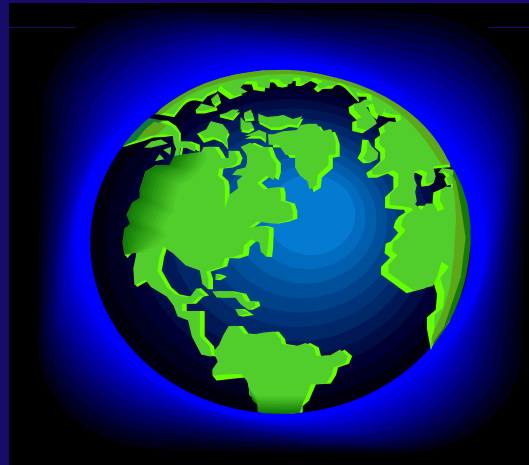


Report of U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments ("SHC")



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Presenters

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History and Use of Cross-Border Portfolio Investment Data



Lessa Gomez

Overview



- Part of an integrated system
- Annual TIC data, detailed by security, country, etc., are accurate but not timely
- Monthly aggregate TIC data by country are very timely, but less precise
- Used together to create reliable U.S. cross-border portfolio investment statistics

History

- First collected security-level data for U.S. investment in foreign securities in 1994
- Measured U.S. holdings of foreign securities in 1994 were 60% above estimates
- \$870 billion vs. \$540 billion
- Showed need for future detailed data collections

History



- IMF coordinated data collections as of year-end 1997
 - 29 countries participated
 - \$750 billion in cross-border portfolio securities
 - \$300 billion

IMF Coordinated Data Collections



- Worldwide, at year-end 1997
- Assets \$7.7 trillion
- Liabilities \$9.3 trillion
- Difference 18%

IMF Coordinated Data Collection



- Second collection organized by the IMF as of year-end 2001
 - 67 countries participated
 - All of the major industrial countries
 - Most of the major offshore financial centers
 - Short-term securities included

IMF Coordinated Data Collections



- Worldwide, at year-end 2001
- Assets \$12.6 trillion
- Liabilities \$15.0 trillion
- Difference 16%

IMF Coordinated Data Collections



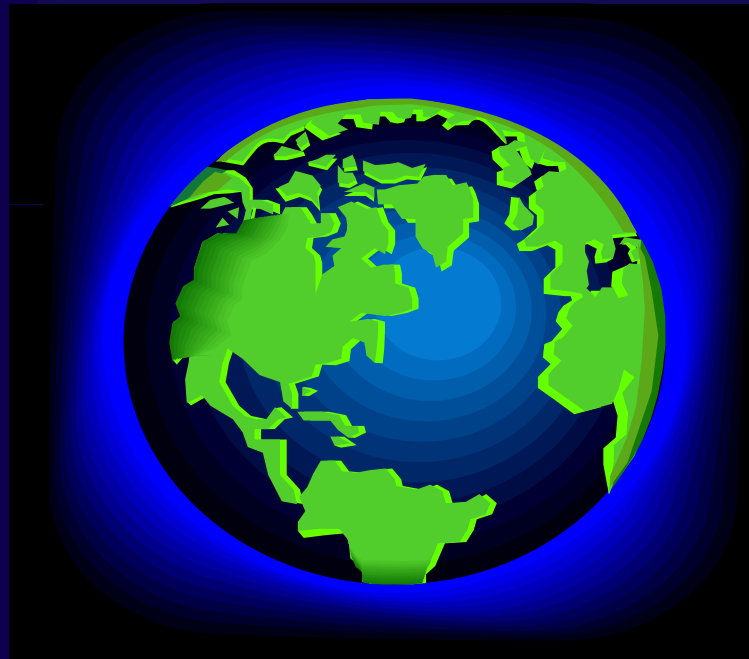
- U.S. benchmark collections from all potential reporters every 5 years
- U.S. “Large Reporter” collections intervening years

Users



- Board of Governors of the Federal Reserve
- U.S. Treasury
- U.S. Department of Commerce
- The IMF
- Academic research
- Private sector analysts

Who Must Report



Hansy Hernandez

Who Must Report

➤ Overview

- Types of U.S. persons that must report
- What is a U.S. resident
- What is a foreign resident
- General examples of U.S. residents
- Specific examples of U.S.- and foreign-resident entities
- Factors that do not determine country of residence

Who Must Report

- **Overview (cont'd)**
 - What is a custodian
 - What is an end-investor
 - Consolidation Rules
 - Exemption Levels

Who Must Report (cont'd)

- **Types of U.S. Persons That Must Report**
 - U.S.-resident custodians
 - U.S.-resident end-investors

Who Must Report (cont'd)

➤ **Definition of United States**

- The fifty states of the United States
- The District of Columbia
- U.S. Territories and Possessions

Who Must Report (cont'd)

➤ Definition of United States

➤ U.S. Territories and Possessions (cont'd)

- The Commonwealth of Puerto Rico
- The Commonwealth of the Northern Mariana Islands
- American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Island, Navassa Island, Palmyra Atoll, U.S. Virgin Islands, and Wake Island

Who Must Report (cont'd)

➤ **What is a U.S. Resident**

➤ U.S. entities **other than natural persons**:

- Corporation or any other type of entity incorporated or otherwise legally established or licensed under the laws of the United States, regardless of the actual center of economic activity of the entity and regardless of physical location of its offices.
- Any entity that files Internal Revenue Service (“IRS”) Form W-9

Who Must Report (cont'd)

➤ What is a U.S. Resident (cont'd)

- U.S. individuals: **natural persons** *domiciled* in the U.S.
 - Filers of IRS form W-9
 - Includes **resident** aliens

Use mailing address as a last resort, only if no IRS form is on file.

Who Must Report (cont'd)

➤ **What is a U.S. Resident (cont'd)**

➤ U.S. individuals:

- Do not report
- Foreign securities owned by natural persons are reported by their U.S.-resident custodians and/or investment advisors.
- Reporters must be able to identify their clients as U.S. persons and report as their representatives or custodians.

Who Must Report (cont'd)

➤ **General Examples of U.S. Residents**

- U.S. Federal government and its agencies and sponsored organizations
- U.S. state and local governments and their agencies, instrumentalities, and sponsored organizations
- For-profit and not-for-profit organizations legally established in the U.S.

Who Must Report (cont'd)

➤ **General Examples of U.S. Residents (cont'd)**

- U.S.-licensed branches and agencies of foreign entities
- Subsidiaries and affiliates of foreign entities established under the laws of the U.S.
- Pension funds organized under U.S. laws, including those of international or regional organizations that are located in the U.S.
- U.S. military facilities which are offices of U.S. banks located in foreign countries

Who Must Report (cont'd)

- **What is a Foreign Resident**
 - Any entity that is not a U.S. resident
 - Foreign residents do not report.
 - Securities **issued by** foreign residents are those securities to be reported on the SHC(A).

Who Must Report (cont'd)

➤ **What is a Foreign Resident (cont'd)**

- International and regional organizations are foreign residents, even if located in the United States
 - IBRD; World Bank
 - Inter-American Development Bank (IDC)
 - International Finance Corporation (IFC)
 - Appendix E of instructions provides a complete list.

Who Must Report (cont'd)

-
- **Factors That Do Not Determine Country of Residence**
 - Country of nationality/citizenship
 - Country of the top entity in an organization
 - Name of the company
 - Physical location of the office of the entity
 - Country where most of the business activity of the entity is conducted

Who Must Report (cont'd)

➤ Examples of U.S. residents

- Wal-Mart
- Societe Generale , SA
New York Branch
- U.S. Pension Funds of
International and Regional
Organizations
- BP America Inc.
- KFW International Finance,
Inc.

➤ Examples of foreign residents

- Wal-Mart Canada
- Bank of NY Mellon
Tokyo Branch
- International and Regional
Organizations
- Vodafone Group
- Tyco International, Ltd.

Who Must Report (cont'd)

➤ **What is a Custodian**

- A bank or other entity that is legally responsible for the safekeeping of stock certificates, debt securities, or other assets for institutional and private investors

Who Must Report (cont'd)

➤ **What is an End-Investor**

- An entity that acquires or relinquishes securities for its own account (for trading, investment, or any other purposes) or invests on behalf of others.

Who Must Report (cont'd)

➤ **Examples of End-Investors**

- Investment managers/investment advisors, including those of managed accounts
- Sponsors of funds, venture capital companies, private equity companies and other investment vehicles
- Private pension funds
- Insurance companies

Who Must Report (cont'd)

➤ **Examples of End-Investors**

- Foundations and other non-profit organizations
- Institutions of higher learning, including their endowments
- Trusts and estates
- Non-financial companies that produce goods/services
- Natural Persons

Who Must Report

➤ **What if both the end-investor, the investment advisor and the managed account sponsor all could report?**

➤ **No general rule – just general principles:**

- If the owner of securities (actual end-investor) would be exempt from filing, then we would expect that the investment advisor or the managed account sponsor, as representative of the end-investor, would report.
- If the investment advisor and managed account sponsor of the end-investor would be exempt from filing, then we would expect the end-investor to report.

Who Must Report

➤ **What if both the end-investor, the investment advisor and the managed account sponsor all could report? (cont'd)**

➤ **No general rule – just general principles:**

- If none is exempt, then the end-investor, the investment advisor and the managed account sponsor should determine who can provide the highest quality and most timely data so that double-counting of securities does not occur and the maximum amount of securities is accurately reported.
- If it is not clear which entity should report, the end-investor or the investment advisor or the managed account manager should contact the FRBNY for advice.
- Natural persons do not file TIC reports. The investment advisor or managed account sponsor should report.

