investment fund shares, or in relation to insurance, pension and standardised guarantee schemes from institutional units.

Non-Financial Corporations

All private and public institutional units which are not classified as financial corporations, but rather engage in the production of goods and non-financial services with the object of generating profit.

Households

Individuals or groups of individuals (includes non-profit institutions acting on behalf of households) acting as:

- consumers;
- producers of goods and non-financial services exclusively intended for their own final consumption; and
- small-scale market producers (such as sole proprietorships and partnerships without independent legal status, usually drawing on their own labour and financial resources).