

EUROPEAN COMMUNITIES

MONETARY COMMITTEE

POLICY
ON THE BOND MARKETS
IN THE COUNTRIES OF THE EEC

Current instruments and the use made of them
from 1966 to 1969

Report by an Expert Working Party established by the Monetary Committee
Brussels – October 1970

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I. INTRODUCTION

The Working Party on Securities Markets, consisting of experts nominated by the Member States and the Commission, was set up on 30 October 1967 by the Monetary Committee to gather information concerning the ways in which equilibrium is established on the bond markets in each of the member countries.

It began by making an inventory of the procedures and instruments used to ensure equilibrium. Then, from October 1968 onwards, it analysed the policies pursued by the Member States with regard to their bond markets from 1966 till mid-1969. For this purpose the Working Party used statistical information prepared by a sub-group.

The results of this work were summarized in a report in two parts, the first of which was completed by the end of 1968 and the second early in 1970. They were laid before the Monetary Committee as they became available. While the report was being drafted and after its completion, appreciable changes occurred in the conditions under which equilibrium was brought about in the bond markets. It has not been always possible to take account of these: what is certain is that the very rapid development of these markets compels the authorities, in general, to make continuous changes in the instruments and procedures used to ensure equilibrium and leads to even greater changes in the conditions under which these instruments are used. These changes were on a particularly large scale in the period studied, during which many political and monetary events had a marked influence on the development of the capital markets and on official policy in this field.

It being impossible to bring the report up to date to cover these developments, it was decided to fix the conclusions reached in the two parts of the report at the date on which each was submitted to the Monetary Committee, having due regard to the statistics then available. Much of the statistical annex has, however, been up-dated to the end of 1969.

The main value of this work is probably that it has provided an opportunity for the representatives of the national authorities and of the Commission to carry out detailed discussion of the conditions under which equilibrium on the bond markets is adjusted and by this very process to improve understanding of the machinery and the way it is used.

An improved understanding of the bond markets enables each Member State to gain more from the experience of the partner countries and is a first necessary step towards any alignment at Community level. The Monetary Committee felt, however, that the value of these comparative studies warranted their dissemination outside the Community and the national agencies for which they were originally intended. It therefore decided to publish the report.

But the work already done has also shown the usefulness of closer cooperation in the planning of schemes to reform the structure of the capital market and in the implementation of the policies of the Member States. The Committee therefore decided, when approving the report, to keep the Working Party in being and to extend its mandate to cover all problems connected with the capital markets.

The Working Party's tasks will include:

- (i) The drafting, at the request of the Committee, of any opinions called for in this field;
- (ii) Periodical discussion of developments on Community markets and of their contacts with international markets;
- (iii) The examination of all aspects of the policies pursued by the Member States with regard to the capital markets and of practical opportunities for promoting and facilitating their gradual integration.

PART I

MAINTENANCE OF EQUILIBRIUM
ON THE BOND MARKETS OF THE EEC COUNTRIES:
PROCEDURES AND INSTRUMENTS

(October 1968)

In all member countries the public authorities endeavour to maintain equilibrium on the bond markets, using instruments and procedures made up of a variable mix of official intervention and restraint on the part of issuers. Some of these instruments and procedures were evolved after the world economic crisis, most of them after the Second World War; since then they have been modified everywhere and adapted to the institutional background of the particular country.

The situation on the bond markets, which after the war suffered from a structural shortage owing to a fundamental disequilibrium between the supply of and the demand for long-term capital, has changed in such a way that today the difficulties can in most cases be mitigated by adjustments to the timing of supply and demand and to the terms of issues.

In addition, the authorities in certain Member States have, in the light of their own experience and that of other countries, changed and improved their methods of regulating the markets. While initially the approaches adopted had varied appreciably, with some countries taking a decidedly liberal line while others were more interventionist, the arrangements have been changed repeatedly in some countries and have tended to come closer together.

The scale of market intervention by the authorities cannot be assessed exclusively in terms of the regulations which lay down what they can do in this field; a better means of assessing it is to examine the forms which intervention on the market takes in practice, for in some cases the authorities have not used their powers while in other cases they have used 'moral suasion', their intervention in fact going further than seemed possible in the light of their powers as set down on paper.

The French system is particularly difficult to describe. In April 1968 this system was radically changed along more liberal lines; owing to the events of May, however, the authorities ordered a three-month ban on certain issues, so that the new procedures were tried out for a relatively short period only. It has therefore appeared expedient to describe not only the principles and the working details of the current arrangements but also to recall certain aspects of the system in effect before the reform of April 1968.

CHAPTER I. INTERVENTION BY THE AUTHORITIES AT THE ISSUE STAGE

In all member countries the floating of a public loan is subject to certain controls ensuring at least that the authorities supervising the market are informed and also, in most cases, that the equilibrium of the market is maintained.

There are, however, major differences in the objectives, legal bases and the practical implementation of these controls.

A. Comparison of objectives and methods

Although it is very difficult to give a summary account bringing out resemblances and differences between official policy objectives in the member countries and between the methods used to safeguard market equilibrium, they may be summed up as follows, fuller details for each country being given in the pages that follow.

1. Objectives

The objectives which the authorities of the member countries pursue in practice, explicitly or implicitly, are the following:

- (i) Protection of the saver: all countries;
- (ii) Elimination of temporary overloading of the market: all countries;
- (iii) Stabilization of rates of yield: France, Italy, Netherlands;
- (iv) De facto priority for satisfaction of public sector needs:¹ Belgium, Italy, France (particularly before the reform);
- (v) Priority for domestic issuers over foreign issuers: all countries except Germany and Luxembourg.

¹ Here, the public sector is to be understood in the broad sense and includes central government, local authorities, credit institutions and public and semi-public enterprises.

2. Methods

To attain these objectives, the countries endeavour to stagger issues (procedures used vary in rigour). Methods may be classified as follows:

- (i) Establishment of a time-table by the public authorities: Belgium (for public-sector loans), Italy, France (before the reform);
- (ii) Arrangements to coordinate action between the public authorities and the banks: Netherlands, France (after the reform);
- (iii) Arrangements (a) within a committee of banks to coordinate domestic block issues by the private sector and DM issues by foreign borrowers, and (b) within a committee of public borrowers to coordinate public-sector issues; action to fix the terms and dates of issues by banks: Germany;
- (iv) Autonomous fixing of the date of issue by the banks: Luxembourg;
- (v) Possibility of using rules designed primarily to protect the saver but which can also be used to avoid serious overloading of the market: Germany, Belgium, Luxembourg;
- (vi) Possibility of limiting private-sector issues by administrative action: France, Italy;
- (vii) Possibility of limiting private-sector issues by administrative action: all countries in a period of crisis.

In practice the methods used by the individual countries differ more widely in normal times than in times of a market crisis. Even in the countries where the policy is to regulate the market by relying on issuers' restraint and market forces, the authorities have power, used only in case of serious strain, to limit public-sector issues (Germany, the Netherlands), and even private-sector issues as well (France).

Although three countries have made arrangements to coordinate the timing of issues, the implementing arrangements are in no two cases the same.

In Germany, issues are floated in normal periods without official intervention to regulate the amount, timing or terms. The decision on these points lies with the banks, which take the market situation as a guide. Temporary strains are also eliminated without official intervention thanks to voluntary restraint on the part of the borrowers.

Some groups of issuers have a special coordinating body - the Central Capital Market Committee (Zentraler Kapitalmarktausschuss des Bankgewerbes, ZKA) - for private-sector issues floated through a banking consortium, and the Council on Economic Trends (Konjunkturrat) for public-sector issues. It should, however, be emphasized that the timing of public-sector issues is fixed by the one body independently of the timing arrangements for private-sector issues established by the other.

In normal times, the authorities can influence the timing of public-sector issues only, and their role is confined to ensuring that the public borrowers coordinate action among themselves.

In the case of serious disturbances on the market, which so far have occurred only once, in 1965/66, when the volume of operations dropped by roughly 60%, the authorities may ration public-sector demand (provided an appropriate Decree has been published previously), and also curb in some measure private-sector demand if public issues are affected.

Private placings, however, which constitute a considerable share of the market (25%), are not subject to control by the public authorities, even in times of crisis. These mainly take the form of loans against borrowers' notes¹ (the principal creditors being private insurance companies, which in 1967 granted loans totalling some DM 2 400 million), and registered bonds,² which in 1967 accounted for some 10% of the gross sales of bonds and even less in the normal years prior to 1967 (it is mainly the mortgage institutions which raise additional funds through registered bonds).

In France, by contrast, since the reform of April 1968, the arrangements to coordinate action between the public authorities and the Banking Committee have covered the whole of public- and private-sector issues.

In case of serious strain, the Minister of Economics and Finance may use his powers to delay or suspend all issues.

In the Netherlands, the Central Bank may bring its influence to bear on the banks, particularly as regards the date and possibly also the terms of public issues floated by the private sector and, for certain issues, also by the public sector.

¹ Schuldscheine.

² Namensschuldverschreibungen.

When the market is under strain, the Government may also, by means of a comparatively cumbersome procedure, limit the calls which the public sector makes on the market. There is, however, no way of limiting private-sector demand, except by moral pressure brought to bear on the banks.

Private placings, which in the Netherlands account for a much larger part of the market than in any other EEC country (four times the volume of net domestic issues floated publicly, against at most one fourth or one fifth in the other countries) are not subject to control by the public authorities, and this is a major obstacle to effective public control.

In Belgium and Italy, where the authorities heavily influence or actually control the timing of issues without the banks participating in their decisions, the volume of private-sector issues is relatively small compared with that of public-sector issues (central government, nationalized industries, public credit institutions). This is said to be not so much the result of any rationing of the private sector in order to give the public sector priority as of two special factors: firstly, there are few private-sector enterprises large enough to use the market directly; secondly, enterprises which are able to do so prefer to call on credit institutions, which grant them loans at subsidized rates of interest, and consequently at a cost lower than that of raising funds on the bond market. As loans at subsidized rates are widely available in these countries, many enterprises take advantage of this way of raising funds.¹

In Italy the public credit institutions are also able - quite apart from any subsidization of interest rates - to raise funds on the market and relend them to enterprises at interest rates that are lower than the ones the latter would have to pay if they used the market directly.

There is in Belgium a substantial latent demand from the public sector, which makes as many calls on the market as it can take. This no doubt tends to discourage calls from potential private issuers, without there being a need for a recommendation, let alone an express decision, by the authorities supervising the market.

¹ In France, the problem of the minimum size required for access to the market has been partly resolved by recourse to grouped loans. Loans are also available at interest rates lower than those ruling on the market, but they are granted less liberally than in Belgium and Italy.

In Italy and Belgium, then, the structure of demand for capital explains why the time-table for issues is established by the authorities without official coordination with the banks. The time-table is mainly a function of planned public-sector issues.

B. Legal basis and scope of the powers available to the authorities supervising the markets for public issues floated by residents

1. Main features

Official intervention has three types of legal basis that differ widely:

- (i) Some rules explicitly provide for intervention by the authorities to maintain market equilibrium by rationing demand; this applies in Germany and the Netherlands only in exceptional situations of disequilibrium and only to public-sector demand, in France to all issues but only in case of strain, and in Italy to all issues at all times.
- (ii) Some rules are mainly designed to protect the saver, but may be used in exceptional cases or regularly to maintain market equilibrium as well, by rationing private-sector demand; in Germany these rules have been used in one year only (1966), in Belgium they have been used only at certain moments and only informally, while in Luxembourg they are available but have never yet been used.

In these countries, the market for private-sector issues is regulated less by the actual use of such formal powers than by informal recommendations issued by the relevant authorities.
- (iii) In the Netherlands there is an original type of legal basis for Central Bank intervention in respect of public issues: this is a gentlemen's agreement with the banks, requiring them to keep the Central Bank informed of their issue plans and giving the Central Bank a power of recommendation concerning the date of the issues and the terms upon which they are made.

2. Analysis of intervention on the primary market by country

Germany

(a) Private-sector issues and issues by local authorities

Articles 795 and 808a of the German Civil Code (BGB) make the issue of all bearer or order bonds other than those of the Federal Government, the Länder, the Federal Railways, the Federal Postal Administration and the Equalization of Burdens Fund subject to authorizations. Even issues by local authorities are subject to authorization, as are foreign issues floated in Germany. Similarly, authorization is necessary for tap issues (mortgage bonds and "communal" bonds of the mortgage institutions, and medium-term securities issued by the credit institutions to refinance medium-term investment loans).

The authorization procedure is mainly intended to protect the saver, but as an exception it can in case of crisis also be used to ensure, in the interest of market equilibrium, improved timing of issues.

A law of 26 June 1954 defined the powers of the Ministry for Economic Affairs under this procedure, bringing into effect again Article 795 of the BGB, which had been abrogated by the capital movements laws of 1949 and 1952.

It should, however, be noted that the powers conferred on the Ministry for Economic Affairs were used only in 1965-1966, as an exception, to ensure better spacing out of issues. No express decision was taken to suspend issues, the granting of authorizations being merely delayed in agreement with the issuers.

Normally, temporary fluctuations on the market are avoided by coordination and voluntary restraint on the part of the issuing houses, without public authority intervention. This coordination takes place in the Central Capital Market Committee, composed of eleven representatives of the banks, of whom six are representatives of the credit institutions which issue bonds of their own (tap issues), and one observer from the Bundesbank who informs the Committee of the issue plans of the public authorities.

(b) Public-sector issues

The Act for Economic Stability and Growth of 8 June 1967 gave the Federal Government certain powers of intervention.

This Act set up a Council on Economic Trends (Konjunkturrat für die öffentliche Hand), presided over by the Federal Minister for Economic Affairs and composed of representatives of the Federal Ministry of Finance, the Länder and local authorities. The Bundesbank also sends an observer.

In normal times the Council is nothing more than a body ensuring concerted action and voluntary restraint among public borrowers. It examines the credit requirements of the public sector, assesses the market situation and formulates recommendations concerning priorities among public borrowers and the size of their issues. In doing so, the Council takes into account the urgency of the financing requirements of the private sector as shown in the applications for authorization filed with the Ministry for Economic Affairs and in the information received from the Central Capital Market Committee. It makes no more than a general examination of the terms of the issue, their fixing being normally left to the banks.

In this way the Council has given official status to the round-table talks which have been organized by the Federal Ministry for Economic Affairs since 1965 with the same participants and the same objectives.

In the event of an exceptional situation of market disequilibrium arising the Act confers increased powers of intervention on the Federal Government. It may issue decrees making the Council's recommendations binding and thus:

- (i) Limit public-sector indebtedness in the form of loans or other credit for a specific period;
- (ii) Fix the maximum amount and the terms of loans;
- (iii) Make the issue time-table binding for three months.

These decisions would, however, have to be approved by the Bundesrat (the Upper House of the Federal Parliament).

Furthermore, when loans are floated by the Federal Government, the Federal Railways, the Federal Postal Administration and the Länder, the Bundesbank is also associated with the operation. The issues are floated either through the Bank or in

agreement with it (Article 20(2) of the Federal Bank Law - Bundesbankgesetz). As the Bundesbank is represented on the Council on Economic Trends and on the Central Capital Market Committee, and as on account of its activities it is in permanent touch with the banks and the stock exchanges and therefore has an overall view of the situation on the capital market, it is in a position to give opinions concerning the date, the amount and the terms of public loans. In these opinions, it takes account of the recommendations made by the Council on Economic Trends.

(c) Formalities prior to flotation

To obtain authorization under Articles 795 and 808a of the German Civil Code, the issuer has to file an application with the Federal Ministry for Economic Affairs via the appropriate Ministry of the Land where he resides (generally the Land Ministry of Economics but sometimes also the Land Ministry of Finance), which renders an opinion on the credit rating of the company or the indebtedness of the issuing municipality. Authorization is in general granted within three weeks; five or six weeks may, however, be required if enterprises are involved whose credit standing takes longer to investigate. Costs are very low (0.025% of the amount of the issue, with an upper limit of DM 2 000).

The Federal Ministry for Economic Affairs issues a written authorization valid for one year, and this may be renewed free of charge if necessary.

Belgium

(a) Private-sector issues

The Royal Decree No. 185 of 9 July 1935 setting up the Banking Commission (Commission bancaire), amended by Royal Decree No. 67 of 30 November 1939 (Article 8e), vested this body with the right to supervise private-sector issues.

These supervisory arrangements are designed not only to protect the saver but also to cut down or spread over a longer period issues liable to disturb equilibrium on the capital market. To this end, the Banking Commission sends recommendations to the issuing company and the issuing banks which have filed an application. These recommendations take into account the information available to the Commission on issue plans in the public sector and on the market situation. If its opinion is not complied with, it may delay the operation by three months by means of a decision accompanied by an explanation.

It also makes recommendations on interest rates in an effort to ensure that the yields on issues of private-sector bonds do not differ unduly from the yields on issues of public-sector bonds or from yields on other securities.

There are no coordinating problems between the Banking Commission, which supervises the issuing projects of the private sector, and the Ministry of Finance, which draws up the time-table for public-sector issues, as the volume of public issues by the private sector is relatively small when compared with the public issues floated by the public sector (for the years 1966-1968 they represent some 15% of the net value of all public issues). Contacts are maintained among officials with a view to exchanging information on planned issues.

(b) Public-sector issues

The law of 16 March 1954 and the statutes of the various quasi-public bodies, which all include a clause preventing them from floating loans unless they have received prior authorization from the Minister of Finance, give the Minister considerable influence over the fixing of the time-table.

Loans raised by the quasi-public bodies must also be authorized by the competent Minister.

Every year the Minister of Finance draws up an overall list of the needs of the central government and the various public borrowers and establishes at the beginning of the year the issue time-table, taking into account the national budget and the financial equilibrium of the various quasi-public bodies, the capacity of the market, the trend of the economy and of the balance of payments, and the redemption dates for earlier loans. He also takes account of the issue plans of the private sector, of which he is informed by the Banking Commission. It rarely happens that the time-table is changed during the year but there is nevertheless some room for flexibility despite the structural deficit of the central government and the obligations in connection with redemption.

In regulating the market, the Minister may be assisted by two consultative bodies:

- (i) The Conseil des institutions publiques de crédit (Council of Public Credit Institutions, statute of 1937 amended by Royal Decree No. 18 of 25 May 1967) may be consulted on matters such as the terms of issues by the quasi-public credit institutions;

(ii) The Conseil supérieur des Finances (Higher Finance Council, statute amended by Royal Decree No. 17 of 23 May 1967) may be instructed to assist the Minister in the preparation and implementation of the finance policy measures applicable to the various capital markets; it has, however, not been set up yet.

In short, the Minister of Finance not only regulates the market in the short term but also structural developments in the rates of interest.

(c) Formalities prior to flotation

Any person intending to "display for sale, offer for sale or sell publicly company shares of any kind (actions, titres ou parts bénéficiaires de sociétés) or bonds" must inform the Banking Commission at least fifteen days before the proposed date of issue of the details of the operation envisaged and attach all the information and statements of accounts required in such cases.

The Banking Commission may ask for additional information and address recommendations to the company in an informal way by getting in touch with its management.

If these recommendations are not complied with, the Banking Commission may, by a reasoned decision sent by registered letter, delay the issue for a maximum of three months from the date of notification of the decision to the party concerned.

The quasi-public institutions submit their applications to the Minister of Finance via the competent Minister, who renders an opinion.

France

(a) The powers of the Minister of Economic Affairs and Finance

The law of 23 December 1946 (Article 82) introduced a procedure for prior authorization by the Minister of Economic Affairs and Finance in case of "any increase in capital, no matter what form it takes, any issue, display, offer for sale or introduction on the French market of loans, bonds, shares and securities of French corporations or French private-sector companies".

For issues exceeding FF 250 000, this law gives the Minister the power to regulate all terms (date of issue, amount, rate of interest, issue price, redemption price,

maturity, redemption arrangements and any additional benefits) and to establish a time-table for the issues. This time-table is an effective instrument for the allocation of resources in accordance with the guidelines of the economic plan.

Various ministerial decisions (16 January 1958, 16 June 1958, 7 March 1959, 22 August 1963, 7 January 1966), however, exempted certain issue operations from the prior authorization requirement while retaining the obligation to inform the Minister and his power to delay these issues or modify their terms. Despite this concession, any bond issue exceeding FF 15 million remained subject to prior authorization and any issue exceeding FF 30 million had to be included in the time-table.

By a ministerial decision of 18 April 1969, the Minister of Economic Affairs and Finance waived some of the rights he had under the law of 1946 by abolishing the obligation to seek authorization for any issue of bonds and retaining only the obligation to notify issues of FF 15 million and more.

He reserved, however, the right to depart again from this more liberal system without formality and without notice. Since this reform, all the procedure of 1946 does is to furnish the legal basis for the Minister's discretionary power to delay or suspend issues in case of heavy strain on the market (right of veto).

(b) The role of the banks and of the Banking Commission

The role of the banks and the details of the coordinating arrangement introduced between them and the Minister of Economic Affairs and Finance were set out in a joint declaration of intent by the Minister and the main banks in March 1968.

The absolute powers for fixing the time-table and all terms of an issue enjoyed by the Minister before the reform were replaced by coordination between the Minister and the banks concerning the timing of the issues and the general level of coupon interest rates. The dates, amounts and terms of issues are thus fixed jointly, but in case of conflict the final decision lies with the Minister of Finance.¹ This applies not only to private-sector issues but also to issues by the public and semi-public

¹ During the capital market crisis caused by the events of May 1968, the temporary ban on issues was agreed between the Minister and the banks.

sectors; their needs are still given priority ranking although in 1968 the necessary adjustments affected primarily the public and semi-public sectors. Since the reform of placing techniques, the floating of public-sector loans depends in greater measure than before on smooth cooperation by the banks, as the latter may now refuse to underwrite a public-sector issue which they believe to be too big or made on terms incompatible with the market situation.¹

The banks align their views and coordinate their measures within a Banking Committee consisting of representatives of the three nationalized banks, two non-nationalized deposit banks and one investment bank (banque d'affaires).

(c) Formalities prior to flotation

Since the reform of April 1968, companies are merely required to notify the Ministry of Economic Affairs and Finance fifteen days in advance of any planned issue of an amount of FF 15 million or more.

There are no other written formalities, but a period of about a fortnight is needed for the coordinating contacts between the bankers participating in the issue and the Ministry.

Under the special rules governing loans floated by the Government and its agencies, the local authorities and public enterprises or establishments, all public- and semi-public-sector issues are subject to authorization by decree or ministerial order.

Italy

The combined powers of the Ministers responsible for the Treasury, and for Industry, Commerce and Crafts, of the Central Bank and of the Inter-Ministerial Credit and Savings Committee make it possible to fix all terms of a bond issue and to channel the resources into schemes that enjoy priority under the Government's economic policy.

¹ At the beginning of 1968, the volume of issues by public enterprises dropped for the first time in ten years, and implementation of the reform was accompanied by an increase in the yield on issue in line with market conditions (by about 1/4% for public- and semi-public-sector issues and about 1/3% for issues carrying no government guarantee) while the placing commissions of the banks fell.

(a) Legal basis for official intervention in the authorization procedure

The powers of the various authorities vary somewhat with the type of issuer and the methods of issue.

Banking law No. 375 of 13 March 1936 (Articles 2, 44 and 45) makes all the following types of issue subject to authorization by the Bank of Italy:

- (i) Issue through credit establishments subject to supervision by the Bank of Italy (except for government and government-guaranteed bonds);
- (ii) Securities admitted or to be admitted to quotation on an Italian stock exchange;
- (iii) All issues by credit establishments and institutions, except mortgage bonds (cartelle fondiaria) issued by those institutions entitled to lend on mortgage and those issued by credit institutions which finance public works (cartelle opere pubbliche) and by those institutions entitled to make agricultural loans, if they have been placed on a similar basis to institutions issuing mortgage bonds.

Law No. 428 of 3 May 1955 makes company issues exceeding Lit. 500 million subject to prior authorization from the Ministries responsible for the Treasury, for Industry, and for Commerce and Crafts; the Inter-Ministerial Credit and Savings Committee must be consulted before the authorization is given.

Lastly, the statutes and bye-laws of certain bodies and authorities regulate the terms of issues floated by them:

- (i) Local authorities (Article 300 of the communal and provincial law, amended by law No. 10 of 5 January 1950): authorization by the Ministries of the Treasury and the Interior; the Central Committee for Local Finance and the Council for Provincial Administration (Giunta) must be consulted before authorization is given;
- (ii) IRI: authorization by the Bank of Italy;
- (iii) ENI: authorization from the Ministers responsible for the Treasury, Industry, and Commerce and Crafts, the Ministry of State Participations, and the Bank of Italy;
- (iv) ENEL: authorization by the Inter-Ministerial Credit and Savings Committee and the Bank of Italy;

- (v) Autonomous administrative agencies: authorization by a decree of the Ministers of the Treasury and of State Participations, following an opinion rendered by the Inter-Ministerial Credit and Savings Committee;
- (vi) Motorway companies: authorization by the Ministries of the Treasury, of Industry and of Commerce and Crafts, the Bank of Italy and the Inter-Ministerial Credit and Savings Committee;
- (vii) Finance companies set up by special laws: authorization by the Inter-Ministerial Credit and Savings Committee.

(b) The roles of the various authorities

Each authority has a special task:

The Inter-Ministerial Credit and Savings Committee, presided over by the Minister of the Treasury and consisting of representatives of any of the above-mentioned ministries that are likely to be involved and of the Bank of Italy, must in some cases give its authorization but usually merely renders an opinion; it seeks to achieve stable interest rates by putting out general directives on the terms and details of issues and by ensuring, where it participates in the authorization procedure through endorsement or rendering an opinion, that the yields of similar securities do not show unjustified disparities.

The Treasury reviews the market to establish whether or not the issues can be absorbed, given the needs of official departments, and plays a key role in the vetting of applications.

The Ministries of Industry, of Commerce and Crafts and of State Participations endeavour to channel resources into uses that are in line with the desired development of investment in the various sectors.

The Bank of Italy has the special task of protecting the saver; it examines the issues from a legal and technical point of view and also looks into the financial situation of the issuers. By virtue of a mandate from the Treasury and the Inter-Ministerial Credit and Savings Committee, it also fixes the exact dates and terms for the flotation of issues. The authorization given for issues does not specify the dates when they are to be floated and leaves some latitude as to the terms. In the final analysis it is therefore the Bank of Italy which fixes, under powers delegated to it, the time-table and the details of the issues. It maintains constant contact with borrowers and lenders (particularly the banks) through informal quarterly meetings.

(c) Authorization procedure

The law does not specify the procedure to be followed in authorizing issues. The following "administrative practice" has, however, emerged.

Applications which fall entirely within the competence of the ministries are submitted to the Ministry of Industry or the Ministry of Commerce and Crafts, which pass them on to the Treasury, with a note signifying their approval. The Treasury examines the application in consultation with the Bank of Italy, which is required to obtain the opinion of the Inter-Ministerial Credit and Savings Committee.

The Treasury then issues the authorization requested, referring to the opinion of the Committee and the agreement of the Ministries of Industry and of Commerce and Crafts. If one of the ministries refuses to give its authorization, the procedure is blocked.

Applications for which the Bank of Italy is also responsible are dealt with in the same way, but when the Bank passes the matter on to the Committee it states explicitly whether or not it intends to endorse them. If it withholds its approval, ministerial authorization may still be given, provided the issuing company waives any right to effect the operation through the banks and/or have the securities quoted on the stock exchange.

The procedure takes two to four weeks and the cost (representing stamp tax) is negligible. The applicant then receives an authorization under which he may in principle float a loan within a period varying from a few weeks to several months. The Bank of Italy then informs the issuer of the date and the exact terms for the flotation.

Luxembourg

The Grand-Ducal Decree of 19 June 1965 setting up a Commissariat to supervise banking laid down the respective contributions to be made by the supervising Commissioner and by the Minister at the Treasury to the maintenance of market equilibrium (Article 16) and to the protection of the saver (Article 17), the intention being to put teeth into the company law of 10 August 1915.

Like the Belgian Banking Commission, which served as a model, the supervising Commissioner must be informed of the terms of the operation 15 days before the date of flotation. He may address recommendations to the issuer if a proposed public issue is likely to disturb equilibrium on the market.

If the issuer fails to comply with the recommendations of which he has been notified, the Commissioner may propose to the Minister at the Treasury that he should give a decision accompanied by an explanation, which may be made public. Under such a decision, the issue can be delayed for a maximum of three months.

The same procedure may be followed in the interests of the protection of the saver, but even in this case there is only a power of delay.

In practice, the Commissioner has so far done no more than collect information and has never used his powers, leaving it entirely to the banks to fix the date and the terms of an issue.

For public-sector issues, the Treasury fixes the date of issue independently of any other authority, while the Commissioner ensures that during the period of issue there are no private-sector issues to disturb it.

Netherlands

(a) Powers of the Central Bank

In normal times, the main power to regulate the market lies with the Central Bank by virtue of a gentlemen's agreement concluded with the other banks in 1954. Under this agreement, which is based on an exchange of letters between the Central Bank and the bankers' association, the members of the association are required to inform the Central Bank before floating any public loan of more than Fl. 10 million. The Central Bank then draws up an issue time-table and may recommend that certain issues be held over in order to avoid overloading of the market and an undesirable rise in interest rates; it holds informal discussions with the various banks.

Although there is no sanction for non-compliance with the gentlemen's agreement, it has, to all intents and purposes, the same force as a law, since legal provisions could be adopted if it proved insufficient.

The Central Bank implements the gentlemen's agreement autonomously, reserving the right to:

- (i) Modify its programme should the central government want to use the markets;
- (ii) Take account of the continuing needs of the local authorities and enable the Bank for Netherlands Municipalities (Bank voor Nederlandsche Gemeenten) to float one or two public loans every quarter.

(b) Powers of the Government

The Government contributes to market equilibrium by being careful to adjust its borrowing policy to the capacity of the market, its principle being to give priority to the borrowing requirements of trade and industry and the municipalities.

In addition, the law of 1963 on municipal and provincial expenditure empowers the Minister of Finance, in agreement with the Ministers of Home Affairs and Transport and with the subsequent approval of the Parliament, to place a limit on loans floated by the local authorities or to prescribe certain forms for them in specific circumstances.

- (i) Article 4 of the law authorizes the Government, in case of overheating or a threat of overheating of the economy, to place, for a period of no more than one year, a ceiling on the debts contracted for more than one year by the municipalities and public corporations (in the form of public loans or in any other form) with a view to indirectly curbing investment.
- (ii) Article 5 empowers the Government, when there are strains on the capital market that jeopardize the supply of capital to the municipalities and public corporations or prevent the supply of capital reaching the ceiling fixed under Article 4, to rule that the municipalities and public corporations may contract loans for more than one year with only one or more specific institutions, chiefly the Bank for Netherlands Municipalities. Such central financing is designed to mitigate as far as possible the harmful effects which a serious disturbance of the capital market would have on the financing of the local authorities and the public institutions.

If the economy overheats at a time when the capital market is also under strain - which often happens - a choice must be made between these two instruments, that are mutually exclusive. In practice, loans have been centralized since 1965.

(c) Control procedure

In addition to the regular contacts between the Central Bank and the four or five banks usually leading the issue consortia, the banks have informal contacts with each other before each issue. On this occasion, the Central Bank may make semi-official recommendations on the terms and the timing of an issue. The banks fix the exact date within the margin of two or three weeks given to them. It seldom happens that the Central Bank asks private-sector companies to reduce the amount of the proposed issue, and if the latter have to wait for more than two months they prefer to use the private market, to which they have always had completely free access¹ and which is, depending on the year, three or four times larger than the market for public issues. The market regulation measures of the Central Bank therefore cover only about one fifth of the total market in long-term loans.

C. Control of tap issues and issues placed privately

In all the member countries, these issues are subject to simpler formalities than issues in large tranches.

1. Tap issues

These issues are somewhat difficult to define. Issued continuously or in regular series, they are roughly classifiable as bonds or certificates of deposits, depending on their characteristics, which vary from country to country. Despite these peculiarities they may be considered as part of the medium- and long-term fixed-interest-bearing securities market because they are an alternative means of finance for the issuer or of investment for the saver and because the trend in these issues is often linked to the trend on that market.

¹ The yield on this private market is somewhat higher than the yield for public issues, but the placing commissions on the private market are lower. It should be noted that the underwriting commission for a public issue (1 1/2%) is exceptionally low compared with the commissions charged in the other EEC countries.

These securities are considered in this study even where they are not called bonds, provided they have all of the following features: maturity more than one year, availability to the public, "mobilizability" (even if on a special market or only with the issuer), yield close to that of bonds with the same life. The yield on medium-term securities is, of course, generally lower than that on long-term securities.

Germany

In Germany, tap issues play a more important role than in the other EEC countries (from 1960 to 1968, they accounted for two thirds of the amount of domestic public issues).

Mortgage bonds, issued to finance, in particular, construction loans, and municipal bonds, issued to finance loans to public bonds or authorities (especially the local authorities) constitute by far the most important kind of tap issue. These are normal bearer bonds, quoted on the stock exchange and running over a long period; very many of them have a life of 20 to 30 years, but they can also run for 50 years or more. They are issued by the same bodies: public and private mortgage banks and central giro institutions (Girozentralen).

The flotation of mortgage bonds and municipal bonds is subject to the procedure of Article 795 of the German Civil Code. There are no consultations in the Central Capital Market Committee although the mortgage banks sit on this Committee. But as residential construction is comparatively sensitive to variations in the rate of interest, a rise in interest rates is also reflected in the terms of new mortgage bonds, automatically curbing new issues when the market is under strain.

Nor are issues of mortgage bonds and municipal bonds the subject of consultations within the Council on Economic Trends, even where their purpose is to finance the authorities; they are, however, influenced indirectly by the decisions on the borrowing requirements of the public sector.

The fact that most tap issues are not regulated (except by Article 795 of the German Civil Code), although they play a special role in Germany, is therefore not considered as a serious drawback, and the appropriate authorities see no need to take measures to exercise direct control.

A second type of tap issue is that of medium-term securities issued, in particular, by the Girozentralen, especially to finance industry. Although these issues are

theoretically public, they are in fact mainly placed with institutional investors. Such medium-term securities are subject to the same procedures as the mortgage bonds and municipal bonds.

A third type is the medium-term notes (Kassenobligationen) issued directly or indirectly by the Federal Government, the Länder, the Federal Postal Administration and the Federal Railways. These too are mainly placed with institutional investors. Their issue is not subject to the Article 795 procedure, but it is taken into account in the coordinating talks held within the Council on Economic Trends. Since the second half of 1967, these securities have been offered by tender.

Belgium

Tap issues by private-sector companies (banks, savings banks, mortgage companies, hire-purchase companies) play a comparatively important role and account, varying with the year, for 30 to 55% of the net domestic issues of public loans.

These are securities with a life of from 1 to 20 years; mostly they are medium-term securities (bons de caisse) that are not quoted on the stock exchange but are traded on a special market and can often be encashed with the issuer.

Public tap issues are subject to supervision by the Banking Commission, which authorizes the floating of a certain amount during the following twelve months but must be informed before the floating of each tranche. If the issuer changes the terms during the year, a new authorization by the Banking Commission is required.

The most important tap issues floated by the public sector are those of the public credit institutions and the Crédit Communal de Belgique. They are limited by annual ceilings fixed by law, their statutes or the Minister of Finance. Furthermore, in most cases each tranche has to be authorized by the Minister of Finance.

France

The only tap issues of long-term (more than five years) bonds are grouped loans of the local authorities. These loans are subject to supervision by the Minister of Economic Affairs and Finance and the Minister of the Interior.

Furthermore, there are also comparatively important issues of medium-term securities (2 to 5 years) that are available to the public, notably Treasury bills

and bills issued by the Caisse Nationale de Cr dit Agricole, which are considered as forms of saving that can be mobilized at short term.¹

Before the reform of April 1968, all these issues escaped the "discipline" of the queue, and they are not subject to the coordination arrangement introduced under the reform.