Consolidation Rules

➤ Who is the Reporter

- **The top U.S. company in each organization reports on behalf of all U.S.-resident entities within its organization:**
 - Top U.S.-resident bank holding companies (“BHCs”)
 - Top U.S.-resident financial holding companies (“FHCs”)
 - U.S.-resident entities that are not consolidated under another U.S.-resident company
 - Investment advisors and fund managers/sponsors

Consolidation Rules

➤ **What is Consolidated**

- All U.S. entities consolidated under U.S. GAAP (ASC 810)
 - U.S.-resident branches
 - U.S.-resident offices
 - U.S.-resident subsidiaries
 - U.S.-resident trusts, special purpose entities (“SPEs”), special purpose vehicles (“SPVs”) and variable interest entities (“VIEs”)

Consolidation Rules

➤ What is Consolidated (cont'd)

- U.S.-resident entities created/sponsored/managed by the reporting entity that may not be consolidated under U.S. GAAP (ASC 810)
 - Trusts
 - Funds/commingled accounts
 - Managed accounts
 - SPEs, SPVs, and VIEs
 - Venture capital companies
 - Private equity companies

Consolidation Rules

U.S. Parent Organization: Scenario 1



- - - management /sponsorship

— ownership

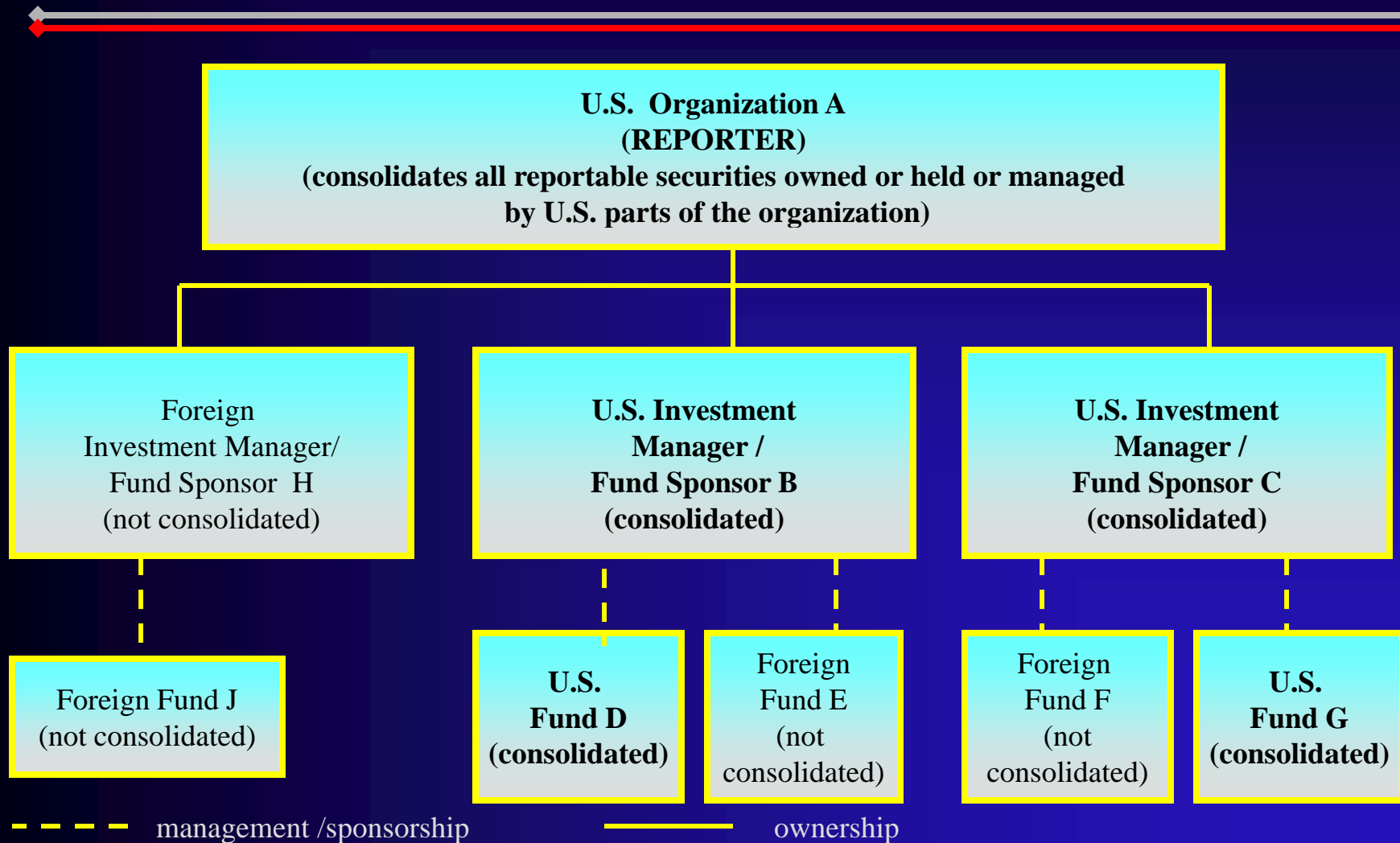
Consolidation Rules

➤ **Investment advisor/managed account sponsor**

- Consolidates the foreign portfolio securities of all U.S. end-investors for which it is reporting as U.S. advisor or manager, plus any foreign portfolio securities owned or held by U.S. parts of its organization

