

The Cayman Islands' International Investment Position Metadata

(based on IMF's GDDS Template)

0. Prerequisites

0.1 Legal environment

0.1.1 Responsibility for collecting, processing, and disseminating statistics

The Economics and Statistics Office (ESO) functions under the authority of the Statistics Law (2016 Revision) – (“the Law”). The Economics and Statistics Office operates under the administration and control of the Director.

Under the provisions of the Law, the Economics and Statistics Office is legally authorized to take any Census in the Cayman Islands and to collect, compile, analyze, abstract and publish statistical information relative to the commercial, industrial, social, economic and general activities and conditions of the people of the Cayman Islands.

0.1.2 Data sharing and coordination among data producing agencies

Economics and Statistics Office is also authorized to collaborate with all departments of Government in the collection, compilation and publication of statistical records of administration.

0.1.3 Confidentiality of individual reporters' data

Section 17 of the Law prohibits the disclosure of information relating to any individual or business in such a form that would allow any person to identify such information as relating to any identifiable individual or business. The law also sets out particular circumstances where exceptions are permitted (e.g. with written consent of the person or owner of the business).

Persons employed in the execution of any duty under the Law shall, before entering on his duties, make and subscribe before a Justice of the Peace an oath or affirmation of secrecy.

0.1.4 Ensuring statistical reporting

The Economics and Statistics Office is authorized to require persons (households and entities) to supply particulars for a Census or other statistical collection in accordance with the Law.

1. Integrity	
<u>1.1 Professionalism</u>	<p>1.1.1 Impartiality of statistics</p> <p>The Economics and Statistics Office acts independently with regards to the methods used in data estimation and follows the international recommended procedures and methodology.</p> <p>In addition to formal training, ESO staff receives ongoing training conducted by both internal and external experts (including regional and international institutions) in statistical methodology and compilation practices.</p> <p>1.1.2 Selection of sources, methodology, and modes of dissemination</p> <p>Section 8 of the Law shall cause the statistics and other particulars collected under the Law to be compiled, tabulated and shall cause such statistics to be published in such manner as determined by the Economics and Statistics Office in accordance with the publication and dissemination calendar.</p>
<u>1.2 Transparency</u>	<p>1.2.1 Disclosure of terms and conditions for statistical collection, processing, and dissemination</p> <p>The Statistics Law (2016 Revision) is a public document and can be accessed at: http://www.eso.ky/UserFiles/page_docs/files/uploads/docum459.pdf</p> <p>1.2.2 Internal governmental access to statistics prior to release</p> <p>The reports are sent to the Minister who has responsibility for the Economics and Statistics Office. The Minister then takes the report to Cabinet for notation after which the report is released to the general public.</p> <p>1.2.3 Attribution of statistical products</p> <p>No ministerial/Cabinet commentary is attached to the published data.</p> <p>The dissemination of the data by the Economics and Statistics Office is accompanied by a press release on its website.</p> <p>The Economics and Statistics Office makes all its statistical publications available on its website.</p> <p>1.2.4 Advance notice of major changes in methodology, source data, and statistical techniques.</p> <p>There is no advance notice with regards to any major changes in methodology. Information on the changes in methodology is provided in current publications.</p> <p>Revised data are presented in a subsequent report and the revision is marked as revised.</p>

<p><u>1.3 Ethical standards</u></p>	<p>1.3.1 Guidelines for staff behavior</p> <p>A professional culture is strongly embedded in the institution.</p> <p>Before taking up duties at the Economics and Statistics Office, all employees and short-term survey workers, in accordance with Section 9 of the Law, must take an oath or subscribe to an affirmation that they will conform to the requirements of the Law in executing their duties. They will not, without due authority, disclose or make known information that come to their knowledge by reason of their employment. Any violation is deemed an offence and is liable on summary conviction to a fine of five thousand dollars or to imprisonment for a term of one year or to both.</p> <p>This is primarily to impress upon employees the necessity of preserving the confidentiality of information.</p>
<p>2. Methodology</p>	
<p><u>2.1 Concepts and definitions</u></p>	<p>2.1.1 Concepts and definitions</p> <p>The International investment position (IIP) is a statement that shows the value of foreign assets and liabilities at a point in time. It comprises the financial claims on non-residents and the liabilities to non-residents.</p> <p>The IIP of the Cayman Islands is compiled by the ESO the External Sector Statistics Unit (ESS) of the ESO on an annual basis. It largely refers to the framework, concepts, and definitions and classifications on recommendations and guidelines in the sixth edition of the IMF Balance of Payments Manual. However, there are some deviations such as the treatment of the offshore sector. Offshore activities such as those of the offshore units without physical presence in the Cayman Islands are not included in the Cayman Islands BOP statistics. The activities of the offshore units are primarily financial and the professional business services (mainly legal and accounting).</p> <p>The compilation of the IIP depends heavily on data collected from the Annual Balance of Payments Survey which is conducted annually (calendar year) by the ESS Unit. This survey also seeks to measure the investment position, financial transactions and other changes in position, related with claims on and liabilities to non-residents by residents of the Cayman Islands.</p> <p>Additionally, data on the financial sector is also obtained from the Cayman Islands Monetary Authority (CIMA).</p>
<p><u>2.2 Scope</u></p>	<p>2.2.1 Scope of the data</p> <p>Geographic coverage: The Cayman Islands is made up of three (3) islands, i.e. Grand Cayman, Little Cayman and Cayman Brac, all of which are populated.</p>