Italy

Tap issues, which account for about one sixth of net domestic issues on the open market, are limited by various ceilings.

The "cartelle fondiaria" issued by the institutions authorized to grant mortgage credit are mortgage securities issued to borrowers of funds for building. In most cases these borrowers therefore sell them immediately on the secondary market to obtain the necessary funds; they may also use them to repay their loans. The issue of these securities is not subject to authorization but is limited by ceilings of 20 to 30 times the capital of the issuing institutions, which generally make full use of them. There is indirect control over the issues in that the institutions are required to obtain authorization if they wish to raise their capital in an effort to increase their scope for issuing cartelle fondiaria.

There are also "cartelle opere pubbliche" for the financing of public works, and "cartelle agraria" for the financing of agriculture; these are securities issued by special departments of certain credit institutions.

In addition there are securities which are issued in "open series" by the large public corporations IMI (Istituto Mobiliare Italiano), CCOP (Consorzio di Credito per le Opere Pubbliche) and ICIPU (Istituto di Credito per le Imprese di Pubblica Utilit ), after the Bank of Italy has authorized specific ceilings. Security issues within this limit are not controlled, but the Bank of Italy does not issue a new authorization if the previous one has not been fully used or at least fully committed. A new authorization is required if the interest rate is changed while the authorized amount is being used.

¹ It should be noted that the yield on these medium-term securities is lower than that on long-term loans (in September 1968 5.8% as against 7.4%). No doubt the French authorities are more inclined to classify these securities as time deposits rather than as bonds. For the purposes of this study it has nevertheless appeared preferable to add them to the issues of medium- and long-term fixed-interest-bearing securities with a view to facilitating as far as possible a comparison with the situation in the other Member States, in most of which no distinction is made between medium-term and long-term securities although the yield of the former is generally lower.

Luxembourg

There are no tap issues in this country.

Netherlands

The main securities issued on tap are mortgage bonds floated by the mortgage banks and the ship mortgage banks. As these banks are not members of the bankers' association which concluded the gentlemen's agreement with the Central Bank, this agreement does not apply to bonds issued by them. However, although mortgage securities are issued on a considerable scale, they account for a smaller proportion of total issues than in Germany and Italy.

There are also medium-term savings bonds (from 3 to 6 years) which are issued by the banks and quoted on the stock exchange; their yield is much the same as that of ordinary bonds but they are of comparatively small importance. These issues are theoretically subject to control by the Central Bank, but authorization is normally always granted.

The Bank for Netherlands Municipalities issues savings bonds (generally with a term of 10 years), on which the Government can place a limit only indirectly.¹

In addition, there are Treasury certificates which are issued by the Government and may be subscribed to by the banks only; they are an instrument of monetary rather than of credit policy.

2. Issues placed privately

These issues are also somewhat difficult to define because they rank half-way between public issues of bonds and borrowings. "Issues placed privately" should be considered as covering those intermediate forms whose legal characteristics differ from those of bonds but which perform the same economic function as bonds.

- (i) Most of them are loans which are contracted in the form of bonds from a limited number of borrowers but in respect of which the formalities required for public issues have not been complied with; this is why they must be ranked as issues placed privately.

¹ If an upper limit were placed on the total indebtedness of the local authorities (this could be done under Article 4 of the law of 1963), the issues by the Bank for Netherlands Municipalities could also be affected, but there would be no ceiling specifically for this institution, any more than for each commune.

- (ii) Included are also issues against borrowers' notes, which in the legal sense are not bonds but loans, and are of great importance in Germany and the Netherlands.
- (iii) Registered bonds rank among the non-public issues if the registered form is chosen not because it is obligatory but simply because the bonds involved are to be reserved to certain subscribers.¹

Treasury bills which are issued by the Government and may be subscribed by certain institutions only must be left out of account here. These securities are often used as an instrument of monetary policy or simply to raise funds for the Government; there are special rules on issuing and trading them, so that they cannot be ranked with securities placed privately.

Issues in respect of which the formalities required for public loans have been complied with but which have been fully placed before being announced also rank as public issues. The securities are often quoted on the stock exchange and are therefore likely to be sold to the public. The issues must therefore be considered as public although placed privately.

In all member countries except France, issues placed privately (or non-public issues) are wholly exempt from control by the public authorities, but their importance varies very widely from country to country.

Germany

The private placing of registered bonds and loans against borrowers' notes (Schuldscheindarlehen) is not subject to the authorization procedure of Article 795 of the German Civil Code and is therefore completely free.

The private placing of these securities may be restricted only in an exceptional case of serious disequilibrium and only in respect of public borrowers, provided an upper limit is put on total indebtedness under the procedure of the law of 1967.

¹ In Germany, for instance, there is a legal difference between registered bonds on the one hand and bearer bonds and bonds to order on the other, and the terms governing them are often aligned on the specific needs of subscribers.

Loans against borrowers' notes (Schuldscheindarlehen) are the most important form of non-public issue. These acknowledgments of debt are not fungible, they may not be traded on the stock exchange and there is no secondary market for them. They can, however, be mobilized since they are assignable (provided there are no stipulations to the contrary), but normally they may not be assigned more than once.

It has been estimated that the volume of loans against borrowers' notes floated between 1962 and 1967 averaged DM 2 000 million per year. These securities are mainly issued by industry, but increasingly also by the public authorities, and placed with insurance companies and mortgage lending institutions (for acknowledgments of debt by the Federal Government, the Länder and the municipalities).

Registered bonds, which are generally issued by the mortgage lending institutions, accounted for only about 10% of the total volume of security issues in 1967; the proportion had been decidedly lower in the preceding, normal years and rose to an exceptional 22% in 1966 because of strain on the market and of the measures taken by the authorities to curb the issue of bearer bonds.

Belgium

The non-public issue of bonds is free and is not subject to supervision by the Banking Commission. The volume of these issues varies from year to year and may account for up to 20% of net domestic public issues. The form most frequently used is the private placing, similar in character to the public issue but not subject to the type of supervision that would enable them to be sold publicly. In certain cases, nevertheless, the underwriting technique is used.

France

The proportion of non-public issues represented about 4% of the total volume of gross issues in 1966 and 6% in 1967. They are placed with insurance companies, provident societies and pension funds. However, since the rules of these institutions require them to subscribe in practice only to securities that are listed on the stock exchange or guaranteed by the Government, a guarantee decree must be issued to allow the placing of these non-public issues, which as a result are mainly floated by the public or the semi-public sector.

Italy and Luxembourg

Non-public issues are subject to no control and no restriction, but the technique is not very common, except for international loans placed abroad.

Netherlands

Private placing of loans against borrowers' notes (onderhandse leningen) is a very important practice, accounting for three to four times the value of public issues, depending on the year. It is supervised neither by the Central Bank nor by the Government.

Only at times of overheating in the economy, when the Government may set a ceiling to the overall indebtedness of the local authorities under the procedure of Article 4 of the law of 1963, may this form of borrowing be restricted, though of course only in respect of local authority borrowers.

As these private loans (like the issue of mortgage bonds) escape supervision by the Central Bank, the latter has control over no more than a small part of the market in fixed-interest securities. Thus the Netherlands authorities exercise supervision on a limited scale only not because the legal basis for supervision is too narrow (in fact, the gentlemen's agreement and the law of 1963 confer fairly extensive powers) but because the scope of controls is restricted.

In 1966 the onderhandse leningen and mortgage loans issued on the market accounted for a net total of Fl. 4 800 million (out of Fl. 7 000 million for the whole of the capital market). This sum included Fl. 3 200 million deriving from funds (pension funds, insurance companies and government funds) and Fl. 1 400 million from savings banks. The net placings of local authorities were Fl. 400 million, those of the central governments Fl. 1 100 million and those of the private sector Fl. 3 300 million.

D. Control of issues in relations with countries abroad

In respect both of their scope and severity, the controls exercised over issues involving financial relations with countries abroad vary appreciably from case to case.¹

¹ The following description of the situation dates from October 1968 and takes no account of arrangements made since then in more than one member country. As often as not, these arrangements have tended to tighten controls over issues involving financial relations with abroad.

A distinction must be made between:

- (i) Foreign issues on the national market;
- (ii) Sale on the national market of securities issued abroad (particularly Euro-issues);
- (iii) Issues floated abroad by residents.

In the majority of the member countries - Belgium, France, Italy, the Netherlands - foreign issues are generally subject to a specific control in addition to the usual controls exercised over domestic issues. In Germany, virtually all foreign issues are floated abroad and are therefore, unlike most domestic issues, not subject to control by the Federal Minister for Economic Affairs; however, since November 1968 the timing both of these issues and of domestic "block" issues by the private sector has been subject to consultations in the Central Capital Market Committee. If the exceptional case of a crisis should arise, foreign issues could be subjected to a specific control involving a rather complicated procedure. In Luxembourg the system for domestic and foreign issues remains the same under all circumstances.

Germany

(a) Only if foreign bonds are issued in Germany are they subject to authorization by the Minister for Economic Affairs under Articles 795 and 808a of the German Civil Code. In practice, virtually all foreign bonds are issued outside Germany and thus escape this authorization procedure; no notice is taken of the fact that they are arranged with the aid of consortia made up wholly or partly of German banks.

If the exceptional case of bonds issued in Germany is left out of account, neither foreign issues nor the sale of securities issued abroad by residents are subject to control in Germany. Nor are there restrictions on advertising and prospecting.

(b) In times of crisis, however, the sale of foreign securities may be restricted under Article 22 of the law of 23 April 1961; this provision does not, however, authorize the authorities to intervene directly. In case of serious disturbance in the economy (balance of payments, capital market) the Federal Government must issue a decree making the public offering in Germany of securities issued abroad or the purchase of foreign securities by a resident subject to authorization by the Minister for Economic Affairs. Article 73 of the EEC Treaty would, however, apply to relations between member countries. No restriction has so far been introduced or contemplated under this law on economic relations with countries abroad.

(c) Following a boom in Euro-issues denominated in DM, the Bundesbank and the Federal Ministry for Economic Affairs concluded a gentlemen's agreement with the banks in the spring of 1968. Under this agreement they are to be kept informed on the number and the amount of projected DM issues, terms, timing, etc. A restriction of foreign issues in DM has, however, not been contemplated.

At its meeting on 4 November 1968 the Central Capital Market Committee decided that in future foreign issues in DM would be discussed within it, for the purpose of ensuring balanced timing for them. As before, no provision was made to coordinate action in the Committee with that of the public authorities, for the treatment of these issues.

Bundesbank returns show that from 1964 to 1967 German banks participated in foreign issues (denominated in DM or other currencies) involving DM 4 500 million,¹ of which, it was estimated, only about one third was placed in Germany. In 1968, there was a brisk increase in the flotation of foreign loans in Germany (DM 5 200 million).¹ The proportion placed in Germany went up sharply (to about three quarters), the yield of Euro-issues having risen above the yield of domestic German loans.

(d) There are no restrictions on securities issued abroad by German residents.

Belgium

(a) Like domestic issues, public issues by foreign private-sector companies are subject to control by the Banking Commission. Issue plans are examined according to the same procedure, within the same time-limits and according to the same criteria.

(b) Under Article 108, Volume I, Title 5 of the Commercial Code as amended by Royal Decree No. 61 of 10 November 1967 (Article 13), all foreign issues must also be authorized by the Minister of Finance. Consequently, the Minister of Finance may suspend or prohibit any issue liable to upset market equilibrium. In actual fact, the volume of foreign issues is negligible, the market being fully taken up by Belgian issuers. However, projected operations by borrowers residing in another EEC country or by international institutions may qualify for more liberal treatment.

¹ These are the figures for the shares in Euro-issues (placed by international consortia) and in the "conventional" foreign issues (placed by wholly German consortia). They also include issues placed privately and, up to 1967, the shares by foreign banks in consortia headed by a German bank.

Under the agreement between the Minister of Finance and the Banking Commission, the documents are submitted in duplicate to the Banking Commission, which passes them on to the Ministry after examination and comment.

(c) Belgian residents are free to buy foreign securities on foreign markets.¹ Consequently, subscriptions to Euro-issues - which are mostly floated outside Belgium - by Belgian residents are not subject to control in Belgium.

Belgian banks are completely free to participate in placing consortia and place² these securities with their customers. Advertising and soliciting for funds are however, prohibited and the banks may inform residents of the issues at their request only.

(d) Belgian private-sector companies are free to issue securities abroad but are required to inform the Banking Commission accordingly. Public-sector issues floated abroad are subject to authorization.

France

(a) Foreign issues are subject to prior authorization by the Minister of Economic Affairs and Finance by virtue of law No. 66-1008 of 28 December 1966 on financial relations with countries abroad and Article 5 of the Decree of 27 January 1967 laying down the relevant implementing details.

The procedure followed is that of prior authorization as provided for under Article 82 of the law of 23 December 1946; it is to be applied to domestic issues in a situation of serious strain only, provided the coordination arrangements with the banks have proved insufficient to help safeguard market equilibrium.

Loans guaranteed by the French State, however, are exempt from the authorization requirement.

(b) There is also a need to obtain authorization for advertising and soliciting for funds in respect of all foreign securities the sale of which would not be permitted in France. The French banks, however, which participate in large measure in the

¹ Transfers of capital must nevertheless be effected on the free market and not on the official market; on this subject see the details given in the description of the situation in Luxembourg, since these two countries have a common foreign exchange system under the Belgo-Luxembourg Economic Union.

² The placing possibilities were, however, restricted in 1969.

organization of international issues may buy international bonds for account of their customers in France provided they do no soliciting for funds; in practice they place in France about one fifth of their share in Euro-issues.

French residents are free to buy abroad any foreign or international securities, irrespective of whether they are quoted on the stock exchange or not.

In 1967, an estimated \$40 million of Euro-issues were subscribed in France, with the share of the French banks in total Euro-issues being about \$200 million or 10%.

(c) Under Article 6 of the Decree of 27 January 1967 and under the law of 28 December 1966, the issue by French residents of securities abroad is, like the flotation of all loans abroad, also subject to prior authorization by the Ministry of Economic Affairs and Finance.

Loans contracted by the registered banks and the credit institutions having legal status are, however, exempt from authorization, as are some loans which constitute direct investment or which are linked to commercial transactions or cover a small amount only (under FF 2 million).

Since 1967, the practice has been to grant authorization more liberally to French firms wishing to obtain access to foreign markets. In 1967, French Euro-issues ran at FF 770 million (about 5% of French domestic issues).

Authorization to call on the Euro-issue market has been granted to enterprises which earn foreign exchange or have to finance investment abroad, the intention being to ease the pressure on the domestic issue market.

Italy

(a) Under the foreign exchange regulations DLL No. 1955 of 12 December 1917 on issues in Italy by foreign companies and international institutions deemed to be foreign legal persons, foreign issues are subject to prior authorization by the Ministers of the Treasury and of Foreign Trade, following an opinion rendered by the Bank of Italy.

Once this authorization has been obtained, the foreign issuer has to comply with the same formalities as a domestic issuer.

(b) Transactions by Italian residents in the form of subscription to and the purchase of foreign bonds not issued or quoted in Italy are likewise subject to foreign exchange restrictions (Articles 9, 10 and 11 of the Ministerial Decree of 26 October 1967).

Residents are allowed to buy and sell, through the Bank of Italy or the authorized credit institutions, securities quoted on foreign stock exchanges. They are, however, required to place these securities in safe custody with an authorized Italian bank. There are no restrictions on or control over advertising of securities issued abroad, but soliciting for funds is subject to supervision.

Credit institutions which participate in the placing or the underwriting of a foreign issue must apply for prior authorization by the Bank of Italy (Article 45 of the Banking Act).¹

The Italian banks' share in Euro-issues reached \$142 million in 1966 and \$221 million in 1967 (about 12% of total Euro-issues). Italian subscriptions absorbed \$99 million in 1966 and \$155 million in 1967, the rest having been placed with non-residents.

Italian capital is attracted to the Euro-issue market mainly because yields on this market are distinctly higher than on the domestic market.

(c) The flotation by Italian nationals of issues abroad is also subject to exchange control (DL No. 476 of 6 June 1956, Article 13) and requires authorization by the Ministers of the Treasury and of Foreign Trade.

In addition, the Inter-Ministerial Committee of Credit and Savings decided on 8 August 1963 that for the time being and pending more complete legislation, the Minister of the Treasury was to obtain the Committee's opinion before granting authorization: issues made abroad were the only type not submitted to the Committee.

On the Euro-issue market, Italian issuers borrowed in 1967 \$65 million, or about 3% of the market, as against 5% in 1966.

Luxembourg

(a) In Luxembourg, foreign issues are subject to the same control by the Commissioner supervising banking and the Ministry of the Treasury as issues by residents. This

¹ In 1969 other measures were taken to restrict participation by Italian credit institutions in international issues.

control affects only a small part of Euro-issues since most are not public and are not legally domiciled in Luxembourg, even if they are quoted there. In contrast with arrangements in the other member countries, there is no other specific control over foreign issues.

Subscription to securities issued abroad is free from control and restrictions. Advertising of these securities is governed by the same rules as advertising for Luxembourg securities. Soliciting for funds is prohibited for both foreign issues and domestic issues (law of 1 January 1850 as amended by law of 12 February 1855, 18 June 1870, 14 March 1896). Loans floated abroad by Luxembourg residents are also exempt from restrictions.

(b) There is a single exchange control Institute for the Belgo-Luxembourg Economic Union, which applies identical laws and regulations adopted by the two countries individually.

As a result of various liberalization measures taken in the past, transactions are now completely untrammelled. While current transactions have to be effected on the official market, however, capital transactions must be effected on the free market, unless exceptions are authorized by the Institute, particularly in an EEC context. Consequently, subscriptions from abroad to national or international loans, as well as capital exports made to transfer the proceeds of a loan abroad or make redemption payments, must be effected on the free market.

It should be noted that Euro-issues arranged from Luxembourg reached the following amounts only (in millions of the respective currency unit):

	<u>1966</u>	<u>1967</u>
issues by companies under Luxembourg law		
denominated in \$	157.5	136
denominated in DM	200	220
public issues in Luxembourg by companies incorporated outside Luxembourg		
denominated in units of account	71	19
denominated in \$	56	90
denominated in FF	-	60

Even the "public" issues were, however, for the most part placed privately before being announced to the public.

Netherlands

Exchange regulations (Decree of 10 October 1945) prohibit all operations that are not expressly authorized.

(a) An exchange permit must therefore be obtained from the Central Bank for all issues by non-residents in the Netherlands, with these issues being in addition subject to the same controls under the gentlemen's agreement as domestic issues. The Central Bank consults the Ministry of Finance before issuing any authorization for a foreign loan.

In the past seven years, no company has been authorized to float a loan in guilders on the Netherlands market; the only foreign borrower in 1967 was the Netherlands Antilles. In 1968 some international institutions were given the opportunity to float loans. No further applications from foreign issuers were received, probably because the negative attitude adopted by the authorities was sufficiently known.

It should be noted that certain restrictions on access to the market are even imposed on companies incorporated under Dutch law which are subsidiaries of foreign companies. Under the gentlemen's agreement concluded with the exchange control authorities, the foreign parent company is required, when acquiring its holding in the subsidiary, to give an undertaking that its subsidiary will not finance more than 50% of its investments on the Netherlands market.¹

(b) Subscription to and the purchase of foreign securities, by contrast, are no longer subject to foreign exchange restrictions.

The banks have been given blanket authorization to participate in placing consortia for Euro-issues not denominated in guilders and to offer these securities in the Netherlands. In the Netherlands, the public shows little interest in Euro-issues although their yield is higher than that of domestic loans.

There is much greater interest in convertible loans denominated in dollars and issued by Netherlands firms. On average, about 20% of the amount of these loans have been placed in the Netherlands. There are certain arrangements to coordinate with the banks the timing of the issues with a view to fitting them as smoothly as possible into the time-table for issues in the Netherlands.

¹ This rule was dropped in November 1969.

There are no restrictions on or controls over advertising or soliciting for funds for securities issued abroad.

(c) A foreign exchange permit by the Central Bank is also required for foreign issues by Netherlands residents, no matter in what currency they are denominated. Generally, this authorization is granted only if the funds raised are intended to finance investment abroad or if the importation of capital thus effected can be offset by supplementary exports of capital. This very restrictive policy, the aim of which was to avoid jeopardizing measures to control domestic demand, was applied with varying rigour according to the business situation.

CHAPTER II. INSTRUMENTS TO REGULATE THE SECONDARY MARKET

A. Intervention by the public authorities to regulate or support bond prices

Germany

There is no special body to support prices: the curtailment of fluctuations is a matter for the issuers themselves. For each issue by the Federal Government or its special funds (Federal Postal Administration, Federal Railways, Equalization of Burdens Fund) the borrower undertakes to intervene to control prices as required in the particular market situation.

For loans floated by the Federal Government, the special funds and some Länder, the Bundesbank supervises the prices in its capacity as leader of the consortium and takes action to regulate the market price of these securities on behalf and for account of the issuers, using funds supplied by them.

In normal circumstances it offsets excess demand and excess supply so as to eliminate random price fluctuations.

In times of strain on the capital market, the Federal Government has temporarily extended this obligation and made more funds available to the Bundesbank, enabling it to intervene on the market for government securities and ensure that the market is not disturbed by sharp drops in prices.

Belgium

Since 1945 the Fonds des Rentes has intervened on the market to steady the prices of medium- and long-term securities issued or guaranteed by the Government (particularly securities issued by the Régie des Téléphones et Télégraphes, the Belgian Railways, and certain quasi-public credit institutions) or issued by the Crédit Communal, the provinces and communes. By influencing long-term interest rates, the Fonds des Rentes may also indirectly prepare the ground for the placing of new loans by the Treasury. It does not, however, participate in the placing of public loans and does not discriminate between loans when endeavouring to steady market prices.

The Fonds des Rentes finances its intervention operations from a capital of Bfrs. 2 800 million made available by the Government, from short-term loans raised on the money market (4-month certificates and, where necessary, call money) and from advances from the Central Bank. By the end of 1966, it had borrowed a total of Bfrs. 4 500 million through certificates, Bfrs. 1 500 million in the form of call money and Bfrs. 320 million in the form of advances.

In 1966, the narrowness of the market compelled the Fonds des Rentes to maintain and even add a little to its portfolio of public securities; in 1967, the pace of operations on the market meant a bigger public securities portfolio, but these movements were not the result of a deliberate open-market policy.

France

In France, there are no fixed arrangements to support bond prices.

The Central Bank exerts no significant influence on the long-term capital market; the Banque de France grants its direct customers loans against securities, but the sums involved are very small and this does not constitute support for bond prices.

The Caisse des Dépôts et Consignations exerts considerable influence on the secondary market for bonds, since it accounts for 5% of all bond purchases, but it acts like a normal investor. It has on occasion been asked to step in and steady or support prices, but this has been an exception to the rule.

The Fonds de soutien des rentes, which used to employ limited funds to support the price of loan issues by the Government, has in recent years operated on only a modest scale.

Italy

There is no special price support agency. Price support is effected by operations under the Central Bank's open-market policy. This policy is also used to check the rise in interest rates. It was applied on a substantial scale in April 1968 to ease the pressure on the market. The trend of prices is being watched closely in an effort to reconcile the volume of new loans with the need to maintain stable prices.

Luxembourg

There is no special body to support prices. Should there be a need for such support, however, the Minister of the Treasury may instruct the Caisse d'Epargne de l'Etat to step in.

Netherlands

There is no special body to support prices. On occasion the Government intervenes, buying securities covering loans floated by itself, in order to eliminate certain disequilibria; under the budget, a modest sum (about Fl. 20 million) is earmarked for this purpose.

B. Measures of monetary policy affecting the market for fixed-interest securities

Germany

Since 1967, the Bundesbank has stepped up intervention under its open-market policy, previously confined to the money market, by buying (under Article 21 of the Federal Bank Law) bonds of the Federal Government, the Federal Postal Administration and the Federal Railways. By the end of 1967, its purchases had reached DM 1 300 million; between then and the end of September 1968, they dropped to DM 900 million.

These measures constitute a new element in the policy of liquidity expansion, which previously was concerned only with reducing the minimum reserve requirements. At the same time, they have helped first to stabilize long-term interest rates and subsequently to reduce them.

Credit institutions in Germany hold a comparatively substantial volume of bonds (about 40% of the fixed-interest securities in circulation). If the Bundesbank changes their liquidity, they tend to vary their investment in fixed-interest securities rather than alter their lending policy. The measures taken by the Bundesbank to influence the liquidity of these institutions can therefore affect the primary and secondary bond markets.

Belgium

By influencing short-term interest rates (Bank rate, policy governing the allocation of certificates of the Treasury and the Fonds des Rentes) the monetary authorities may indirectly affect the interest rates for fixed-interest securities.

As the Fonds des Rentes is authorized to pursue an open-market policy by issuing certificates placed with banks, by intervention on the markets for call money, short-term government paper and public-sector bonds, it can bring direct influence to bear on the whole range of interest rates.

It should be noted that the change made in May 1965 in the rules governing bond holdings by the banks has encouraged the latter to participate in the bond market and particularly the Euro-issue market: the banks have been authorized to hold in their portfolios an unlimited volume of Belgian or foreign private-sector bonds; previously only Belgian public-sector securities could be held in this way.

France

The open-market operations of the Banque de France are confined to the money market and affect short-term securities only. The links between the money market and the capital market are very loose, mainly because the deposit banks make comparatively little long-term investment and particularly because they hold virtually no bonds (1.5% of their assets).

Italy

The Central Bank's open-market policy affects not only the money market but also the bond market. Direct influence is consequently being exerted on prices.

More generally, Central Bank measures to influence the liquidity of the credit institutions have an indirect effect on the bond market; this effect is all the stronger as almost a third of the bonds are acquired by credit institutions, which may within certain limits hold them as part of their compulsory minimum reserves.

The credit institutions also finance purchases of securities, partly by using the credit lines which the Banca d'Italia grants them against securities, after ensuring their maintenance of a satisfactory level of liquidity. These four-month advances are usually renewed, but by influencing the total amount of these advances the Banca d'Italia can influence the volume of bonds held by the credit institutions. In 1967, fixed-term advances were introduced which have to be used within two to three weeks.

In 1967, the credit institutions (banks and savings banks) and their central institutions subscribed to fixed-interest securities worth Lit. 1 000 000 million (41% of the volume issued) and in 1966 to such securities worth 1 310 000 million or 46% of the volume issued.

Under its charter the Central Bank may hold securities issued or guaranteed by the Government. In 1962, 1963 and 1965 it bought a comparatively small volume of bonds but in 1966 and 1967 it made purchases on a substantial scale (7% of net domestic issues).

The Central Bank makes subscriptions with a view to keeping supply of and demand for securities in equilibrium and to contributing to the maintenance of liquidity as long as the borrower has not yet invested the proceeds of the loan. Subsequently the Banca d'Italia assigns the securities to the credit institutions, passing on to them half of the placing commission (about 1/2%).

In 1966 and 1967, the Central Bank bought more than it sold: in 1966, purchases amounting to Lit. 500 000 million (of which Lit. 450 000 million on issue) contrasted with sales of Lit. 300 000 million, while in 1967 the figure for purchases was Lit. 600 000 million (of which Lit. 500 000 million on issue) and that for sales Lit. 450 000 million.

Luxembourg

The Caisse d'Epargne de l'Etat has not yet had an opportunity to intervene on the market for issues of public loans.

Netherlands

In the Netherlands, the link between the money market and the capital market is less close than in Germany and Italy. Interest rates are maintained at the desired level mainly by limiting the foreign supply of and demand for capital.

In the Netherlands, the Treasury can supplement action taken under the open-market policy by influencing the secondary market through advance redemption of certain loans. Given the upward tendency of interest rates, this has in fact not been done for a long time. In the past, a substantial proportion of foreign debt has, however, been repaid ahead of schedule for balance of payments reasons.

C. Privately sponsored mechanisms to support bond prices

1. In most member countries frequent use is made of a clause under which a bank that participates in the placing of a loan must withhold the securities from the secondary market for a specified period. The period varies with the issue and the country.

In Germany, a clause is often imposed in respect both of "block" issues (in the agreement setting up the consortium) and of tap issues (at the moment they are floated) under which the placing commission is to be refunded in full or in part if the bonds sold return within less than one or two years to the bank supporting their price. Sometimes repayment of the commission is due only if the bonds have to be repurchased at or below issue price.

In Belgium, the banks often undertake, during a specified period (generally one month from the time of issue), not to sell the securities on the market below a price that has been fixed in advance. Underwriting by the banks is tending to become the general practice.

In France, there was no underwriting before the reform of April 1968, except for foreign issues.

Under the underwriting technique introduced in April 1968, the institutions belonging to the guarantee and placing consortia are forbidden, during a period of generally one month, to sell the securities on the secondary market below the issue price; if this rule is infringed, the commission has to be refunded.

There are no price support arrangements or agreements other than the period of restraint to be observed by the consortium and the time-limit (three months at the most) during which the leaders of the consortium may effect trading operations for account of the consortium.

In Italy, the issues are normally underwritten by placing and guarantee consortia, among which the Mediobanca plays a major role. For government bonds the consortium is led by the Banca d'Italia. The bank consortium often undertakes to support the price for a period of one year from admission to stock exchange dealing (e.g., ENEL loans), ensuring that the actual yield does not rise by more than 0.25% unless this is warranted by the general trend of the market. However, if it does intervene, the consortium is only obliged to purchase up to 5% of the nominal value of the loan.

In Luxembourg, the underwriting contracts do not contain clauses binding the underwriters not to sell below the issue price during a specified period. It is, however, common practice for the underwriters to exercise voluntary restraint by refraining, during the period following the date of issue, from selling the securities at prices that are lower than the issue price.

In the Netherlands, these clauses in the placing contracts are less common than in the other member countries, but the banks participating in the issue consortium refrain from selling their quotas on the secondary market so as to safeguard their professional standing.

It also happens that issuers intervene by purchasing through their banks if there are unduly sharp price fluctuations; they support the price of the bonds already in circulation, especially before the flotation of a new issue.

The general practice is to employ the underwriting technique for private-sector issues, while government and local authority loans are placed by the banks on a commission basis only. To adapt loans exactly to the capacity of the market and avoid fluctuations on the secondary market after issue, the Government sometimes floats loans without a ceiling or loans whose rate of interest, maturity and redemption schedule are fixed in advance while the issue price is left open (tender system). The system appears to lead to greater price stability immediately after the issue has been made, as a result of this better adaptation to market conditions.

In the placing contracts for Euro-issues, clauses are sometimes to be found under which the banks that are part of the underwriting and selling group undertake not to sell below the issue price (unless an appropriate arrangement is made concerning the placing commission) for the period of 30 to 45 days that is needed for placing the loan with the public. This prohibition is generally lifted before the period is up. If securities reappear on the market before the end of this period, the placing commission must be refunded to the issuer.

2. A less frequent practice is the conclusion, between the issuer and a financial institution, of contracts under which the institution supervises the market and steps in to support prices by drawing on funds supplied by the issuer.

In Germany, issuers sometimes undertake in their contracts to supply, at the request of the bank leading the consortium, funds to support the prices. Price support is often a practical proposition only if the pressure on prices is not linked to the market trend. Some large issuers are very liberal in supporting prices. Where the issuer does not supply funds, the consortium banks eliminate price peaks on the stock exchange.

In the other countries, these contracts are a rare exception to the rule.

There are also such contracts for Euro-issues, but banks have intervened under them on a very limited scale only.

3. In the Community, on the Euro-issue market, issuers quite often have the opportunity of redeeming loans by repurchase on the stock exchange rather than by making the repayments provided for. The issuer is then led to support prices, to a certain extent; however, he only repurchases when the repurchasing price is lower than the arranged repayment price.

In Germany, tap issues in particular (mortgage bonds and communal bonds) may under the terms governing them be redeemed by repurchase on the stock exchange. When mortgage lending institutions buy their own securities on the stock exchange, however, they do this practically always to support prices and sell the securities again when the occasion arises. Furthermore, some issuers have undertaken to make their purchases through a sinking fund which steps in when prices fall below a certain level.

In Belgium, private issuers of bonds seldom redeem by repurchase on the stock exchange, although there is no law against this. Borrowings against bonds by companies are as a rule redeemed in constant annuities (comprising capital and interest) according to a fixed schedule. The bonds to be redeemed are drawn by lot.

Companies may reserve the right to repay all or part of the loan in advance.

In France, redemption by repurchasing on the stock exchange is not forbidden but, in order to protect security holders, the public authorities as a rule object to clauses under which more than 50% of a loan may be redeemed by repurchase.

In Italy, redemption by repurchase on the stock exchange is possible provided certain disclosure requirements are met (reference to this condition must be made on the security certificate).

The way in which mortgage loans are granted and are to be paid back helps to support the price of mortgage bonds. As has been said above, borrowers on mortgage may in fact repay their mortgages in the form of securities (cartelle fondiaria) which they acquire on the secondary market. The support of the market in these securities rests in decisive measure on the possibility open to the credit institutions to include the "cartelle fondiaria" among their required compulsory reserves.

The "cartelle opere pubbliche" issued to finance public works can also be used for repayment but may not be included among the compulsory reserves of the credit institutions.

In Luxembourg, loans floated by Luxembourg borrowers are, depending on the case, redeemed by repurchase on the stock exchange or by drawings.

In the Netherlands, repurchase on the stock exchange is permitted but may in most cases not take the place of redemption, which is generally effected by drawings.

For Euro-issues, redemption by repurchase on the stock exchange is allowed within the limits of the redemption schedule and is, in fact, the general practice.

PART II

MEMBER STATES' POLICIES ON
THEIR BOND MARKETS FROM
1966 TO THE MIDDLE OF 1969

(February 1970)

The purpose of this part of the report is to indicate the use that Member States made of instruments to regulate the bond market during the period from 1966 to mid-1969. This "dynamic" study highlights certain aspects which are not brought out in the "static" description of procedures and instruments for the maintenance of market equilibrium given in Part I.

In actual fact, little or no use was made of existing instruments in some member countries, whereas the authorities in others succeeded in following an active policy despite the apparent inadequacy of their formal powers.

It also seemed advisable to follow the description of differences and similarities between the various measures and procedures available with a comparison of the policies pursued at a given time, with a view in particular to assessing the effects these policies had on each other. This interaction can either increase or lessen the effectiveness of national policies, depending on whether aims happen to converge or not.

CHAPTER I. GENERAL APPROACH TO BOND MARKET POLICY

All Member States have instruments at their disposal which enable them to influence conditions on the bond market by acting to adjust supply, demand or interest rates. In practice, however, depending on the country and the circumstances, the authorities have tended either to allow the market to find its own level or to determine the conditions of market equilibrium by using the instruments at their disposal to a greater or lesser extent.

1. The course selected by the authorities has generally been dictated by considerations of economic policy extraneous to the bond market as such. Official action has been influenced among other things by attitudes to price movements in general and to the trend of interest rates as means of controlling economic activity either in a given situation or in the context of growth policies.

The balance of payments situation and the desire to encourage capital imports or exports have also, in certain circumstances, had a particular influence on official policies regarding interest rates.

In Germany the authorities feel on the whole that fluctuations in the rate of interest are an effective means of regulating the trend of economic activity. Because of this, and with a view to combining growth with stability, the authorities have accepted increased interest rates on the capital market during periods when the business situation seemed to warrant such increases - as was the case in 1966 and 1969. They also considered that, in the last analysis, the greatest possible measure of price stability was the most effective way of safeguarding the interests of holders of registered securities and, consequently, the interests of the bond market. During 1967/1968 the Government pursued an easy money policy, with interest rates relatively low, this being regarded as a desirable stimulus to economic activity.