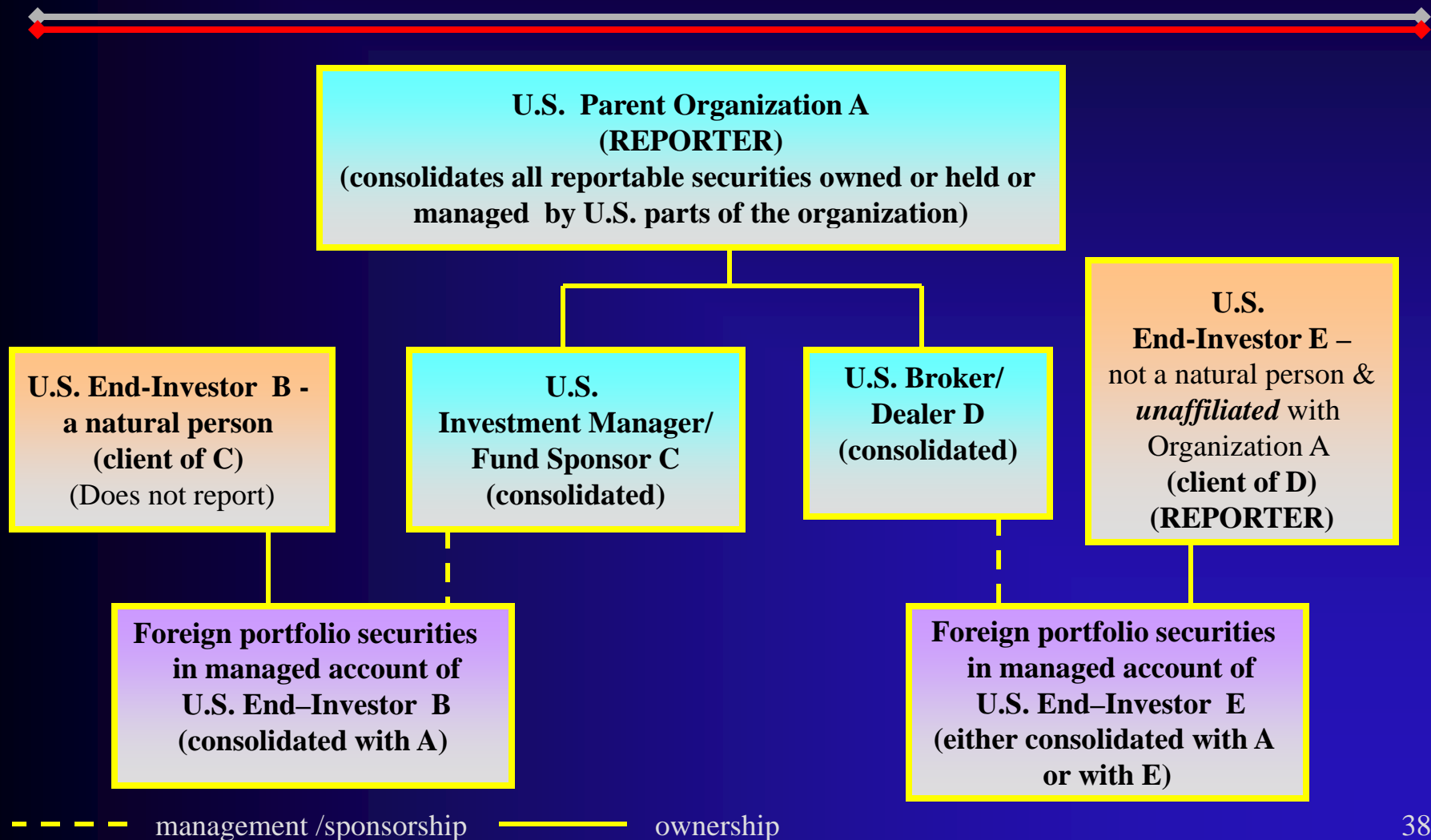
Consolidation Rules

U.S. Parent Organization: Scenario 2



Consolidation Rules

U.S. Parent Organization: Scenario 3



Consolidation Rules

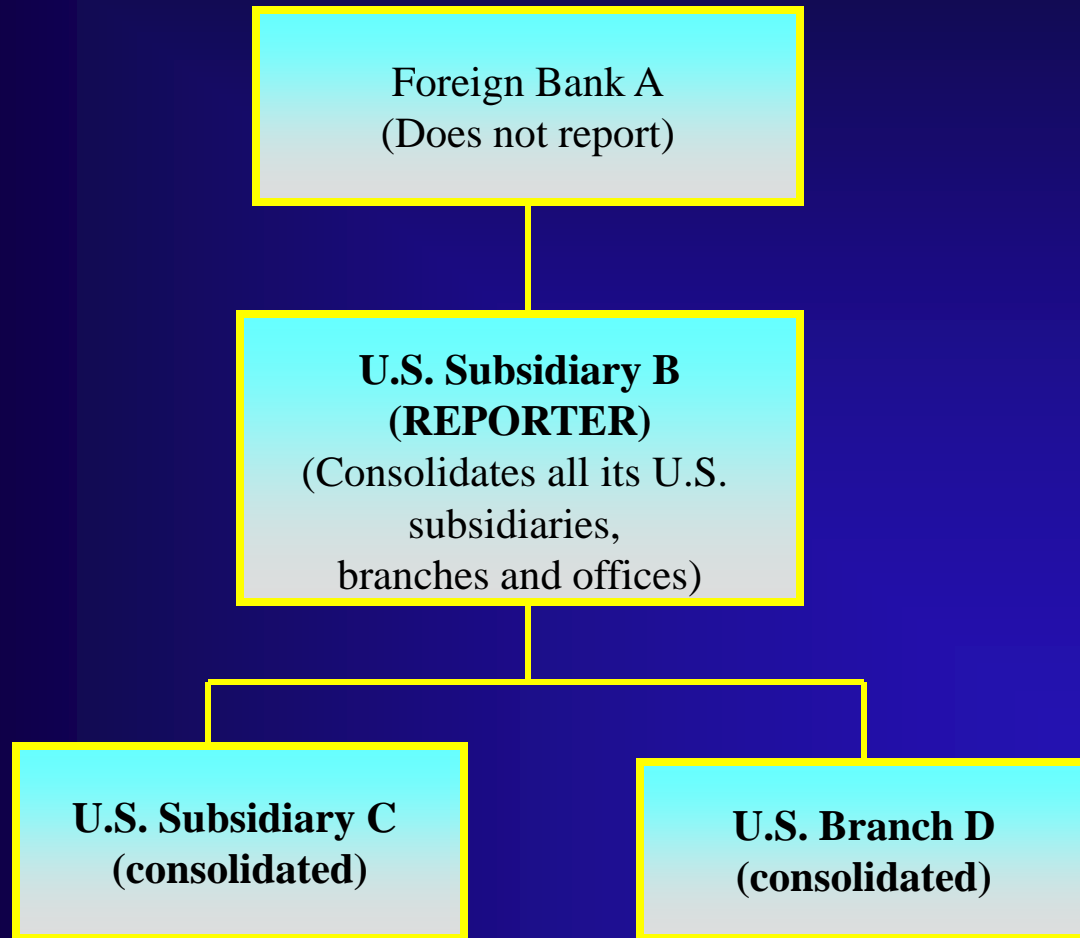
➤ **What is Consolidated (cont'd)**

➤ Foreign Parent Organization

- Top U.S. subsidiary consolidates all U.S. parts of its organization.
- If there is more than one U.S. entity held directly by a foreign parent, each U.S. entity files separately consolidating all U.S. parts of its organization.

