

## ***1. General information***

### *Name*

Portfolio investment

### *Supervisor of statistics*

Central Bank of Iceland, Statistics and IT

### *Purpose*

The purpose of statistics on portfolio investment is to measure Iceland's foreign portfolio investment transactions and positions with non-residents.

### *References*

The Central Bank collects data from deposit-taking corporations, and other financial corporations. They report on their own account and on behalf of customers.

### *Statutory authority*

The compilation of data, calculation, and publication of the balance of payments as provided for in Chapter IX of the [Act on the Central Bank of Iceland, no. 92/2019](#) and the Foreign Exchange Act, no. 87/1992. These Acts (and the respective regulations, [Rules on the Obligation to Provide Information in respect of Foreign Exchange Transactions and Cross Border Capital Movements, no. 13/1995](#)) contains provisions on resident entities' disclosure requirements and on the obligation of Central Bank employees to observe confidentiality concerning the data compiled for statistical reporting.

## ***2. Methodology***

### *Terminology and definitions*

#### **Residents and non-residents**

The definition of resident and non-resident as set forth in the BPM6 accords with that in the Foreign Exchange Act, no. 70/2021 and Law on legal domicile and residence no. 80/2018. A resident is any individual and legal entity permanently residing in Iceland, irrespective of nationality. Students and embassy employees are exempt from the residency requirement. Therefore, Icelandic students and their families who reside abroad are considered residents, and foreign embassy employees are considered non-residents. Non-residents shall mean all parties except residents.

**Securities** are debt instruments and share capital that is readily negotiable. Securities are structured so as to make it easy to trade them, usually on a securities exchange or an over-the-counter market.

**Residents** are any individual permanently resident in Iceland in accordance with the provision of the Act on legal domicile, irrespective of nationality. Students and embassy employees are exempt from the residency requirement. Therefore, Icelandic students and their families who reside abroad are considered residents, and foreign embassy employees are considered non-residents. **Non-residents** shall mean all parties except residents.

**Equity securities** are claims for a specified ownership share in an undertaking, and they entitle the owner to a portion of the excess book value of the company and its annual profit. Equity securities are classified as portfolio investment if the shareholding equals less than 10% in the company concerned. Equity holdings exceeding 10% are classified as direct investment. Investments in equity securities are usually short-term and, unlike direct investment, are not intended to exert control over the management or policies of the company.

**Investment fund shares** are financial instruments that give the investor a claim on a portion of a collective investment fund. All owners of fund shares have the same right to the fund's income and assets, in proportion to their holding.

**Debt securities** are negotiable instruments serving as evidence of a debt. Among them are bills, bonds, notes, certificates of deposit, debentures, asset-backed securities, money market instruments, and similar instruments normally traded in the financial markets.

### ***Institutional sector classification***

#### **Central Bank**

#### **Deposit-taking corporations**

#### **General government**

#### **Other sectors**

##### Other financial corporations

- Money market funds (MMF)

- Non-MMF investment funds

- Other financial intermediaries

- Financial auxiliaries

- Captive financial institutions and money lenders

- Insurance companies

- Pension funds

Non-financial corporations, households, and non-profit institutions serving households (NPISHs)

Non-financial corporations

Households

Non-profit institutions serving households (NPISHs)

**Long-term debt securities** are with an original maturity of more than one year.

**Short-term debt securities** are with an original maturity of less than a year.

**Valuation** is at market value.

### ***3. Integrity of data***

The integrity of the data is based entirely on correct, timely submittal of reports to the Central Bank and on sampling that covers portfolio investment adequately.

### ***4. Revision schedule***

Previously published figures are revised as new information is received.

### ***5. Publication***

Portfolio investment statistics are published on the Statistics pages of the Central Bank website once a month.