Throughout the period under review the authorities were aware of the need to curb capital imports and encourage capital exports, though the urgency of this need varied from time to time. They did not, however, consider it necessary to check the increase in interest rates because the "Kuponsteuer" (withholding tax on bonds held by non-residents, from German issuers), announced in March 1964 and in force since March 1965, was enough to channel foreign capital towards foreign DM issues, in other words towards re-exportation.

Thus, fluctuations in the interest rate and market volume were usually accepted - indeed welcomed - and little was done to regulate the bond market by direct action on capital supply or demand, except when a curb on interest rates seemed to be advisable because of the trend of economic activity.

Until recently market regulation policy in Belgium, France, Italy and the Netherlands was less closely linked with economic considerations. This was because, on the whole, the authorities in these countries made little use of interest-rate policy for cyclical or specific purposes for many years. They felt that if supply or demand on the bond market were to be effectively influenced - allowing for the general decline in prices and the behaviour of borrowers and lenders - interest rates would have to be fixed at very high levels, and this they regarded as incompatible with growth targets and social requirements. In these countries regulation of supply and demand on the bond market - and through these regulation of the business trend - relies much less heavily on interest-rate fluctuations, and growth policy is backed by interest rates which have been kept as low as the business trend allowed. It will be seen, however, in this regard that there were differences - sometimes considerable differences - in the extent to which this policy was pursued from country to country and from period to period. At the beginning of the period under review the authorities pursued a policy designed at least to reduce the peaks in the trend of interest rates and often to stabilize rates as much as possible with a view to meeting the economy's financing needs, notably those of priority investment in the public sector, at the lowest possible cost. Even in countries where prices rose more rapidly than in Germany, the authorities did not consider that a high interest rate was needed to regulate the business trend, but the aim of keeping rates low (a short-term target in some and a structural one in others) had to be abandoned for all practical purposes - in 1968 in France and the Netherlands, early in 1969 in Belgium, and in mid-1969 in Italy. The authorities are now showing a growing tendency to allow the market to find its own level.

Member States' policies have therefore tended to move closer together because of changing attitudes on interest-rate policy or because it proved impossible to pursue an effective isolationist policy or accept steady capital outflows, which is what an isolated policy of low interest rates implies.

2. It is also evident that official bond market policy is related to the importance of the bond market in financing channels.

The bond market is of major importance in Italy and Belgium, but it plays a more modest role in the other countries, where alternative financing channels are more numerous and the financial system as a whole more flexible. The flexibility of the financial system is particularly marked in Germany and the Netherlands, where issuers, and the private sector in particular, can resort in large measure to issues placed privately (markets in "Schuldscheindarlehen" and "onderhandse leningen"). Relatively speaking, therefore, policy on bond market regulation in these countries is rather liberal, since it does not extend to alternative channels.

It must be noted, however, that in countries such as Germany and Italy where the banks have an important role in the capital market, either as lenders or as borrowers, monetary policy can exert a considerable, if indirect, influence on the working of the market and on rates of interest.

3. The point at which the authorities intervene also varies considerably from country to country.

In Germany official intervention is less common than in the other countries, and the brunt of adjustments made for cyclical reasons has been borne so far by the public sector.

In the other countries the burden is shared by the public and private sectors in the light of priorities. When public-sector loans predominate, however, market fluctuations and regulatory action are bound to affect the public sector.

In Belgium, France and the Netherlands market regulation policy concentrates mainly on demand for capital. In Italy, although action to regulate demand is not neglected, equilibrium has been largely maintained by making the banking system contribute to a greater or lesser extent to the supply of capital.

4. Arrangements for coordinated action by the authorities and the banks participating in consortia in scheduling issues also vary from country to country.

As far as the form of this coordinated action is concerned, German, Dutch and French practice has tended to converge in recent years, though there are still considerable differences in the amount of pressure applied by the authorities. In these three countries the issue time-table is fixed on the basis of official or semi-official discussions - multilateral or bilateral - between the authorities and the banks.

In contrast to this, although unofficial contacts have been established between the authorities and the banks in the other countries, there is no official framework for consultations and the issue time-table is still drawn up more or less independently by the authorities in Belgium and Italy and the banks in Luxembourg.

CHAPTER II. POLICIES ON DOMESTIC DEMAND FOR CAPITAL

Over the years 1966 to 1969 the authorities in all Member States exerted influence on all or part of the domestic demand for capital on the bond market. They did, however, concentrate on different types of issuer, and the policies followed varied in severity.

Germany

It was only when the market was under heavy pressure or when interest levels were extremely high that any attempt was made to influence market trends by limiting the number of issues. One such period ran from autumn 1965 to the end of 1966. During this time the authorities brought pressure to bear on certain domestic issuers who were not very sensitive to changes in interest rates to encourage them to bring their issues more into line with market conditions.

Towards the end of 1968 and during 1969 there was no need, despite market strains and the level of interest rates, to interfere with domestic demand because public-sector issuers voluntarily limited their calls on the market and even agreed, within the Council on Economic Trends (Konjunkturrat), to postpone a number of issues in 1969.

German policy might be summed up as follows:

- (a) A freeze on direct issues by administrations and public enterprises (Federal Government, Länder, local authorities, the Federal Postal Administration and the Federal Railways) in 1966;
- (b) A curb on issues of mortgage and communal bonds¹ from the end of July 1965 and in 1966, no ban at all being placed on loans by private-sector companies, though these were of minor significance only.

In actual fact this policy was not very strictly applied. Some public administrations were able to run into debt with institutions which continued to float issues (communal bonds), while other issuers had recourse to calls on the market which were not subject to control (issues of registered rather than bearer bonds, issues of Schuldscheindarlehen).

This flexibility in the policy to limit capital demand is explained by the liberal view taken by the authorities, who believe that a rise in interest rates has some favourable effects on economic activity and tends to make it possible for the market to find its own way back to equilibrium.

¹ Securities issued by the public and private mortgage credit institutions and by the central giro institutions (Girozentralen).

(a) Policy towards public administrations and public enterprises

Even before the Council on Economic Trends (Konjunkturrat) was established under the June 1967 law on economic stability and growth, participants in round-table discussions had been trying to adjust public-sector issues to the capacity of the market.

As far back as the summer of 1965 public issuers (Federal Government, Länder, local authorities, the Federal Postal Administration and the Federal Railways) had agreed to exercise restraint in their calls on the bond market. In May 1966 they agreed to call a halt to issues - and the agreement was continued until the end of the year - so as to prevent the coupon rate from exceeding 7%, while the yield on the secondary market went above 8.5% and even reached 9% in certain cases. As a result, interest rates on the market in government stocks fell, to be followed by rates on the other sections of the market.

In 1967 participants in the round-table discussions and subsequently the Council on Economic Trends saw to it that public issuers did not make too much use of the loan market in order to make interest rates fall more quickly and thus stimulate a revival of investment. The Federal Government's economic programmes were financed by short- and medium-term funds, while the Länder and the municipalities financed their additional investment on the long-term market.

The Federal Government began to contract loans against borrowers' notes (Schuldscheindarlehen) towards the end of 1967 and made large-scale use of these in 1968 to consolidate its short-term debts (DM 4 700 million compared to a long-term indebtedness of only DM 650 million). It continued to avail itself of this method of financing in 1969 (DM 1 500 million in the first quarter).

It should be noted that the Council on Economic Trends advocated this type of financing, which is less expensive for the issuer, though the Council does not normally review Schuldscheindarlehen, public authorities being completely free to float loans of this type and to fix their amount and timing.

Because there was no pressure on the bond market, the easing off of rates which began in 1967 continued in 1968. All issuers who wished to place loans on the bond market were able to do so, and the Council on Economic Trends had no problems to deal with, especially since public borrowers preferred to make use of Schuldscheindarlehen.

Rates began to climb again in the spring of 1969, partly because of an influx of foreign issues and in sympathy with interest rates on the international market, partly because of restrictions on domestic liquidity and an increase in Bank rate.

The German authorities considered higher interest rates inevitable because the economy at the time was showing a growing tendency to overheat. During the first half of 1969, however, the volume of new issues floated by domestic public issuers was lower than the volume of redemptions and repurchases. Public issuers therefore made a considerable contribution to the reduction in net domestic issues, which totalled DM 5 400 million in January-April 1969 compared with DM 7 200 million in January-April 1968.

Although the authorities regarded higher interest rates as one way to counteract overheating, their policy within the Council on Economic Trends was to encourage public issuers to refrain from making calls on the market so as to avoid aggravating existing market strain.

(b) Policy on issues by financial institutions and private enterprises

It was only in 1965/1966 that the Federal Minister of Economic Affairs made use of the powers given him by Articles 795 and 808a of the Civil Code (BGB) to postpone issues subject to authorization. The Minister preferred on the whole to use moral suasion to obtain a voluntary limitation of issues.

Since industry made hardly any calls on the bond market, the main object of this policy was to prevent an excessive volume of bank bonds (mortgage bonds and communal bonds) being issued by institutes specializing in credit against real estate. Because of this policy, issues of bearer bonds (subject to the authorization procedure) fell in 1966 but issues of registered bonds and other privately placed issues (Schuldscheindarlehen) showed an increase.

The Minister maintained this policy until the end of 1966, though the trend towards lower interest rates set in in the summer. Authorizations only became freely available when the Bundesbank, for cyclical policy reasons, returned to an expansionist credit policy and the credit institutions, having built up their liquidity, resumed investment in bonds.

Despite this, the Council on Economic Trends kept a close watch in 1967 to ensure that the bond market was not subjected to excessive strain due to the flotation of public issues. In 1968 the easing off observed in the previous year continued.

The very low level of industrial loans is explained by the fact that this sector of the economy had abundant resources of its own (considerable liquidity and a high rate of self-financing). And when it did need to borrow, industry preferred to make use of the abundant credit available in the banking system.

In contrast to this, issues of communal bonds became extremely important, representing about half of net domestic issues. While issues of mortgage bonds only showed a modest increase, issues by other specialized credit institutions rose sharply.

Although the bond market was again under strain in 1969, the Minister did not make restrictive use of the authorization procedure because domestic issuers did not make excessive use of the market. He was content to inform the Central Capital Market Committee (Zentraler Kapitalmarktausschuss des Bangewerbes, ZKA) of the market limits for foreign issues and warn against an excessive flow, hoping to encourage restraint and to persuade participating banks to stagger their issues.

But tap issues, and issues of communal and mortgage bonds in particular, were not discussed by the Central Capital Market Committee and were scarcely affected by the market situation. During the first four months of 1969, issues of communal and mortgage bonds were very little lower than in the corresponding period of 1968 and were higher than in the last four months of 1968. Other bank bonds, particularly medium-term bonds issued by the central giro institutions, rose sharply.

Lastly, private enterprises did not increase their calls on the market; in fact they even injected funds into it, by redeeming earlier loans to an amount exceeding that of new issues.

France

A very active market regulation policy was followed throughout the period under review. The authorities first had to deal with strain caused by disequilibrium in the supply/demand situation beginning in 1966, which was not properly dealt with until 1967. They then had to face a rapid series of crises due to monetary and political factors

in May/June 1968, November 1968 and the second quarter of 1969. Lastly, policy procedures and instruments were considerably modified in April 1968.¹ Thus, throughout the period under review, the Minister of Economic Affairs and Finance, initially on his own and in close cooperation with the Banking Commission following the reform of April 1968, did all in his power, through action on domestic demand and interest rates, to stabilize a market which was being seriously disturbed.

The first step in this policy was to allow interest rates to adjust themselves, letting French rates rise gradually to the level of rates on the international market and then to exceed them. The next step was to ban issues temporarily on a number of occasions and from 1967 onwards to cut back planned issues in the public sector, particularly issues by central government - which thus, as is Germany, had to make a larger proportion of the adjustments necessary to maintain market equilibrium than other borrowers.

French policy on bond market regulation has gone through two main phases since 1966. In the first phase, ending in 1967, variations in interest rates were largely governed by the trend of domestic supply and demand, and the authorities had to restore "normal" disequilibria by conventional means. In the second, beginning in 1968, interest rates were more influenced by political and monetary events, and were also more sensitive to external influences. The instruments available to the Ministry of Economic Affairs and Finance for intervening on the bond market were, moreover, radically changed by the April 1968 reforms.

Lastly, since 1968 the policy of adjusting domestic demand in the interests of restoring market equilibrium has pressed more heavily on public-sector issuers.

(a) Policy from 1966 to 1967

French interest rates were under pressure in the early months of 1966 because of the increase in gross issues (+16%) and net issues (+20%), particularly central government and local authority issues compared with the previous year.

¹ These changes are described in Part I of this report.

The Ministry of Economic Affairs and Finance, which at that time was responsible for fixing the timing and terms of loans, considered that it was impossible to suspend calls on the market because of the rigidity of the issue programme. It therefore decided to raise the coupon rate of new issues by 0.5%.

This brought coupon rates to 6.25% for first-category loans and to 6.50% for other issues, and yields on issue to 6.80% and 7.10% respectively. This adjustment, which affected the secondary market, was not enough to catch up on stock exchange yields, which continued to show a moderate increase until January 1967 because of the overloaded time-table.

Higher rates on the international market and foreign markets also contributed to increased interest rates in France by encouraging institutional investors, who anticipated that this trend would spread, to postpone committing their available resources. It should be noted that rates in France were higher than in Germany (some yields were in excess of 8.5%) but that there was a sharp reduction in issues in Germany in 1966 whereas the number of issues in France that year were higher than at any time during the period 1960-69.

So while the German authorities attempted to prevent the record interest rates on their market increasing any further by curbing demand (and demand from the public administrations, in particular), the French authorities took the opposite line, which had the effect of facilitating the alignment of French rates on international rates.

Market strain eased off in 1967, thanks to a reduction in the volume of net issues and in particular loans floated by central government and specialized credit institutions. On the other hand, the selection of borrowers was to the advantage of public and private enterprises, whose issues expanded.

(b) Policy since 1968

Following sterling devaluation in November 1967, the strain which had made its appearance on the international market spread to the French market, causing a slight rise in yields. Since there are no close links between the international market and the French market, it would seem that psychological influences and in particular anticipatory action by institutional investors were responsible for this.

In 1968 the authorities had to deal with periods of more serious strain provoked by a variety of causes.

The tension which became evident at the end of 1967 persisted until March 1968, when it began to ease with the reform of the bond market, the slowdown in the frequency of issues and the 0.25% increase in coupon rates.

There is therefore a considerable contrast between the policy followed before and the policy followed after the reform of April 1968. Before the reform, rates and timings were fixed by the authorities by and large, but since the reform they have been fixed in consultation with a committee of bankers and have made more allowance for market trends.

The social unrest in May led the Ministry of Economic Affairs and Finance and the Banking Commission to agree to a ban on issues.

When issues began again in July, market equilibrium was assured by reducing the issue programme of the semi-public sector (these were replaced by medium-term credits and medium-term bills placed with the banking system) and by a further increase in coupon rates, which rose to 6.75% for public-sector bonds and 7% for industrial bonds so that yields at issue could become aligned with yields on the secondary market without the need for excessive issue premiums.

Despite these relief measures, the bond market was again under strain from November because of the monetary crisis, and it was agreed to suspend issues once again. From the same month onwards a more deliberate policy of allowing rates to adjust themselves was followed for reasons of business activity and market equilibrium.

But because requirements were inflexible, issues which had been postponed on several occasions had in the end to be floated in rapid succession from December 1968 throughout the first quarter of 1969. This set off a further considerable increase in rates amounting to 0.50% for government stock and 0.70% for industrial bonds.

Despite the increase in coupon rates and the high yields on issue recorded in April (8.20% for semi-public bonds, 8.50% for industrial bonds), it became difficult to place new loans because of market congestion and electoral circumstances which hindered recovery.

Private-sector issues were suspended voluntarily in April, and public-sector issues had to be held in abeyance for three weeks in June.

When issues resumed in July, a further sharp increase of 1% in coupon rates was approved in the hope of doing away with issues at a discount and aligning the coupon rate on the running yield at issue, which is in turn identical with the yield on the secondary market.

Netherlands

Bond market regulation policy was relatively flexible in the Netherlands and made use of the various instruments available. It was backed as required by an adjustment of domestic demand to market capacity either by staggering certain issues, or by limiting their volume or by altering their yield.

(a) General policy

The Central Bank made use of its powers to delay certain loans under the 1954 gentlemen's agreement with the banks on one occasion in 1966 and on several occasions in 1967, 1968 and 1969. Private issuers were asked to stagger their loans more often than public issuers, whose flotations were adjusted to market circumstances in other ways. The Central Bank has no power, in theory, to influence interest rates for these loans since the gentlemen's agreement is silent on this point, but in practice it does discuss terms with the banks.

A number of loans were not fully subscribed in 1966 because the yield at issue fixed by the issuers was too low. In some instances failure could also be attributed to the absence of an adequate guarantee or to market developments between the announcement of the issue and the opening of subscription lists. Thus, one central government loan was not fully subscribed early in the year, so terms for later issues were improved. Despite this, however, a Gasunie loan was considerably undersubscribed in April. This, combined with an increase in Bank rate, subjected yields to heavy pressure, causing them to rise over 7% (as against 6.25% early in the year). Terms then became stable, and applications to float issues filed in the second half of the year were approved.

The market remained calm in the first quarter of 1967, and the rate fell back to 6.15% for a central government loan floated in April. There were no private-sector issues because potential borrowers who had made their wishes known in 1966 and were asked to wait until the spring of 1967 were no longer interested - either because they

had satisfied their financing requirements in the interval by means of loans placed privately, or because the interest-rate situation made them prefer to mark time.

Early in the second quarter a number of applications for small private-sector issues were filed and approved. Later on, however, a loan floated by the Bank for Netherlands Municipalities was given priority, but the amount of this loan had to be reduced because of the tension in the Middle East.

Uncertainty with regard to the pound sterling led to a further period of stagnation on the market. In January 1968 priority was given to a Gasunie loan, then to a central government loan (the amount of this being fixed after subscriptions closed).

Two private-sector loans were allowed on to the market in March 1968 after the public issues mentioned above. The first of these failed, however, because of monetary instability at the time and because it coincided with the flotation of two large loans on the private market. Despite the differences between the public market and the private market, then, they do mutually influence each other.

The Bank for Netherlands Municipalities had to wait until May, and the central government until mid-June, to gain access to the market. In the case of the central government loan it became obvious between the date of issue (14 June) and the date on which payment in full was due (4 July) that the amount was too high and was having the effect of depressing prices on the bond market. For this reason two loans floated just before the central government loan was due for payment in full were unsuccessful, the yield being considered not very attractive. Because of this set-back, the Central Bank decided to suspend issues.

Flotations recommenced in the second half of August with a Bank for Netherlands Municipalities loan. This was so successful that the immediate launching of another launched loan proved possible. The central government in its turn identical a third loan by tender in October, with a coupon rate of 6.50% and a minimum issue price of 99%, the actual amount of the loan being indeterminate but to be fixed within stated upper and lower limits.

During the first half of 1969, on the other hand, the authorities delayed a loan on one occasion only, market equilibrium being largely assured by adjusting interest rates.

After France, the Netherlands is the country in which interest rates rose most rapidly during the first quarter of 1969. Dutch rates came close to rates on the international market for the first time and later exceeded them. This rapid increase was mainly due to four factors: the restrictive credit policy, the repercussions of higher rates on the international market, a certain hesitancy on the part of investors, and a change in the pattern of supply (investors having shown a growing interest in foreign shares and convertible bonds).

These changes in interest rates do in fact reflect a gradual change in official policy. Although Dutch interest rates had been among the lowest in Europe for many years, the authorities did nothing to stabilize them, believing that increased rates would help to restore equilibrium on the market and might give support to short-term economic policy. The interest-rate policy followed by the Dutch authorities was therefore very close to that pursued in Germany. Market equilibrium policy is, however, much more active in the Netherlands, where market equilibrium takes precedence over short-term policy aims. These interventions by the Central Bank are supplemented by the Government's policy of adjusting demand from public issuers.

(b) Policy towards local authorities

The local authorities -- the largest issuers, accounting for some 50% of net issues in 1967 and 1968 -- were obliged by the Government, under Article 5 of the 1963 law on municipal and provincial expenditure, to reduce their long-term borrowing from the Bank for Netherlands Municipalities by imposing "central financing" throughout the period 1966 to 1968. (The ministerial decision of 10 December 1965 was renewed each year.) This was preferred to the alternative used on previous occasions of placing a ceiling on municipalities' indebtedness, because the Bank for Netherlands Municipalities is better able to adjust its calls to market conditions.

This method is doubtless not very convenient for the municipalities, who have no way of knowing in advance what borrowed resources will be at their disposal during the year. It does, however, have the advantage of making it possible to improve the allocation of resources, bearing the needs of the various local authorities in mind. (Small municipalities were previously at a disadvantage when it came to making direct calls on the market.) When allocating resources the Government takes into account

the priorities drawn up by the provincial authorities (Colleges van Gedeputeerde Staten). There are special arrangements for large towns; an investment ceiling is fixed, but no mention is made of how investments are to be financed.

There is also a curb on the short-term indebtedness (less than 12 months) of local authorities. Under administrative regulations this cannot exceed one quarter of current receipts in the previous year. Once this percentage has been accounted for, local authorities must use 50% of their long-term borrowings to consolidate their short-term debts.

Generally speaking, however, this rigid framework seems to be used to allocate resources between the authorities rather than to limit their indebtedness. In practice, throughout the period under review, the Bank for Netherlands Municipalities raised as much money as it could by floating bond issues, issuing savings bonds and resorting to onderhandse leningen. It might even be said that this borrower enjoyed privileged access to the market because a number of private-sector issues were staggered to ensure that its loans would succeed.

The main purpose of central financing is to ensure that capital markets are not disturbed by local authorities outbidding each other.

(c) Policy on central government issues

As far as the central government - generally the second largest issuer - is concerned, the Dutch approach is to pursue a budget policy which does not put too much pressure on the market. This restraint on the part of the central government does not mean, however, that its loans come last in the queue. On many occasions, private-sector loans were delayed to facilitate the floating of central government loans. At times, however, particularly during the first half of 1968, central government and local authority requirements had to take second place because of the business situation.

The central government also uses other sources of finance, notably the short-term market, and only finds some of its requirements on the bond market. In fact, government net issues on the bond market fluctuate much more than central government indebtedness as a whole.

The central government has varied its techniques with a view to making its issues better adjusted to the capacity of the bond market. In 1968 it floated loans without fixing the amount before subscriptions opened, and it also used the tendering technique - whereby the amount and the real yield can fluctuate within a certain range in the light of market response. The first technique ensured market equilibrium by adjusting the volume of central government loans, and the second did the same by adjusting rates as well as volume.

There is no doubt that the use of these regulating techniques reduced the need to stagger a number of issues. But it is difficult in the last analysis to work out what effect they have had on the volume and terms of central government loans or to say what the volume and terms of these loans would have been if they had not been introduced.

Italy

With a growing bond market, measured by the relationship between issues and national product, the Italian authorities kept a watchful eye on market trends so as to ensure that the demand for funds was matched by supply, thus stabilizing the cost of the long-term funds needed to promote production and investment.

It should be noted, however, that the main effects of Italian policy - a virtual monopoly for public-sector issues and relatively stable interest rates until mid-1969 - were caused by the automatic weeding out of issuers by tax arrangements and measures affecting the supply of capital, rather than by any conscious selection policy applied to issuers.

Contrary to practice in all the other EEC countries, the main instrument of bond market regulation policy is not intervention at the issue stage.

(a) Selection of issuers

This plays a very important role, but selection is largely an automatic affair through taxation. Because of the "imposta di ricchezza mobile", a tax on bond interest paid by the issuer and now running at 38%, capital raised on the bond market is

prohibitively expensive for borrowers liable to this tax. The issuers who are exempt are public borrowers proper (central government, local authorities, institutions issuing for the account of the Treasury), public credit institutions and public enterprises, which only pay a subscription tax which is almost negligible. This gives public borrowers a de facto monopoly of access to the market.

After this automatic selection which weeds out private-sector issuers,¹ some selection must still be made between proposed public-sector issues. Generally speaking, staggering issues is enough to ensure market equilibrium. This can be arranged at the moment when authorization is given by all the authorities having a hand in this procedure and again when the Bank of Italy authorizes the effective launching of the issue.

For these reasons, a waiting period, sometimes of several months' duration, may occur between the filing of the application and the actual floating of the loan. In April 1967, however, because of fears about a review of the tax treatment of bonds, public borrowers suspended issues completely to relieve the market situation. Net issues were much more unevenly distributed throughout 1967 than in 1966, and they dropped more in 1967 than total issues. They recovered in 1968 and were once more evenly distributed throughout the year.

Furthermore, in 1969 the monetary authorities restricted issues by institutions specializing in credit against real estate, in order to curb a building boom.

It can be seen, then, that concern for market equilibrium or the trend of economic activity can lead the authorities to curb or delay issues by certain borrowers.

Although Italy has no arrangements on the lines of those existing in Germany, France or the Netherlands to ensure that issues are staggered, coordination between the various authorities concerned is ensured by a flexible system of contacts, including contacts between the Inter-Ministerial Credit and Savings Committee and the Bank of Italy. The principal lenders and borrowers also meet informally at the Bank of Italy each quarter.

¹ Specialized credit institutions, however, use a large proportion of their issues for private-sector financing.

(b) Demand policy

Throughout the period under review the Italian authorities, in particular the Inter-Ministerial Credit and Savings Committee and the Bank of Italy, acted to regulate domestic demand, making sure that loan terms were consistent with the stabilization of interest rates which was their main objective.

It must be noted, however, that intervention with respect to demand was less significant in this connection than measures affecting supply, because yields at issue had been aligned on rates on the secondary market and action to stabilize the market was directed chiefly at these rates, contrary to normal practice in other EEC countries.

Steps taken to stabilize the market were concentrated in the main on interest rates for government stock and issues by special credit institutions. The lowest and most stable rates are those for 9-year Treasury bonds and some other central government loans such as those for school-building. These particularly low rates can be attributed to special tax concessions (exemption from estate duty) - which explains why these securities are attractive to individual bond holders - and to a policy of price support which was particularly active in the last three years, prices being kept at par.

The interest rate regarded as the best indicator of the cost of long-term money, namely the rate for bonds issued by institutions specializing in credit against movable property, only increased slightly in 1967, moving from 6.60% to 6.77%. It was kept at this level in 1968 despite the strains which made their appearance on the international market and foreign markets. The contrast was even more marked during the first half of 1969: when the increase in rates became even more marked everywhere else, this rate remained virtually stable (6.83% in June 1969), with a very slight increase occurring in July. The upward movement became more accentuated in later months, however, bringing the yield to 7.46% in October and 7.90% in December.

Belgium

Because loans floated by the public authorities predominate (they represent two thirds of all issues,¹ the highest proportion in the Community), market regulation policy is largely based on forecasts for the borrowing requirements of the central government and other public agencies.

¹ For the three years from 1967 to 1969 issues by the public authorities (excluding public credit institutions) amounted to 66% of total net domestic issues; if gross "block" issues only are considered, the proportion is 95%.

Since central government requirements are always considerable, the main features of regulatory action are that the volume of central government loans is fixed at a level compatible with fluctuations in capital supply and that a time-table for issues is drawn up early in the year with due regard for the wishes of the various public borrowers.

(a) Public-sector issues

In 1966 the net financing requirements of central government came to Bfrs. 17 100 million. Because there was strain on the Belgian market, only Bfrs. 9 100 million of this could be raised on the domestic market in fixed-interest securities, the balance being covered by short- and medium-term funds (Bfrs. 4 100 million) and recourse to foreign markets (Bfrs. 3 900 million).

In 1967, on the other hand, all the central government's net financing requirement, amounting to Bfrs. 22 500 million, was raised on the Belgian market in fixed-interest securities.

The central government's net requirement in 1968 came to Bfrs. 33 700 million. Only Bfrs. 25 400 million of this total could be found on the bond market, the balance being covered by short-term borrowing.

Finally, information available for the first quarter seems to indicate that the central government's net requirement for 1969 too will not be fully satisfied by the Belgian bond market.

When the budget is being drafted the Treasury is aware of the net financing requirements of the various public borrowers for the year ahead. It fixes the annual volume of these loans and at the same time draws up a time-table spacing them over the year. The time-table makes allowances for the pattern of redemptions and repayments, the estimated rhythm of tax receipts, and market fluctuations during the year. With the development of roll-over loans, however, it is becoming more difficult to forecast requirements for renewing bonded debt. The demand for reimbursement from bond holders can range from 20 to 80% of the issue, depending on the individual loan.

In 1966 and 1967 public issues in large series ("block" issues) were floated more or less in line with the time-table drawn up early in the year.

In 1968, on the other hand, because of the strained market situation at the end of the year and the growth of net financing requirements during the year, it did not prove possible to raise all the money as planned on the fixed-interest securities market.

Over the years under review, then, the Belgian Treasury adjusted its demand, cutting it back in the light of forecasts when the market was under strain and stepping it up beyond the estimated level to fund its floating debt whenever capital was available. So in Belgium, unlike the Netherlands, flexibility is assured by manipulating the volume of loans rather than by staggering issues.

(b) Private-sector issues

During the period under review, the Banking Commission was never forced to make use of its statutory powers to stagger private-sector issues or to adjust their amount to market circumstances. Nor did it have to exert strong pressure even when the market was under strain. Its recommendations to companies to avoid overlapping in the issue time-table were accepted and followed without any difficulty. Competition between public-sector and private-sector issues was all the more easily avoided since private-sector issues were "on tap" for the most part. Those of them that were "block" issues were not very large, and the issuing companies, aware of the Banking Commission's views, took care to avoid any clash between their issues and public-sector issues by inserting them in the free spaces left in the issue time-table drawn up by the Treasury. But the main point is that private-sector issues were very small, companies preferring to make use of loans from the banks or specialized credit institutions (Société nationale de crédit à l'industrie and Caisse nationale de crédit professionnel), which are on the whole less expensive than capital raised by public issue, particularly if allowance is made for the interest rebates which often accompany these loans if the investment to be financed fulfils certain conditions.

(c) Interest-rate policy

Interest-rate policy is dictated in the main by cyclical considerations and largely depends on manipulation of Bank rate. Changes in Bank rate affect rates on the money market but do not necessarily influence the bond market. It is mainly when the authorities are pursuing a policy designed to bring interest rates down that rates on the bond market prove to be less flexible than rates on the money market. The main explanation for this is the large structural demand from the public sector

on the issue market. In 1967, for example, yields on the bond market fell only slightly though Bank rate was reduced on five occasions.

The need to boost economic activity meant that the policy introduced in 1967 of maintaining interest rates at a "reasonable" level was pursued for much of 1968 and yields on the bond market dipped slightly.

Interest-rate policy was reversed in the later months of 1968 because there was clear evidence of a powerful recovery in economic activity. A reshaping of interest-rate policy was also needed because of the trend of interest rates abroad, which had led to considerable outflows of capital. For these reasons the Treasury decided to raise the issue rate of its loans. Apart from the Treasury, whose decisions on interest rates have a direct bearing on the market, the Council of Public Credit Institutions plays an important role as the body responsible for coordinating the interest rates of loans, especially tap issues, floated by public credit institutions.

It is clear, however, that Belgian interest rates were more and more influenced by the trend of interest rates abroad, and interest rates on the Euro-currency and Euro-bond markets in particular, thus limiting the possibility of the authorities' taking an independent line.

Luxembourg

Since domestic public issues are few, action to regulate domestic demand is necessarily limited.

At no time during the period under review did the Commissioner supervising banking, who has powers similar to those enjoyed by the Belgian Banking Commission, have to use them to delay private-sector loans.

Luxembourg interest rates, which had been lower than international rates for a long time, climbed back almost to international levels. The reason for this increase was the state of the public finances, which obliged the public sector to make increased calls on the bond market from 1967 onwards (it had previously relied on institutional investors and the banks). The alignment of rates on international rates can be regarded as permanent.

CHAPTER III. POLICIES ON DOMESTIC SUPPLY OF CAPITAL

In every Community country except Italy, measures to regulate the domestic capital supply to maintain market equilibrium are much less frequent than intervention affecting demand. Action to regulate supply is largely structural (measures to channel placements by institutional investors or individuals, for example) and is necessarily a rarer occurrence than the day-to-day manipulation of demand. This does not mean that its contribution to market equilibrium is any less significant than intervention with respect to demand. Action is also taken, however, to facilitate the placing of certain loans or to support their prices; this can take the form of an open-market policy or specific action to influence certain investors.

Germany

(a) The expansion of investment by individuals in securities in general and bonds in particular is normally viewed favourably. During the period under review the authorities were aware that fluctuations in bond prices temporarily reduced the propensity of individuals to invest in these securities, and notably in longer-term loans. This was particularly true during 1966 and 1967, when bond buying by individuals fell, both in terms of absolute value and as a percentage of the supply of capital on the fixed-interest securities market, although saving remained stable. On a number of occasions, where the aims of capital market policy (stable prices to attract savers) clashed with the aims of short-term economic policy (higher interest rates to dampen economic activity), preference had to be given to the latter. Rates and prices are bound to fluctuate somewhat in the future too, though the authorities would like to change their policy on maintaining equilibrium to make more use of fiscal policy and less of the instruments of monetary policy, such as higher interest rates.

Moreover, a number of steps were taken to meet the public's preference for loans of shorter duration and readier marketability. The Federal Government first cut the life of its loans to 10 or 12 years. Then early in 1969 it introduced the Bundesschatzbrief. This is a medium-term (six-year) security with a progressive rate of interest; it can be redeemed at any time after an initial one-year waiting period, which constitutes a guarantee against losses of capital. Savings banks and industrial credit cooperatives were encouraged to offer similar securities.

Finally, mortgage credit institutions tried to adapt their issues to the public's preferences by introducing ten-year paper redeemable at par after five years and mortgage bonds of shorter duration.

(b) Through its open-market policy the Bundesbank took a direct hand in influencing domestic capital supply to offset temporary market strain. But what proved decisive for the volume of domestic capital supply was the repercussions of credit policy measures taken to influence economic activity, measures which had a direct incidence on the buying and selling of fixed-interest securities by banks and savings banks.

The Bundesbank pursued a restrictive credit policy in 1965 and more particularly during the first half of 1966. One of the side-effects of this was a considerable drop in net purchases of fixed-interest securities by banks, savings banks and other credit institutions. These fell from DM 3 400 million in 1965 to DM 1 500 million in 1966.

From the end of 1966 until 1968, monetary policy was directed towards expansion, which meant that the credit institutions acquired DM 11 700 million in 1967 and DM 14 600 million in 1968. One of the indirect consequences of monetary policy, then, was to increase or reduce the supply of capital from credit institutions on the bond market.

In 1967, although a number of credit institutions were slow to resume purchases of fixed-interest securities, the Bundesbank broadened its open-market policy by buying from its own resources securities issued by the Federal Government and its special institutions (Federal Railways, Postal Administration), whereas it had previously confined itself to buying securities of this kind on behalf of issuers. To a certain extent, then, the Bundesbank replaced the ordinary credit institutions as a buyer on the secondary market, thus contributing directly to the supply of capital on this market. In 1967 it acquired a net total of approximately DM 1 300 million (some 10% of the market).

This extension of the open-market policy was suggested by the Federal Minister of Economic Affairs and the Federal Minister of Finance because the tendency for interest rates to fall, which had been active since the end of 1966, had been arrested and even reversed. This was due to the inflow of securities to the market, in association with the financing of short-term investment programmes, and the sale of fixed-interest securities by the social security agencies.

The Bundesbank did not, however, confine its activities to buying. In 1968 it sold securities to the value of DM 600 million because of the brisk recovery in bank purchases. Nor did it continue to intervene on a regular basis, against the market trend, but rather to offset certain short-term fluctuations.