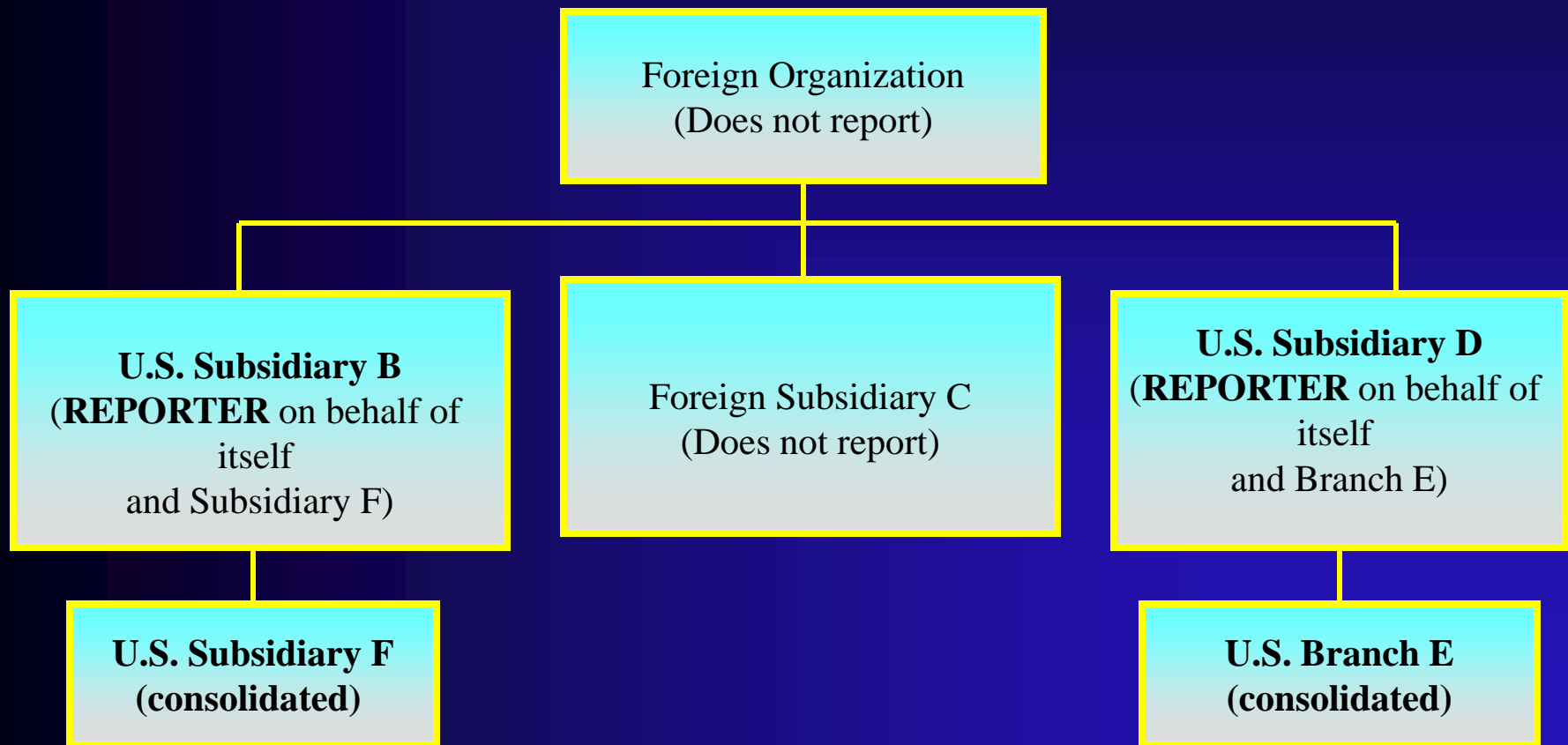
Consolidation Rules

Foreign Parent Organization: Scenario 1



Consolidation Rules

Foreign Parent Organization: Scenario 2



Consolidation Rules

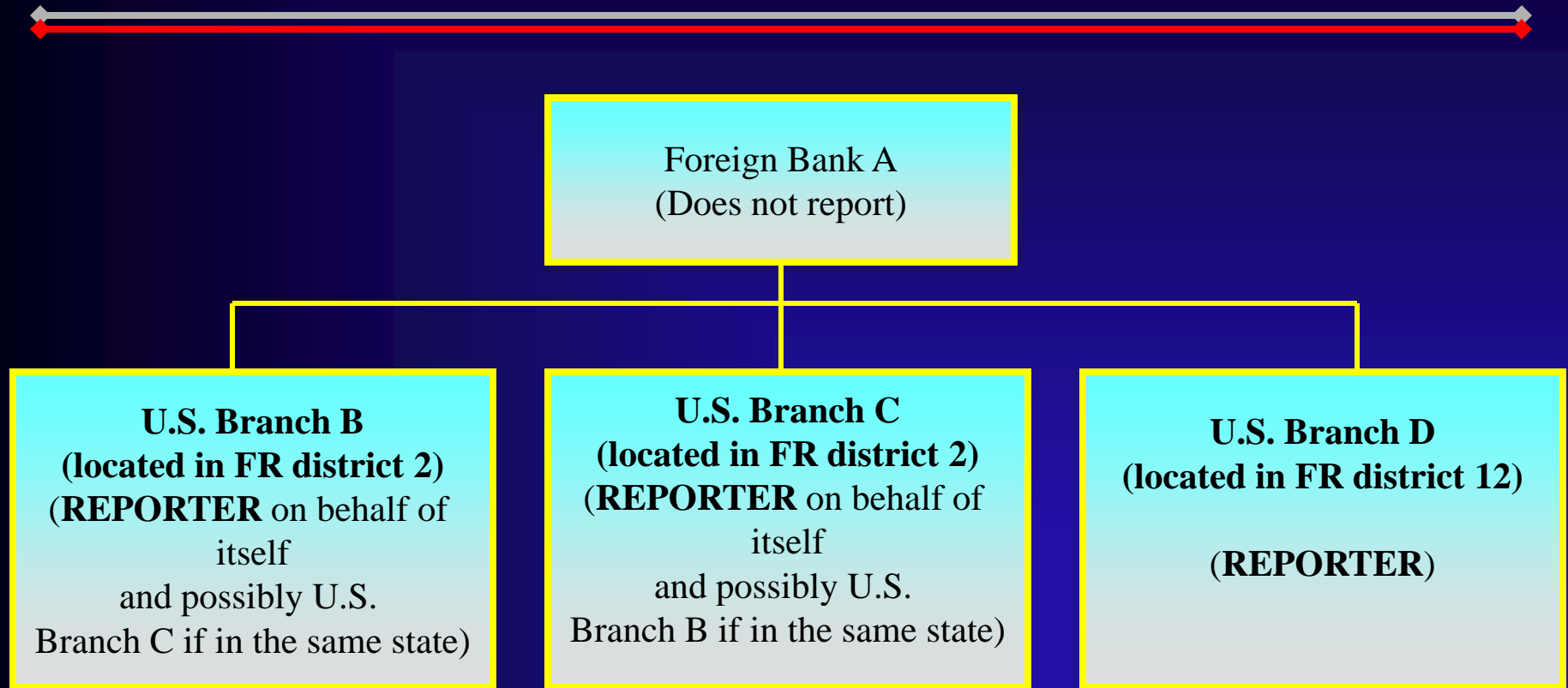
➤ **What is Consolidated (cont'd)**

➤ Foreign Parent Organization (cont'd)

- US branches and agencies of foreign banks may file consolidated reports if they are both directly owned by the same parent AND are both located in the same state and Federal Reserve district.

Consolidation Rules

Foreign Parent Organization: Scenario 3



Consolidation Rules

➤ **Do not consolidate:**

- Pension funds for the employees of your company
- Foundations and endowments set-up/
sponsored/funded by your company

These entities should report separately if they are not exempt.

Exemption Levels

➤ In “Benchmark” SHC year:

- If you received a letter saying you *are required* to report, you **MUST** file the notice of receipt and Schedule 1.
- If you received a letter that you *may be required* to report, you **MUST** return the notice of receipt **AND, IF NOT EXEMPT, MUST** report.
- If you did not receive a letter, but qualify to report you must report.

Exemption Levels

- In “Benchmark” SHC year: (cont’d)
 - You must report on Schedule 2, if total fair value of reportable securities owned or managed as end-investor and not held by a U.S. custodian **plus** those held as custodian is US \$ 100 million or more, calculated according to the consolidation rules.
 - You must report on Schedule 3, if total fair value of reportable securities entrusted to at least one, *unaffiliated*, U.S. custodian is US \$100 million or more, aggregated over all accounts and calculated according to the consolidation rules.

Exemption Levels

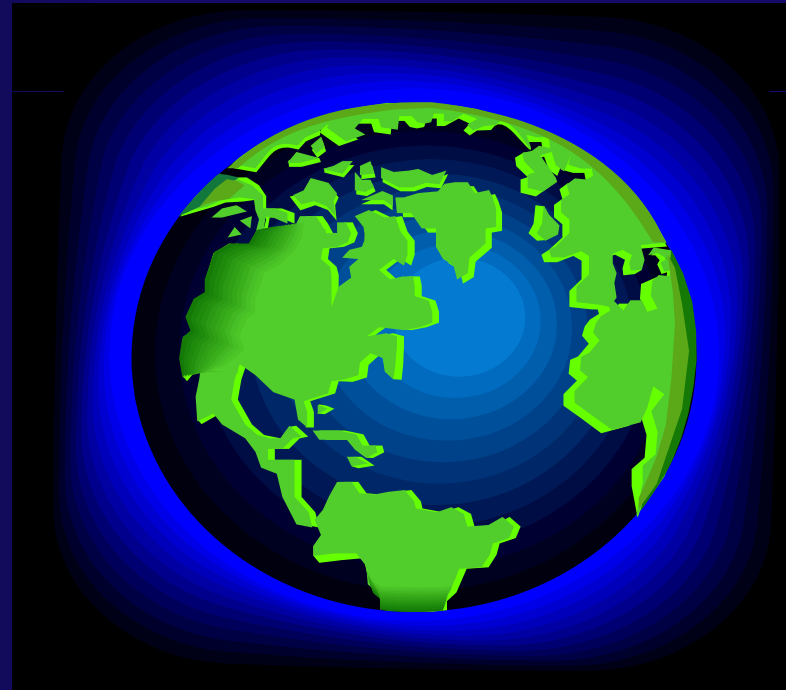
➤ In “Benchmark” SHC year:

- Report a separate Schedule 3 for each unaffiliated U.S. custodian holding securities with an aggregate fair value of US \$100 million or more.
- Do not report a Schedule 3 for any unaffiliated U.S. custodian holding securities with an aggregate fair values of US \$ less than \$100 million.
- Report Schedule 2’s for securities held directly, held by U.S. and foreign central securities depositories (CSDs), or directly entrusted to foreign custodians including your own foreign affiliates and foreign subsidiaries of unaffiliated U.S. custodians.

Exemption Levels

- In “non-Benchmark” SHC(A) year:
 - If you are selected as annual filer:
 - NO Schedule 2 exemption level (must file every year)
 - Schedule 3 must be reported for each U.S. custodian (not U.S. CSD) that holds foreign securities with a US\$ fair value of \$100 million or more on behalf of your organization.

What Must Be Reported



Dawn Nannery

Foreign Securities

- Securities issued by foreign entities, including:
 - foreign-resident organizations
 - foreign subsidiaries of U.S. organizations
 - foreign branches of U.S. banks
 - U.S. corporations that have re-incorporated, i.e., are now incorporated under the laws of a foreign country
 - international and regional organizations

Foreign Securities

- Information that does not contribute to determining if a security is foreign:
 - place of issue or location of trades
 - currency of issue
 - nationality of parent organization
 - guarantor

Foreign Securities

Example 1

- Euro denominated 2-year note issued by a BMW USA Holdings, incorporated in the United States and a subsidiary of BMW Germany
- Is this security reportable?

Foreign Securities

Example 1 Answer

- Euro denominated 2-year note issued by a BMW USA Holdings, incorporated in the United States and a subsidiary of BMW Germany
- Is this security reportable?
- No. The security was issued by a U.S.-resident entity.

Foreign Securities

Example 2

- U.S. dollar-denominated 2-year note issued directly in the United States by BMW, incorporated in Germany
- Is this security reportable?

Foreign Securities

Example 2 Answer

- U.S. dollar-denominated 2-year note issued directly in the United States by BMW, incorporated in Germany
- Is this security reportable?
- Yes. This security was issued by a foreign-resident entity. The currency of denomination and place of issue do not factor into the decision of whether the security is foreign or not.

Foreign Securities

Example 3

- U.S. dollar-denominated asset-backed security issued by Company B incorporated in Hong Kong and guaranteed by the parent, Company A, incorporated in the United States
- Is this security reportable?

Foreign Securities

Example 3 Answer

- U.S. dollar-denominated asset-backed security issued by Company B incorporated in Hong Kong and guaranteed by the parent, Company A, incorporated in the United States
- Is this security reportable?
- Yes. This security was issued by a foreign-resident entity. The location of the guarantor does not factor into the decision of whether the security is foreign or not.

Types of Reportable Foreign Securities

- Equity
- Non Asset-Backed Debt
- Asset-Backed Debt

Equity



- Instruments representing an ownership interest in foreign-resident organizations.
- Ownership interests representing direct investment should not be reported.

Equity

- Reportable equity securities include:
 - common stock
 - restricted stock
 - preferred stock
 - depositary receipts/shares
 - shares/units in foreign-resident funds
 - limited partner ownership in foreign-resident limited partnerships

Equity

- Security type = 1 (common stock)
 - all common stock, including restricted stock
 - depositary receipts/shares where the underlying security is common stock
- Security type = 2 (preferred stock)
 - all preferred stock, including restricted stock
 - participating preference shares
 - nonparticipating preference shares
 - convertible preferred stock
 - depositary receipts/shares where the underlying security is preferred stock

Equity

- Security type = 3 (funds)
 - shares/units in foreign-resident funds
- Security type = 4 (other equity)
 - limited partnership interests in foreign-resident limited partnerships
 - all other foreign equity not specified in security types 1, 2, and 3

Equity

Depository Receipts/Shares

- Reportable depository receipts/shares are those where the underlying security was issued by a foreign resident.
- ADRs, ADSs, GDRs, IDRs are considered foreign securities for this report.

Equity

Depository Receipts/Shares

- Issuers of depository receipts/shares should not report the holdings of the underlying foreign securities.
- U.S.-resident holders of the depository receipts/shares should report these holdings.

Equity

Depository Receipts/Shares

- Report the following based on the depository receipt/share:
 - security id
 - security description
 - depository receipt/share indicator
 - currency of denomination
 - market value
 - number of shares held

- Report the following based on the underlying security:
 - security type
 - name of issuer
 - country of issuer

Equity

Depository Receipts/Shares Example

- U.S. Company A has issued \$100 million of ADRs representing an ownership interest in a Swiss company. U.S. Company B purchases these ADRs.
- What should Company A and B report?

