

Appendix I: The Special Data Dissemination Standard and the Data Template on International Reserves/Foreign Currency Liquidity

The IMF's Special Data Dissemination Standard (SDDS) was established by the Fund's Executive Board in March 1996, with the aim of enhancing the availability of timely, reliable, and comprehensive economic and financial statistics. The SDDS was intended to guide member countries that have, or might seek, access to international capital markets in their provision of economic and financial data to the public. It was anticipated that the SDDS would contribute to the pursuit of sound macroeconomic policies and aid the functioning of financial markets.

Subscription to the SDDS is voluntary, and subscribing members agree to provide information on data categories that cover the four sectors of the economy (national income and prices, the fiscal sector, the financial sector and the external sector). Within these sectors the SDDS prescribes the coverage, periodicity (or frequency), and timeliness with which the data are to be disseminated. The SDDS coverage also prescribes the advance dissemination of release calendars for the data categories and that the data be simultaneously released to all interested parties. More information on the SDDS can be found on the IMF's website at dsbb.imf.org.

The original specification of the SDDS included, as a prescribed category, the presentation of information on gross international reserves (reserve assets) with a periodicity of one month and a lag of no more than one week. The provision of these data with a periodicity of one week was encouraged. The SDDS also encouraged, but did not prescribe, the provision of information on reserve related liabilities.

At the time of the Executive Board's first review of the SDDS in December 1997, events in international financial markets had underscored the importance of the timely provision of information on a country's reserves and reserve related liabilities. It became clear that monthly information on gross international

reserves alone did not allow for a sufficiently comprehensive assessment of a country's official foreign currency exposure, and hence its vulnerability to pressures on its foreign currency reserves. At this time the Executive Board asked the staff to consult with SDDS subscribing countries and with users of the SDDS to determine what might be done to strengthen the coverage of reserves and reserve related liabilities in the SDDS. The results of this consultation were initially considered by the Executive Board in early September 1998 and were further discussed, including review of an initial proposal for a disclosure template on international reserves and related items, in December 1998, at the time of the second review of the SDDS. The Executive Board reached a decision on the means of strengthening the provision of information on international reserves and foreign currency liquidity within the SDDS in March 1999.

The Executive Board's decision is embodied in the template on international reserves and foreign currency liquidity that is contained in the main text of this document. In addition to providing for more explicit specification of the constituents of official reserve assets, the template provides for the inclusion of details on other official foreign currency assets, and on predetermined and contingent short-term net drains on foreign currency assets. It is thus much broader in conception than the original SDDS specification of gross reserves assets and establishes a new standard for the provision of information to the public on the amount and composition of reserve assets, other foreign exchange assets held by the central bank and the government, short-term foreign liabilities, and related activities that can lead to demands on reserves (such as financial derivatives positions and guarantees extended by the government for private borrowing).

In reaching its decision on the data template the Executive Board took account of the widespread interest in increasing the transparency of information on international reserves and related information. It was also conscious of the concerns expressed by member countries about the resource costs of compiling and disseminating more detailed, frequent and timely data and the possibility that this would reduce the effectiveness of exchange market intervention. The final decision reflected a balancing of these objectives and concerns. The template was

finalized in cooperation with a working group of the Committee on the Global Financial System of the G-10 Central Banks.

The SDDS prescription for completion of the data template calls for the full dissemination of data on a monthly basis, with a lag of no more than one month, although data on gross international reserves are still prescribed for dissemination on a monthly basis with a lag of no more than one week. The dissemination of the full template on a weekly basis, with a one week lag, is encouraged.