In February 1969, because the factors determining monetary policy had changed, the Bundesbank dropped the open-market policy it had been pursuing, with its own resources, on the bond market. It was forced to limit bank liquidity, which meant that it could no longer purchase public securities for its own account. It did, however, continue to intervene on the public-sector loan market, using the resources of public issuers.

(c) It should also be noted that the bond market received indirect support on two occasions in 1967: first when the Federal Government financed its economic programmes by issuing short-term securities instead of bonds, and then when the Bundesbank gave special liquidity status to medium-term notes (Kassenobligationen) with 18 months to run, thereby facilitating their inclusion in bank portfolios.

France

(a) Intervention affecting domestic capital supply was relatively limited during the period 1966-69; the sector chiefly affected was the institutional investors.

The rules on insurance companies' investments were relaxed by a decree dated 8 December 1966. Insurance companies were authorized to include debentures among their "first-category" assets, up to 50% of the total of these assets, provided they did not increase their holdings by more than 10% by the end of 1970 at an annual rate of increase of 2.5%. This relaxation had a favourable impact on the volume of private-sector bonds placed in 1967 and 1968.

The reform of placing techniques introduced in April 1968, which prohibited the passing on of brokerage to institutional investors, had the effect of making these institutions step up their subscriptions at issue whereas previously their preference had been for investing on the secondary market. Since then, the signs are that institutional investors have been subscribing more than 50% of certain issues, compared with 20% before the reform.

It should be noted that neither the Bank of France nor the Caisse des Dépôts et Consignations intervenes regularly on the secondary market. The Caisse des Dépôts acts like a private investor and has no role as a stabilization fund.

(b) A number of spontaneous developments had an appreciable influence on the supply of capital.

The rapid development of the SICAV (open-ended investment companies) specializing in the placing of bonds boosted capital supply on the bond market from the end of 1966. This trend became more and more marked because of the rise in interest rates, particularly since even non-specialized SICAV are required to hold 30% of their investments in bonds and liquid assets.

On the other hand, market strain was aggravated towards the end of 1967, in June and November 1968, and again in the second quarter of 1969 by the wait-and-see attitude adopted by institutional investors, who were expecting interest rates to go up. One effect of this was that the psychology of the market transferred the increase in interest rates on the international market to France, despite the absence of any close links between foreign markets and the French market.

The authorities noted that the policy of raising issue rates gradually was encouraging investors to mark time and facilitating price erosion, and in July 1969 they fixed the yield of one issue at a level considerably above the yields that had been ruling up to that time in an attempt to break the vicious circle.

Another reason for the reduction in the supply of capital from institutional investors in 1969 was the high yields offered by short-dated investments and the pull exercised by investment in shares and in real estate.

(c) A number of steps were taken to make bonds more attractive to households.

In April 1968 placing techniques were reformed to do away with the "long circuit" (institutional investors buying on the secondary market rather than at issue) and the "décote" (the tendency for prices to deteriorate after issue). Canvassers had been encouraging households to sell their old bonds and buy new ones with higher coupon rates. This practice caused disillusionment among individuals, particularly since yields at issue were often lower than stock exchange yields. It was expected that,

initially, this reform would have the effect of reducing public subscriptions while encouraging increased buying at issue by institutional investors. In the long run, however, the improvement in the quality of investments was expected to lead to an increase in subscriptions from households and institutions.

Because of the spectacular rise in French interest rates it proved impossible to reap all the expected benefits of this reform. Furthermore, developments in the monetary and political fields combined with falling prices had a very bad effect on bond buying by households.

In 1968 and 1969, therefore, households continued to exchange their old bonds, not for new ones but rather for short-term commitments and for investment in real estate and shares. There was large-scale selling of bonds after each increase in coupon rates and during international monetary crises and periods of internal political tension.

The authorities also introduced a number of tax arrangements to encourage bond buying by households. From January 1965 onwards bond income up to FF 500 was exempt from tax. The tax-free ceiling was raised to FF 1 000 as part of the measures associated with the August 1969 devaluation. Furthermore, since November 1965 individuals have been free to opt for a final levy of 25% on bond income.

Netherlands

Compared with the authorities in other Community countries, the Dutch authorities seem to have relatively little opportunity of influencing the domestic supply of capital.

(a) Unlike other EEC countries, the Netherlands does not encourage direct investment by private savers on the capital market.

However, some securities, such as savings certificates, which offer tax advantages (interest can be taxed in the year in which the securities are sold or redeemed, and the tax due is reduced if they have been in the holder's possession for more than three years and if the amount taxable is higher than Fl. 1 000), meet the needs of individuals seeking a "deferred" income.

Moreover, one of the reasons for changing the way in which central government loans are floated was to step up sales to small investors, who had often failed to secure any stock when subscriptions were accommodated on a pro rata basis.

Lastly, issuers broke down their security issues into relatively small denominations to meet the needs of the small investor.

On the whole, however, households and business contribute little to the supply of capital on the market, preferring to let institutional investors manage their savings for them.

(b) The rules on lending by institutional investors are generally very liberal as regards the choice of domestic investments. A number of institutions, such as the civil service pension fund, certain accident insurance funds, the social insurance bank, the post office savings bank, the post office giro, are covered by a 1920 investment law and are, in fact, centrally administered by a Central Investment Council. The chairman and four of the members of this Council are appointed by the Minister of Finance, the two remaining members by the Central Bank. Although no civil servant sits on this Council, its existence affords the authorities some opportunity for intervention, though a relatively limited one in view of the volume of funds to be administered, the rules limiting its freedom of action and the fact that funds must be administered in the interests of the parties entitled rather than in the light of considerations of general economic policy. In practice, a large proportion of these funds is invested in both privately and publicly placed central government loans.

(c) Finally, the credit policy of the Central Bank has repercussions on the trend of interest rates for bonds despite the clear separation between the money and capital markets. A restrictive credit policy affects the liquidity position of the banks and is reflected in an increase in the cost of various forms of bank credit. This, in turn, has repercussions on the bond market because institutional investors are then inclined to "wait and see". As in France, this attitude on the part of institutional investors helped to send interest rates up rapidly in 1969 - a trend which was reinforced by the growing attraction of investment in shares and foreign convertible bonds. Furthermore, the regulation of long-term operations, under which, since 1 January 1969, the banks are not permitted to increase their long-term assets more than their long-term liabilities, limits the banks' opportunities to invest on the capital market and tends to make capital more expensive.

The Central Bank does not engage in open-market operations on the bond market, nor has any institution been given the task of intervening on the secondary market to keep prices stable.

Italy

In Italy the Central Bank intervenes on the bond market to a considerable extent. It does so directly through its open-market operations and indirectly by influencing buying and selling by credit institutions. Its intervention was the main instrument of interest rate stabilization policy.

(a) The monetary authorities made it easy for credit institutions to subscribe to bond issues by authorizing them to include certain categories of long-term security in their compulsory reserves. In September 1967 school-building securities were added to mortgage bonds (cartelle fondiaria) and securities issued by agricultural credit institutions, and early in 1968 bonds issued by the CCOP (Consorzio di Credito per le Opere Pubbliche) for the account of the Treasury were added to the list.

Banks, savings banks and other credit institutions bought net amounts of Lit. 1 311 000 million (or 47% of net issues) in 1966, Lit. 1 002 000 million (42% of net issues) in 1967 and Lit. 1 544 000 million (50% of net issues) in 1968. They made good use of their right to include certain long-term securities in their compulsory reserves (Lit. 303 000 million in 1966, Lit. 410 000 million in 1967 and Lit. 443 000 million in 1968), since these have a higher yield than other eligible investments.

Thus, throughout the period 1966-68 the Central Bank encouraged investment in securities, though the Bank's powers on compulsory reserves are normally used both as an instrument of credit policy and to regulate the market in fixed-interest securities.

In 1969, however, the Central Bank curbed investment in mortgage bonds, and the banks absorbed a notably smaller volume of securities in the first quarter of 1969 than in the first quarter of 1968 (Lit. 239 000 million as against Lit. 410 000 million).

It should be borne in mind, incidentally, that the banks also finance the buying of securities through the credit lines accorded them by the Central Bank for loans against the deposit of securities, though they refrain from using these lines to the full so as to maintain adequate liquidity. Such advances, limited to four months in principle, are almost always renewed. Furthermore, fixed-term advances which have to be used within two to three weeks were introduced in 1967.

(b) From 1966 onwards, the Bank of Italy engaged in substantial buying and selling of bonds as part of its open-market policy. It acquired Lit. 470 000 million (Lit. 420 000 million at issue) in 1966, Lit. 640 000 million (Lit. 480 000 million at issue) in 1967 and Lit. 870 000 million (Lit. 690 000 million at issue) in 1968. It sold securities to the tune of Lit. 270 000 million in 1966, Lit. 480 000 million in 1967 and Lit. 650 000 million in 1968. In other words, it stepped up its buying and selling each year, the net result being a steady increase in the Central Bank's portfolio, net purchases representing some 7% of the market each year.

These interventions helped both to support securities issued or guaranteed by central government (the only securities which the Bank of Italy can acquire) and to regulate liquidity. In the first place, intervention by the Bank of Italy was concentrated in the second quarter, when large issues were floated for the account of the Treasury to finance medium-term plans. And secondly, budgetary rules require funds to be raised during the financial year concerned, i.e. before they are used, so if the ultimate recipient of the funds raised does not use them immediately, the issue has the effect of withdrawing liquidity from the market. The acquisition of a proportion of these securities by the Bank of Italy therefore makes it possible to offset this reduction of liquidity. It also makes it possible to maintain market equilibrium over time in that the Bank of Italy absorbs the excessive end-of-year influx of securities and resells them through the credit institutions during the course of the following year.

(c) The Cassa Depotiti e Prestiti, which also helped to maintain market equilibrium in 1964, virtually had to stop buying bonds because of increased commitments in the form of loans to local authorities.

The central savings bank institution (ICCRI), however, played a role somewhat similar to that played by the Bank of Italy by underwriting entire issues or a proportion of them, placing them on the market when the securities were given stock exchange listing.

(d) The policy of keeping prices stable undoubtedly stimulated individuals' investment in bonds; moreover, the tax privileges attached to bonds mean that these are already quite attractive.

The authorities also hoped to make other forms of medium- and long-term saving attractive. A bill to allow the creation of investment trusts is being debated in parliament.

Individual and business investors hold a relatively large share of the market. Their bond purchases represented 48% of net issues in 1966, 54% in 1967 and 44% in 1968, giving a virtually stable total of some \$2 000 million in each of these years. This amount is especially remarkable in view of the considerable contribution made by the banking system to bond issues and the size of the issues in Italy.

Belgium

Relatively little can be done to influence the supply of capital on the bond market.

(a) The Fonds des Rentes acts, as it were, as a jobber. It helps to maintain equilibrium on the bond market - and on the money market - by attempting to regularize the movement of prices for public loans on the secondary market, though it does not try to go against the basic trend.

It uses arbitrage to ensure that yields of securities with analogous features are kept in line, supporting certain loans which are accidentally depressed. It also facilitates the placing of new public loans by intervening on the secondary market, particularly when new issues are being floated.

Its intervention is reflected in changes in its portfolio of public stocks. This fell from Bfrs. 6 400 million at the end of 1966 to Bfrs. 5 900 million at the end of 1967, rising to Bfrs. 7 900 million at the end of 1968. In June 1969 it stood at Bfrs. 7 500 million.

These end-of-year figures do not necessarily give a true picture of the Fund's activities, variations within the year being wider. In 1966 the lowest figure (Bfrs. 5 900 million) was recorded in January and the highest (Bfrs. 7 500 million) in May. In 1967 the portfolio fell from Bfrs. 6 400 million in January to Bfrs. 5 100 million in August, climbing back to Bfrs. 5 900 million in December. In 1968 the lowest figure was recorded at the end of January (Bfrs. 5 700 million) and the highest in December (Bfrs. 8 100 million).

Lastly, while the Fund exercised control over 236 securities in 1968 (this figure changing slightly from year to year) it must be remembered that it can concentrate on certain securities at certain times. Selective intervention therefore allows the Fund to influence prices, despite the limited resources at its disposal. On a number of occasions it even managed to help establish certain trends. The Fund did not attempt, however, to check the rapid rise in interest rates in 1969.

(b) Since the central government has a hold over certain investors, it sometimes uses moral suasion to facilitate the placing of certain loans if it considers that this may prove difficult.

(c) In May 1969 the Banking Commission made a regulation which could have the effect of increasing bank holdings of public securities. This regulation, valid for 12 months, introduced a reinvestment coefficient obliging the banks gradually to step up the ratio of easily realizable assets (disposable funds, call money, commercial bills and bank acceptances, public securities) to total assets (where these easily realizable assets represent less than 60% of their short-term liabilities). It is possible, however, that the present restrictions on bank lending will prevent the banks from complying with this reinvestment coefficient rule unless they increase their investment in bonds. Therefore, as long as the restrictions remain in force, the flow of bank capital to the bond market is liable to increase.

Luxembourg

In Luxembourg too the central government uses its hold on certain investors, such as the State Savings Bank and certain pension funds, to facilitate the placing of loans by specified public issuers. Apart from this, nothing is done to influence the supply of capital. So far, neither the central government nor the Savings Bank has taken any action to support prices. The absence of any regulatory agency and the fact that the vast bulk of public-sector securities are placed with institutional investors limits the volume of stock-exchange transactions. This situation does not rule out relatively large price fluctuations.

CHAPTER IV. POLICIES ON SUPPLY OF AND DEMAND FOR CAPITAL IN RELATIONS WITH COUNTRIES ABROAD

In all countries the authorities' attitude to supply of and demand for capital between the home country and countries abroad is largely influenced by balance of payments considerations. Concern for market equilibrium and even for the business situation are only of secondary importance.

The years 1966-69, during which the tendency was for interest rates to come closer together, began with a period of growing liberalization which continued until 1968 and constituted an extension of an earlier movement. This was followed by a period in which restrictive policies were adopted by a number of countries because of balance of payments problems and/or strain on the capital market.

Germany

In 1964, because of the need to export capital to restore balance of payments equilibrium and curb internal liquidity, the German authorities discouraged inflows of foreign capital in the form of subscriptions to domestic issues by introducing a 25% coupon tax. For the same reasons they adopted an extremely liberal attitude to the issue of foreign and international loans in Germany, even when the resulting outflows of capital caused tension on the German capital market. At the beginning of the period under review, this attitude merely had the effect of ensuring that foreign capital entering Germany was re-exported since only non-residents, hit by the coupon tax, had an interest in subscribing to foreign and international loans. In 1967, however, when international rates caught up with yields for domestic loans and then overtook them, German subscriptions to foreign and international issues began to grow and gradually increased in volume, resulting in considerable net exports of capital.

(a) In 1966, despite pressure on the domestic market which had forced the authorities to limit calls by certain domestic issuers, the Federal Government made no use of its powers to restrict the placing of foreign loans under Article 22 of the 1961 law on external economic relations. There was no reason for it to do so, since the market crisis was caused by excessive domestic demand and foreign issuers were making virtually no calls on the German market because rates in Germany at the time were higher than those prevailing abroad and on the international market.

Totals dropped from the equivalent of \$247 million in 1965 to \$96 million in 1966.¹ Euro-issues in DM were still not very common at this time. They only amounted to \$50 million in 1966, and German banks' quotas in consortia floating Euro-issues denominated in dollars were for the most part placed outside Germany.

(b) During 1967, because of the drop in German domestic rates and the increase in rates for international issues, the latter became more attractive to German residents. Their acquisitions of foreign securities and of German fixed-interest securities circulating abroad led to net capital exports of \$300 million in 1967 (10% of net domestic issues) and to \$1 100 million in 1968 (25% of net domestic issues). These totals are partly due to an increase in traditional foreign issues managed by German banking consortia (\$156 million in 1967, then \$231 million in 1968)² but mainly to an increase in placements of Euro-issues denominated in dollars in 1967 and in DM from 1968 (80% of German banks' quotas in foreign DM issues were placed with German residents in 1968).

(c) Since then, without abandoning their liberal attitude to foreign issues, the German authorities and bankers have made a point of being informed about the volume of these issues and their repercussions on the German market and have tried to ensure that they are better staggered.

With effect from February 1968, under a gentlemen's agreement between the Bundesbank and the German credit institutions, the latter agreed to place DM loans in Germany only if the consortium included a German bank among its leaders. Since then all DM issues have been managed by a consortium which includes at least one German credit institution.

¹ The figures given for foreign issues in Germany only partly reflect the placement capacity of the German market because they only refer to "conventional" foreign issues floated by consortia composed exclusively of German banks (see footnote to the table "Gross public issues of conventional foreign bonds"). If German banks' quotas in international issues denominated in DM and other currencies, and private placements, are taken into account, the figures, particularly those for 1968, are considerably higher.

² The figure for 1968 would be \$1 289 million instead of \$231 million if the additional factors referred to in note 1 above were taken into account.

Moreover, although the Central Capital Market Committee did not deal with foreign issues, a subcommittee was formed in 1968 to deal with foreign issues denominated in DM. It groups representatives of the Big Three banks and the savings banks, and of other credit establishments when they are leaders of a consortium. This subcommittee meets regularly to draft a time-table for foreign DM issues in the four weeks ahead and to ensure that a number of issues are not floated at the same time. This cooperation between the banks participating in consortia was found to be necessary because of the volume of these operations. But it in no way binds the banks taking part and has been shown in practice to be wanting in efficacy - since the market was overloaded on several occasions during 1969.

Representatives of the Federal Ministry of Economic Affairs and the Bundesbank were present at a meeting of the subcommittee for the first time in April 1969; they again attended in June. They were asked to supply information on the trend of economic activity and the balance of payments situation. They stressed that it would be well to keep up capital exports but warned against the dangers of overloading the market with foreign issues.

It is worth remembering that total foreign issues in DM (irrespective of whether the consortium was German or multinational), which amounted to \$146 million in 1966 and \$171 million in 1967, suddenly shot up to \$931 million in 1968 and stood at \$1 278 million by 1969. The relative increase in DM issues compared with all international issues was even more spectacular in view of the considerable drop in Euro-issues denominated in dollars beginning with the second quarter of 1969. DM issues represented a little over half of all international issues in the third quarter of 1969 and about a third in the full year.

France

While remaining within relatively narrow limits, the supply of and demand for long-term capital between the home country and countries abroad were dependent on extremely varied conditions during the period 1966-69, both because of changes in official policy and because of spontaneous changes in the market situation. It is possible to distinguish two phases:

- (i) first, a period of liberalization which lasted until May 1968,
- (ii) then a period in which there was a return to restrictions on operations resulting in outflows of capital and a voluntary suspension of operations liable to produce inflows of capital.

(a) The decree issued on 27 January 1967, implementing the law of 28 December 1966 on financial relations with countries abroad, laid down the principle that freedom constitutes the rule, prohibition the exception. The reverse had been the case under the law of 31 May 1916.

The first result of this reform was to remove all exchange restrictions on French banks' participation in consortia placing and underwriting international loans, enabling them to step up their effective participation in operations of this kind.

However, the de facto change was even greater than the de jure one. Although foreign issues in France and French issues abroad remained subject to authorization by the Minister of Finance, the arrangements actually enforced were rather liberal.

(i) Foreign issues:

The Minister did not have to turn down any applications for foreign issues because interest rates and high brokerage acted as natural barriers discouraging potential foreign issuers.

(ii) Placement of loans issued outside France:

Although advertising and soliciting for funds for foreign securities require authorization, French banks were in fact able to buy quantities of international bonds for their customers in France. The only condition imposed was that they should not seek custom, and even this rule was rather flexibly applied.

(iii) French issues abroad:

Although the French authorities had not been very keen on French banks and other businesses participating in the Euro-issue market, and had been even more doubtful about French savings being invested on this market, their attitude changed in 1967. Authorizations for French issues abroad, which had previously been granted in exceptional circumstances only, were now freely available to firms, which for the most part had income in foreign currencies or had investment abroad to finance. Seven loans totalling \$157 million were floated in 1967.

Even calls by French firms on the international market were looked on favourably where they made it possible to ease the programme of domestic issues. Moreover, some of these operations were in francs.

(b) The expansion of international operations was interrupted by a series of political and monetary events.

(i) French issues abroad:

Calls made by French issuers on the international market had begun to increase in 1967; two Euro-issues in francs took place in 1967 and early 1968. But the events of May/June 1968, combined with the reintroduction of exchange control, had the effect of putting French firms at a disadvantage on the international market, preventing them from borrowing francs and discouraging them from incurring debts in a foreign currency. Once things returned to normal, however, calls were again made on the German market from the third quarter of 1968 until April 1969. These operations were all the more favourably viewed by the authorities since resources on the domestic market seemed too limited to cover planned issues which had already been postponed.

The subsequent prospect of a revaluation of the DM exchange rate did not favour resumption of these operations, which were in any event made more difficult by tension on the German market.

(ii) Participation by French banks in Euro-issues and their placement:

Since the reintroduction of exchange control on 29 May 1968, the placing of foreign bonds in France is strictly forbidden. It was only allowed for a short period from 4 September 1968, when exchange control was lifted, until 24 November 1968, when it was reintroduced for a second time.

Although participation by French banks in international loan consortia is not subject to exchange control, it is clear that their activities in this field are considerably limited since they can only take part if the securities are placed outside France.

Netherlands

The traditional attitude of the Dutch authorities to foreign issues in the Netherlands and Dutch issues abroad was maintained during the period 1966-69. The principle is that the two kinds of operation must balance out so that they are neutral in their effect on internal market equilibrium, the balance of payments and economic activity.

This basic approach is therefore very different from that of the authorities in Germany and France, where exports or imports of capital are encouraged as adjuncts to monetary or capital market policy.

(a) In the past, because Dutch interest rates were relatively low, there were more foreign issuers wanting to borrow in the Netherlands than Dutch issuers wishing to borrow abroad. Thus the main effect of the official desire to balance imports and exports of capital was to prohibit capital exports.

From 1966 onwards, however, when Dutch rates began to move towards international rates, coming level with them in 1969, a number of Dutch issuers became interested in borrowing abroad. The authorities are keeping these operations in check also, though they could have the effect of easing pressure on the domestic market and domestic interest rates.

(b) In 1966 no foreign issuer applied for permission to float a loan in guilders. One Dutch firm, however, floated an issue on the Swiss market, authorization being granted by the Central Bank on condition that the funds raised by the issue would be invested abroad.

In 1967, no authorization was given for a foreign bond issue denominated in guilders, with the exception of one issue for the Netherlands Antilles. On the other hand, a number of international institutions were given to understand that they might be allowed to launch guilder loans in 1968.

The authorities maintained their restrictive attitude to loans floated abroad, insisting that the funds be used outside the country. Two of the four bonded loans floated in 1967 were by Dutch financial establishments on behalf of foreign issuers who immediately transferred the proceeds abroad. One of the remaining two had been authorized prior to 1967. It was only in 1968 that the requirement that the funds must be used abroad was lifted - to be reintroduced in 1969 because of the strained business situation.

In 1968 the European Investment Bank, World Bank and International Development Association were authorized to float guilder loans.

Moreover, new authorizations were granted and older authorizations renewed for the floating of loans by Dutch firms in Switzerland. By June 1969, however, these authorizations had still not been used because of the long waiting-period to which foreign issues are subject in Switzerland.

(c) There were no restrictions on participation by Dutch banks in groups underwriting or selling Euro-issues not denominated in guilders during the period under review. Nor was there any objection to the opening of subscriptions for these loans on Dutch territory.

Since the Dutch public shows little interest in this type of investment, the vast bulk of the Dutch banks' quotas were eventually placed abroad. Issues of convertible bonds met with some measure of success, however.

Italy

(a) Relatively low interest rates on the Italian market (about 6.5 to 7%) would surely have attracted foreign issuers had they not been deterred from making calls on the Italian market by a tax surcharge which would bring the cost of capital to almost 10%. Foreign issues, like domestic private-sector issues, are subject to the 38% tax on "ricchezza mobile". In practice only international issuers (EIB, ECSC, World Bank, IDA) which are treated as domestic public issuers and are therefore exempt from this tax were able to use the Italian market. They were responsible for 1% of net issues in 1967 and 1968.

On the other hand, Italian issues abroad are not subject to this tax. Public issuers are exempt from it in respect of both their domestic and their foreign issues; private issuers are also exempt, provided the funds raised are used abroad. Consequently a number of public and private issuers have made use of foreign issues. Recourse to foreign markets was facilitated in a number of cases by the Cassa per il Mezzogiorno, which assumed responsibility for the exchange risk involved if the project to be financed was located in regions in receipt of special aid.

(b) Nevertheless, the main problem to be faced by the Italian authorities during the period under review was that Italian purchases of international bonds, either through the intermediary of the Italian banks or more commonly through unauthorized channels, was on the increase while foreign investment in Italian securities remained negligible.

The figures for funds offered on the Euro-issue market through the Italian banks are as follows (in \$ million):

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Total quotas	142	221	271
<u>of which:</u> Placed with Italian residents)		130	176
)			
)	99		
Remaining in the portfolios of Italian banks)		25	16
)			
Placed with non-residents	43	66	79

The figures for Italian capital reaching the international market through unauthorized channels were much higher. They can be roughly estimated, from repatriations of bank notes, at \$560 million in 1966, \$800 million in 1967 and \$1 100 million in 1968, the figure for the first ten months of 1969 being \$1 800 million.

Italian capital on the Euro-issue market far and away exceeds that raised by Italian issuers (\$65 million in 1967 and \$75 million in 1968).

The flight of Italian capital to the Euro-market, attributable to tax and institutional reasons and to differences in yield, gives some indication of the burden borne by the Italian authorities to maintain stable and relatively low interest rates on the Italian market.

(c) Whether this objective could be achieved by resorting to a policy of isolating domestic rates from the higher rates applied abroad depended on the balance of payments situation. During the first eight months of 1969, the current account closed with a surplus of \$1 200 million but the deficit on capital movements was in the region of \$2 000 million - twice what it was during the corresponding period of 1968. Remittances of bank notes amounted to \$1 350 million in the first eight months of 1969 as against \$740 million during the corresponding period of 1968.

In March and April 1969, therefore, the authorities took a number of steps to curb exports of long-term capital.

(i) First of all, they introduced a system of prior Bank of Italy authorization for participation by any Italian bank in international consortia placing or underwriting foreign loans. Previously, the banks had been allowed to participate in these consortia within certain limits without seeking prior approval; now, prior approval must be sought in each individual case. The

authorities are well aware, however, that capital outflows through unauthorized channels are much more considerable than those through the official channels now regulated by this measure.

- (ii) They introduced a system of prior authorization for the sale of shares by investment companies. Authorization is only granted to trusts whose portfolios include at least 50% Italian securities.
- (iii) Steps were also taken to deal with movements of short-term capital. The authorities allowed the lira/dollar exchange rate to reach its upper limit and in June 1969 asked the banks to maintain a balanced external position.

But the authorities' main preoccupation has been to make the Italian capital market more attractive and stop the flight of long-term capital.

- (i) They are placing great reliance on the creation of a statute for Italian investment companies; this would give them tax advantages making them competitive with their foreign counterparts.
- (ii) They also hope that better information on securities, the reform of tax arrangements for dividends and interest now being studied, and the widening of the range of securities listed on the stock exchange will reawaken public interest in the Italian securities market.

Belgium

Official Belgian policy on supply of and demand for capital between the home country and countries abroad was somewhat similar to that followed by Italy. The Belgian authorities were faced with similar problems regarding outflows of capital because of their policy of keeping interest rates relatively low.

(a) Their attitude to foreign issues varies depending on whether the application is filed by an issuer resident in one of the EEC countries or in a non-member country. Borrowers resident in non-member countries are almost always turned down by the Minister of Finance; EEC issuers find it easier to get permission. Quotations of securities issued by EEC residents are always allowed.

In 1966 twelve issues of shares or bonds by foreign companies were approved, as was one issue by an international organization. Four applications from companies established in countries which are not members of the Common Market were turned down.

In 1967 thirteen applications were filed by foreign companies and two by international organizations. All were approved with the exception of one bond issue from a company in a non-EEC country.

In 1968 nine applications were filed for issues of shares or bonds by foreign companies and two for a bond issue by an international organization. All were approved.

As far as bond issues are concerned, however, it must be said that the amounts involved were relatively modest. Foreign issues amounted to \$10 million in 1966, \$21 million in 1967 and \$30 million in 1968 and were floated exclusively by international organizations.

(b) Throughout the period under consideration, except in 1968, Belgian issuers' calls on foreign markets were more substantial than foreign issuers' calls on the Belgian market.

In 1966 a public credit institution and a parastatal enterprise raised Bfrs. 2 000 million abroad, the central government Bfrs. 3 900 million.

In 1967 two cities, two public credit institutions, one building society and two parastatal enterprises raised Bfrs. 5 900 million in all.

In 1968 only one credit institution called on the foreign market, and this was for a short-term loan of Bfrs. 50 million.

On the other hand, during the first quarter of 1969 alone, three credit institutions contracted DM loans to the tune of Bfrs. 4 500 million.

The widely varying amounts raised on foreign markets can be explained by the fact that the authorities channelled Belgian issuers towards foreign markets whenever supply on the domestic market was inadequate. Moreover, since Belgian interest rates were low, they had no reason to borrow abroad unless it proved impossible to get capital from the public credit institutions or from the Belgian fixed-interest securities market. Recourse to foreign markets therefore provided a sort of safety valve when domestic demand exceeded supply.

(c) The main problem facing the Belgian authorities, like their Italian counterparts, was the growing attraction of international issues for Belgian savers.

In 1968 purchases of foreign securities totalled Bfrs. 13 000 million, most of this representing subscriptions to Euro-issues.

In 1969 purchases of foreign securities increased even further, and foreign deposits in Belgium were withdrawn. This created a sizable gap between the official and free-market rates for the dollar, the effect of which was to lessen the differences in yield between Belgian and international bonds.

During the same year the Institut belgo-luxembourgeois du change asked the banks to reduce their net foreign exchange holdings on the official market. This had increased beyond current requirements, the banks being allowed under the exchange regulations to hold foreign currency on the official market for this purpose.

Capital outflows were accompanied by increased recourse by the banks to rediscounting at the Central Bank, which thus financed capital outflows. This led the Bank to place ceilings on the rediscounting facilities open to the banks as from May 1969.

The creation of liquidity, determined by the balance of payments situation and notably the trend of capital movements across the exchanges, can influence the supply of capital on the bond market. This link was not always evident, however. In 1967 the balance of payments surplus was accompanied by a sharp increase in bond investment, but in 1968 a deficit on the trade balance did not prevent a further increase.

The law of 10 July 1969 and the Royal Decree of 12 November 1969 laid down stricter rules for determining the public character of canvassing of Belgian savers for foreign securities. This may have the effect of restricting the placing of international bonds in Belgium. Banks and brokers are not subject to these provisions, however, provided they agree to supply the authorities with statistics on their activities in this sphere.

Luxembourg

All foreign public issues were freely admitted, subject to the controls and formalities in force that are designed to protect savings.

The volume of foreign public issues is in fact relatively limited. They are generally loans denominated in units of account. Most Euro-issues, however, are placed privately through the banks participating in consortia: more often than not,

there is no need to make a public offer since there are so many banks underwriting the issue that they each receive only a rather small quota which they place with their private customers. Making the operation public would involve additional controls, formalities, delays and costs without necessarily making placement any easier. However, most issuers seek official listing on the Luxembourg Stock Exchange and by so doing subject themselves to these same controls and formalities, required by the provisions on banking control.

CONCLUSIONS

The following points can be made from this systematic comparison of the policies followed by the Member States with regard to their bond markets.

The divergences between the procedures and instruments at the Member States' disposal for maintaining supply and demand equilibrium on the bond markets were lessened during the period under review as a result of reforms introduced in a number of Community countries, notably France and Germany.

Further alignment of these procedures and instruments, and above all of the manner in which they are used, is still needed, however, if a conflict between Member States' policies on their markets is to be avoided.

Although the Member States already make unilateral allowance in their structural reforms for the experience gained by their Community partners under their arrangements, joint discussion of the instruments necessary for a policy on market equilibrium could be fruitful.

The problems that the Member States had to face on their bond markets became increasingly similar during this period, but there was often a time-lag. The joint dependence of the Member States' markets on Euro-markets increased considerably, and there was a growing degree of interdependence too. Even if allowance is made for exchange control and other obstacles to communication between the markets, particularly in recent times, it remains true nevertheless that, because of a shared psychology and in particular the influence of expected rises or falls in interest rates, markets are tending to become more closely interlinked. It follows that the Member States' policies with regard to their own markets are now more dependent on external considerations than previously.

(a) There is therefore a fundamental need for shared information

Although capital market policies still differ considerably, it would be in the interests of those responsible for supervising the markets to compare their analyses of the problems and the effectiveness of their solutions. It would also be in their interests to keep each other informed of forecast market trends, the problems arising from these trends and the decisions they intend to take.

(b) There is also a need for concerted action by the supervisory authorities

An exchange of information and ideas would reduce the risk of the Member States pursuing conflicting policies. But it is clear that, given the broad range of problems which are shared, the coordination of national policies would enormously strengthen their effectiveness.

Whether this common approach is to interest-rate policies or to developments on the Euro-issue market, it would allow the Community as a whole to wield greater influence than can now be exerted by the States in isolation.

ANNEX I

STATISTICS ON THE BOND MARKETS

OF THE EEC COUNTRIES

LIST OF TABLES¹

I. S Series: comparative tables

SA: Net domestic public issues (annual figures)

SA 1 by type of issuer (\$ million)

SA 2 by type of issuer (%)

SA 3 by type of issue (\$ million and %)

SA 4 compared with GNP, with gross fixed asset formation, and with all securities issues

SB: Quarterly statistics

SB 1 in national currencies

SB 2 in \$ million

SC: Private placings (national currencies and \$ million)

II. P Series: tables by country

PA: Gross and net domestic public issues

PA 1 Germany

PA 2 France

PA 3 Italy

PA 4 Netherlands

PA 5 Belgium

PA 6 Luxembourg

PB: Quarterly statistics

PB 1 Germany

PB 2 France

PB 3 Italy

PB 4 Netherlands

PB 5 Belgium

PB 6 Luxembourg

PC: Private placings

PC 1 Germany

PC 2 France

PC 4 Netherlands

PC 5 Belgium

PD: Lists of issues

PD 1 Germany

PD 2 France

PD 3 Italy

PD 4 Netherlands

PD 5 Belgium

PD 6 Luxembourg

¹ The tables have been drawn up by experts of the Working Party on Securities Markets and the relevant Commission departments. The sources are indicated for each table. They are mainly national statistics, which have been selected and processed with reference to the needs of the present report. Owing to differences in the breakdown and the definitions adopted by the various countries, the comparability of the data is limited.