Equity Depository Receipts/Shares Example Answer

- U.S. Company A has issued \$100 million of ADRs representing an ownership interest in a Swiss company. U.S. Company B purchases these ADRs.
- What should Company A and B report?
- Company B should report the holdings of \$100 million of ADRs. Company A would not report equity ownership in the Swiss company.

Equity

Foreign-Resident Funds

- Report U.S. residents' ownership of shares/units of funds legally established outside of the United States as equity.
- Examples of funds:
 - closed-end and open-end mutual funds
 - money market funds
 - exchange-traded funds
 - index-linked funds
 - investment trusts
 - hedge funds

Equity

Foreign-Resident Funds

- Classification of the fund as “foreign” is not based on the securities in which the fund invests.
- Examples:
 - A fund established in Bermuda that only purchases U.S. Treasury securities is a foreign-resident fund.
 - A fund established in the United States that only purchases Japanese Treasury securities is a U.S.-resident fund.

Equity Exclusions

- Exclude from equity:
 - convertible debt
 - Convertible debt is reportable as debt.
 - general partnership interests in foreign-resident limited partnerships, or equivalents
 - all other direct investment

Non Asset-Backed Debt



- Instruments that usually give the holder the unconditional right to financial assets.

Term

- Determine term, (short-term or long-term), based on the original maturity of the security.
- Original maturities of one year or less are short-term.
- Original maturities of greater than one year are long-term.

Term

- Debt with multiple call options (multiple maturity dates) is long-term if any of the maturity dates is greater than one year from the date of issue.
- Perpetual debt is long-term.

Term Examples

- A Japanese Treasury bill issued on November 15, 2010 and matures on February 15, 2011 is short-term.
- A German 30-year bond that matures on January 15, 2012 is long-term.

Debt



- Security type 5 - Commercial Paper
 - Includes **all** commercial paper, including asset-backed commercial paper
- Security type 6 - Negotiable CDs
 - negotiable certificates of deposit
 - negotiable bank notes
 - negotiable deposit notes

Debt



- Security Type 7 – Convertible Debt
 - Convertible bonds
 - Zero coupon convertible debt

Debt

- Security type 8 – Zero Coupon & Stripped Securities
 - Bond and notes that do not provide explicit interest payments
 - Zero-coupon convertible debt should be reported as Security Type 7
 - Stripped asset-backed securities should be reported as Security Type 10

Stripped Securities

- Reportable stripped securities are those where the issuer of the stripped security is a foreign-resident entity.
- Residency of the stripped security is not determined by the issuer of the underlying security.

Stripped Securities Example

- U.S. Company A owns \$100 million of German bonds. U.S. Company A issues stripped securities where these German bonds are the underlying securities. U.S. Company B purchases these stripped securities.
- What should Company A and B report?

Stripped Securities Example Answer

- U.S. Company A owns \$100 million of German bonds. U.S. Company A issues stripped securities where these German bonds are the underlying securities. U.S. Company B purchases these stripped securities.
- What should Company A and B report?
- Company A reports the ownership of \$100 million of German bonds. The stripped securities are not reported by either company.

Debt

- Security type 9 – Unstripped Bond or Note & all other Non Asset-Backed Debt
 - Non-asset-backed debt not covered in Security Types 5 – 8
 - Bonds that cannot be converted to equity
 - Bonds that provide explicit interest payments
 - Debt that has not been stripped
 - Debt commonly referred to as “Straight Debt”

Debt Exclusions

- Exclude from short-term and long-term debt:
 - shares/units in foreign-resident funds, even if the foreign fund invests in debt
 - loans
 - trade credits
 - accounts receivable
 - derivatives
 - non-negotiable certificates of deposit

Debt



- Security type 10 – Asset-Backed Securities
 - Securitized interest in a pool of assets, which give the purchaser a claim against the cash flows generated by the underlying assets.

Asset-Backed Securities

- Reportable asset-backed securities are those where the issuer securitizing the assets is a foreign resident.
- The underlying asset is not a factor in determining whether the ABS is a foreign security.

Asset-Backed Securities

- Reportable asset-backed securities include:
 - collateralized mortgage obligations (CMOs)
 - collateralized bond obligations (CBOs)
 - collateralized loan obligations (CLOs)
 - collateralized debt obligations (CDOs)

Asset-Backed Securities

- Reportable asset-backed securities also include securities backed by:
 - mortgages
 - credit card receivables
 - automobile loans
 - consumer and personal loans
 - commercial and industrial loans
 - other assets

Asset-Backed Securities Exclusions

- Exclude from asset-backed securities:
 - asset-backed commercial paper
 - Brady bonds
 - securities backed by a sinking fund
 - covered bonds (e.g., Pfandbrief)
- These securities are reportable but should be included in Security Types 5 – 9.

Repurchase Agreements Security Lending Arrangements

- Repurchase agreements/securities lending arrangements and reverse repurchase agreements/securities borrowing arrangements involve the temporary transfer of a security for cash or another security.

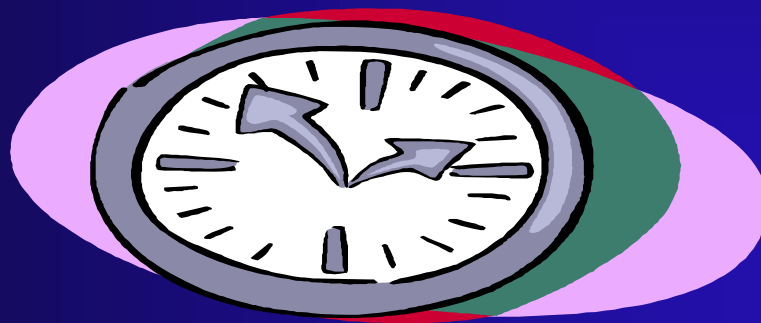
Repurchase Agreements

Security Lending Arrangements

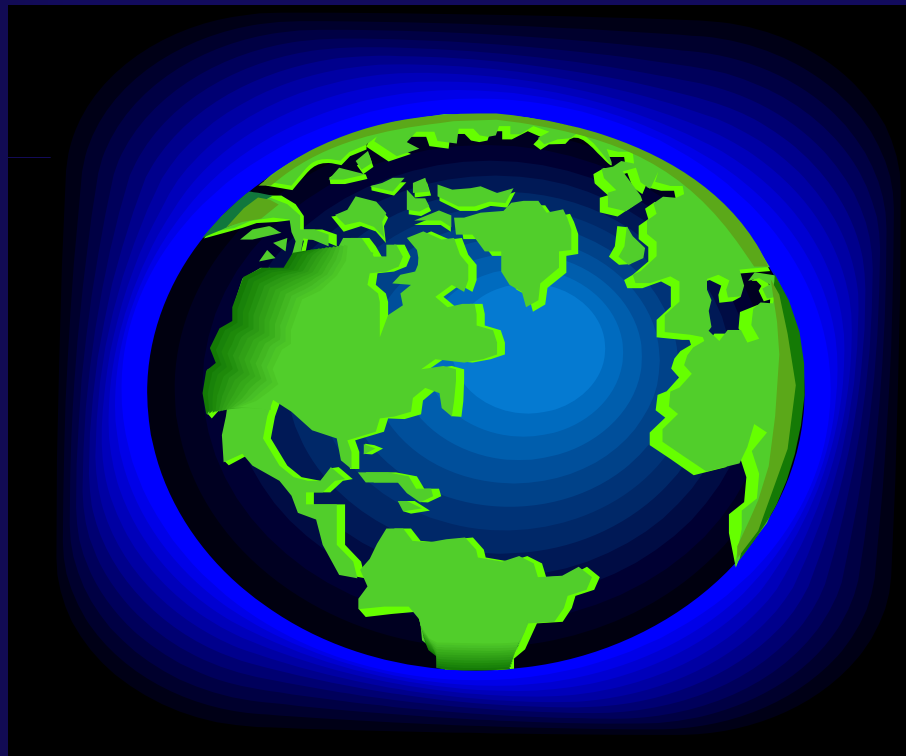
- The security lender should report the foreign security as if no repo or security lending arrangement occurred.
- The security borrower should exclude the foreign security.

SHC

BREAK



Schedules and Reporting Responsibilities



Lois Burns

Schedule 1

- Schedule 1: Reporter Contact Identification and Summary Financial Information
 - Must be filed by all organizations who received the letter indicating they are required to report and all others that are not exempt
 - Contains basic information about the reporter
 - Contains summary financial information reported on Schedule 2 and 3

Schedule 1

- Reporter Identification Number (Line 1)
 - 10 digit number, including leading zeros, issued by FRBNY
 - Email SHC.HELP@NY.FRB.ORG if you do not have a reporter id.
 - Do not report the tax ID in this field.

Schedule 1



➤ Reporting Status (Line 3)

- 1 Exempt
- 2 Only Schedule 2(s)
- 3 Only Schedule 3(s)
- 4 Both Schedule 2(s) and Schedule 3(s)

Schedule 1

- Industrial Classification Code (Line 4)
 - Choose one of the 9 codes that best describes your organization.
 - If two or more codes are appropriate, choose the one that represents the largest portion of your organization's day-to-day operations.
 - If there is a U.S. depository institution in your organization, report code 1, Bank .
 - Investment advisors, fund managers/sponsors, securities broker s/dealers for examples should report code 5, Other Financial Organization.