Coverage: The IIP estimates endeavor to cover all resident transactions with non-residents (except the establishments registered in the Cayman Islands that do not have physical presence). In view of Section 7 of the Law, any company exempted under Section 164 of the Companies Law (2011 Revision), or any trust exempted under Section 70(1) of the Trusts Law (2011 Revision) might be included in the BOP Survey but compliance is voluntary.

The assets and liabilities in the IIP are classified based on their function. The functional categories group together financial instruments based on economic motivations and patterns of behavior. These categories are direct investment, portfolio investment, financial derivatives (other than reserves) and employee stock options, other investment, and reserve assets.

Direct Investment is an investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. These investors include individuals, enterprises or groups of related individuals or enterprises.

Portfolio investment refers to the positions in equity and debt securities other than those included in direct investment or reserve assets. Debt securities comprise bonds, notes and money market instruments. In contrast to direct investment, it indicates investment where the investor is not assumed to have any influence in the operation of the enterprise.

Financial derivatives (other than reserves) these are financial instruments that are linked to another financial instrument, indicator, or commodity through which specific risks can be traded in financial markets in their own right.

Employee stock options are options to buy the equity of a company, offered to employees of the company as a form of remuneration.

Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options, and reserve assets. Other investment covers trade credits, loans (including financial leases), currency and deposits, and a residual category for any other assets and liabilities.

Reserve assets refer to those foreign financial assets that are readily available to, and controlled by the monetary authority for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing).

Exceptions to coverage

Due to administrative complications and measurement difficulties, the ESO does not collect data on the following:

- Financial positions of units registered in the Cayman Islands but

	<p>without physical presence on the Islands. These units are also exempted from surveys as companies under the Companies Law. Trust companies registered under the Trusts Law are also exempted as legally mandated.</p> <ul style="list-style-type: none"> • Assets of Caymanian households such as investments abroad • Employee stock options • Financial position of holding companies • Illegal or informal activities.
<p><u>2.3</u> <u>Classification/sectorization</u></p>	<p>2.3.1 Classification/sectorization</p> <p>Classification system: Economic transactions are largely classified according to international standards and conventions described in the sixth edition of Balance of Payments Manual (BPM6).</p> <p>The IIP data is presented in the following classification:</p> <p>International Investment Position Assets Liabilities</p> <p>Assets and Liabilities</p> <ol style="list-style-type: none"> 1 Direct Investment 2 Portfolio Investment 3 Financial Derivatives 4 Other Investment 5 Reserve Assets <p>Assets and liabilities by Instrument</p> <ol style="list-style-type: none"> 1 Equity and investment fund share/units 2 Currency and deposits 3 Debt securities 4 Loans 5 Financial derivatives 6 Other financial assets
<p><u>2.4</u> <u>Basis for recording</u></p>	<p>2.4.1 Valuation</p> <p>The valuation generally used is the market price; however there are instances where the book value or the price agreed upon by the transactors is used.</p> <p>Where transfer pricing may occur, no adjustments are made for transfer pricing.</p> <p>The IIP is compiled in Caymanian dollars (CI\$); transactions are converted from other currencies to CI using the exchange rate for the reporting period.</p> <p>2.4.2 Recording basis</p> <p>As far as is feasible, the accrual basis is used.</p> <p>Data are compiled for the calendar year. No adjustments are made for establishments that compile accounts on a fiscal accounting year.</p>

3. Accuracy and reliability

3.1 Source data

3.1.1 Source data collection programs

Primary data are obtained from a diverse range of data sources in the compilation of the IIP. The source data are under continuous review to ensure that that data collection system is comprehensive.

The principal sources of data for estimating the IIP are;

- The annual survey of business establishments (BOP survey)
- Detailed financial statement of businesses as available
- Survey of Living Conditions
- Labour Force Survey
- Government accounts
- Administrative records
- Cayman Islands Monetary Authority (CIMA) records and data
- Statutory Authorities' reports

The annual business survey is sent to all entities contained in the business register deemed to have transactions with non-residents, with the exception of the entities exempted by the Company Law, majority of which are entities without physical presence in the Cayman Islands.

3.1.2 Source data definitions, scope, classifications, valuation, and time of recording

Direct Investment: BOP survey, administrative records, and data provided by CIMA.