III. R Series: yields

- R 1 Germany
- R 2 France
- R 3 Italy
- R 4 Netherlands
- R 5 Belgium

IV. E Series: public issues of foreign bonds

- E 1 Conventional foreign issues (gross totals in \$ million)
- E 2 Euro-bond issues (gross totals in \$ million)

Table SA 1 - Net domestic public issues of medium- and long-term fixed-interest securities by type of issuer
(\$ million)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
GERMANY										
Federal Government and Länder	140	291	159	407	477	599	237	1,038	611	- 36 ⁴
Local authorities	7	- 2	20	- 4	10	26	- 4	34	20	- 8 ⁴
Financial institutions	784	1 446	1 600	2 040	2 406	1 913	1 048	2 237	3 336	3 300 ⁴
Public enterprises	134	185	409	413	329	152	- 128	201	294	117 ⁴
Private enterprises	- 90	25	148	86	84	91	x	223	- 17	- 45
Total	975	1 945	2 336	2 942	3 306	2 781	1 153	3 733	4 244	3 328 ⁴
Memorandum item: non-negotiable securities ¹								69	386	564 ⁴
FRANCE										
Central government	- 226	- 152	- 174	423	111	22	113	43	- 190	- 192 ⁵
Local authorities	36	71	61	77	79	93	140	113	81	62 ⁵
Financial institutions	174	282	330	383	569	652	893	786	725	852 ⁵
Public enterprises	190	221	253	351	369	527	523	577	411	216 ⁵
Private enterprises	328	354	280	267	162	156	89	140	128	324
Total	502	776	750	1 501	1 290	1 450	1 758	1 659	1 155	1 265 ⁵
Memorandum item: non-negotiable securities ¹	113	452	877	950	930	1 140	1 017	1 365	1 412	977 ⁵
ITALY										
Central government	221	10	- 162	- 317	118	261	1 157	715	1 329	844
Local authorities	- 1	18	- 1	- 1	- 1	- 1	34	13	75	4
Institutions issuing for account of the Treasury	63	229	273	204	254	801	1 332	887	746	1 636
Other financial institutions	660	821	1 159	1 240	1 153	1 034	1 377	1 579	1 902	2 047
Public enterprises	95	185	94	516	758	1 054	502	705	880	887
Private enterprises	314	202	330	74	45	- 19	4	- 61	- 54	- 96
Total	1 352	1 465	1 693	1 716	2 327	3 130	4 406	3 838	4 878	5 322
Memorandum item: non-negotiable securities ¹	60	71	64	52	38	121	189	220	214	168
NETHERLANDS										
Central government	156	73	- 25	167	54	- 9	- 4	90	72	257
Local authorities	179	49	56	110	79	163	182	209	197	178
Mortgage banks	30	19	36	40	83	54	25	23	30	32
Financial institutions, private and semi-public enterprises, miscellaneous	37	15	84	- 5	38	203	244	79	93	91
Total	402	156	151	312	254	411	447	401	392	558
BELGIUM										
Central government	298	120	270	102	158	330	238	230	360	260
Local authorities	84	78	128	60	102	178	236	242	318	328
Independent public funds	- 8	42	38	32	86	14	- 34	194	140	104
Financial institutions	156	200	170	104	44	174	156	326	444	394
Public enterprises	- 14	28	20	34	- 10	- 14	24	52	94	26
Private enterprises	- 2	-	32	24	22	56	14	10	32	10
Total	514	468	658	356	402	738	634	1 054	1 388	1 122
LUXEMBOURG²										
Central government	8	- 2	8	- 2	4	10	- 2	27	- 3	9
Local authorities	x	x	x	x	6	x	x	x	4	- 1
Financial institutions	x	x	x	x	x	x	x	x	x	x
Public enterprises					10					
Private and semi-public enterprises			5	x	- 1	3	- 1	- 1	- 1	- 1
Total	8	- 2	13	- 2	19	13	- 3	26	x	7
EEC										
Central government, local authorities and independent public funds	957	825	651	1 258	1 537	2 487	3 625	3 835	3 760	3 448
Financial institutions	1 804	2 768	3 295	3 807	4 255	3 827	3 499	4 951	6 437	6 625
Public and private enterprises ³	992	1 215	1 655	1 760	1 806	2 209	1 271	1 925	1 000	1 529
Total	3 753	4 808	5 601	6 825	7 598	8 523	8 395	10 711	12 057	11 602
Memorandum item: non-negotiable securities	173	523	941	1 002	968	1 261	1 206	1 654	2 012	1 709

¹See Footnote 1 of Table SA 3.

²x = less than \$500 000.

³Dutch financial institutions other than the mortgage banks are classified under public and private enterprises.

⁴Rate of exchange for the first three quarters \$1 = DM 4, for the fourth quarter \$1 = DM 3.755 (daily average of parities).

⁵Rate of exchange for the year \$1 = FF 5.17884 (daily average of parities).

Source: Tables PA 1 to PA 6.

Table SA 2 - Net domestic public issues of medium- and long-term fixed-interest securities by type of issuer (%)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
GERMANY										
Federal Government and Länder	14.4	15.-	6.8	13.8	14.4	21.5	20.5	27.8	14.4	- 1.1
Local authorities	0.7	- 0.1	0.9	- 0.1	0.3	0.9	- 0.3	0.9	0.5	- 0.2
Financial institutions	80.4	74.3	68.5	69.4	72.8	68.8	90.9	59.9	78.6	99.2
Public enterprises	13.7	9.5	17.5	14.0	10.0	5.5	- 11.1	5.4	6.9	3.5
Private enterprises	- 9.2	1.3	6.3	2.9	2.5	3.3	x	6.0	- 0.4	- 1.4
Total	100	100	100	100	100	100	100	100	100	100
Memorandum item: non-negotiable securities								1.8	9.1	16.9
FRANCE										
Central government	- 45.0	- 19.6	- 23.2	28.2	8.6	1.5	6.4	2.6	- 16.5	- 15.2
Local authorities	7.2	9.2	8.2	5.1	6.1	6.4	8.0	6.8	7.0	5.2
Financial institutions	34.7	36.3	44.0	25.5	44.1	45.0	50.8	47.4	62.8	67.3
Public enterprises	37.8	28.5	33.7	23.4	28.6	36.3	29.7	34.8	35.6	17.1
Private enterprises	65.3	45.6	37.3	17.8	12.6	10.8	5.1	8.4	11.1	25.6
Total	100	100	100	100	100	100	100	100	100	100
Memorandum item: non-negotiable securities	22.5	58.2	116.9	63.3	72.1	78.6	57.8	82.3	122.2	77.2
ITALY										
Central government	16.3	0.7	- 9.6	- 18.5	5.1	8.3	26.3	18.6	27.2	15.9
Local authorities		1.2					0.7	0.3	1.5	-
Institutions issuing for account of the Treasury	4.7	15.6	16.1	11.9	10.9	25.6	30.2	23.1	15.3	30.7
Other financial institutions	48.8	56.1	68.5	72.3	49.5	33.0	31.3	41.2	39.0	38.5
Public enterprises	7.0	12.6	5.5	30.0	32.6	33.7	11.4	18.4	18.1	16.7
Private enterprises	23.2	13.8	19.5	4.3	1.9	- 0.6	0.1	- 1.6	- 1.1	- 1.8
Total	100	100	100	100	100	100	100	100	100	100
Memorandum item: non-negotiable securities	4.4	4.8	3.8	3.0	1.6	3.9	4.3	5.7	4.4	3.2
NETHERLANDS										
Central government	38.8	46.8	- 16.5	53.5	21.3	- 2.2	- 0.9	22.5	18.4	46.1
Local authorities	44.5	31.4	37.1	35.3	31.1	39.7	40.7	52.1	50.3	31.8
Mortgage banks	7.5	12.2	23.8	12.8	32.7	13.1	5.6	5.7	7.6	5.8
Financial institutions, private and semi-public enterprises, miscellaneous	9.2	9.6	55.6	- 1.6	14.9	49.4	54.6	19.7	23.7	16.3
Total	100	100	100	100	100	100	100	100	100	100
BELGIUM										
Central government	58.0	25.6	41.0	28.6	39.3	44.7	37.5	21.8	25.9	23.2
Local authorities	16.3	16.7	19.5	16.9	25.4	24.1	37.2	23.0	22.9	29.2
Independent public funds	- 1.6	9.0	5.8	9.0	21.4	1.9	- 5.3	18.4	10.1	9.3
Financial institutions	30.4	42.7	25.8	29.2	10.9	23.6	24.6	30.9	32.0	35.1
Public enterprises	- 2.7	6.0	3.0	9.6	- 2.5	- 1.9	3.8	4.9	6.8	2.3
Private enterprises	- 0.4		4.9	6.7	5.5	7.6	2.2	1.0	2.3	0.9
Total	100	100	100	100	100	100	100	100	100	100
LUXEMBOURG¹										
Central government										
Local authorities										
Financial institutions										
Public enterprises										
Private enterprises and semi-public enterprises										
Total										
EEC										
Central government, local authorities and independent public funds	25.5	17.1	11.6	18.4	20.2	29.2	43.2	35.8	31.2	29.7
Financial institutions	48.1	57.6	58.8	55.8	56.0	44.9	41.7	46.2	53.4	57.1
Public and private enterprises	26.4	25.3	29.6	25.8	23.8	25.9	15.1	18.0	15.4	13.2
Total	100	100	100	100	100	100	100	100	100	100
Memorandum item: non-negotiable securities	4.6	10.9	16.8	14.7	12.7	14.8	14.4	15.4	16.7	14.7

¹ Because of the small number of issues, percentages are not significant.

Source: Table SA 1.

Table SA 3 - Net domestic public issues of medium- and long-term fixed-interest securities by type of issue

	\$ million											%										
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969		
GERMANY																						
"Block" issues	274	673	926	1 204	1 185	1 011	105	1 589	1 077	228	28.1	34.6	39.6	40.9	35.8	36.4	9.1	42.6	25.4	6.9		
"Tap" issues	701	1 272	1 410	1 738	2 121	1 770	1 048	2 144	3 167	3 100	71.9	65.4	60.4	59.1	64.2	63.6	90.9	57.4	74.6	93.1		
Total	975	1 945	2 336	2 942	3 306	2 781	1 153	3 733	4 244	3 328	100	100	100	100	100	100	100	100	100	100		
Memorandum items: non-negotiable securities ¹								69	386	564								1.8	9.1	16.9		
FRANCE																						
"Block" issues	464	741	712	1 463	1 248	1 418	1 722	1 627	1 143	1 222	92.4	95.5	94.9	97.5	96.7	97.8	98.0	98.1	99.0	96.6		
"Tap" issues	38	35	38	38	42	32	36	32	12	43	7.6	4.5	5.1	2.5	3.3	2.2	2.0	1.9	1.0	3.4		
Total	502	776	750	1 501	1 290	1 450	1 758	1 659	1 155	1 265	100	100	100	100	100	100	100	100	100	100		
Memorandum items: non-negotiable securities ¹	113	452	877	950	930	1 140	1 017	1 365	1 412	977	22.5	58.2	116.9	63.3	72.1	78.6	57.8	82.3	122.2	77.2		
ITALY																						
"Block" issues	1 134	1 098	1 247	1 228	1 941	2 716	3 832	3 252	4 141	4 572	83.9	74.9	73.7	71.6	83.4	86.8	87.0	84.7	84.9	85.9		
"Tap" issues	218	367	446	488	386	414	574	586	737	750	16.1	25.1	26.3	28.4	16.6	13.2	13.0	15.3	15.1	14.1		
Total	1 352	1 465	1 693	1 716	2 327	3 130	4 406	3 838	4 878	5 322	100	100	100	100	100	100	100	100	100	100		
Memorandum items: non-negotiable securities ¹	60	71	64	52	38	121	189	220	214	168	4.4	4.8	3.8	3.0	1.6	3.9	4.3	5.7	4.4	3.2		
NETHERLANDS																						
"Block" issues	372	137	115	272	171	350	400	372	360	517	92.5	87.8	76.2	87.2	67.3	85.2	89.5	92.8	91.8	92.7		
"Tap" issues	30	19	36	40	83	61	47	29	32	41	7.5	12.2	23.8	12.8	32.7	14.8	10.5	7.2	8.2	7.3		
Total	402	156	151	312	254	411	447	401	392	558	100	100	100	100	100	100	100	100	100	100		
BELGIUM																						
"Block" issues	302	238	310	206	264	530	376	602	762	546	58.8	50.9	47.1	57.9	65.7	71.8	59.3	57.1	54.9	48.7		
"Tap" issues	212	230	348	150	138	208	258	452	626	576	41.2	49.1	52.9	42.1	34.3	28.2	40.7	42.9	45.1	51.3		
Total	514	468	658	356	402	738	634	1 054	1 388	1 122	100	100	100	100	100	100	100	100	100	100		
LUXEMBOURG																						
"Block" issues ²	8	- 2	13	- 2	19	13	- 3	26	x	7												
EEC																						
"Block" issues	2 554	2 885	3 323	4 371	4 828	6 038	6 432	7 468	7 483	7 092	68.1	60.0	59.3	64.0	63.5	70.8	76.6	69.7	62.1	61.1		
"Tap" issues	1 199	1 923	2 278	2 454	2 770	2 485	1 963	3 243	4 574	4 510	31.9	40.0	40.7	36.0	36.5	29.2	23.4	30.3	37.9	38.9		
Total	3 753	4 808	5 601	6 825	7 598	8 523	8 395	10 711	12 057	11 602	100	100	100	100	100	100	100	100	100	100		
Memorandum items: non-negotiable securities ¹	173	523	941	1 002	968	1 261	1 206	1 654	2 012	1 709	4.6	10.9	16.8	14.7	12.7	14.8	14.4	15.4	16.7	14.7		

¹ Not negotiable but redeemable by the issuer; these securities are not treated as bonds in the countries concerned. The Working Party's decision to insert the memorandum item is the result of a compromise between one school of thought which favours the inclusion of these securities under "tap issues" and another which feels they should be left out altogether.

² x - less than \$500 000.

Source: Tables PA 1 to PA 6.

Table SA 4 - Net domestic public issues of medium- and long-term fixed-interest securities

	Net total (\$ million)	As percentage of		
		Gross national product	Gross fixed capital formation	All securities
Germany				
1966	1 153	0.9	3.6	63.0
1967	3 733	3.0	13.1	88.7
(1967) ¹	(3 802)	(3.1)	(13.3)	(88.9)
1968	4 244	3.2	13.6	84.4
(1968) ¹	(4 630)	(3.4)	(14.8)	(85.5)
1969	3 328	2.2	8.9	82.8
(1969) ¹	(3 892)	(2.6)	(10.4)	(84.9)
France				
1966	1 758	1.6	6.5	71.8
(1966) ¹	(2 775)	(2.6)	(10.3)	(80.1)
1967	1 659	1.4	5.7	71.0
(1967) ¹	(3 024)	(2.6)	(10.4)	(81.7)
1968	1 155	0.9	3.6	51.5
(1968) ¹	(2 567)	(2.0)	(8.1)	(70.2)
1969	1 265	0.9	3.6	46.5
(1969) ¹	(2 242)	(1.6)	(6.3)	(60.7)
Italy				
1966	4 406	6.9	37.7	85.4
(1966) ¹	(4 595)	(7.2)	(39.3)	(85.9)
1967	3 838	5.5	28.9	85.8
(1967) ¹	(4 058)	(5.8)	(30.5)	(86.5)
1968	4 878	6.5	33.2	86.6
(1968) ¹	(5 092)	(6.8)	(34.6)	(87.1)
1969	5 322	6.5	31.5	83.0
(1969) ¹	(5 490)	(6.7)	(32.5)	(83.4)
Netherlands				
1966	447	2.1	8.4	96.5
1967	401	1.8	6.8	96.8
1968	392	1.6	5.9	99.6
1969	558			98.3
Belgium				
1966	634	3.5	15.5	68.2
1967	1 054	5.4	24.4	79.0
1968	1 388	6.7	31.7	75.1
1969	1 122	4.9	22.0	
Luxembourg				
1966	- 3	-	-	-
1967	26	3.7	13.0	17.4
1968	-	-	-	-
1969	7			
EEC				
1966	8 395	2.5	10.5	76.6
(1966) ¹	(9 601)	(2.9)	(12.0)	(78.9)
1967	10 711	3.0	13.1	82.9
(1967) ¹	(12 365)	(3.5)	(15.2)	(84.8)
1968	12 057	3.1	13.5	77.6
(1968) ¹	(14 069)	(3.7)	(15.8)	(80.2)
1969	11 602			
(1969) ¹	(13 311)			

¹ Including memorandum item (see Footnote 1 of Table SA 3).

Sources: Table SA 1 for fixed-interest securities.
Statistical Bulletin of the Statistical Office of the European Communities for GNP, gross fixed capital formation and share issues.

Table SB 1 - Domestic public issues of medium- and long-term fixed-interest securities by quarter
(in national currencies)

	1967					1968					1969				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
Gross totals															
GERMANY (in DM million)	5 027	3 586	5 213	4 832	18 658	7 015	4 521	4 816	4 861	21 213	5 415	4 037	5 128	4 043	18 623
FRANCE (in FF '000 million)	3.51	3.60	1.55	3.69	12.35	3.51	1.99	1.27	3.47	10.24	3.51	1.32	2.94	3.68	11.45
ITALY (in Lit. '000 million)	926.3	342.4	895.6	1 028.4	3 192.7	1 394.7	1 001.2	937.9	986.9	4 320.7	1 118.1	1 251.0	1 412.0	1 066.9	4 848.0
NETHERLANDS (in Fl. million)	770	515	455	534	2 274	690	444	642	517	2 293	760	400	489	1 146	2 795
BELGIUM (in Bfrs. '000 million)	19.6	18.4	9.9	18.6	66.5	17.3	12.5	25.9	12.7	68.4	23.1	18.5	11.3	31.5	84.4
LUXEMBOURG (in Lfrs. million)	700	-	-	800	1 500	-	200	-	-	200	600	-	-	-	600
Net totals															
GERMANY (in DM million)	4 296	2 943	4 259	3 432	14 930	5 621	3 583	3 870	3 904	16 978	4 294	2 909	4 241	1 755	13 199
FRANCE (in FF '000 million)					8.19					5.70					6.55
ITALY (in Lit. '000 million)	717.3	156.0	704.9	820.9	2 399.1	843.6	760.4	700.1	744.5	3 048.6	812.8	719.2	1 062.9	731.1	3 326.0
NETHERLANDS (in Fl. million)	523	323	268	338	1 452	457	216	451	297	1 421	585	222	275	925	2 007
BELGIUM (in Bfrs. '000 million)	9.9	4.6	2.0	13.6	30.1	12.7	8.2	12.5	4.7	38.1	6.4	6.1	4.5	10.3	27.3
LUXEMBOURG (in Lfrs. million)	648.5	-30.5	-59	753	1 313	-82	169	-74	-37	-23	523.2	-47.3	-76.7	-49.3	349.9

¹ "Block" issues only.

Source: Tables PB 1 to PB 6.

Table SB 2 - Domestic public issues of medium- and long-term fixed-interest securities by quarter (\$ million)

	1967					1968					1969 ²				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
<u>Gross totals</u>															
GERMANY	1 257	897	1 303	1 208	4 665	1 754	1 130	1 204	1 215	5 303	1 354	1 009	1 282	1 077	4 722
FRANCE	711	729	314	747	2 501	711	403	257	703	2 074	678	255	568	710	2 211
ITALY	1 482	548	1 433	1 645	5 108	2 231	1 602	1 501	1 579	6 913	1 789	2 002	2 259	1 707	7 757
NETHERLANDS	213	142	126	147	628	191	123	177	143	633	211	111	136	318	776
BELGIUM ¹	392	368	198	372	1 330	346	250	518	254	1 368	462	370	226	630	1 688
LUXEMBOURG	14	-	-	16	30	-	4	-	-	4	12	-	-	-	12
<u>Net totals</u>															
GERMANY	1 074	736	1 065	858	3 733	1 405	896	968	976	4 245	1 074	727	1 060	467	3 328
FRANCE					1 659					1 155					1 265
ITALY	1 148	250	1 128	1 313	3 839	1 350	1 217	1 120	1 191	4 878	1 300	1 151	1 701	1 170	5 322
NETHERLANDS	145	89	74	93	401	126	60	125	82	393	163	62	76	257	558
BELGIUM ¹	198	92	40	272	602	254	164	250	94	762	128	122	90	206	546
LUXEMBOURG	13	-1	-1	15	26	-1.7	3.4	-1.5	-0.7	-0.5	10.5	-1	-1.5	-1	7

¹ "Block" issues only.

² For the conversion of DM and FF into dollars, see Footnotes 4 and 5 of Table SA 1.

Source: Table SB 1.

Table SC - Private placings¹

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
	(in national currencies)									
<u>Gross totals</u>										
GERMANY (DM million)	246	255	256	351	405	1 675	1 666	1 187	1 381	1 190
FRANCE (FF '000 million)	0.18	0.22	0.34	0.22	0.25	0.45	0.46	0.80	0.90	1.30
NETHERLANDS (Fl. million)	.	.	.	.	.	.	.	.	.	.
BELGIUM (Bfrs. '000 million)	8.9	5.8	15.6	10.4	15.6	16.0	16.3	17.5	16.6	22.1
<u>Net totals</u>										
GERMANY (DM million)	244	194	188	296	285	1 341	912	389	820	654
Memorandum item: Schuldscheindarlehen	1 375	1 415	1 562	1 472	1 519	1 711	2 211	2 189	1 660	2 644
FRANCE (FF '000 million)	.	.	.	.	.	.	.	.	.	.
NETHERLANDS (Fl. million)	1 969	3 025	3 168	3 477	4 738	4 890	4 838	5 671	6 359	6 163
BELGIUM (Bfrs. '000 million)	4.9	1.7	9.9	3.1	6.2	8.1	8.3	7.2	5.7	14.8
	(€ million)									
<u>Gross totals</u>										
GERMANY	59	64	64	88	101	419	417	297	345	302
FRANCE	36	45	69	45	51	91	93	162	182	251
NETHERLANDS	.	.	.	.	.	.	.	.	.	.
BELGIUM	178	116	312	208	312	320	326	350	332	442
<u>Net totals</u>										
GERMANY	58	49	47	74	71	335	228	97	205	166
Memorandum item: Schuldscheindarlehen	327	354	391	368	380	428	553	547	415	671
FRANCE	.	.	.	.	.	.	.	.	.	.
NETHERLANDS	544	845	892	981	1 316	1 358	1 344	1 572	1 756	1 712
BELGIUM	98	34	198	62	124	162	186	144	114	296

¹ The comparability of the figures is not very satisfactory, as the statistics used are incomplete in most cases. Private placings according to the definition adopted by the Working Party on Securities Markets do not exist in Italy.

Source: Tables PC 1, PC 2, PC 4, PC 5.

Table PA 1 - GERMANY

Domestic public issues of medium- and long-term fixed-interest securities

	Gross totals in DM million											Net totals in DM million									
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	
"Block" issues	1 846.2	3 341.--	4 961.--	7 982.9	6 887.5	5 351.7	2 502.1	8 794.1	6 922.--	4 591.--	1 152.5	2 691.4	3 702.9	4 814.9	4 739.3	4 046.--	422.9	6 354.--	4 308.--	951.--	
Federal Government and Länder ¹	682.3	1 226.2	962.5	2 203.5	2 218.7	2 579.2	1 421.8	4 886.9	2 829.--	1 522.--	586.7	1 163.7	635.--	1 629.8	1 908.6	2 394.2	949.5	4 153.2	2 444.--	130.--	
Local authorities ²	40.--	--	140.--	150.--	80.--	120.--	--	150.--	100.--	--	28.8	- 10.7	79.--	- 16.7	40.6	105.8	- 16.2	134.6	81.--	30.--	
Financial institutions ³	486.1	1 030.2	1 104.--	1 853.9	1 775.1	1 176.7	666.6	1 264.3	1 681.--	1 422.--	350.1	696.4	760.--	1 207.1	1 139.4	573.5	1.8	369.3	676.--	787.--	
Public enterprises ⁴	610.3	765.--	1 678.4	2 223.--	1 840.--	890.--	182.--	1 375.7	2 012.--	1 190.--	563.3	741.5	1 637.3	1 651.5	1 316.6	609.3	-513.4	804.9	1 176.--	488.--	
Private enterprises ⁵	27.5	319.6	1 076.1	1 552.5	973.7	585.8	231.7	1 117.2	300.--	457.--	-376.4	100.5	591.6	343.2	334.1	363.2	1.2	892.--	- 69.--	-164.--	
"Tap" issues	3 236.1	6 012.8	6 627.5	8 089.6	9 615.9	7 806.--	5 230.8	9 865.6	14 291.--	14 031.--	2 944.6	5 090.--	5 640.7	6 954.7	8 483.5	7 080.1	4 191.3	8 577.--	12 669.--	12 248.--	
Financial institutions:																					
(i) "Communal" bonds ⁶	966.9	2 331.3	2 224.2	3 116.6	3 434.1	2 635.1	2 259.8	5 469.1	8 231.--	8 221.--	791.4	1 740.--	1 682.4	2 349.3	2 715.8	2 285.--	1 870.2	5 192.7	7 822.--	7 542.--	
(ii) Mortgage bonds ⁷	2 266.4	3 581.5	4 002.2	4 003.8	4 739.9	3 791.2	2 488.2	3 496.9	4 213.--	3 776.--	2 150.4	3 252.2	3 557.3	3 670.6	4 443.3	3 625.2	2 275.--	3 143.2	3 950.--	3 458.--	
(iii) Other bonds and notes and certificates	3.--	100.--	401.1	969.2	1 441.9	1 379.7	482.8	899.6	1 647.--	2 034.--	2.8	97.8	401.--	934.8	1 324.4	1 169.9	46.1	241.1	897.--	1 248.--	
Total	5 082.5	9 353.8	11 588.5	16 072.5	16 503.4	13 157.7	7 732.9	18 659.7	21 213.--	18 622.--	4 097.1	7 781.4	9 343.6	11 769.6	13 222.8	11 126.1	4 614.2	14 931.--	16 977.--	13 199.--	
Memorandum item: ¹⁰																					
Federal Government (Schatzbriefe) ⁸										280.--										280.--	
Credit institutions (Sparbriefe) ⁹																		275.--	1 543.--	1 947.--	
<p>¹ Issues by the Federal Government, the Equalization of Burdens Fund (Lastenausgleichsfonds) and the Länder. The only Equalization of Burdens Fund issues included here are the Erfüllungsschuldverschreibungen.</p> <p>² Local authority bonds and bonds issued by inter-municipal associations under public law.</p> <p>³ Deutsche Genossenschaftskasse, Deutsche Siedlungs- und Landesrentenbank, Lastenausgleichsbank, Industriekreditbank AG, Kreditanstalt für Wiederaufbau, Landwirtschaftliche Rentenbank.</p> <p>⁴ Federal Post Office and Federal Railways bonds only.</p> <p>⁵ Includes bonds issued by certain public enterprises (notably electricity enterprises) which can be ranked with those issued by private enterprises.</p> <p>⁶ Proceeds of issues of Kommunalobligationen are mainly used to grant loans to legal persons under public law.</p> <p>⁷ Proceeds of issues of mortgage bonds (Pfandbriefe), including those issued by the maritime mortgage banks, are used to grant loans to the private sector.</p> <p>⁸ Issued from 1969 onwards.</p> <p>⁹ Issued from 1967 onwards.</p> <p>¹⁰ The memorandum item includes securities which are not negotiable but are mobilisable through redemption by the issuer.</p>																					
Sources: Monthly reports of the Deutsche Bundesbank and figures supplied to the Working Party on Securities Markets by the German delegation.																					

Table PA 2 - FRANCE

Domestic public issues of medium- and long-term fixed-interest securities

	Gross totals in FF '000 million										Net totals in FF '000 million										
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	
"Block" issues	4.41	5.47	5.84	9.84	9.19	10.15	11.87	12.03	10.01	11.04	2.29	3.66	3.51	7.22	6.16	7.-	8.50	8.03	5.64	6.33	
Central government	-	-	-	3.-	1.50	1.-	1.50	1.25	-	-	1.12	0.75	0.86	2.09	0.55	0.11	0.56	0.21	0.94	1.-	
Local authorities	-	0.20	0.15	0.25	0.26	0.40	0.63	0.55	0.51	0.32	0.01	0.18	0.11	0.19	0.18	0.30	0.51	0.40	0.34	0.12	
Financial institutions ¹	1.06	1.60	1.90	2.21	3.21	3.70	5.01	4.62	4.63	5.40	0.86	1.39	1.63	1.89	2.81	3.22	4.41	3.88	3.58	4.41	
Public enterprises ²	1.47	1.58	1.97	2.52	2.73	3.53	3.48	4.01	3.23	2.46	0.94 ³	1.09 ³	1.25 ³	1.73 ³	1.82 ³	2.60 ³	2.58 ³	2.85 ³	2.03 ³	1.12 ³	
Private enterprises	1.88	2.09	1.82	1.86	1.49	1.52	1.25	1.60	1.64	2.86	1.62	1.75	1.38	1.32	0.80	0.77	0.44	0.69	0.63	1.68	
"Tap" issues	0.31	0.31	0.33	0.41	0.37	0.31	0.32	0.32	0.23	0.41	0.19	0.17	0.19	0.19	0.21	0.16	0.18	0.16	0.06	0.22	
Local authorities	0.28	0.26	0.29	0.29	0.32	0.27	0.31	0.30	0.22	0.39	0.19	0.17	0.19	0.19	0.21	0.16	0.18	0.16	0.06	0.22	
Public enterprises ⁴	0.03	0.05	0.04	0.12	0.05	0.04	0.01	0.02	0.01	0.02	.	.	.	.	.	.	.	.	.	.
Total	4.72	5.78	6.17	10.25	9.56	10.46	12.19	12.35	10.24	11.45	2.48	3.83	3.70	7.41	6.37	7.16	8.68	8.19	5.70	6.55	
Memorandum item: ⁸																					
Treasury bonds ⁵	.	.	.	.	.	.	.	.	.	.	.	1.57	3.36	3.46	2.90	3.09	2.24	2.78	2.71	2.26
CNCA bonds ⁶	.	.	.	.	.	.	.	.	.	0.56	0.66	0.97	1.23	1.69	2.54	2.78	3.96	4.26	2.80	
Bank notes and certificates (bons de caisse) ⁷	
<p>¹ Land bonds and communal bonds of the Crédit Foncier de France, Caisse Nationale de Crédit Agricole (CNCA), Crédit National and Caisse Centrale de Crédit Hôtelier loans.</p> <p>² Postes et Télécommunications, SNCF, Electricité de France, Gaz de France, Charbonnages de France, Caisse Nationale des Autoroutes.</p> <p>³ These figures include net tap issues of SNCF kilometre prize bonds which could not be isolated; figures for redemptions are only available globally for all issues of public enterprises.</p> <p>⁴ SNCF kilometre premium bonds. No figure for net issues could be given since redemptions cannot be isolated. See ³ above.</p> <p>⁵ Three- to five-year Treasury bonds "sur formules" (placed exclusively with the public).</p> <p>⁶ Five-year or three- or five-year bonds issued by the CNCA. The figure given represents only the portion subscribed by the public; bonds held by regional offices are excluded.</p> <p>⁷ Bank statistics do not make it possible to make a distinction between notes and certificates (bons de caisse) and fixed deposits, with which they are grouped.</p> <p>⁸ The securities included in this memorandum item are not negotiable on the market but are mobilizable through redemption by the issuer; in respect of duration and interest rates they are also very different from the securities appearing in the first part of the table.</p>																					
Source: Annual reports of the Conseil National du Crédit.																					

Table PA 3 - ITALY

Domestic public issues of medium- and long-term fixed-interest securities

	Gross totals in Lit. '000 million										Net totals in Lit. '000 million									
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
"Block" issues	962.7	991.3	1 281.7	1 258.0	1 814.2	2 303.4	3 521.6	2 579.9	3 578.4	4 072.6	708.8	686.2	779.7	767.7	1 213.2	1 697.9	2 395.0	2 032.8	2 588.2	2 857.1
Central government	265.4	164.1	195.0	2.4	319.6	369.8	1 139.3	500.3	1 218.5	981.5	138.2	6.1	- 101.3	- 198.1	73.5	162.8	722.9	447.2	830.7	527.7
Local authorities	-	12.0	-	-	-	-	22.5	10.0	51.7	7.5	- 0.3	11.4	- 0.4	- 0.5	- 0.5	- 0.4	21.1	8.0	46.9	2.2
Institutions issuing for account of the Treasury ¹	50.0	158.0	184.0	167.0	197.2	568.4	933.0	649.7	592.6	1 227.9	39.4	143.4	170.6	127.4	158.8	500.7	832.3	54.4	466.2	1 022.2
Institutions specializing in credit against movable property	346.9	370.0	561.0	626.9	666.8	575.8	692.4	844.0	999.7	1 117.4	275.7	283.9	445.9	469.8	479.6	387.9	501.9	620.3	728.2	810.7
Public enterprises ²	86.0	140.0	105.0	385.0	562.6	757.0	405.0	557.5	687.5	732.0	59.4	115.4	59.0	322.7	473.7	658.6	313.9	440.9	549.8	554.1
Private enterprises	214.4	147.2	236.7	76.7	68.0	32.4	59.4	18.4	28.4	6.3	196.4	126.0	205.9	46.4	28.1	- 11.7	2.9	-38.0	- 33.6	- 59.8
"Tap" issues																				
Institutions specializing in credit against real estate ³	187.1	293.7	361.8	415.3	370.3	428.9	573.6	612.8	742.3	775.4	136.4	229.6	278.6	304.9	241.1	258.5	358.8	366.3	460.4	468.9
Total	1 149.8	1 285.0	1 643.5	1 673.3	2 184.5	2 732.3	3 825.2	3 192.7	4 320.7	4 848.0	845.2	915.8	1 058.3	1 072.6	1 454.3	1 956.4	2 753.8	2 399.1	3 048.6	3 326.0
Memorandum item ⁴																				
Buoni fruttiferi											37.5	44.3	40.1	32.6	23.5	75.5	118.0	137.7	133.5	105.2

¹Issues of the Consorzio di Credito per le Opere Pubbliche (CCOP) to finance the railways, the Green Plan (for agricultural development), ANAS (Azienda Nazionale Autonoma della Strada, or highway service), etc.

²IRI (Istituto per la Ricostruzione Industriale), ENEL (Ente per l'Energia Elettrica), ENI (Ente Nazionale Idrocarburi), and Autostrade.

³Issues of mortgage bonds (Cartelle fondiarie).

⁴This memorandum item covers buoni fruttiferi, which are non-negotiable fund-raising instruments, issued at a fixed rate of interest (5.5%) by the postal authorities and credit institutions. In the Italian financial context, they can be ranked as fixed savings deposits. They are issues by public credit institutions, ordinary credit banks and first-category pawnbrokers.

Source: Annual reports and Bulletin of the Banca d'Italia.

Table PA 4 - NETHERLANDS

Domestic public issues of medium- and long-term fixed-interest securities

	Gross totals in Fl. million										Net totals in Fl. million										
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	
"Block" issues	<u>1 843</u>	<u>992</u>	<u>964</u>	<u>1 589</u>	<u>1 279</u>	<u>1 957</u>	<u>2 201</u>	<u>2 099</u>	<u>2 109</u>	<u>2 568</u>	<u>1 414</u>	<u>495</u>	<u>415</u>	<u>987</u>	<u>621</u>	<u>1 267</u>	<u>1 447</u>	<u>1 345</u>	<u>1 304</u>	<u>1 861</u>	
Central government	937	643	298	996	652	435	448	791	728	1.320	595	266	- 91	605	198	- 33	- 15	324	262	925	
Local authorities ¹	738	25 ⁶	297	527	421	731	834	950	925	820	679	176	202	400	287	589	659	758	714	639	
Financial institutions ²	12	-	31	9	60	125	106	-	58	175	)	)	)	)	)	)	)	- 34	30	148
Private and semi-public enterprises ²	133	66	294	31	87	598	683	236	252	104)))))))	803	181	161	9
Non-profit-making institutions and miscellaneous ²	23	25	44	26	59	68	130	122	146	149))))))))	116	137	140
"Tap" issues	<u>136</u>	<u>93</u>	<u>160</u>	<u>182</u>	<u>332</u>	<u>268</u>	<u>227</u>	<u>175</u>	<u>184</u>	<u>227</u>	<u>115</u>	<u>70</u>	<u>132</u>	<u>144</u>	<u>298</u>	<u>220</u>	<u>171</u>	<u>107</u>	<u>117</u>	<u>146</u>	
Mortgage credit institutes ³	136	93	160	182	332	240	134	144	174	191	115	70	132	144	298	196	90	84	110	117	
Commercial banks ⁴						28	93	31	10	36						24	81	23	7	29	
Total	1 979	1 085	1 124	1 771	1 611	2 225	2 428	2 274	2 293	2 795	1 529	565	547	1 131	919	1 487	1 618	1 452	1 421	2 007	

¹ Provinces, municipalities and the Bank for Netherlands Municipalities.² The only available breakdown is for gross issues. Up to and including 1966, only global figures were published for net issues.³ Mortgage bonds (Pandbrieven).⁴ Includes "Spaarobligaties" (issued from 1965 onwards) and other bank bonds.