Schedule 1

- Business contact identification (Lines 5 to 9)
 - Person that understands the business behind the data and can respond to questions regarding the report
 - Not necessarily the same person as the certifier


Schedule 1

- Name of Service Provider or Vendor Used (Line 10)
 - The institution that provided some or all of your data and/or prepared the electronic files.
- Technical Contact (Line 11 - 14)
 - Person who is familiar with the file format(s) used and/or how the data was extracted from your databases or applications
 - Person who can answer questions regarding the electronic submission of your data


Schedule 1

- Valuation Techniques (Line 15)
 - Describe the valuation techniques used by each reporting unit (should conform to U.S. GAAP)
 - How inactively traded securities are valued , by category of investment
 - How securities with internally generated IDs are valued

Schedule 1

- 
- Schedule 2 & Schedule 3 Summary of Financial Information
 - Total number of Schedule 2 & Schedule 3 records
 - Total US\$ fair value of all equity
 - Total US\$ fair value of all short-term debt
 - Total US\$ fair value of all long-term debt
 - Total US\$ fair value of all ABS

Schedule 1

- 
- Certifier and Signature (Lines 26-30)
 - Officer legally responsible for the accuracy of the report
 - If the data was submitted electronically, this should be the same person authorizing access on the IESUB application .

Schedule 2

- Schedule 2: Details on Securities
 - Provides details on each foreign security
 - Total of all Schedule 2 US\$ fair values should equal the summary financial information reported on Schedule 1.

Schedule 2

- Sequence Number (Line 2)
 - Should be sequential (i.e., 1,2,3) and unique for each Schedule 2 record submitted
 - If multiple divisions of an organization are preparing Schedule 2 records and it is burdensome to create sequential sequence numbers for the consolidated report, then each reporting unit should have unique sequence numbers.

Schedule 2

➤ Reporting Unit Identification (Lines 3a & 3b)

- **Reporting Unit** - code to identify the database, system, division, or affiliate.
 - Useful if data is being collected from multiple databases or reporting systems or from multiple divisions/affiliates
- **Name of Reporting Unit** – name of the the database, system, division, or affiliate represented by that code

Schedule 2

- Security ID Fields (Lines 4, 6 & 6a)
 - **Security ID** - code used to identify the reported security
 - **Security ID System** - the appropriate code from Appendix C in this field
 - ISIN codes and CUSIPs are strongly preferred.
 - Do not use Bloomberg or internal id systems unless no other security IDs are available.

Schedule 2

➤ Security Description (Line 5)

- A brief but **robust** description of the security reported
 - Include currency of denomination, description of general type, interest rate, stripped, interest only, principal only , issue and maturity dates
- Particularly important for securities without external security ids

Schedule 2

- Security Type (Line 7)
 - Four codes for equity securities
 - Five codes for non-asset-backed debt
 - One code for asset-backed debt

Schedule 2

- Name of Issuer (Line 9)
 - Full legal name of the organization that actually issued the security
 - Do not report the name of the ultimate parent
 - Again, particularly important for securities without external security ids

Schedule 2

➤ Depository Receipt/Share (Line 8)

- indicator of whether or not an equity security is a depository receipt

➤ Intentionally Left Blank (Line 10)

- corresponds to a previous data item no longer collected
 - Leave this field blank (null).

Schedule 2

- Country of Issuer (line 11)
 - Country code that corresponds to the country of residence of the entity that issued the security
 - Appendix D on the Treasury website

<http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/fctry-june2006.pdf>

Schedule 2

- Currency of Denomination (Line 12)
 - ISO code that corresponds to the currency in which the security is denominated (See Appendix F.)
 - Should not be the currency in which interest and principal are paid, unless that is the same as the currency of denomination
 - Is not necessarily the currency of the country of residence of the issuer or of the market in which the security is issued

Schedule 2

- Ownership Code (Line 13)
 - An indicator of whether the security is held as owner or custodian
 - A single security can have several Schedule 2 records, one for each appropriate ownership code.
 - Do not aggregate data for a single security ID with differing ownership codes.

Schedule 2

➤ Fair Value (Lines 14 and 14a)

- Report the fair value of securities rounded to the nearest currency unit (no decimals) as of close of business December 31.
- U.S. GAAP rules apply to determine fair value.
- Fair value is the amount at which an asset could be bought or sold in a current transaction between willing parties, other than in a forced or liquidation sale.

Schedule 2

➤ Fair Value (Lines 14 and 14a) (cont'd)

- For Securities that do not regularly trade, the estimate of fair value should be based on the best information available in the circumstances.
- The estimate of fair value should consider prices for similar assets and the results of valuation techniques to the extent available in the circumstances.
- Examples of valuation techniques include discounted cash flow, matrix pricing, option-adjusted spread models and fundamental analysis.

Schedule 2

- Number of Shares Held (Line 16)
 - For equity interests in limited partnerships and similar types of organizations that do not issue shares, report the US\$ fair value as the number of shares.
 - Line items 17 through 23 pertain to debt securities and should be left blank or null for equities.

Schedule 2

- Face value in the currency of denomination (Line 17)
 - Report only for non-asset-based debt
 - Use the same currency reported in line items 12 and 14b
 - Round to the nearest whole currency unit.
 - If the debt is traded in units, report the face value by multiplying each unit by the number of units held.

Schedule 2



- Issue date (Line 18) and
Maturity date (Line 19)
- Reported only for non-asset-based debt

There are separate date items for asset-backed debt.

Schedule 2

- Original Face Value (Line 20) and Remaining Principal Outstanding (Line 21)
 - Report in the currency of denomination (in the same currency reported in line items 12 and 14b)
 - Report only for asset-based debt
 - May be equal if no principal has been repaid

Schedule 2

- Issue date (Line 22) and
Maturity date (Line 23)
 - Reported only for asset-based debt

As already mentioned, the dates for straight debt are separate.

Schedule 3

- Used to determine the reasonability and completeness of the data reported by your custodian.
- Complete one Schedule 3 record for each *unaffiliated* U.S. custodian that is holding foreign portfolio securities with a US\$ value of at least \$100 million.

Please note: report securities held at U.S. central securities depositories on Schedule 2.

Schedule 3

➤ Custodian code (Line 3)

- Select from Appendix G.
- If the exact name does not appear in the Appendix, but your custodian is a U.S. affiliate of a custodian on the list, use the code for the custodian on the list.
- Securities directly held by **foreign** affiliates of U.S. custodians should be reported on Schedule 2.

Schedule 3

➤ Custodian code (Line 3) (cont'd)

- Do not report on Schedule 3 securities held by a U.S. custodian *affiliated* with your organization.

Securities held by an affiliated U.S. custodian, not in turn entrusted to an unaffiliated U.S. sub-custodian with full disclosure, should be reported on Schedule 2.

Schedule 3

- Custodian identification (Lines 9 to 14)
 - If your organization's U.S.-resident custodian does not appear in Appendix G, lines 9 through 14 of the Schedule 3 must be completed.

Schedule 3

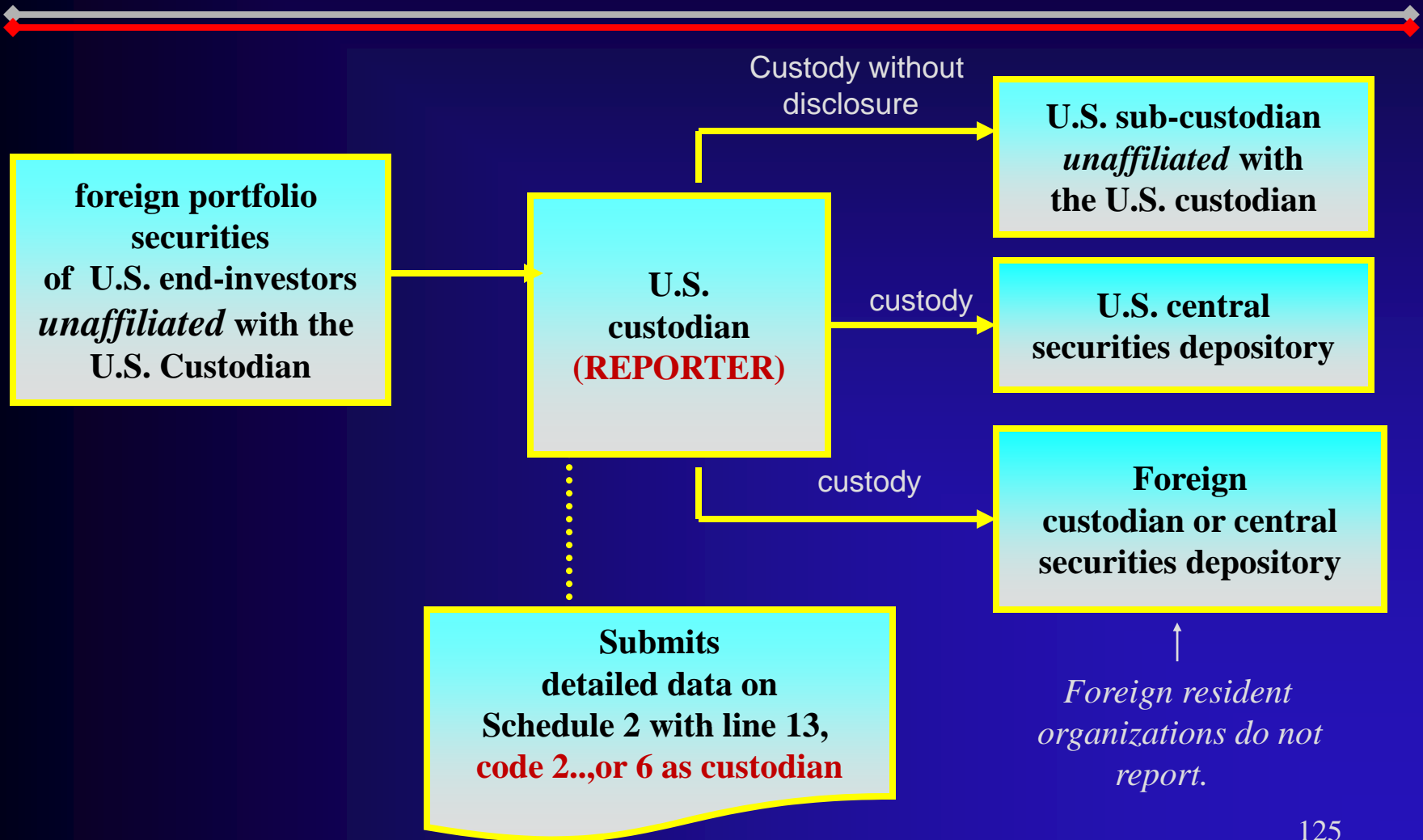
- Aggregate fair value of the securities (Lines 4 to 7)
 - Fair value is determined in the same manner as for Schedule 2.
- Reporting As (Line 8)
 - Indicator of whether your organization is reporting as an owner (end-investor) or a U.S. custodian employing a U.S. sub-custodian (custodian)