Portfolio Investment: BOP survey, administrative records, and data provided by CIMA.

Financial Derivatives and employee stock options - BOP survey, administrative records, and data provided CIMA.

Other Investment: BOP survey, administrative records, and data provided by the CIMA.

Reserve Assets. Data obtained from the CIMA.

3.1.3 Source data timeliness

Annual surveys are sent three months following the end of the reference year and should be returned within six weeks. Between the due date and the commencement of the estimation of the IIP statistics, intensive follow up with respondents is undertaken.

<p><u>3.3 Statistical techniques</u></p>	<p>3.3.1 Source data statistical techniques</p> <p>All data acquired via the annual IIP survey, regulatory authorities and administrative sources and other surveys are edited and verified for the validity of the data. The key data sources are the BOP survey and CIMA's database.</p> <p>3.2.2 Other statistical procedures</p> <p>Adjustments for non-response are based on the employment data contained in the ESO Business Register, comparable companies and previous survey returns.</p>
<p>4. Serviceability</p>	
<p><u>4.1 Periodicity and timeliness</u></p>	<p>4.1.1 Periodicity</p> <p>The IIP statistics are compiled and disseminated on an annual basis.</p> <p>4.1.2 Timeliness</p> <p>The IIP preliminary estimates for the last year are available 12 months after the reference year.</p>
<p><u>4.2 Consistency</u></p>	<p>4.2.1 Internal consistency</p> <p>Data on the IIP are published in two publications:</p> <ul style="list-style-type: none"> • The Cayman Islands' Balance of Payments and International Investment Position Report • The annual publication "Cayman Islands Compendium of Statistics." <p>4.2.2 Temporal consistency</p> <p>The annual IIP in the "BPM6" framework is available from 2012 till 2016.</p> <p>Every effort is made to present data in a consistent manner.</p> <p>The IIP for 2012 to 2016 is available on the website.</p>
<p><u>4.3 Revision</u></p>	<p>Revisions to the preceding two calendar years data are reflected at the next publication date of the BOP and IIP Report.</p> <p>"Preliminary" is used to describe the first release of data which are subject to revision. Subsequent amendments to these data are shown as "Revised."</p> <p>Changes in the methodology used in the compilation of statistics are reported in the BOP publications.</p>

5. Accessibility	
<u>5.1 Data</u>	<p>5.1.1 Statistical presentation</p> <p>Data are disseminated in millions of Caymanian dollars showing the following: financial assets and liabilities by functional category, financial instrument and by institution.</p> <p>5.1.2 Dissemination media and format</p> <p>The ESO website gives free access to the Balance of Payments reports on-line via https://www.eso.ky/balanceofpaymentsreport.html.</p> <p>Hard copies may be requested via e-mail: infostats@gov.ky Tel: 1 (345) 949-0940</p> <p>5.1.3 Advance release calendar</p> <p>Starting 2011, the Economics and Statistics Office has been gazetting and publishing a Statistical Publication Release Calendar annually at the beginning of the year. The release calendar covers all statistical reports compiled and published by the Economics and Statistics Office within the respective calendar year. This is in accordance with the Law.</p> <p>The calendar explicitly states the target date on or before which the report should be released. However, the release of any report is subject to notation by Cabinet.</p> <p>5.1.4 Simultaneous release</p> <p>The BOP/IIP report becomes a public document as soon as it is noted by Cabinet. Once noted, the report is published on ESO's website.</p>
<u>5.2 Metadata</u>	<p>5.2.1 Dissemination of documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques</p> <p>The IIP statistics is included in the Balance of Payments and IIP annual publication and includes an appendix on IIP definitions and a summary of compilation methods.</p>
9. Plans	
<u>9.1 Recent</u>	<p>Recent improvements:</p> <ol style="list-style-type: none"> 1. Revision of the Statistics Law. 2. The formulation of the National Statistical Coordination Committee (NSCC) with a mandate to coordinate the development of a national statistical system that supports better statistics for decision-making in the public and private sectors, and lead to the socio-economic development of all residents.

	<p>3. Compilation of the International Investment Position (IIP)</p> <p>4. Redesign and upgrade of the Economics and Statistics Office's website to ensure a more user friendly experience and more efficient data management.</p> <p>5. Review of the questionnaires to capture other changes and financial transactions separately</p>
<p><u>9.2 General</u></p>	<p>Plans for improvement - Short-term</p> <p>ESO will transition fully to the Sixth Edition of The Balance of Payments Manual (BPM6) in regard to the compilation of external sector statistics.</p> <p>Plans for improvement - Medium-term</p> <p>Revision of series to capture additional data and improved methodology and classifications.</p>
<p><u>9.3 Financial</u></p>	<p>Plans for improvement - TA/financing needs - Medium-term</p> <p>Financial and technical assistance needed for all medium term improvements listed above.</p>