Source: Annual reports of the Nederlandsche Bank.

Table PA 5 - BELGIUM

Domestic public issues of medium- and long-term fixed-interest securities

	Gross totals in Bfrs. '000 million										Net totals in Bfrs. '000 million									
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
"Block" issues	35.9	27.6	38.0	29.3	39.8	49.6	47.4	66.5	68.4	84.4	15.1	11.9	15.5	10.3	13.2	26.5	18.8	30.1	38.1	27.3
Central government ^a	27.5	13.4	26.0	18.6	30.1	29.8	31.3	37.8	40.9	56.6	14.9	6.0	13.5	5.1	7.9	16.5	11.9	11.5	18.0	13.0
Local authorities ^{1,a}	1.3	0.8	2.8	2.9	1.5	6.4	9.1	5.3	9.0	9.3	-0.8	-0.8	0.5	0.4	0.7	4.8	6.0	3.1	6.7	6.6
Independent funds ^{2,a}	0.9	3.6	3.4	3.0	5.4	5.5	0.4	12.3	8.3	9.5	-0.4	2.1	1.9	1.6	4.3	0.7	-1.7	9.7	7.0	5.2
Public enterprises ^{5,a}	3.8	4.3	4.0	2.7	1.4	2.0	4.5	6.8	7.3	6.0	-0.7	1.4	0.7	1.7	-0.5	-0.7	1.2	2.6	4.7	1.3
Public financial institutions ^{3,a}	2.4	5.4	-	0.4	-	2.5	1.1	2.9	0.5	2.0	2.2	3.2	-2.7	0.3	-0.3	2.4	0.7	2.7	0.1	0.7
Private financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private enterprises ^b	-	0.1	1.8	1.7	1.4	3.4	1.0	1.4	2.4	1.0	-0.1	-	1.6	1.2	1.1	2.8	0.7	0.5	1.6	0.5
"Tap" issues											10.6	11.5	17.4	7.5	6.9	10.4	12.9	22.6	31.3	28.8
Local authorities ^{1,6,a}	.	.	.	.	.	.	.	.	.	.	5.0	4.7	5.9	2.6	4.4	4.1	5.8	9.0	9.2	9.8
Public enterprises ^{5,a}	.	.	.	.	.	.	.	.	.	.	-	-	0.3	-	-	-	-	-	-	-
Public financial institutions ^{3,6,a}	.	.	.	.	.	.	.	.	.	.	3.8	4.4	6.9	4.1	1.3	4.7	4.0	6.8	13.2	7.7
Private financial institutions ^{4,c}	.	.	.	.	.	.	.	.	.	.	1.8	2.4	4.3	0.8	1.2	1.6	3.1	6.8	8.9	11.3
Private enterprises	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Total											25.7	23.4	32.9	17.8	20.1	36.9	31.7	52.7	69.4	56.1

¹ Provinces, communes and Crédit Communal de Belgique.

² Social security funds and Road Fund.

³ Société Nationale de Crédit à l'Industrie, Caisse nationale de Crédit professionnel, Institut national de Crédit agricole, Office central du Crédit hypothécaire.

⁴ Tap issues of securities and notes and certificates (bons de caisse) of banks, savings banks, mortgage companies and hire-purchase finance companies.

⁵ Société Nationale des Chemins de Fer Belges, Société Nationale des Chemins de Fer Vicinaux, Société Nationale de Distribution des Eaux, SABENA, RTT and various inter-communal companies

⁶ No breakdown of short-term notes and certificates (bons de caisse) of the Crédit Communal de Belgique and the public financial institutions is available up to and including 1965; they are included in the net totals for medium- and long-term issues.

Sources: (a) Bulletin d'Information et de Documentation of the Banque Nationale de Belgique (Statistical Table XVI, 1, Securities available to all investors).

(b) Gross totals: Annual reports of the Banking Commission (Table headed "Public and Private issues by economic sector" from "Iron and steel" to "Department stores" + "Miscellaneous").

Net totals: Banque Nationale de Belgique calculations (gross totals less estimated redemptions based on variations in the total nominal value of company securities listed on the Stock Exchange).

(c) Annual reports of the Banking Commission: tap issues of banks, savings banks, mortgage companies, hire-purchase finance companies, insurance companies, enterprises covered by the Law of 16 June 1964 and finance companies.

NB: Occasionally these sources give different figures for the same category of issuer. The sources used in this table were selected and the figures reconciled by the Belgian delegation.

Table PA 6 - LUXEMBOURG

Domestic public issues of medium- and long-term fixed-interest securities

	Gross totals in \$ million										Net totals in \$ million									
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
<u>"Block" issues</u>																				
Central government	10	-	10	-	6	12	-	30	-	12	8.46	- 1.59	8.1	- 1.7	4.1	10	- 2.33	27.32	- 3.26	8.79
Local authorities	-	-	-	-	6	-	-	-	4	-	-0.26	- 0.26	-0.26	- 0.26	5.74	- 0.4	- 0.4	-0.4	3.6	-0.65
Public enterprises	-	-	-	-	10	-	-	-	-	-	-	-	-	-	10	-	-	-	-	-
Financial institutions	-	-	-	-	-	-	-	-	-	-	-0.07	- 0.07	-0.07	- 0.07	-0.07	- 0.07	- 0.07	-0.07	- 0.07	-0.08
Private and semi-public enterprises	-	-	5	0.4	-	4	-	-	-	-	-	-	4.86	0.3	-0.43	3.47	- 0.56	-0.59	- 0.73	-1.06
Total	10	-	15	0.4	22	16	-	30	4	12	8.13	- 1.92	12.63	- 1.73	19.34	13.-	- 3.36	26.26	- 0.46	7.00

Source: Figures supplied to the Working Party on Securities Markets by the Luxembourg delegation.

Table PB 1 - GERMANY

Domestic public issues of medium- and long-term fixed-interest securities (M million)

	1967					1968					1969				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
Gross totals															
"Block" issues	<u>2 732</u>	<u>1 509</u>	<u>2 584</u>	<u>1 968</u>	<u>8 793</u>	<u>2 688</u>	<u>1 604</u>	<u>1 082</u>	<u>1 549</u>	<u>6 923</u>	<u>1 194</u>	<u>914</u>	<u>1 565</u>	<u>918</u>	<u>4 591</u>
Federal Government and Länder	1 309	911	1 729	938	4 887	1 419	529	467	414	2 829	165	9	749	600	1 523
Local authorities	100	50	-	-	150	100	-	-	-	100	-	-	-	-	-
Financial institutions	234	273	214	542	1 263	527	350	205	600	1 682	449	274	380	318	1 421
Public enterprises	668	100	370	238	1 376	592	590	410	420	2 012	580	310	300	-	1 190
Private enterprises	421	175	271	250	1 117	50	135	-	115	300	-	321	136	-	457
"Tap" issues	<u>2 295</u>	<u>2 077</u>	<u>2 629</u>	<u>2 864</u>	<u>9 865</u>	<u>4 327</u>	<u>2 917</u>	<u>3 734</u>	<u>3 312</u>	<u>14 290</u>	<u>4 221</u>	<u>3 123</u>	<u>3 563</u>	<u>3 125</u>	<u>14 032</u>
Financial institutions:															
(i) "Communal" bonds	1 323	1 196	1 555	1 394	5 468	2 709	1 703	2 056	1 762	8 230	2 526	1 652	2 242	1 802	8 222
(ii) Mortgage bonds	781	775	873	1 068	3 497	1 358	938	1 079	838	4 213	1 224	1 032	770	750	3 776
(iii) Other bonds and notes and certificates	191	106	201	402	900	260	276	599	712	1 847	471	439	551	573	2 034
Total	5 027	3 586	5 213	4 832	18 658	7 015	4 521	4 816	4 861	21 213	5 415	4 037	5 128	4 043	18 623
Net totals															
"Block" issues	<u>2 164</u>	<u>1 181</u>	<u>1 951</u>	<u>1 057</u>	<u>6 353</u>	<u>1 665</u>	<u>1 062</u>	<u>556</u>	<u>1 025</u>	<u>4 308</u>	<u>338</u>	<u>136</u>	<u>1 062</u>	<u>- 585</u>	<u>951</u>
Federal Government and Länder	1 115	871	1 607	560	4 153	1 216	485	370	373	2 444	- 101	- 361	542	- 210	- 130
Local authorities	95	44	-	- 4	135	89	- 1	- 2	- 5	81	- 13	- 10	- 2	- 5	- 30
Financial institutions	5	117	- 170	416	368	20	151	- 30	535	676	228	50	306	203	787
Public enterprises	599	21	298	- 113	805	396	358	309	113	1 176	362	244	198	- 316	488
Private enterprises	350	128	216	198	892	- 56	69	- 91	9	- 69	- 138	213	18	- 257	- 164
"Tap" issues	<u>2 132</u>	<u>1 762</u>	<u>2 308</u>	<u>2 375</u>	<u>8 577</u>	<u>3 956</u>	<u>2 521</u>	<u>3 314</u>	<u>2 879</u>	<u>12 670</u>	<u>3 956</u>	<u>2 773</u>	<u>3 179</u>	<u>2 340</u>	<u>12 248</u>
Financial institutions:															
(i) "Communa" bonds	1 279	1 111	1 482	1 321	5 193	2 645	1 645	1 881	1 651	7 822	2 487	1 502	2 102	1 451	7 542
(ii) Mortgage bonds	774	747	827	794	3 142	1 268	909	1 041	733	3 951	1 196	993	721	548	3 458
(iii) Other bonds and notes and certificates	79	- 96	- 1	260	242	43	- 33	392	495	897	273	278	356	341	1 248
Total	4 296	2 943	4 259	3 432	14 930	5 621	3 583	3 870	3 904	16 978	4 294	2 909	4 241	1 755	13 199
Memorandum item: Schatzbriefe	-	-	-	-	-	-	-	-	-	-	86	21	89	84	280
Sparbriefe	-	-	-	275	275	433	308	352	450	1 543	801	369	437	340	1 947

Discrepancies between annual totals and figures given in Table PA 1 are due to rounding.
For sources and notes see Table PA 1.

Table PB 2 - FRANCE

Domestic public issues of medium- and long-term fixed-interest securities (FF '000 million)

	1967					1968					1969				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
Gross totals															
<u>"Block" issues</u>	<u>3.43</u>	<u>3.53</u>	<u>1.50</u>	<u>3.57</u>	<u>12.03</u>	<u>3.43</u>	<u>1.96</u>	<u>1.22</u>	<u>3.40</u>	<u>10.01</u>	<u>3.38</u>	<u>1.27</u>	<u>2.82</u>	<u>3.57</u>	<u>11.04</u>
Central government	-	1.25	-	-	1.25	-	-	-	-	-	-	-	-	-	-
Local authorities	-	-	0.40	0.15	0.55	-	-	-	0.51	0.51	-	-	0.32	-	0.32
Financial institutions	1.64	1.10	0.90	0.98	4.62	2.50	-	0.90	1.23	4.63	2.28	0.50	0.91	1.71	5.40
Public enterprises	1.53	0.95	-	1.53	4.01	0.76	1.62	-	0.85	3.23	-	0.67	0.50	1.29	2.46
Private enterprises	0.26	0.23	0.20	0.91	1.60	0.17	0.34	0.32	0.81	1.64	1.10	0.10	1.09	0.57	2.86
<u>"Tap" issues</u>	<u>0.08</u>	<u>0.07</u>	<u>0.05</u>	<u>0.12</u>	<u>0.32</u>	<u>0.08</u>	<u>0.03</u>	<u>0.05</u>	<u>0.07</u>	<u>0.23</u>	<u>0.13</u>	<u>0.05</u>	<u>0.12</u>	<u>0.11</u>	<u>0.41</u>
Local authorities	0.08	0.07	0.05	0.10	0.30	0.08	0.03	0.05	0.06	0.22	0.12	0.05	0.11	0.11	0.39
Public enterprises	-	-	-	0.02	0.02	-	-	-	0.01	0.01	0.01	-	0.01	-	0.02
Total	3.51	3.60	1.55	3.69	12.35	3.51	1.99	1.27	3.47	10.24	3.51	1.32	2.94	3.68	11.45
Memorandum item (net totals)															
Treasury bonds	0.68	0.56	0.78	0.76	2.78	1.06	0.42	0.58	0.65	2.71	1.07	0.61	0.48	0.10	2.26
CNCA bonds	0.99	0.78	1.06	1.13	3.96	1.64	0.97	0.83	0.82	4.26	1.21	0.91	0.79	- 0.11	2.80

For sources and notes see Table PA 2.

Table PB 3 - ITALY

Domestic issues of medium- and long-term fixed-interest securities (Lit. '000 million)

	1967					1968					1969				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
Gross totals															
<u>"Block" issues</u>	788.7	198.8	759.7	832.7	2 579.9	1 235.7	821.3	763.3	758.1	3 578.4	902.2	1 064.0	1 233.6	872.8	4 072.6
Central government	1.3	-	204.8	294.2	500.3	713.2	154.4	100.1	250.8	1 218.5	0.5	484.0	200.0	297.0	981.5
Local authorities	-	10.0	-	-	10.0	-	-	40.0	11.7	51.7	-	7.5	-	-	7.5
Institutions issuing for account of the Treasury	339.8	-	153.2	156.7	649.7	-	334.8	-	257.8	592.6	394.3	117.9	443.3	272.4	1 227.9
Institutions specializing in credit against movable property	121.2	178.5	271.6	272.7	844.0	281.8	288.8	194.7	234.4	999.7	258.7	421.0	237.4	200.3	1 117.4
Public enterprises	325.0	-	127.0	105.5	557.5	232.5	30.0	425.0	-	687.5	245.0	33.0	352.0	102.0	732.0
Private enterprises	1.4	10.3	3.1	3.6	18.4	8.2	13.3	3.5	3.4	28.4	3.7	0.6	0.9	1.1	6.3
<u>"Tap" issues</u>															
Institutions specializing in credit against real estate	137.6	143.6	135.9	195.7	612.8	159.0	179.9	174.6	228.8	742.3	215.9	187.0	178.4	194.1	775.4
Total	926.3	342.4	895.6	1 028.4	3 192.7	1 394.7	1 001.2	937.9	986.9	4 320.7	1 118.1	1 251.0	1 412.0	1 066.9	4 848.0
Net totals¹															
<u>"Block" issues</u>	609.2	97.6	603.1	722.9	2 032.8	716.7	680.4	565.9	625.2	2 588.2	639.4	634.7	928.6	654.4	2 857.1
Central government	- 11.9	- 2.2	175.0	286.3	447.2	391.4	141.8	54.8	242.7	830.7	- 12.9	194.5	117.9	228.2	527.7
Local authorities	- 1.1	9.5	-	- 0.4	8.0	- 1.7	- 0.5	38.5	10.6	46.9	- 1.8	6.5	- 1.5	- 1.0	2.2
Institutions issuing for account of the Treasury	281.6	- 1.2	124.8	149.2	554.4	- 63.8	315.7	- 26.0	240.3	466.2	297.3	108.7	375.5	240.7	1 022.2
Institutions specializing in credit against movable property	65.0	110.0	216.2	229.1	620.3	207.9	210.8	125.8	183.7	728.2	172.5	329.6	157.6	151.0	810.7
Public enterprises	287.7	- 13.7	95.3	71.6	440.9	189.6	15.1	382.5	- 37.4	549.8	196.9	12.8	291.1	53.3	554.1
Private enterprises	- 12.1	- 4.8	- 8.2	- 12.9	- 38.0	- 6.7	- 2.5	- 9.7	- 14.7	- 33.6	- 12.6	- 17.4	- 12.0	- 17.8	- 59.8
<u>"Tap" issues</u>															
Institutions specializing in credit against real estate	108.1	58.4	101.8	98.0	366.3	126.9	80.0	134.2	119.3	460.4	173.4	84.5	134.3	76.7	468.9
Total	717.3	156.0	704.9	820.9	2 399.1	843.6	760.4	700.1	744.5	3 048.6	812.8	719.2	1 062.9	731.1	3 326.0
Memorandum item: Buoni fruttiferi	53.7	25.4	24.6	34.0	137.7	51.4	26.1	21.3	34.7	133.5	44.4	18.3	16.0	26.5	105.2

¹ Issue prices and redemptions were taken into account in calculating net totals.

For sources and notes see Table PA 3.

Table PB 4 - NETHERLANDS

Issues of medium- and long-term fixed-interest securities
(Fl. million)

	1967					1968					1969				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
Gross totals															
"Block" issues	<u>707</u>	<u>503</u>	<u>392</u>	<u>497</u>	<u>2.099</u>	<u>638</u>	<u>400</u>	<u>575</u>	<u>496</u>	<u>2 109</u>	<u>695</u>	<u>353</u>	<u>450</u>	<u>1 070</u>	<u>2 568</u>
Central government	250	295	-	246	791	249	-	247	232	728	573	-	250	497	1 320
Local authorities	446	150	204	150	950	153	307	265	200	925	101	150	112	457	820
Financial institutions	-	-	-	-	-	-	52	-	6	58	-	60	40	75	175
Private and semi-public enterprises	-	-	157	79	236	219	19	2	12	252	-	100	4	-	104
Non-profit-making institutions and miscellaneous	11	58	31	22	122	17	22	61	46	146	21	43	44	41	149
"Tap" issues	<u>63</u>	<u>12</u>	<u>63</u>	<u>37</u>	<u>175</u>	<u>52</u>	<u>44</u>	<u>67</u>	<u>21</u>	<u>184</u>	<u>65</u>	<u>47</u>	<u>39</u>	<u>76</u>	<u>227</u>
Mortgage credit institutions	45	11	53	35	144	52	39	66	17	174	65	47	39	40	191
Commercial banks	18	1	10	2	31	-	5	1	4	10	-	-	-	36	36
Total	770	515	455	534	2.274	690	444	642	517	2 293	760	400	489	1 146	2 795
Net totals															
"Block" issues	<u>490</u>	<u>319</u>	<u>223</u>	<u>313</u>	<u>1.345</u>	<u>433</u>	<u>182</u>	<u>402</u>	<u>287</u>	<u>1 304</u>	<u>551</u>	<u>187</u>	<u>256</u>	<u>867</u>	<u>1 861</u>
Central government	82	187	- 99	154	324	83	-105	147	137	262	470	-97	144	408	925
Local authorities	411	103	166	78	758	127	222	232	133	714	74	111	64	390	639
Financial institutions	- 5	-12	- 15	- 2	- 34	- 1	40	-14	5	30	-1	0	25	74	148
Private and semi-public enterprises	- 9	-15	141	64	181	209	6	-23	-31	161	-11	83	-20	-43	9
Non-profit-making institutions and miscellaneous	11	56	30	19	116	15	19	60	43	137	19	40	43	38	140
"Tap" issues	<u>33</u>	<u>4</u>	<u>45</u>	<u>25</u>	<u>107</u>	<u>24</u>	<u>34</u>	<u>49</u>	<u>10</u>	<u>117</u>	<u>34</u>	<u>35</u>	<u>19</u>	<u>58</u>	<u>146</u>
Mortgage credit institutions	19	6	35	24	84	24	32	48	6	110	34	38	19	26	117
Commercial banks	14	- 2	10	1	23	-	2	1	4	7	-	-3	-	32	29
Total	523	323	268	338	1 452	457	216	451	297	1 421	585	222	275	925	2 007

For sources and notes see Table PA 4.

Table PB 5 - BELGIUM

Domestic public issues of medium- and long-term fixed-interest securities (Bfrs. '000 million)

	1967					1968					1969				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
Gross totals															
"Block" issues	<u>19.6</u>	<u>18.4</u>	<u>9.9</u>	<u>18.6</u>	<u>66.5</u>	<u>17.3</u>	<u>12.5</u>	<u>25.9</u>	<u>12.7</u>	<u>68.4</u>	<u>23.1</u>	<u>18.5</u>	<u>11.3</u>	<u>31.5</u>	<u>84.4</u>
Central government (direct debt)	13.5	6.8	7.4	10.1	37.8	10.-	5.1	25.6	0.2	40.9	17.2	7.2	8.1	24.1	56.6
Local authorities and Crédit Communal	2.1	-	0.8	2.4	5.3	6.-	3.-	-	-	9.-	5.-	-	2.0	2.3	9.3
Independent funds	-	6.-	0.3	6.-	12.3	-	-	0.3	8.-	8.3	-	9.3	0.2	-	9.5
Public enterprises	1.6	4.3	0.9	-	6.8	0.4	2.4	-	4.5	7.3	0.9	1.5	-	3.6	6.0
Public financial institutions	2.4	-	0.5	-	2.9	0.5	-	-	-	0.5	-	-	0.5	1.5	2.0
Private financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private enterprises	-	1.3	-	0.1	1.4	0.4	2.-	-	-	2.4	-	0.5	0.5	-	1.0
"Tap" issues¹	<u>11.4</u>	<u>11.3</u>	<u>10.8</u>	<u>12.6</u>	<u>46.1</u>	<u>15.6</u>	<u>13.2</u>	<u>11.6</u>	<u>12.8</u>	<u>53.2</u>	<u>12.5</u>	<u>12.4</u>	<u>11.8</u>	<u>16.0</u>	<u>52.7</u>
Local authorities and Crédit Communal ²	7.-	6.6	6.6	7.7	27.9	7.8	6.8	7.3	7.5	29.4	8.7	7.8	7.9	9.8	34.2
Public financial institutions ²	4.4	4.7	4.2	4.9	18.2	7.8	6.4	4.3	5.3	23.8	3.8	4.6	3.9	6.2	18.5
Private financial institutions	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Net totals															
"Block" issues	<u>9.9</u>	<u>4.6</u>	<u>2.0</u>	<u>13.6</u>	<u>30.1</u>	<u>12.7</u>	<u>8.2</u>	<u>12.5</u>	<u>4.7</u>	<u>38.1</u>	<u>6.4</u>	<u>6.1</u>	<u>4.5</u>	<u>10.3</u>	<u>27.3</u>
Central government (direct debt)	4.7	-2.-	2.-	6.8	11.5	6.6	2.7	13.9	- 5.2	18.0	2.7	-0.7	3.6	7.4	13.0
Local authorities and Crédit Communal	1.8	-1.-	0.5	1.8	3.1	5.7	2.8	-0.4	- 1.4	6.7	4.5	-0.6	1.2	1.5	6.6
Independent funds	0.1	5.1	- 1.2	5.7	9.7	- 0.2	-0.1	-0.2	7.5	7.0	-0.5	6.3	-0.3	-0.3	5.2
Public enterprises	1.2	1.3	0.5	- 0.4	2.6	-	1.6	-0.7	3.8	4.7	-0.2	1.0	-0.8	1.3	1.3
Public financial institutions	2.1	0.2	0.5	- 0.1	2.7	0.4	-0.3	-	-	0.1	-0.1	-0.1	0.6	0.3	0.7
Private financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private enterprises	-	1.0	- 0.3	- 0.2	0.5	0.2	1.5	-0.1	-	1.6	-	0.2	0.2	0.1	0.5
"Tap" issues¹	<u>5.3</u>	<u>4.8</u>	<u>5.3</u>	<u>7.4</u>	<u>22.8</u>	<u>11.5</u>	<u>7.1</u>	<u>6.6</u>	<u>8.0</u>	<u>33.2</u>	<u>6.1</u>	<u>6.5</u>	<u>6.1</u>	<u>8.9</u>	<u>27.6</u>
Crédit Communal ²	2.8	2.2	2.3	3.3	10.6	3.1	2.1	2.5	2.6	10.3	2.9	2.5	2.6	4.2	12.2
Public financial institutions ²	0.9	1.5	1.7	2.5	6.6	5.8	3.4	2.6	3.9	15.7	1.0	1.1	1.1	2.2	5.4
Private financial institutions ³	1.6	1.1	1.3	1.6	5.6	2.6	1.6	1.5	1.5	7.2	2.2	2.9	2.4	2.5	10.0

¹ The totals for tap issues are not comparable with those given in Table PA 5, notably for the reasons indicated in Footnotes 2 and 3.

² Includes issues of one-year notes and certificates (bons de caisse).

³ Banks and private savings banks only.

Other notes and sources: Table PA 5.

Table PB 6 - LUXEMBOURG

Issues of medium- and long-term fixed-interest securities (\$ million)

	1967					1968				1969				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	Year
Net totals														
"Block" issues	+ 12.97	- 0.61	- 1.18	+ 15.06	+ 26.24	- 1.65	+ 3.38	- 1.49	- 0.74	10.46	- 0.94	- 1.53	- 0.92	7.00
Central government	+ 13.3	- 0.4	- 1.0	+ 15.4	+ 27.3	- 1.2	- 0.4	- 1.3	- 0.4	11.17	- 0.55	- 1.34	- 0.49	8.79
Local authorities	- 0.1	-	-	- 0.3	- 0.4	- 0.1	+ 4.0	-	- 0.3	-0.08	- 0.16	-	- 0.41	-0.65
Public enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial institutions	- 0.03	-	-	- 0.04	- 0.07	- 0.03	-	-	- 0.04	-0.03	-	- 0.02	- 0.03	-0.08
Private and semi-public enterprises	- 0.2	- 0.21	- 0.18	-	- 0.59	- 0.32	- 0.22	- 0.19	-	-0.60	- 0.23	- 0.17	- 0.06	-1.06

Source: Figures supplied to the Working Party on Securities Markets by the Luxembourg delegation.

Table FC 1 - GERMANY

Private placings* (Nominal value in DM million)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
<u>Gross totals</u>										
Mortgage bonds	77	60	94	67	66	540	347	285	326	467
"Communal" bonds	153	174	144	281	338	1 056	921	781	1 034	693
Bonds issued by specialized credit institutes ¹	15	21	18	4	-	66	305	94	19	30
Other bank bonds	-	-	-	-	-	13	93	27	2	-
Total ²	246	255	256	351	405	1 675	1 666	1 187	1 381	1 190
<u>Net totals</u>										
Mortgage bonds	77	50	82	51	35	468	235	176	224	300
"Communal" bonds	152	124	88	242	252	798	436	190	606	353
Bonds issued by specialized credit institutes ¹	15	21	17	3	- 2	63	158	58	- 5	3
Other bank bonds	-	-	-	-	-	13	81	- 34	- 4	- 2
Total ²	244	194	188	296	285	1 341	912	389	820	654
<u>Memorandum item: Net increase in indebtedness represented by debt certificates and insurance company loans³</u>	1 375	1 415	1 562	1 472	1 519	1 711	2 211	2 189	1 660	2 644
¹ Deutsche Genossenschaftskasse, Deutsche Siedlungs- und Landesrentenbank, Lastenausgleichsbank, Industriekreditbank AG, Kreditanstalt für Wiederaufbau, Landwirtschaftliche Rentenbank. ² Discrepancies in totals are due to rounding. ³ Mainly Schuldscheindarlehen though not all of these are included in the figures. *Registered bonds. Source: Monthly reports of the Deutsche Bundesbank (Table VI-7) and series 2 of the statistical annexes to them (Tables 9 and 10).										

Table PC 2 - FRANCE

Private placings*

(FF '000 million)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
<u>Gross totals</u>										
Local authorities	0.04	-	0.04	0.03	-	-	0.09	0.08	0.08	0.08
Financial institutions	0.07	0.19	0.23	0.11	0.23	0.30	0.13	0.43	0.54	0.62
Public enterprises	-	-	-	0.08	-	0.10	-	-	-	0.22
Private enterprises	0.07	0.03	0.07	-	0.02	0.05	0.24	0.29	0.28	0.38
Total	0.18	0.22	0.34	0.22	0.25	0.45	0.46	0.80	0.90	1.30

* Issues reserved to collective savings institutions.

Source: Figures supplied to the Working Party on Securities Markets by the French delegation.

Table PC 4 - NETHERLANDS

Private placings (Fl. million)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
<u>Net totals</u>										
<u>I. Onderhandse leningen</u>										
Central government	30	416	524	299	603	802	1 080	1 294	999	1 253
Local authorities	635	794	269	748	1 410	1 357	413	877	889	502
Private sector	717	1 000	1 301	1 130	1 143	1 415	2 149	2 324	2 735	2.490
Total	1 382	2 210	2 094	2 177	3 156	3 574	3 642	4 495	4 623	4 245
<u>II. Mortgages</u>										
Private sector	587	815	1 074	1 300	1 582	1 316	1 196	1 176	1 736	1 918
Total	1 969	3 025	3 168	3 477	4 738	4 890	4 838	5 671	6 359	6 163
I + II										
<u>Source:</u> Figures supplied to the Working Party on Securities Markets by the Netherlands delegation.										

Table PC 5 - BELGIUM

Private placings*
(Bfrs. '000 million)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Gross totals										
Central government (direct debt) ¹	2.3	-	6.2	0.7	2.0	3.0	1.3	3.0	1.6	5.6
Local authorities and Crédit Communal ¹	-	-	-	-	-	0.1	0.4	0.8	0.3	-
Independent funds ¹	2.7	1.9	3.9	3.4	7.0	3.8	4.0	4.7	5.5	6.3
Public enterprises ¹	0.5	0.5	0.5	0.2	0.9	2.2	2.8	1.8	1.9	2.4
Public financial institutions ¹	2.0	1.8	2.9	2.8	3.3	3.7	4.9	5.5	6.3	3.8
Private financial institutions ²	0.2	0.2	0.7	0.6	1.1	0.6	0.6	0.4	0.4	} 4.0
Private enterprises ³	1.2	1.4	1.4	2.7	1.3	2.6	2.3	1.3	0.6	
Total	8.9	5.8	15.6	10.4	15.6	16.0	16.3	17.5	16.6	22.1
Net totals										
Central government (direct debt) ¹	0.9	- 1.0	4.4	- 2.2	-	0.7	1.1	0.7	0.6	4.5
Local authorities and Crédit Communal ¹	-	-	-	-	-	0.1	0.2	0.7	- 0.4	-
Independent funds ¹	2.3	1.1	3.2	2.4	3.5	2.1	2.1	2.5	2.2	4.8
Public enterprises ¹	0.4	0.3	0.1	- 0.2	0.4	1.4	2.0	0.4	0.3	1.4
Public financial institutions ¹	1.6	1.2	1.8	1.6	2.0	2.2	2.9	3.0	3.9	2.1
Private financial institutions ²	- 0.1	0.1	0.6	0.5	0.6	0.2	0.3	0.1	0.1	} 2.0
Private enterprises ⁴	- 0.2	-	- 0.2	1.-	- 0.3	1.4	0.7	- 0.2	- 1.0	
Total	4.9	1.7	9.9	3.1	6.2	8.1	9.3	7.2	5.7	14.8

* Domestic issues by private agreement of medium- and long-term fixed-interest securities.

¹ **Source:** Bulletin d'Information et de Documentation of the Banque Nationale de Belgique (Statistical Table XVI, 1, Securities not accessible to all investors).

² **Source:** Annual articles published in the Bulletin mensuel de Statistiques of the Institut National de Statistiques on issues by joint stock companies, Table headed "Issues of bonds and notes and certificates (bons de caisse) of joint stock companies", items banks + insurance companies + financial and real estate transactions ("block" issues less any public issues, figures for the latter being supplied by the Banking Commission).

³ **Source:** INS Table referred to in 2 above, Public issues (Banking Commission figures) have been deducted from the figures in the INS Table.

⁴ **Source:** Banque Nationale de Belgique calculations (total net issues less estimated net public issues).

Table PD 1 - GERMANY

List of issues*

Open for subscription on	Issuer	Amount (DM million)	Duration (a)	Early redemption option (b)	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue
A. Domestic issuers								
<u>1967</u>								
10.1	Siemens AG	120	2/15		97		7	7.43
20.1	München	100	5/15		97		7	7.71
21.1	Farbwerke Hoechst	301.2	10		100		6 1/2	
30.1	Saarland	50	5/15		96		7	7.71
10.2	Bundespost	110	10		96 1/2		7	7.50
24.2	Rheinland-Pfalz	100	5/15		97		7	7.56
6.3	Hessen	150	5/15		97 1/2		7	7.35
28.3	Bundesbahn	170	11		97 1/2		7	7.34
5.4	Isar Amper-Werke	11	5/10		100		7	
18.4	Schleswig-Holstein	80	10/15		97		6 1/2	6.96
25.4	Bund	250	12		97 1/4		6 1/2	6.96
8.5	Niedersachsen	100	10/15		97 1/4		6 1/2	6.93
18.5	Düsseldorf	50	5/15		97 1/4		6 1/2	7
23.5	Industriekreditbank	60	5/15		98 1/2		6 1/2	6.82
7.6	BP (A series)	60	5/15		99		6 1/2	6.63
7.6	BP (B series)	40	5/15		99		6	
12.6	Bremen	50	10/15		98 1/2		6 1/2	6.78
19.6	Rhein-Main Rohrleitungs-Transportgesellschaft	75	5/15		98 3/4		6 1/2	6.67
3.7	Bayern	200	4/20		98 1/2		6 1/2	6.78
11.7	Kommunales Elektrizitätswerk Mark	30	5/15		98		6 1/2	6.88
13.7	Bund	300	10		98 1/2		6 1/2	6.82
28.7	Nordrhein-Westfalen	250	10		98 1/2		6 1/2	6.82
7.8	Berlin	100	5/15		98 1/2		6 1/2	6.82
28.8	Rheinland Pfalz	100	5/15		98 1/2		6 1/2	6.92
7.9	Deutsche Lufthansa	150	5/15		100		6	
12.9	Bundesbahn	170	10		98 1/2		6 1/2	6.82
20.9	Thyssenhütte	80	7/15		98 1/2		6 1/2	6.80
27.9	Hamburg	100	5/15		98 1/2		6 1/2	6.81
12.10	KfW.FfM	200	3/15		98 1/2		6 1/2	6.83
28.10	Industriekreditbank	60	5/15		98 1/2		6 1/2	
24.10	VEW. Westfalen	100	5/15		98 1/2		6 1/2	
6.11	Baden-Württemberg	200	6/15		98 1/2		6 1/2	
21.11	Deutsche Siedlungs- und Landesrentenbank	125	5/20		98 1/2		6 1/2	6.87
27.11	Adam Opel AG	150	10		98 1/2		6 1/2	6.71
20.12	Landwirtschaftliche Rentenbank	80	5/15		98 1/2		6 1/2	6.88
B. Foreign issuers¹								
<u>1967</u>								
-2	Du Pont Europa	100	5/15		99 1/4		6 3/4	6.85
-2	Öster. Elektrizitätswirtsch. AG	55	5/20		96 3/4		7	7.54
	österr. Donaukraftwerke Osterr.							
-3	City of Oslo	40	12		97 1/2		7	7.40
-3	BASF (Luxembourg)	120	10		99 1/2		6 3/4	6.82
-3	National Read Overseas Capital Corp.	60	12		99 1/2		6 1/2	6.58
-9	Eurofima	60	4/16		98 3/4		6 1/2	6.68
-10	Australia	100	15		99		6 1/2	6.63
-10	City of Oslo	40	15		99		6 1/2	6.79
-11	Argentina	100	12		95		7	7.90
January	International Standard Electric Corp.	43,1					6	
"	Deutsche Texaco Ltd.	45,4					5	

* See notes on lists of issues (following Table PD 6).

Table PD 1^{*}(contd.)