Reporting Responsibilities of a U.S.-Resident Custodian

➤ Schedule 2

- As custodian (report line 13, code 2, .., or 6), reports foreign portfolio securities held in custody for **unaffiliated** U.S.-resident end-investors, if the U.S. custodian:
 - does not in turn entrust those securities to an unaffiliated U.S. custodian that is not a central securities depository(CSD) and to whom the identities of the end-investors are fully disclosed **OR**
 - entrusts those securities to a foreign custodians **OR**
 - holds those securities through a CSD.

Reporting Responsibilities of U.S.-Resident Custodians Schedule 2



Reporting Responsibilities of a U.S.-Resident Custodian

➤ Schedule 2

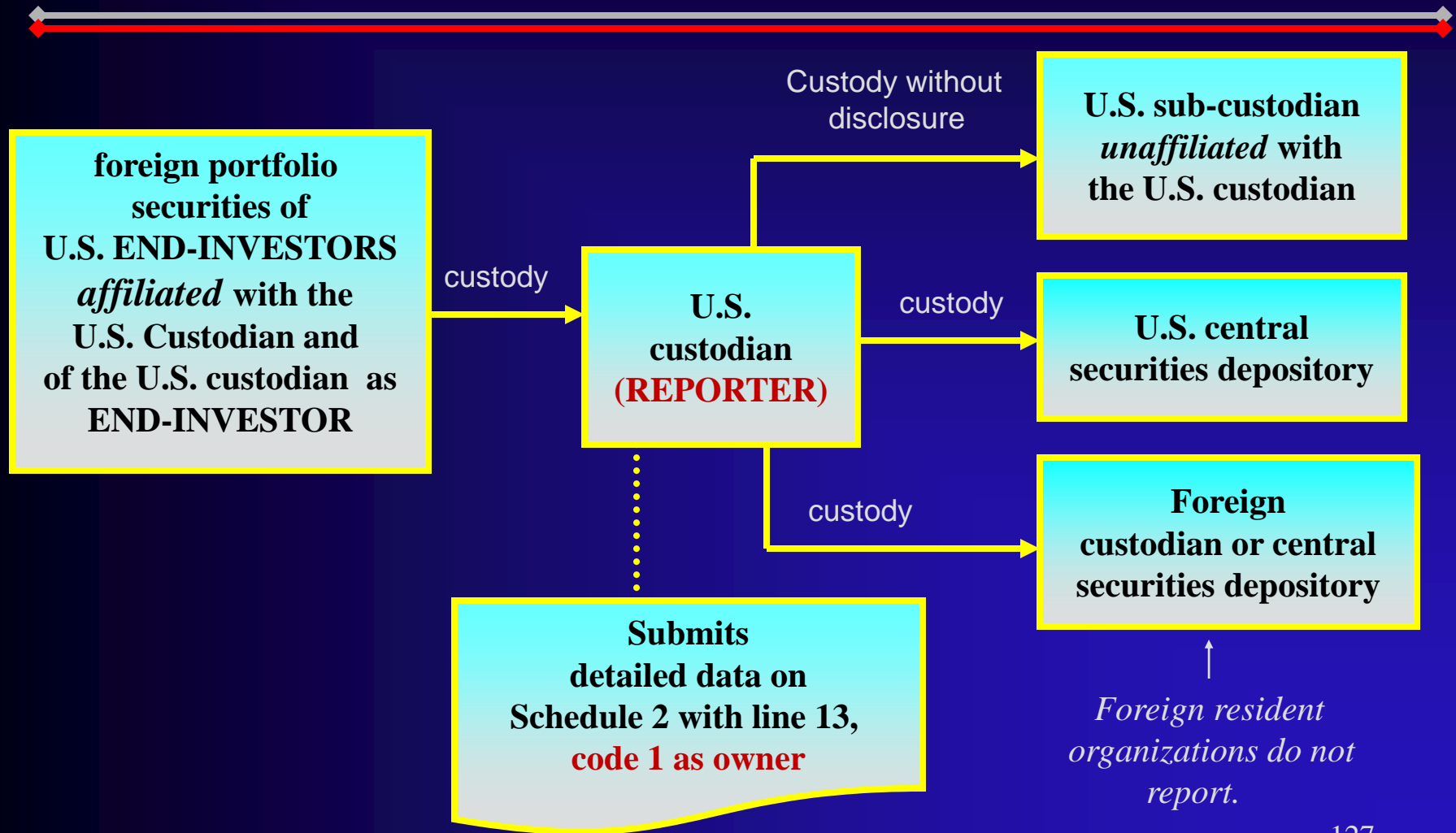
- As end-investor (report line 13, code 1), reports foreign portfolio securities held in custody for **affiliated** U.S.-resident end-investors, if:

- the reporter does not in turn entrust those securities to an unaffiliated U.S. custodian

- that is not a CSD **AND**

- to whom the identities of the end-investors are fully disclosed.

Reporting Responsibilities of U.S.-Resident Custodians Schedule 2



Reporting Responsibilities of U.S.-Resident Custodian Schedule 3

➤ Schedule 3

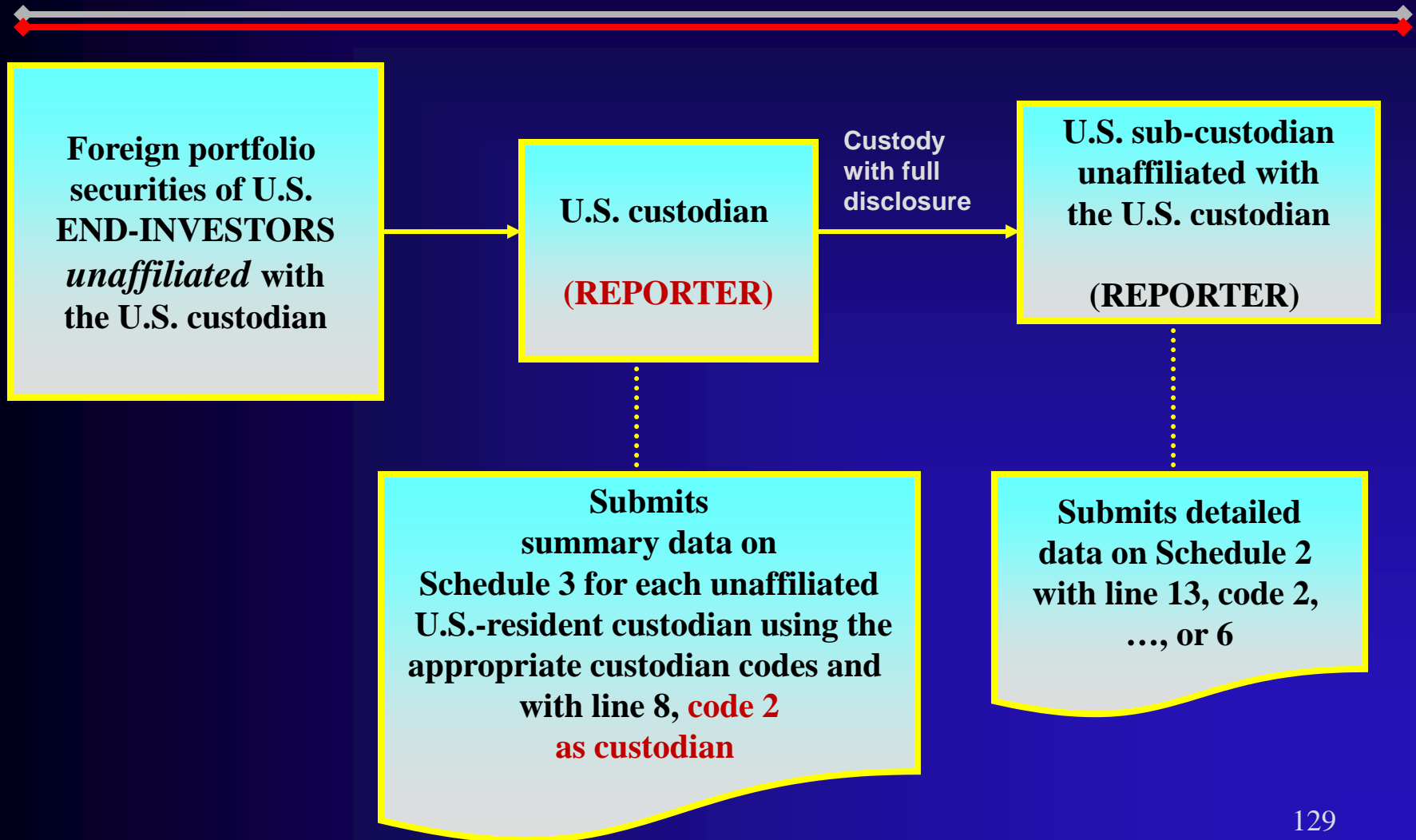
- **As custodian (report line 8, code 2)**, reports foreign portfolio securities held in custody for unaffiliated U.S.-resident end-investors, if:

the U.S. custodian entrusts those securities to an unaffiliated U.S. custodian to whom the identities of the end-investors are fully disclosed