Opened for subscription on	Issuer	Amount (DM million)	Duration (a)	Early redemption option (b)	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue
A. Domestic issuers								
<u>1968</u>								
2.1	Bundespost	210	10		98 1/2	100	6 1/2	6.82
10.1	Stadt Köln	100	5/15	I 2. 1.74	98 1/2	100	6 1/2	6.83
18.1	Hessen	150	5/15	I 1. 2.79	98 1/2	100-101	6 1/2	6.85
23.1	Rhein-Main Donau AG	50	5/20	I 1. 2.79	98 1/2	100-102	6 1/2	6.86
29.1	Bremen	50	5/15		98 1/2	100	6 1/2	6.81
6.2	Niedersachsen	150	5/15	I 1. 2.79	98 1/2	100	6 1/2	6.85
15.2	Nordrhein-Westfalen	200	10		98 1/2	100	6 1/2	6.82
29.2	Bundesbahn (1st issue)	220	10		98 1/2	100	6 1/2	6.82
18.3	Schleswig-Holstein	80	8/12		98 1/2	100	6 1/2	6.81
2.4	Bundesrepublik Deutschland (1st issue)	300	10		98 1/2	100	6 1/2	6.82
18.4	Rheinland-Pfalz	150	5/15	I 2. 5.79	98 1/2	100	6 1/2	6.81
2.5	Eisenbahnverkehrsmittel AG, Düsseldorf	10	10		100	100	6 1/2	-
6.5	Saarland	50	5/15		98 1/2	100	6 1/2	6.81
8.5	Esso AG Hamburg	125	5/15	I 2. 5.74	98 1/2	101	6 1/2	6.91
24.5	Bundespost (2nd issue)	210	10/20	I 1. 6.79	99	100	6 1/2	6.61
10.6	Deutsche Siedlungs- und Landesrentenbank	110	10/20	I 1. 6.78	99	100	6 1/2	6.71
21.6	Bundesbahn (2nd issue)	280	12		99	100	6 1/2	6.63
10.7	Bundesrepublik Deutschland (2nd issue)	400	12		99 1/2	100	6 1/2	6.56
19.9	Bundespost (3rd issue)	210	10		98	100	6	6.28
2.10	Bayern	210	2/17		98	100	6	6.28
10.10	Industriekreditbank AG, Düsseldorf	60	5/15	I 2.10.74	98	100	6	6.37
15.10	Hessen	125	10		98	100	6	6.28
22.10	Deutsche Siedlungs- und Landesrentenbank	100	5/20	I 1.10.78	98	100	6	6.38
27.11	Landwirtschaftliche Rentenbank	30	6/18		98		6	6.35
10.12	Rationalisierungsverband Steinkohlenbergbau	100	5/20	I 2. 1.80	98	100-101	6	6.38
30.12	Bundesbahn (3rd issue)	220	10		98	100	6	6.28
B. Foreign issuers ¹								
<u>1968</u>								
29.1	New Zealand	38.5	5/10	I 5. 2.73	98 1/2	100	7 1/2	7.87
2.2	Tauernkraftwerke AG	45	5/15	I 1. 2.78	98 3/4	100	7	7.30
23.2	Japan	100	3/15	I 1. 3.72	98	100	7	7.43
26.2	Sira Kvina Kraftschkap (Norway)	34.7	3/15	I 1. 3.79	98	100	7 1/4	7.69
22.3	IBRD	120	10		98 1/2	100	6 3/4	7.08
2.4	South Africa	60	5		99 1/2	100	7	7.25
18.4	City of Copenhagen	75	3/15	I 2. 5.79	98 3/4	100	7	7.31
22.4	Republic of Austria	100	4/14	I 1. 4.78	99 1/2	100	7	7.21
13.5	City of Vienna	60	5/15	I 1. 6.78	99 1/2	100	7	7.20
31.5	General-Instrument (Cverseas USA)	75	2/12	I 1. 6.71	99 1/2	100	7	7.21
5.6	Mexico	100	2/12	I 1. 6.77	97 1/2	100	7	7.58
6.6	EIB	100	10		99	100	6 1/2	6.74
12.6	City of Kobe, Japan	100	3/15	I 1. 6.72	99 1/2	100	7	7.20
19.6	Finland	75	3/15	I 1. 6.74	99	100	7	7.27
1.7	IDA	100	3/15	I 1. 7.72	99	100	6 3/4	7.01
8.7	Sears International Finance Curaçao	75	4/15	I 30. 6.73	99 3/8	100	7	7.21
11.7	Brenner Autobahn	60	5/15	I 1. 8.79	98	100	6 3/4	7.14
16.7	City of Helsinki	50	3/15	I 1. 7.72	98 1/4	100	7	7.39
17.7	New Zealand (II)	80	3/10	I 1. 7.72	99 3/4	100	7	7.17
31.7	Nacional Financiera SA, Mexico	60	5		98 1/8	100	7	7.60
31.7	Australia	100	5/15	I 1. 8.74	98 1/2	100	6 3/4	7.07
12.8	IBRD	400	12		100	100	6 1/2	6.52
26.8	City of Yokohama	100	3/15	I 1. 9.72	99	100	6 3/4	7.02
4.9	Outokumpu Oy AG (Finland)	40	3/10		99 1/2	100	7	7.21
5.9	Transocean Gulf Oil Co. (USA)	200	6/15	I 1. 9.75	99 1/2	100	6 1/2	6.70
11.9	Tauernkraftwerke	60	5/15	I 1. 9.78	99 1/4	100	6 1/2	6.83
16.9	Argentina	100	2/10	I 1.10.71	97 1/4	100 1/2-104	7	7.95
30.9	Charter Consolidated Overseas N.V., Curaçao	120	3/15	I 1.10.72	99 3/4	100	6 1/2	6.65
17.10	SNCF	120	3/15	I 1. 4.78	99 1/2	100	6 1/2	6.57
18.10	Occidental Overseas Capital Corporation	150	3/15	I 1.10.72	98 1/2	100	6 1/2	6.83
23.10	Electricity Supply Commission	100	5/15	I 1.10.74	97 3/4	100	6 1/2	6.80
25.10	Industrie-Hypothekenbank in Finland AG	60	4/12	I 1.11.75	98 1/2	100	6 3/4	7.11
29.10	Venezuela	100	5/15	I 1.10.74	97 3/4	100	7	7.45
5.11	Caisse nationale des télécommunications, Paris	200	5/15	I 1.11.74	99	100	6 1/2	6.63
14.11	City of Trondheim, Norway	25	3/15	I 1.12.74	98	100	6 3/4	7.17
18.11	Iran	80	2/10	I 1.12.73	97	100	7 1/4	8.00
26.11	Industrial Bank of Japan	60	3/15	I 1.12.74	99 3/4	100	7	7.16
6.12	Finland	75	3/15	I 1.12.74	98 1/2	100	6 3/4	7.11
19.12	Mexico	100	3/15	I 2. 1.76	97 1/2	100	7	7.54
20.12	Tenneco International Houston, Texas(USA)	100	7/15		99	100	6 3/4	7.00
C. Private placings of loans by foreign issuers								
<u>1968</u>								
4.3	Republic of Austria	55	5/8		98		7	7.53
15.3	City of Oslo	40	5		99 1/2		7	7.25
18.3	Jütland Telephon Co. Ltd.	40	5		99 1/4		7 1/2	7.84
24.5	Government of Canada	250	5		99 1/2		6 3/4	6.99
4.6	Republic of Austria	105	2/12		99 3/4		6 3/4	6.91
10.6	Republic of Austria	45	2/12		100		6 3/4	6.86
24.6	USA - Treasury Notes	500	4 1/2		100		6 1/4	6.35
16.8	Province of Ontario	150	5		100		6 3/4	6.86
26.8	IBM	200	7		100		6 3/8	6.48
26.9	Kingdom of Denmark	150	3/12		100		6 1/2	6.61
30.9	Commonwealth of Australia	200	6		99 1/2		6 1/4	6.35
1.10	Marathon International Finance Co.	140	7		100		6 1/2	6.61
4.11	Malaysia	25	2/5		98		7	7.61
23.12	IBRD	150	7/15		100		6 1/2	6.50

* See notes on lists of issues (following Table PD 6).

Table PD 1* (contd.)

Opened for subscription on	Issuer	Amount (DM million)	Duration (a)	Early redemption option (b)	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue
A. Domestic issuers								
1969								
15.1	Niedersachsen	150	5/15	I 2. 1.75	98	100	6	6.38
20.1	Bundespost	310	12		98	100	6	6.24
26.2	Bundesbahn	270	10		98	100	6	6.28
20.5	Industrie-Kreditbank Düsseldorf	60	5/15	I 1. 6.75	98 1/2	100	6 1/2	6.83
16.6	Bundespost	210	10		98 1/2	100	6 1/2	6.82
18.11	Bund	400	10		99 1/4	100	7	7.24
B. Foreign issuers¹								
1969								
21.1	Quebec Hydro Electric Comm., Canada	150	5/15	I 1. 2.75	99	100	6 3/4	7.16
22.1	New Zealand	100	5/15	I 1. 2.75	99	100	6 3/4	7.01
11.2	Commonwealth of Australia	200	5/15	I 1. 2.75	99 1/2	100	6 1/2	6.67
21.2	Ontario, Canada	150	5/15		99	100	6 1/2	6.74
3.3	Caisse nationale des autoroutes	200	5/15	I 1. 3.75	99	100	6 1/2	6.64
4.3	EIB	120	5/15		98	100	6	6.38
4.3	Kansai El. Corp., Japan	100	5/15	I 1. 9.75	99 1/4	100	6 3/4	6.98
17.3	Mortgage, Finl.	60	5/15		98 1/2	100	6 3/4	7.10
18.3	District de Paris	50	5/15	I 1. 4.79	99	100	6 1/2	6.76
26.3	Austria	120	5/14		98 1/2	100	6 1/2	6.82
26.3	Montreal, Canada	100	20	I 1. 4.71	99 1/2	100	7	7.07
1.4	Republic of South Africa	100	3/15	I 1. 4.73	99 1/2	100	6 3/4	6.94
2.4	British Gas Council	200	5/15	I 1. 4.75	99	100	6 3/4	7.01
14.4	Republic of Iceland	25	3/15		98 3/4	100	7 1/4	7.58
17.4	Courtaulds, London	150	5/15	I 1. 4.75	99	100	6 3/4	7.00
14.5	Republic of Finland	75	3/15	I 2. 5.73	99	100	7	7.29
22.5	City of Kobe, Japan	100	3/15	I 1. 5.73	98 1/2	100	6 3/4	7.11
23.5	World Bank	250	5/15	I 1. 6.75	98 1/2	100	6 1/2	6.81
13.6	Nacional Financiera, Mexico	80	2/10	I 1. 6.72	98 1/2	100	7 1/4	7.69
20.6	City of Copenhagen	100	5/15	I 1. 6.75	99	100	6 3/4	7.00
27.6	Redland, engl./franz. Finanzholding Netherlands Antilles	80	5/15	I 1. 6.75	97	100	7 1/2	8.13
1.7	Autopista, Spain	100	3/15	I 1. 7.73	97	100	7 1/4	7.82
10.7	Chrysler Overseas, USA	150	5/15	I 1. 7.75	99	100	7	7.26
17.7	IDB	100	5/15	I 1. 8.75	99	100	7	7.26
21.7	Denmark	150	5/15	I 1. 8.75	98	100	7	7.43
31.7	Province of Newfoundland	80	5/15	I 1. 8.75	97 1/2	100	7 1/4	7.75
6.8	Studebaker, New York	100	10	I 1. 8.79	97 1/4	100	7 1/4	7.80
11.8	Hydro Electric, Ontario	150	5/15	I 1. 8.75	97	100	7	7.59
22.8	Quebec Hydro, Montreal	100	5/15	I 1. 9.75	97 3/4	100	7 1/4	7.73
1.9	Electricity Council, London	150	5/15	I 1. 9.75	99 1/4	100	7 1/2	7.76
1.9	International Standard Electric, New York	100	5/15	I 1. 9.75	99	100	7	7.26
15.9	Ireland	100	5/15	I 1. 9.75	98 1/4	100	7 1/4	7.64
17.9	Asian Development Bank	60	5/15	I 1. 9.75	97 1/2	100	7	7.48
19.9	Jysk Telefon, Denmark	30	5/15	I 15. 9.75	98 1/4	100	7 1/4	7.64
26.9	Yokohama	100	3/15	I 30. 9.73	96 1/2	100	7	7.66
10.10	Republic of Finland	75	3/15	I 1.10.73	97 3/4	100	7 1/2	8.00
15.10	TRW, Wilmington, USA	80	5/15	I 1.10.75	97 3/4	100	7 1/2	7.97
27.10	Kingdom of Denmark	80	5/15	I 1.11.75	98 1/4	100	7 1/2	7.90
31.10	Australia	150	5/15	I 1.11.75	98	100	7 1/4	7.68
10.11	Tenneco, Willemstad, Curaçao	100	7/15	I 1.11.77	97 1/2	100	7 1/2	7.79
12.11	EIB	100	5/15	I 1.11.75	98 1/2	100	7	7.35
18.11	City of Oslo	80	5/15	I 1.11.75	98 1/2	100	7 1/2	7.86
20.11	Tokyo Electric	150	5/15	I 1.12.75	96 1/2	100	7 1/4	7.90
28.11	Borg-Warner Wilmington	100	5/15	I 1.11.75	97 1/2	100	7 1/2	8.01
2.12	Finland	60	2/12	I 1.12.72	97	100	7 1/2	8.24
18.12	Argentina	100	2/10	I 1.12.72	96	100	8	9.08
C. Private placings of loans by foreign issuers								
1969								
? .1	Austria	100	?/12		99 1/4		6 1/2	6.71
? .1	World Bank	125	?/15		100		6 1/2	6.50
? .2	Caisse nationale de l'énergie	200	?/15		98 1/2		6 1/2	6.70
? .2	Austria	25	?/12		98 1/2		6 1/2	6.81
? .2	Occidental Overseas Capital Corp.	100	?/7		99		6 1/2	6.79
? .2	Malaysia	40	?/5		99		7	7.26
? .2	Province of Quebec	80	?/7		99		6 3/4	7.05
? .2	Province of Ontario	90	?/6		99 1/4		6 1/4	6.51
? .2	Aéroport de Paris	65	?/15		98 1/2		6 1/2	6.70
? .2	Australia	100	?/6		99 1/2		6 1/4	6.45
? .3	Goodyear Intern. Finance Corp.	150	?/7		99		6 1/4	6.53
? .4	World Bank	125	?/15		96		6	6.50
? .4	The Gas Council	100	?/10		99 1/4		6 3/4	6.99
? .9	The Electricity Council	50	?/15		99 1/4		7 1/2	7.75

* See notes on lists of issues (following Table PD 6).

Table PD 2 - FRANCE
List of issues*,5

Opened for subscription on	Issuer	Amount (nominal value in FF million)	Duration (a)	Early redemption option (b)	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue ⁴	
								Net (before tax credit)	Gross (after personal tax credit)
1967									
A. Domestic issuers									
9.1	Société de développement régional du sud-ouest "EXPANSO" (state-guaranteed)	15.59	1/15	I - after 5 years	99.75	108.75	6.25	6.21	6.82
14.1	Charbonnages de France (state-guaranteed)	465	1/5/10/15	B - after 6 and 11 years	100	103.75/107.50/115	6.25	6.22	6.82
30.1	Crédit foncier de France	800	1/20	I - after 5 years	100	100 or prize drawings	6.25	6.18	6.80
6.2	Galerias Lafayette	15	1/4/8/12	I - after 5 years	99.85	103/106/109	6.50	6.45	7.08
13.2	Société de développement régional Bretagne (state-guaranteed)	19.6	1/15	I - after 6 years	99.75	108.75	6.25	6.21	6.82
18.2	Electricité de France (state-guaranteed)	650	1/5/10/15/20	B - after 5,10,15 years	100	102.50/106.25/115/125	6.25	6.23	6.83
4.3	CNCA (state-guaranteed)	835.8	8/11/14/17/20	B - after 11 and 17 years	100	105/107.90/111.25/117.50/128.75	6.25	6.22	6.82
6.3	Compagnie maritime des chargeurs réunis	75	1/15	I - after 3 years	99.80	109	6.50	6.44	7.08
13.3	Société lyonnaise des eaux et de l'éclairage	35	1/5/15	I - after 3 years	99.80	106/110	6.50	6.44	7.08
13.3	Groupe des grands magasins et magasins populaires	72.5	4/0/12	I - after 4 years	99.85	103/105/108	6.50	6.41	7.05
20.3	Société de développement régional Nord - Pas-de-Calais (state-guaranteed)	27.5	1/15	I - after 5 years	99.75	108.75	6.25	6.20	6.82
25.3	Caisse nationale des autoroutes (state-guaranteed)	420	1/4/8/12/16/20	-	100	102.50/105/110/117.50/127.50	6.25	6.23	6.83
-4	Crédit national	850	1/20	I - after 5 years	100	100 or prize drawings	6.25	6.19	6.81
-4	P. et T. (state-guaranteed)	358	1/5/10/15/20	-	100	104/108/112/116	6.25	6.21	6.81
24.4	Société des caves et producteurs de Roquefort	15	1/12	I - after 5 years	99.90	107.50	6.50	6.45	7.08
24.4	Société de développement régional de l'ouest "SODERO" (state-guaranteed)	40.65	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
1.5	Entreprise Jean LEFEBVRE	25	1/7/15	I - after 3 years	99.70	106/110	6.50	6.44	7.07
1.5	Groupe des industries du matériel d'équipement "SIMAT"	60.5	1/5/10/15	I - after 5 years	99.65	103/106/112	6.50	6.45	7.08
8.5	Caisse centrale de crédit hôtelier, commercial et industriel (state-guaranteed)	250	1/3/6/9/12/15	-	100	101/103/106/110/115	6.25	6.22	6.83
15.5	Société POCLAIN	16	1/4/8/12	I - after 3 years	99.70	103/106/109	6.50	6.46	7.09
27.5	Emprunt national d'équipement MATRA ²	250	4/8/12/16	-	100	101.25/106.25/111.25/116.15	6.-	-	6.58
15.5	AUNE - MESTRE ²	12	4 y. 7 m/14 y. 7 m	I - after 3 years	100	108.33/116.66	5.50/6.50	3.59	4.09
22.5	Gaz de France (state-guaranteed)	2.6	3/7 y. 7 m/14 y. 7 m	I - after 9 years	100	100/121	5/6.50	6.34	6.87
-6	FERRIER ²	525	4/9/14/19	B - after 6 and 12 years	100	100/106.25/115/126.25	6.25	6.25	6.85
5.6	Ville de Paris	65.84	4/8/12/15 y. 4 m.	I - after 4 years	100	166.40/176/185.60	5.75/6.30	6.01	6.59
1.7	Société de développement régional NORMANDIE (state-guaranteed)	400	1/19 y. 9 m.	I - after 5 years	100	100 or prize drawings	6.25	6.20	6.82
10.7	Société de développement régional Centre-Est (state-guaranteed)	18.3	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
10.7	SAVIEN	26.97	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
17.7	Imprimerie CHAIX-DESFOSSÉS NEOGRAVURE	40	1/5/10/15	I - after 3 years	99.60	104/107/111	6.50	6.44	7.08
17.7	Société alsacienne de développement et d'expansion SADE (state-guaranteed)	25	1/5/10/15	I - after 5 years	99.65	103/106/112	6.50	6.45	7.08
28.8	Société générale d'engrais et produits chimiques PIERREFITTE	24.5	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
28.8	Crédit foncier	30	1/5/10/15	I - after 5 years	99.70	103/106/112	6.50	6.45	7.08
4.9	Société champenoise d'expansion "CHAMPEX" (state-guaranteed)	900	1/20	I - after 5 years	100	100 or prize drawings	6.25	6.18	6.80
11.9	Société pour le développement économique du Centre et du Centre-Ouest "SODECCO" (state-guaranteed)	15.5	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
18.9	Groupe de l'industrie sidérurgique	21.5	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
2.10	Société lorraine de développement et d'expansion "LORDEX" (state-guaranteed)	350	3/20	I - after 10 years	100	109	6.50	6.35	6.98
2.10	CNCA (state-guaranteed)	21.16	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
18.10	ANTAR - pétrole de l'Atlantique	986.9	7 y. 4 m/10 y. 4 m/16 y. 4 m/19 y. 4 m	B - after 10 y. 4 m. and 16 y. 4 m.	100	105/107.50/111.25/117.50/128.75	6.25	6.22	6.82
16.10	PEUGEOT	120	1/5/10/15	I - after 5 years	99.90	103/106/112	6.50	6.42	7.05
16.10	Crédit naval	100	1/5/10/15	I - after 5 years	99.90	103/106/112	6.50	6.42	7.05
23.10	Société de développement régional du sud-est (state-guaranteed)	105	1/15	I - after 5 years	99.90	110	6.50	6.44	7.07
30.10	Electricité de France (state-guaranteed)	17.54	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
4.11	Caisse d'aide à l'équipement des collectivités locales	600.9	5/10/15/20	B - after 7 and 15 years	100	102.50/106.25/115/125	6.25	6.23	6.82
16.11	Groupe des industries de la construction électrique "GICEL"	87	3/6/9/12/15	-	99	100/102.50/106/110/115	6.25	6.22	6.82
20.11	SNCF (state-guaranteed)	59	2/4/7/10/13/15	I - after 6 years	99.95	102/104/106/108/114	6.50	6.42	7.05
27.11	Caisse d'aide à l'équipement des collectivités locales	932	5/10/15/20	B - after 7 and 15 years	100	101.25/106.25/116.25/130	6.50	6.23	6.8
14.12	Société de développement régional de l'Ouest "SODERO" (state-guaranteed)	60	3/6/9/12/15	-	99.50	100/102.50/106/110/115	6.25	6.21	6.81
4.12	Compagnie des compteurs	26.85	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82
4.12	Groupe des industries mécaniques "CIMECA"	30	1/5/10/15	I - after 5 years	99.90	103/106/112	6.50	6.42	7.05
11.12	Groupe des industries alimentaires "CIAC"	35	1/15	I - after 5 years	99.80	108	6.50	6.42	7.05
18.12	Groupe des industries alimentaires "CIAC"	55.5	1/5/10/15	I - after 4 years	99.90	103/106/112	6.50	6.42	7.05

* See notes on lists of issues (following Table PD 6).

Table PD 2* (cont.)

Opened for subscription on	Issuer	Amount (nominal value in FF million)	Duration	Early redemption option	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue ⁴			
								(a)	(b)	Net (before tax credit)	Gross (after personal tax credit)
1968											
				A. Domestic issuers							
8.1	Crédit foncier de France	900	1/19 y. 11 m. ¹	I - after 5 years	100	100 or prize drawings	6.25	6.18	6.80		
8.1	Générale alimentaire ²	27.3	3/7/12/15	I - after 5 years	100	104/110/116	5.75-6.50	6.36	6.96		
15.1	Cie de Kayserberg ²	15.2	3/15	I - after 4 years	100	113.33	5.50-6.50	4.10	4.62		
22.1	Charbonnages de France (state-guaranteed)	315	1/6/12/18	B - after 7 and 14 years	100	104/110/120	6.25	6.20	6.79		
29.1	Cie générale de radiologie	14.5	1/15	I - after 4 years	99.9	103/106/114	6.50	6.48	7.10		
5.2	Wanner Isofi ²	24.48	4 y. 11 m/ 11 y. 11 m	I - after 6 years	100	108.33/113.88	5.75-6.50	5.66	6.21		
12.2	Crédit national	800	1/20	I - after 5 years	100	100 or prize drawings	6.25	6.18	6.80		
19.2	Société pour le développement économique de la Picardie (state-guaranteed)	15	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82		
26.2	Société pour le développement régional du Sud-Ouest "EXPANSO" (state-guaranteed)	20.8	1/15	I - after 5 years	99.75	109	6.25	6.21	6.82		
28.2	Société du pipe-line Méditerranée - Rhône	50	1/5/10/15	I - after 5 years	99.75	103/106/112	6.50	6.42	7.04		
4.3	Caisse nationale des autoroutes (state-guaranteed)	441	6/12/18		100	103/110.5/123.75	6.25	6.26	6.86		
18.3	CECA (state-guaranteed)	800.4	3/7/11/15/19	B - after 11 and 15 years	100	102/107.5/113.75/128.75	6.25	6.22	6.82		
1.4	PETROFIGAZ	115	1/5/10/15	I - after 5 years	99.25	103/108/112	6.75	6.74	7.40		
8.4	Gaz de France (state-guaranteed)	500	5/10/15/20 ³	B - after 6 and 14 years	100	101.60/105/114/130	6.50	6.44	7.05		
22.4	P. et T. (state-guaranteed)	468.7	1/5/10/15/20		100	102.5/105/110/120	6.50	6.38	7		
22.4	Emprunt Pyrénées - Languedoc (state-guaranteed)	19.8	1/15	I - after 5 years	100	110	6.50	6.46	7.09		
29.4	Cie française de raffinage	150	1/6/12/18	I - after 9 years	99.50	105/110/116	6.75	6.72	7.37		
29.4	Emprunt Bretagne Océanie (state-guaranteed)	23.9	1/15	I - after 5 years	100	110	6.50	6.46	7.09		
13.5	Electricité de France (state-guaranteed)	650	15	B - after 6 and 9 years	99.70	112	6.50	6.38	7.01		
20.5	Société de développement régionale du Nord et du Pas-de-Calais (state-guaranteed)	17.9	1/15	I - after 5 years	100	110	6.50	6.46	7.09		
10.6	Cie foncière du château d'eau de Paris ²	14.25	1/3/13	I - after 3 years	100	104/108	6.- -6.75	4.74	5.32		
15.7	Cpt. des industries de matériaux de construction	45.5	1/5/10/15	I - after 7 years	98.60	104/108/112	6.75	6.84	7.50		
15.7	Société française des nouvelles galeries réunies	100	1/7/13/18	I - after 10 years	99.05	106/112/118	6.75	6.85	7.50		
26.8	Société de développement régional de l'Ouest (state-guaranteed)(SODERO)	26.25	1/15	I - after 5 years	99.85	108	6.75	6.58	7.25		
	Crédit foncier de France	900	1 y. 19 y. 11 m. ¹	I - after 5 years	100	100 or prize drawings	6.75	6.74	7.40		
23.9	Société de développement régional du Centre-Est (state-guaranteed)	35.2	1/15	I - after 5 years	99.85	108	6.75	6.58	7.25		
23.9	Cpt. des industries du bâtiment et des trav. pub.	120	2/7/12/15	I - after 7 years	99.65	100/103/110	7	6.72	7.40		
30.9	Caisse cent. de créd. hôtelier commerc. et ind. (state-guaranteed)	300	1/5/10/15		100	102/107/113	6.75	6.57	7.22		
7.10	Groupement de l'industrie sidérurgique	450	1/20	I - after 10 years	99.30	105	6.875	6.70	7.39		
21.10	Société pour le développement économique du Centre et du Centre-Ouest (state-guaranteed)(SODECCO)	16.3	1/15	I - after 5 years	99.85	108	6.75	6.58	7.25		
21.10	Groupement de l'équipement automobile	20.2	2/7/12/15	I - after 8 years	99.50	100/105/110	7	6.76	7.45		
21.10	CNCA (state-guaranteed)	930	7/11/15/19	B - after 11 and 15 years	100	102/107/113/123.75	6.75	6.59	7.23		
28.10	Ville de Paris	360	1/20	I - after 5 years	100	103.75 or prize drawings	6.75	6.84	7.50		
12.11	Cie bancaire	180	1/6/11/15	I - after 7 years	99.40	100/104/108	7	6.71	7.40		
18.11	Electricité de France (state-guaranteed)	400	15	B - after 7 and 11 years	99.30	110	6.75	6.58	7.24		
9.12	Caisse d'aide à l'équipement des collectivités locales	148.5	3/6/9/12/15/18		98.65	101/103/105/108/113/120	6.75	6.76	7.42		
16.12	SNCF (state-guaranteed)	450	5/10/15/20	B - after 7 and 12 years	99.30	103/109/116/124					
23.12	FELIX POTIN	25	3/15	I - after 7 years	98.10	109	7	7.03	7.72		
23.12	Lignes télégraphiques et téléphoniques	15	3/15	I - after 7 years	98.10	109	7	7.03	7.72		
23.12	Société française des téléphones ERICSSON	15	2/7/12/15	I - after 7 years	98.40	104/108/112	7	7.05	7.74		
23.12	Cie française de l'AZOTE	50	3/7/11/15	I - after 11 years	98.15	105/107/112	7	7.06	7.74		
30.12	Guichard - Perrachon et cie (Ets. économiques du CASINO)	50	2/15	I - after 6 years	98.10	109	7	7.05	7.74		

* See notes on lists of issues (following Table PD 6).

Table PD 2* (contd.)

Opened for subscription on	I s s u e r	Amount (nominal value in FF million)	Duration (a)	Early redemption option (b)	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue	
								Net (before tax credit)	Gross (after personal income tax)
1969			A. Domestic issuers						
6.1	Crédit foncier de France	900	1/20 years 11 months	I - after 5 years	96	100 or prize drawings	7	7.21	7.93
20.1	Société Lorraine de développement et d'expansion (state-guaranteed)	22.44	1/15	I - after 6 years	99	114	7	7.27	7.95
20.1	Société de développement régional de Normandie (state-guaranteed)	18.25	1/15	I - after 5 years	99	114	7	7.27	7.95
27.1	Groupement des industries de matériaux de construction	220	1/6/12/18	I - after 12 years	97.10	106/112/118	7.25	7.50	8.20
3.2	La Rochette-Cenpa	30	1/5/10/15	I - after 8 years	98.50	105/111/117	7.25	7.50	8.20
10.2	Société de développement de la région méditerranéenne (state-guaranteed)	17.71	1/15	I - after 6 years	99.10	114	7	7.25	7.93
10.2	Société de développement régional du Sud-Est (state-guaranteed)	26-31	1/15	I - after 6 years	99.10	114	7	7.25	7.93
17.2	Société de développement régional du Nord et du Pas-de-Calais (state-guaranteed)	33.01	1/15	I - after 6 years	99.10	114	7	7.25	7.93
24.2	Groupement de l'industrie chimique	300	1/7/13/18	I - after 12 years	97.50	107/114/120	7.25	7.51	8.21
3.2	L'Epargne	15	3/15	I - after 7 years	98.35	114	7.25	7.51	8.22
3.2	Librairie Hachette	50	1/6/12/18	I - after 10 years	97.30	106/112/118	7.25	7.48	8.19
10.3	Crédit national	600	1/20	I - after 5 years	94.50	100 or prize drawings	7	7.45	8.18
24.3	Caisse nationale de crédit agricole (state-guaranteed)	861	4/8/12/16/20	I - after 12 and 16 years	98.90	100/108/117/ 130/145	7	7.33	7.99
24.3	Groupement des industries de la construction électrique	190.1	2/6/11/19	I - after 8 years	98.65	107/120/135	7.25	7.74	8.42
24.3	La Cellulose du Pin	30	1/5/10/15	I - after 6 years	96.95	105/111/117	7.25	7.71	8.42
31.3	Cie royale asturienne des mines	30	2/6/11/16	I - after 6 years	96.10	105/110/120	7.25	7.78	8.49
31.3	Groupement des industries agricoles alimentaires et de grande consommation	147.1	1/6/12/18	I - after 10 years	98.20	118/122/126	7.25	7.79	8.49
21.4	Laboratoires Labaz	35	1/4/9/15	I - after 9 years	98.30	112/116/120	7.25	7.80	8.49
28.4	Sté de développement régional de l'Ouest et des Antilles - Guyane (state-guaranteed)	54.8	1/15	I - after 5 years	99.25	118	7	7.47	8.14
28.4	Caisse nationale des autoroutes (state-guaranteed)	246	6/12/18	-	95.75	102/110/125	7	7.42	8.11
28.4	P. et T. (state-guaranteed)	442.3	1/5/10/ 15/20	-	98.5	102.5/107.5/ 117.5/137.5	7	7.41	8.08
12.5	Sté de développement régional du Sud-Ouest (state-guaranteed)	29.6	1/15	I - after 5 years	98.8	118	7	7.51	8.19
16.5	Caisse centrale de crédit hôtelier, commercial et industriel	500	5/10/15	-	97.4	103/111/124	7	7.51	8.20
30.6	Electricité de France	507	1/15	-	98.6	100	8	7.36	8.17

* See notes on lists of issues (following Table PD 6).

Table PD 3 - ITALY

List of issues*

Opened for subscription on	Issuer	Amount (in Lit. '000 million)	Dura- tion	Early redemp- tion option	Issued at (%)	Redeem- able at (%)	Coupon interest rate	Actual yield on issue ⁸	
			(a)	(b) ⁹					
				A. Domestic issuers					
<u>1967</u>									
- . 1	ENEL (state-guaranteed)	125	20	7	94.15	100.0	6	6.87	
- . 1	ENEL ¹ (state-guaranteed)	100	3/20	7	97.75	"	6	6.36 ⁶	
- . 1	Autostrade ² (IRI-guaranteed)	100	3/20	10	97.-	"	6	6.45	
- . 1	Crediop (FF.SS.)	70	20	2	94.- ⁷	"	6	6.88	
- . 2	" (Lav. agr.)	21.1	20		94.- ⁷	"	6	6.88	
- . 2	" (18.11.66 No. 676)	122.7	20		94.- ⁷	"	6	6.88	
- . 3	" (dot. lav. agr.)	125.8	20		96.50	"	6	6.54	
- . 4	Autostrade TO-AL-PC	10	5/25		85.- ⁷	"	5.50	7.35	
- . 6	Comune di Roma	10	20	10	96.-	"	6	6.61	
- . 7	IMI 26° series	140	20	at any time	96.-	"	6	6.61	
- . 7	ENEL (state-guaranteed)	125	20	5	94.15 ⁷	"	6	6.86	
- . 7	FF.SS. (Az. Aut.)	100	20	10	96.-	"	6	6.61	
- . 9	Crediop (P. verde)	153	20	3	96.-	"	6	6.61	
- . 9	FF.SS. (Az. Aut.)	50	20	10	96.-	"	6	6.61	
- . 9	Certificati FAP	54.1	10	at any time	98.50	"	5.50	5.90	
- . 10	Autostrade ² (IRI-guaranteed)	{ 67 33	2/20	10	97.50	"	6 6	6.41	
- . 10	Edilizia Scolastica ³	231	15		99.-	"	5.50	5.72	
- . 11	Crediop (interv. stat 3°)	156.7	20		96.-	"	6	6.61	
- . 11	Certificati AIMA ⁴	61	1/11		99.-	"	5.50	5.77	
- . 10	Mediocredito Centrale	77	2/10	at any time	95.50	"	6	6.97	
				B. Foreign issuers					
<u>1967</u>									
- . 11	European Investment Bank	15	3/20	9	97.-	"	6	6.45	

* See notes on lists of issues (following Table PD 6).

Table PD 3^m (contd.)

Opened for subscription on	Issuer	Amount (in Lit. '000 million)	Duration (a)	Early redemption option (b) ⁹	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue ⁸
A. Domestic issuers								
<u>1968</u>								
- . 1	Certificati Az. Petroliif.	50	2		99.-	"	5	5.75
- . 1	ENEL (state-guaranteed)	125	20	7	94.15 ⁷	"	6	6.86
- . 1	ENEL ¹ (state-guaranteed)	100	3/20	7	97.75	"	6	6.36 ⁶
- . 1	BTP (contanti) ⁵	213	9		100	"	5	5.57
- . 2	Certificati AIMA	40	1/11		99.-	"	5.50	5.77
- . 2	Mediocredito Centrale	15	2/10	at any time	95.50 ⁷	"	6	6.97
- . 3	FF.SS. (Az. Aut.)	100	20	10	93.50 ⁷	"	6	6.95
- . 3	Crediop (interv. stat. 3 ^o)	126	20		93.50 ⁷	"	6	6.95
- . 3	Mediocredito Centrale	5	2/10	at any time	95.50 ⁷	"	6	6.97
- . 4	ENEL	30	3/20	7	97.75	"	6	6.36
- . 5	Crediop (Green Plan)	208	20	3	96.-	"	6	6.61
- . 5	FF.SS. (Az. Aut.)	100	20	10	93.50 ⁷	"	6	6.95
- . 5	BTP	10	9		100	"	5	5.57
- . 6	CIS	30	15	at any time	96.-	"	6	6.73
- . 6	Certificati Az. Petroliif.	45	2		99.-	"	5	5.75
- . 6	Pirelli (convertible)	24	(10/5)		100	"	5	-
- . 7	Comune di Napoli (state-guaranteed)	30	20	10	96.-	"	6	6.61
- . 7	ENEL (state-guaranteed)	125	20	5	94.15 ⁷	"	6	6.86
- . 7	ENEL (state-guaranteed)	150	3/20	7	97.75	"	6	6.36
- . 7	FF.SS. (Az. Aut.)	100	20	10	93.50 ⁷	"	6	6.95
- . 9	Bancoper (MEPI)	25	2/20	3	96.-	"	6	6.58
- . 9	Autostrade ² (IRI-guaranteed)	150	2/18	9	97.75	"	6	6.38
- . 9	Comune di Roma (state-guaranteed)	10	20	10	96.50	"	6	6.54
- . 10	Crediop (interv. stat. 4 ^o)	120.5	20		93.50 ⁷	"	6	6.95
- . 11	Citta di VENEZIA	11.7	20	at any time	94.- ⁷	"	6	6.54
- . 12	Crediop (FF.SS.)	60	20		94.10 ⁷	"	6	6.87
- . 12	Crediop (interv. stat. 4 ^o)	77.3	20		93.80 ⁷	"	6	6.91
- . 12	ISVEIMER	30	2/13		93.50 ⁷	"	6	7.08
- . 12	Edilizia Scolastica 2 ^o	249	15		93.60 ⁷	"	5.50	5.97
B. Foreign issuers								
<u>1968</u>								
- . 2	ECSC	15	5/20	6	97.50	"	6	6.38
- . 10	ECSC	15	5/20	6	97.50	"	6	6.38
- . 12	European Investment Bank	15	3/20	9	96.50	"	6	6.51

* See notes on lists of issues (following Table PD 6).

Table PD 3* (contd.)

Opened for subscription on	Issuer	Amount (in Int. '000 million)	Duration (a)	Early redemption option ⁹ (b)	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue ⁸
A. Domestic issuers								
<u>1969</u>								
- . 1	Bancoper (MBPI)	50	2/18		96.25	"	6	6.54
- . 1	ENEL	120	3/17		97.25	"	6	6.42
- . 1	ENEL	125	20		93.60 ⁷	"	6	6.94
- . 1	Crediop (interv. stat. 4 ^o)	191.2	20		93.80 ⁷	"	6	6.91
- . 3	Crediop (Green Plan)	203.1	20		96.-	"	6	6.61
- . 4	ENEL	30.0	3/17	7	94.75 ⁷	"	6	6.75
- . 4-6	BTP	482.0	9	-	100.-	"	5	5.57
- . 5-6	CIS	50.0	5/10	-	96.-	"	6	6.64
- . 5	ISVEIMER	60.0	3/12	-	96.-	"	6	6.71
- . 6	Comune di Roma	7.5	20		93.50 ⁷	"	6	6.95
- . 6	IMI 2 ^a	145.0	1/19	-	96.-	"	6	6.59
- . 6	Crediop (interv. stat. 5a)	118.0	20	-	94.15 ⁷	"	6	6.86
- . 7	ENEL	120.0	3/17	7	97.25	"	6	6.42
- . 7	ENEL	125.0	20	4	93.90 ⁷	"	6	6.89
- . 7	FS (Az. Aut.)	200.0	20	10	93.80 ⁷	"	6	6.91
- . 7	Crediop (FS)	50.0	20	-	94.10 ⁷	"	6	6.87
- . 7	Bancoper (MRPI)	25.0	2/10	-	96.00	"	6	6.55
- . 7	ENI	100.0	20	-	93.50	"	6	6.95
- . 7	IRFIS	30.0	5/10	-	96.00	"	6	6.62
- . 9	Crediop (interv. stat. 6 ^o)	393.3	20	-	91.80	"	6	7.19
- . 11	Autostrade (IRI-guaranteed)	100.0	2/18	10	93.00	"	6	7.02
- . 11	Crediop (interv. stat. 6 ^o , 2nd tranche)	159.2	20	-	89.00	"	6	7.60
- . 12	Crediop (FS)	50.0	20	-	89.00	"	6	7.60
- . 12	Edilizia Scolastica 3 ^o	297.0	15	-	93.50	"	5.50	7.16
- . 12	Crediop (interv. stat. 6 ^o , 3rd tranche)	63.2	20	-	89.00	"	6	7.60
B. Foreign issuers								
<u>1969</u>								
- . 2	IDB	15	5/15		96.00	"	6	6.55

* See notes on lists of issues (following Table PD 6).

Table PD 4 - NETHERLANDS

List of issues[■]

Opened for subscription	Issuer	Amount (Fl. million)	Duration (a)	Early redemption option (b) ⁵	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue ¹
<u>1967</u>								
25.11.66	Bank for Netherlands Municipalities	150	11-25	10	99	100	7	7.10
20.12.66	Government of the Netherlands	250	11-25	10	100	100	7	7
18. 1	Bank for Netherlands Municipalities	100	11-25	10	98.50	100	6.75	6.90
31. 1	Bank for Netherlands Municipalities	200	11-25	10	99.50	100	6.75	6.80
17. 3	Bank for Netherlands Municipalities	150	11-25	10	100	100	6.50	6.50
27. 4	Government of the Netherlands	300	11-25	10	98.75	100	6	6.15
18. 5	Blauwhoed N.V., Amsterdam	20	11-20	11	100	100	6.50	6.50
30. 5	Stichting Het Dorp	10	11-25	10	100	100	7	7
1. 6	Bank for Netherlands Municipalities	130	11-25	10	99	100	6.25	6.35
4. 7	Rotterdam-Rijn Pijpleiding Mij	50 ²	11-20	11	98.25	100	6.50	6.80
(16. 8 to 29. 9)	Rentespaarbrieven - Bank for Netherlands Municipalities (1967 series I to VI)	75	from ⁶ 5 to 12 11 years		100	150 to 200		6.50
17. 8	Nederlandse Staatsmijnen	100	11-20	11	99.50	100	6.50	6.55
5. 9	Bank for Netherlands Municipalities	150	11-25	10	100	100	6.50	6.50
26.10	Government of the Netherlands	250	11-25	10	98.5	100	6.25	6.40
<u>B. Foreign issuers</u>								
<u>1967</u>								
1. 8	Netherlands Antilles (guaranteed by Netherlands Government)	50	11-25	10	100	100	6.50	6.50
[■] See notes on lists of issues (following Table PD 6).								

Table PD 4^m (contd.)

Opened for subscription on	Issuer	Amount (Fl. million)	Duration (a)	Early redemption option (b) ⁵	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue ¹
A. Domestic issuers								
<u>1968</u>								
15.12.67	Bank for Netherlands Municipalities	100	11-25	10	98.75	100	6.50	6.62
12. 1	Nederlandse Gasunie	100	11-20	10	99.25	100	6.50	6.58
8. 2	Government of the Netherlands	250	11-25	10	99.50	100	6.50	6.55
13. 3	Koninklijke Luchtvaart Mij	100	11-20	10	100	100	7	7
(12. 3 to 29. 4)	Rentespaarbrievens - Bank for Netherlands Municipalities (1968 series I and II)	65	from 6 $\frac{1}{2}$ to 9 years		100	150/175		6.50
28. 2	Bank for Netherlands Municipalities	150	11-25	10	98.75	100	6.50	6.62
28. 3	Algemene Bank Nederland	43.5	11-15	at any time	100	100	6.50	(3)
6. 5	Bank for Netherlands Municipalities	150	11-25	10	99	100	6.50	6.60
6. 6	Verenigde Machinefabrieken	15	6-15	at any time	100	100	6.50	(3)
14. 6	Bank for Netherlands Municipalities	250	11-25	10	99	100	6.50	6.60
3. 7	Pakhoed-Holding	35	11-20	11	99.50	100	7	7.06
(29. 7 to 14. 8)	Rentespaarbrievens - Bank for Netherlands Municipalities (1968 series III)	65	8 $\frac{3}{4}$ to 4	(4)	100	175 ⁴		6.60
21. 8	Bank for Netherlands Municipalities	100	11-25	10	99.75	100	6.75	6.78
3. 9	Bank for Netherlands Municipalities	100	11-25	10	99.75	100	6.75	6.78
8.10	Government of the Netherlands	233.3	11-25	10	99.50	100	6.50	6.55
13.11	Bank for Netherlands Municipalities	140	11-25	10	98.25	100	6.50	6.67
(10.12 to 31. 1.69)	Rentespaarbrievens - Bank for Netherlands Municipalities (1968 series IV and V)	63.1	from 6 $\frac{1}{2}$ to 11 $\frac{3}{4}$ years		100	150/200		6.50
12.12.68	Government of the Netherlands	225	11-25	10	99	100	6.50	6.60
B. Foreign issuers								
<u>1968</u>								
17. 5	European Investment Bank	40	11-20	11	98.25	100	6.75	6.94
17. 5	IBRD	40	11-20	11	98.25	100	6.75	6.94
3.7	IDA	30	11-20	11	99	100	7	7.11

* See notes on lists of issues (following Table PD 6).

Table PD 4* (contd.)

Opened for subscription on	Issuer	Amount (Fl. million)	Duration (a)	Early redemption option (b) 5	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue ¹
<u>1969</u>				<u>A. Domestic issuers</u>				
31.1	Bank for Netherlands Municipalities	100	from 6 1/2 to 11 1/4 years	10	100	100	7	7.00
20.2	Government of the Netherlands	350	11-25	10	100	100	7	7.00
21.3	Nationale Investeringsbank (Herstelbank)	60	11-20	11	99.50	100	7.25	7.31
25.4	Bank for Netherlands Municipalities	150	11-25	10	100	100	7.50	7.50
14.5	Nederlandse Gasunie	100	11-20	10	100	100	7.50	7.50
(13.6 to 31.7)	Rentespaarbrieven - Bank for Netherlands Municipalities (1969 series IV)	14.6	8 3/4		100	185	7.25	7.25
19.6	Government of the Netherlands	250	11-25	10	100	100	7.50	7.50
18.7	Bank for Netherlands Municipalities	100	11-25	10	98	100	7.50	7.71
19.8	Amsterdam-Rotterdam Bank	40	7	-	99 1/2	100	8	8.10
9.9	Bank for Netherlands Municipalities	250	11-25	10	100	100	8	8
29.9	Amsterdam-Rotterdam Bank	50	7	-	100	100	8	8
21.10	Government of the Netherlands	300	6-7	-	100	100	8	8
21.10	Government of the Netherlands	200	11-25	10	98 1/2	100	8	8.17
7.11	Bank for Netherlands Municipalities	200	6-7	-	100	100	8	8
21.11	Samenwerkende Electriciteits Productiebedrijven	50	11-25	10	99 1/4	100	8	8.08
26.11	Bank Mees & Hope	25	6	-	100	100	8	8
9.12	Nederlandsche Middenstandsbank	25	7	-	100	100	8	8
10.12	Bank for Netherlands Municipalities	100	11-25	10	98 3/4	100	8	8.14
19.12	Amsterdam-Rotterdam Bank	50	5	-	100	100	8.25	8.25

* See notes on lists of issues (following Table PD 6).

Table PD 5 - BELGIUM

List of issues^{*}

Opened for subscription on	Issuer	Amount (Bfrs. million)	Duration (a)	Early redemption option (b) ⁴	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue
A. Domestic issuers								
<u>1967</u>								
9. 1	Ville de Bruxelles 1967-1977	2 500	10		99	100	7	7.17
30. 1	Etat belge 1967-72-78	5 800	11	5	100	100-101	6.75-7	6.86 (6.76)
			7y. 1/2 m.	7y. 1/2 m.				
30. 1	Etat belge 1967-1982	7 710	15		99.50	100	7	7.08
20. 2	SNCI 1967-77-87	2 000	20	10	99.50	100-104	7	(7.07)
22. 3	RTT 1967-73-79	4 000	12	6	99.50	100-101	6.75-7	6.92 (6.85)
- . 3	EBES	1 250	15		99.25		7.15	
17. 4	Fonds des routes 1967-1982	6 000	15		99.50	100	7	7.08
- . 4	Bsmalux ¹	200	20		97.50		7.50	
10. 5	SNCB 1967-73-82	3 500	15	6	99.50	100-101	6.75-7	6.92 (6.85)
15. 6	Etat belge 1967-72-78	8 960	11 y.	5 y.	100	100-101	6.75-7	6.88 (6.74)
			3 m.	3 m.				
15. 6	Etat belge 1967-1982	5 330	14		99.50	100	7	7.08
			7y. 1/2 m.					
28. 8	Ville de Liège 1967-72-77	800	10	5	99	100-101.5	6.75-7	(6.99)
18. 9	CNCP 1967-73-79	500	12	6	99.50	100-101	6.75-7	- (6.85)
2.10	Etat belge 1967-74-82	10 000	14 y.	6 y.	100	100-100	6.75-7	6.82 (6.75)
			4 m.	4 m.				
- . 10	ACEC ¹	125	20		97.50		7.50	
6.11	Ville d'Anvers 1967-1979	2 000	12		99.50	101	7	
- . 11	Distrigaz ¹	500	20		97.50		7.50	
4.12	Fonds des routes 1967-1979	6 000	12		99.50	100	6.75	6.83
B. Foreign issuers								
<u>1967</u>								
24.10	European Investment Bank	750	15	6	99.50	100	7	7.08
30.11	IDB	300	15	6	99.50	100	7	7.08

* See notes on lists of issues (following Table PD 6).

Table PD 5^{II} (contd.)

Opened for subscription	Issuer	Amount (Bfrs. million)	Duration (a)	Early redemption option (b) ⁴	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue
A. Domestic issuers								
<u>1968</u>								
8. 1	Ville de Gand 1968-1980	1 000	12		98.25	100	6.75	7.04
11. 1	CNCP 1968-1980	500	12		99	101	6.75	-
7. 2	Etat belge 1968-1978	10 000	10		99.50	100	6.75	6.84
20. 3	Interc. Autor. E 3 1968-1980	5 000	12		99	100	6.75	6.89
-. 3	Soc. Mét. Hainaut-Sambre ²	400	20				7.95	
16. 4	SNCB 1968-1983	2 500	15		99.75	100	6.75	6.79
13. 5	Ville d'Anvers 1968-1983	2 000	15		99.75	100	6.75	..
13. 5	Ville de Liège 1968-1983	1 000	15		99.75	100	6.75	..
-. 5	Cie Lambert pour l'industrie et la finance ¹	150	20				7.50	
17. 6	Etat belge 1968-75-83	10 000	15	7	99.50	100-101	6.50-6.75	6.65(6.59)
-. 6	Petrofina ³	2 000	12				6.50	
9. 7	Etat belge 1968-74-80	8 665	12	6	99.50	100	6.50-6.75	6.68(6.60)
9. 7	Etat belge 1968-1980	12 185	12		99.25	100	6.75	6.86
24.10	RTT 1968-1982	4 500	14		99	100	6.75	6.91
-. 10	Interbrabant ¹	400	20		100		7.50	
2.12	Fonds des routes 1968-1983	8 000	15		99	100	6.75	6.90
B. Foreign issuers								
<u>1968</u>								
6. 3	ECSC	750	15		99	100	6.75	6.858
14.11	European Investment Bank	750	14	6	99	100	6.75	6.91

* See notes on lists of issues (following Table PD 6).

Table PD 5[≠] (contd.)

Opened for subscription on	Issuer	Amount (Bfrs. million)	Duration (a)	Early redemption option (b) ⁴	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue
A. Domestic issuers								
1969								
9. 1	Intercom. Autor. E 3 1969-1981	5 000	12		98.50	100-101	6.75	7.00
17. 2	Etat belge 1969-1975-1982	5 650	13	6	99	100-103	6.50-6.75	6.78
17. 2	Etat belge 1969-1980	11 600	11y. 6m. 22d.		98.50	100	6.75	6.97
20. 3	SNCB 1969-1977-1984	3 500	15	8	99.25	100-106	6.75	6.99
28. 4	Fonds des routes 1969-1981	9 200	12		98.50	100	7.00	7.25
14. 4	Société de traction et d'électricité SA à Bruxelles ⁵	1 000	12		100	100	6.50	6.50
5. 5	La Société générale de Banque ⁷	1 500	12		100	100	6.50	6.50
19. 5	Kredietbank ⁶	792	11		100	100	5.50	5.50
16. 6	Etat belge 1969-1975-1981	9 450	12	6	99	100-102	7.00-7.25	7.28
16. 6	Etat belge 1969-1987	5 550	18		99.50	100	7.50	7.57
1. 9	Interc. Autor. E 3 1969-1984 ⁸	2 000	15		100		5	7.61
9. 9	CNCP 1969-1975	500	6		99	101	7.10	7.45
13.10	Etat belge 1969-1975-1981	24 345	11y. 6m.	5y. 6m.	99.50	100-106	8.00-8.25	8.39
24.11	RTT 1969-1981	3 500	12		99	100-101	8.25	8.44
10.12	Ville de Liège 1969-1983	1 000	14		98.50	100-105	8.25	8.64
10.12	Ville d'Anvers 1969-1983	2 000	14		98.50	100-105	8.25	8.64
15.12	SNCI 1969-1980	1 500	11		99	100-101	8.25	8.45

[≠] See notes on lists of issues (following Table PD 6).

Table PD 6 - LUXEMBOURG

List of issues*

Opened for subscription on	Issuer	Amount (Lfrs. million)	Duration (a)	Early redemption option (b)	Issued at (%)	Redeemable at (%)	Coupon interest rate	Actual yield on issue
A. Domestic issuers								
<u>1967</u>								
20. 2	Government loan 1967 (1st tranche)	700	20	after 5 and 12 years	99		5.75/6/6.25	(5.99/6.01/6.03)
11.12	Government loan 1967 (2nd tranche)	800	20	after 5 and 12 years	99		6/6.25/6.5	(6.18/6.21/6.23)
<u>1968</u>								
22. 4	City of Luxembourg 1968	200	15	after 7 years	99		6.5	6.66
<u>1969</u>								
17. 3	Government	600	15	after 8 years	99.60	100	6.5	6.566

* See notes on lists of issues (following this table).

Notes on lists of issues

■ These are generally "block" issues. Many of the lists are incomplete because some countries record major issues only.

- (a) First and final redemption dates are taken into account.
- (b) Where there is an early redemption option, the lists show whether it is the issuer's (I) or the bearer's (B) option. They also give the number of years after which, or the date from which, advance redemption is possible.

GERMANY

1. These are loans by foreign issuers floated in DM, or with a DM option, and placed either by international consortia led by a German member or by wholly German consortia.

FRANCE

1. Redemption by drawings, either at par or by prize drawings.
2. Convertible bonds.
3. The loan, which is divided into five equal series, will be repaid by drawings (one each in 1973, 1978 and 1983; two in 1988).
4. Brokerage charges and stock-exchange taxes were taken into account in calculating the yield.
5. Contracts for loans floated in France often contain special clauses which could not be mentioned in the lists. In calculating actual yields, allowance was made for the tax credit on interest and on redemption premiums so that the figures would be comparable with those for other countries.

ITALY

1. Cash prizes during the first three years.
2. Motor car prizes during the first two years.
3. Banca d'Italia subscriptions: Lit. 100 000 million in October, Lit. 100 000 million in November and Lit. 31 000 million in December (in January Lit. 100 000 million offered to the public, the remainder to the banks for compulsory reserves).
4. Lit. 30 000 million subscribed in October, Lit. 10 000 million in November and Lit. 21 000 million in December.
5. Cash prizes totalling Lit. 50 million for a series of Lit. 10 000 million.

6. Excluding prizes.
7. When securities are offered to the public, the prices indicated are augmented by placing and guarantee commissions.
8. Calculated on the basis of final redemption date.
9. Always the issuer's option.

NETHERLANDS

1. Before tax. Based on the average life before final redemption date. Subscription or purchasing charges are ignored.
2. A further Fl. 20 million offered for private subscription.
3. Issues of convertible bonds with subscription right; yield therefore depends on the price of the subscription right.
4. Holders may opt for early redemption on 1 December 1974 at 150%, but the Bank for Netherlands Municipalities is not permitted to redeem in advance.
5. Issuer's option except where otherwise indicated (see note 4).

BELGIUM

1. Private issues.
2. Loan convertible into preferred shares in 1978 without indication of value.
3. Loan convertible into partnership shares from 1 January 1969.
4. Always the bearer's option.
5. Loan convertible into shares from 1 January 1971 to 20 December 1978.
6. Convertible and subordinate loan (1 January 1970 to 20 April 1979).
7. Convertible and subordinate loan (1 April 1971 to 20 March 1978).
8. Loan featuring prize bonds.

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Table R 1 - GERMANY

Selected yields of fixed-interest securities

	Industrial bonds		Public bonds		Mortgage bonds	
	On issue	On secondary market	On issue	On secondary market	On issue	On secondary market
1960	-	6.2	-	6.4	6.6	6.3
1961	-	5.9	-	5.9	5.9	6.-
1962	-	6.-	-	5.9	6.-	6.-
1963	-	6.-	-	6.-	6.1	6.1
1964	-	6.2	-	6.2	6.1	6.2
1965	-	7.-	-	7.1	7.-	6.7
1966	-	7.9	-	8.1	7.9	7.6
1967	-	7.2	7.-	7.-	7.-	7.-
1968	-	-	-	6.5	6.7	6.8
<u>1967</u>						
January	7.5	7.6	7.7	7.5	7.5	7.3
February	-	7.5	7.6	7.4	7.4	7.2
March	-	7.4	7.3	7.2	7.3	7.1
April	-	7.1	7.-	6.9	6.9	6.8
May	-	7.1	7.-	6.9	6.8	6.8
June	6.7	7.1	6.8	6.9	6.7	6.8
July	6.9	7.1	6.8	6.9	6.7	6.9
August	-	7.1	6.9	6.8	6.8	7.-
September	6.8	7.-	6.8	6.7	6.8	7.-
October	6.8	7.1	6.8	6.7	6.8	7.-
November	6.7	7.1	6.9	6.8	6.8	7.1
December	-	7.1	6.8	6.8	6.9	7.1
<u>1968</u>						
January	6.9	7.-	6.8	6.7	6.9	7.1
February	-	7.-	6.8	6.7	6.9	7.1
March	-	6.9	6.8	6.7	6.9	7.1
April	-	6.9	6.8	6.6	6.9	7.-
May	6.9	6.7	6.7	6.4	6.7	6.9
June	-	6.7	6.6	6.4	6.7	6.8
July	-	6.6	6.6	6.4	6.6	6.8
August	-	6.5	-	6.3	6.5	6.7
September	-	6.5	6.3	6.3	6.5	6.6
October	-	6.5	6.3	6.3	6.5	6.6
November	-	6.6	-	6.3	6.5	6.7
December	6.4	6.5	6.3	6.3	6.5	6.7
<u>1969</u>						
January	-	6.5	6.3	6.3	6.5	6.6
February	-	6.5	6.3	6.3	6.4	6.6
March	-	6.7	-	6.4	6.5	6.7
April	-	6.8	-	6.5	6.6	6.8
May	-	6.7	-	6.5	6.7	6.9
June	-	7.0	6.8	6.7	6.8	7.0
July	-	7.2	-	6.9	6.9	7.2
August	-	7.1	-	6.9	7.1	7.2
September	-	7.3	6.9	7.2	7.0	7.3
October	-	7.4	-	7.4	7.1	7.3
November	-	7.4	7.2	7.4	7.1	7.3
December	-	7.8	-	7.6	7.0	7.3

Source: Series 2 of the statistical annexes to the monthly reports of the Deutsche Bundesbank (Table 7).

Table R 2 - FRANCE

Bond yields¹

End of month	1st class bonds ²		2nd class bonds ³
	Net ^{4,6}	Gross ^{5,7}	Gross ^{5,7}
1966			
July	6.291	-	7.56
August	6.336	-	7.53
September	6.355	-	7.40
October	6.413	-	7.60
November	6.422	-	7.56
December	6.419	-	7.62
1967			
January	6.428	-	7.45
February	6.368	-	7.44
March	6.368	-	7.36
April	6.372	-	7.44
May	6.39	-	7.41
June	6.373	-	7.35
July	6.362	-	7.26
August	6.345	-	7.30
September	6.34	-	7.29
October	6.381	-	7.23
November	6.364	-	7.35
December	6.377	-	7.39
1968			
January	6.433	-	7.37
February	6.428	-	7.34
March	6.370	-	7.34
April	6.384	-	7.31
May (10)	6.38	-	7.29
June	6.754	-	7.55
July	6.619	7.24	7.34
August	6.533	7.15	7.43
September	6.558	7.24	7.40
October	6.578	7.24	7.41
November	6.788	7.45	7.70
December	6.937	7.61	7.83
1969			
January	7.232	7.85	8.16
February	7.184	7.87	8.20
March	7.411	8.10	8.48
April	7.415	8.08	8.51
May	7.449	8.12	8.56
June	7.524	8.18	8.45
July	7.569	8.16	8.46
August	7.583	8.21	8.48
September	7.601	8.27	8.47
October	7.717	8.44	8.71
November	7.795	8.51	8.87
December	7.896	8.63	8.91

¹ Stock exchange yields, i.e. with allowance made for brokerage charges and stock exchange taxes.

² Bonds issued or guaranteed by the Government and bonds ranking with them.

³ Mainly bonds by private issuers.

⁴ Index calculated by a private company.

⁵ Index calculated by the Caisse des Dépôts et Consignations (average rate on the last day of the week, weighted by the average of stock-exchange transactions during the week).

⁶ After deduction of the 10% withholding tax; in France, a large number of institutional investors cannot recover this tax.

⁷ Account being taken of restitution of the withholding tax in the form of a tax credit (which may be claimed, in particular, by private individuals subject to personal income tax and by companies subject to corporation tax).

Source: See Footnotes 4 and 5.

Table R 3 - ITALY

Selected yields of fixed-interest securities

	Central government securities	Bonds of institutions specializing in credit against movable property	Bonds of enterprises	All bonds ¹
A. Annual average				
1965	5.42	6.86	7.20	6.67
1966	5.48	6.55	6.61	6.37
1967	5.59	6.66	6.75	6.46
1968	5.63	6.78	6.91	6.54
1969	5.81	7.06	7.23	6.73
B. Monthly average				
1967				
January	5.56		6.60	
February	5.52		6.56	
March	5.56		6.66	
April	5.60		6.86	
May	5.62		6.78	
June	5.62		6.76	
July	5.61		6.75	
August	5.60		6.70	
September	5.60		6.76	
October	5.60		6.73	
November	5.61		6.84	
December	5.61		6.95	
1968				
January	5.62		6.82	
February	5.60	6.74	6.81	6.51
March	5.59	6.76	6.89	6.52
April	5.60	6.74	6.92	6.54
May	5.65	6.79	6.98	6.56
June	5.66	6.83	6.99	6.58
July	5.65	6.81	6.92	6.56
August	5.65	6.79	6.89	6.54
September	5.64	6.79	6.91	6.55
October	5.64	6.77	6.88	6.54
November	5.65	6.78	6.95	6.55
December	5.62	6.78	6.98	6.55
1969				
January	5.61	6.70	6.81	6.50
February	5.60	6.68	6.75	6.49
March	5.62	6.72	6.87	6.52
April	5.63	6.72	6.91	6.52
May	5.64	6.76	6.87	6.53
June	5.65	6.83	6.94	6.58
July	5.66	6.93	7.07	6.63
August	5.68	7.08	7.27	6.73
September	5.90	7.26	7.55	6.88
October	6.15	7.46	7.72	7.02
November	6.28	7.62	7.80	7.12
December	6.33	7.90	8.14	7.28

¹ Excluding central government securities.

Source: Supplement and Bulletin of the Banca d'Italia.

Table R 4 - NETHERLANDS

Selected yields of fixed-interest securities (monthly average)

	Two 5% and 5 1/4% central government loans	4.5% Bank for Netherlands Municipalities loan 1958/59	Three 4.5% and 4.75% private sector bonds
<u>1966</u>			
July	6.68	6.93	7.08
August	6.82	7.07	7.38
September	6.61	6.77	7.21
October	6.66	6.77	7.14
November	6.69	6.74	7.15
December	6.54	6.74	7.12
<u>1967</u>			
January	6.22	6.35	6.57
February	6.08	6.22	6.54
March	5.98	6.04	6.36
April	5.88	6.06	6.33
May	6.06	6.13	6.26
June	6.29	6.41	6.50
July	6.30	6.31	6.66
August	6.18	6.28	6.61
September	6.12	6.24	6.66
October	6.26	6.37	6.65
November	6.37	6.41	6.68
December	6.37	6.52	6.71
<u>1968</u>			
January	6.43	6.59	6.81
February	6.43	6.54	6.83
March	6.45	6.55	6.84
April	6.47	6.56	6.83
May	6.45	6.59	6.71
June	6.49	6.63	6.84
July	6.61	6.79	6.81
August	6.55	6.67	6.93
September	6.46	6.56	6.85
October	6.49	6.58	6.88
November	6.49	6.61	6.91
December	6.58	6.79	6.98
<u>1969</u>			
January	6.74	6.89	7.00
February	6.93	6.95	7.19
March	7.03	7.08	7.37
April	7.29	7.49	7.88
May	7.31	7.47	7.53
June	7.53	7.77	8.15
July	7.69	7.87	8.47
August	7.79	7.95	8.39
September	7.98	8.06	8.60
October	8.12	8.31	8.74
November	7.81	8.03	8.43
December	7.86	8.10	8.54

Source: Figures supplied to the Working Party on Securities Markets by the Netherlands delegation.

Table R 5 - BELGIUM

Selected yields of fixed-interest securities*

	Average yield on issue of central government and Road Fund loans ¹		Average stock-exchange yield of central government loans ²	Average stock-exchange yield of industrial debentures ³
	With interim maturities	Without interim maturities	With a currency of more than 5 years	With a currency of more than 5 years
1966				
May	6.59	-	6.59	7.00
June	-	-	6.64	7.35
July	-	-	6.68	7.46
August	-	-	6.69	7.34
September	6.85	-	6.73	7.31
October	-	-	6.76	7.83
November	-	-	6.67	7.67
December	-	-	6.73	7.74
1967				
January	6.86	7.08	6.76	7.50
February	-	-	6.75	7.83
March	-	-	6.76	7.96
April	-	7.08	6.76	7.63
May	-	-	6.77	7.78
June	6.88	7.08	6.77	7.73
July	-	-	6.77	7.64
August	-	-	6.64	7.49
September	-	-	6.64	7.40
October	6.82	-	6.66	7.41
November	-	-	6.57	7.61
December	-	6.83	6.54	7.57
1968				
January	-	-	6.58	7.62
February	-	6.84	6.60	7.44
March	-	-	6.51	7.50
April	-	-	6.51	7.67
May	-	-	6.47	7.60
June	6.65	-	6.44	7.62
July	-	-	6.52	7.48
August	-	-	6.45	7.32
September	6.68	6.86	6.59	7.12
October	-	-	6.58	7.32
November	-	6.86	6.59	7.49
December	-	6.90	6.63	7.39
1969				
January	-	-	6.65	7.69
February	6.78	6.97	6.71	6.61
March	-	-	6.76	7.66
April	-	7.25	6.84	7.91
May	-	-	7.06	8.08
June	7.28	7.57	7.19	8.44
July	-	-	7.16	8.52
August	-	-	7.22	8.53
September	-	-	7.37	8.94
October	8.39	-	7.86	9.34
November	-	-	7.82	9.38
December	-	-	7.73	9.21

¹Bulletin d'Information et de Documentation of the Banque Nationale de Belgique (Statistical Table XVI-2).²Ibid., Table XIX-6, rates at the beginning of the month.³Unpublished Banque Nationale de Belgique figures, rates at the beginning of the month.

*Loans issued after 1 December 1962.

Table E 1 - Gross public issues of conventional foreign bonds*
(\$ million)

	1961	1962	1963	1964	1965	1966	1967	1968	1969 ¹
GERMANY ³	6.6	25.0	40.0	132.5	247.5	96.3 ²	156.3 ²	231.2	194
FRANCE	-	-	-	30.4	25.3	40.5	40.5	-	-
ITALY	24.0	48.0	24.0	-	24.0	120.0	24.0	72.0	24.0
NETHERLANDS	148.4	63.4	-	15.2	29.0	-	13.8	30.4	-
BELGIUM	-	-	-	-	10.0	10.0	21.0	30.0	-
LUXEMBOURG	-	6.0	-	-	0.6	-	-	-	-
<u>Total EEC</u>	179.0	142.4	64.0	178.1	336.4	266.8	255.6	363.6	218.0
UNITED KINGDOM	154.6	111.4	165.6	196.7	45.9	126.0	102.2	79.2	-
SWITZERLAND	230.4	161.2	142.0	83.1	77.5	94.1	136.5	290.2	222.8
SWEDEN	-	2.0	29.0	2.9	-	-	19.3	9.6	-
AUSTRIA	-	5.0	-	-	-	-	-	6.0	4.0
<u>Total Europe</u>	564.0	422.0	400.6	460.8	459.8	486.9	513.6	748.6	444.8
UNITED STATES	202.8	511.0	287.8	268.0	290.0	417.0	1 259.1	1 267.7	425
CANADA	-	-	-	-	23.1	18.4	18.4	13.8	-
KUWAIT	-	-	-	-	-	-	-	42.0	-
<u>Grand total</u>	766.8	933.0	688.4	728.8	772.9	922.3	1 791.1	2 072.1	869.8

* Generally bonds issued by non-residents or international organizations, denominated in the currency of the country of issue and placed by an issuing consortium consisting entirely of institutions from that country.

¹ Provisional figures.

² Excluding convertible bonds issued by two foreign companies in exchange for shares in two German companies.

³ The figures do not give a true picture of the volume of foreign issues placed on the German fixed-interest-securities market. In addition to the foreign loans floated through wholly German placing consortia, which are shown in the table, German credit institutions arranged for the private placing of major foreign loans and participated in the payment of a large proportion of international loans denominated in DM. If private placings and the proportion of international loans of all kinds placed through German consortia are also taken into account, foreign loans floated on the German market in 1968 totalled \$1 289 million, the vast bulk of this being subscribed by German residents.

Source: Banking Federation of the EEC and figures supplied to the Working Party on Securities Markets by the various delegations.

Table E 2 - Public issues on the Euro-bond market*
 (\$ million)

Currency	1961	1962	1963	1964	1965	1966	1967	1968	1969 ¹
Dollars	-	-	55.5	449.2	563.0	842.5	1 589.3	2 260.0	1 560.5
Units of account	5.0	5.0	43.0	10.0	-	74.1	19.0	57.0	60.0
Currency option	-	-	-	14.0	64.4	19.6	20.2	28.8	116.4
German marks	-	-	-	91.2	67.5	50.0	15.0	700.0	1 083.5
Swiss francs	-	-	13.7	-	-	-	-	-	-
Guilders	-	-	-	-	48.3	-	-	-	-
French francs	-	-	-	-	-	-	12.2	20.2	-
Total	5.0	5.0	112.2	564.4	743.2	986.2	1 655.7	3 066.0	2 820.4

* Generally bonds placed by an issuing consortium consisting of institutions from at least two countries.

¹ Provisional figures.

Source: Banking Federation of the EEC.

ANNEX II

List of members of the Working Party

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(from 5 February 1970)

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(until 23 April 1969)

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(until 23 April 1970)

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