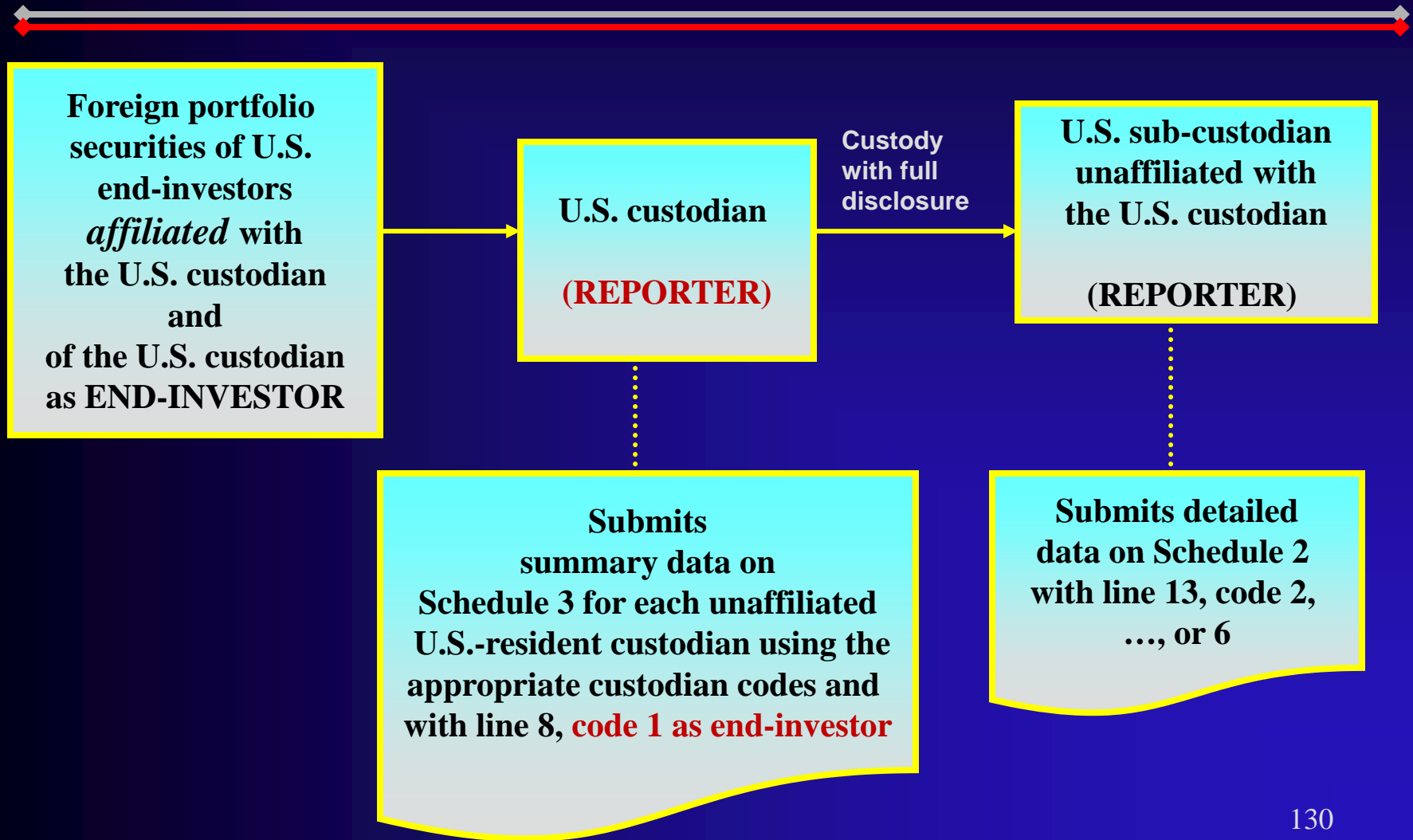
- **As end-investor (report line 8, code 1)**, reports foreign portfolio securities owned by its U.S. affiliates and by U.S. funds that it manages/sponsors, if:

the U.S. custodian entrusts those securities to an unaffiliated U.S. custodian

Reporting Responsibilities of U.S.-Resident Custodian Schedule 3



Reporting Responsibilities of U.S.-Resident Custodian Schedule 3



Reporting Responsibilities of a U.S. End-Investor

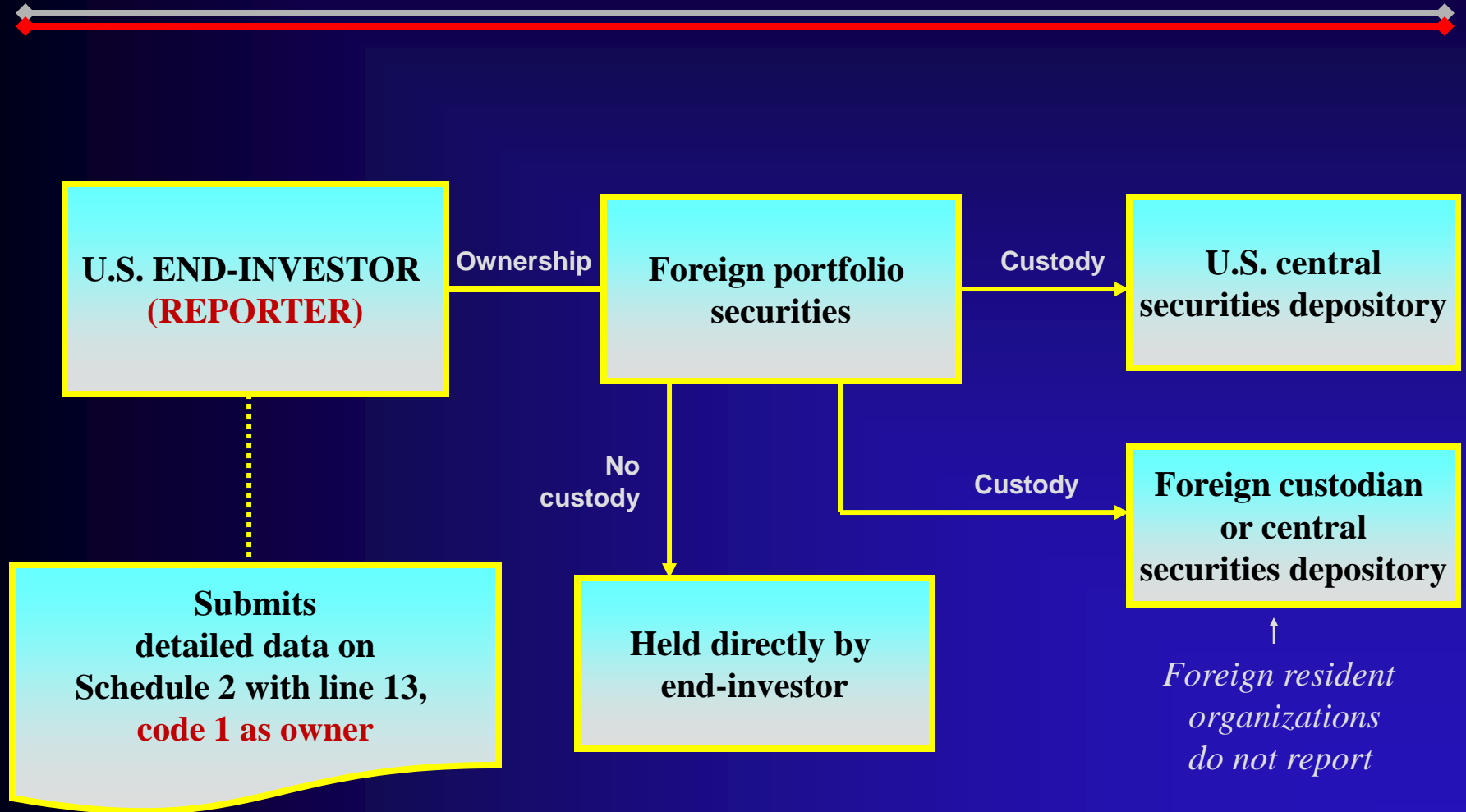
➤ Schedule 2

- **As owner (report line 13, code 1)**, reports foreign portfolio securities that the end-investor does not entrust to an unaffiliated U.S. custodian that is not a central securities depository

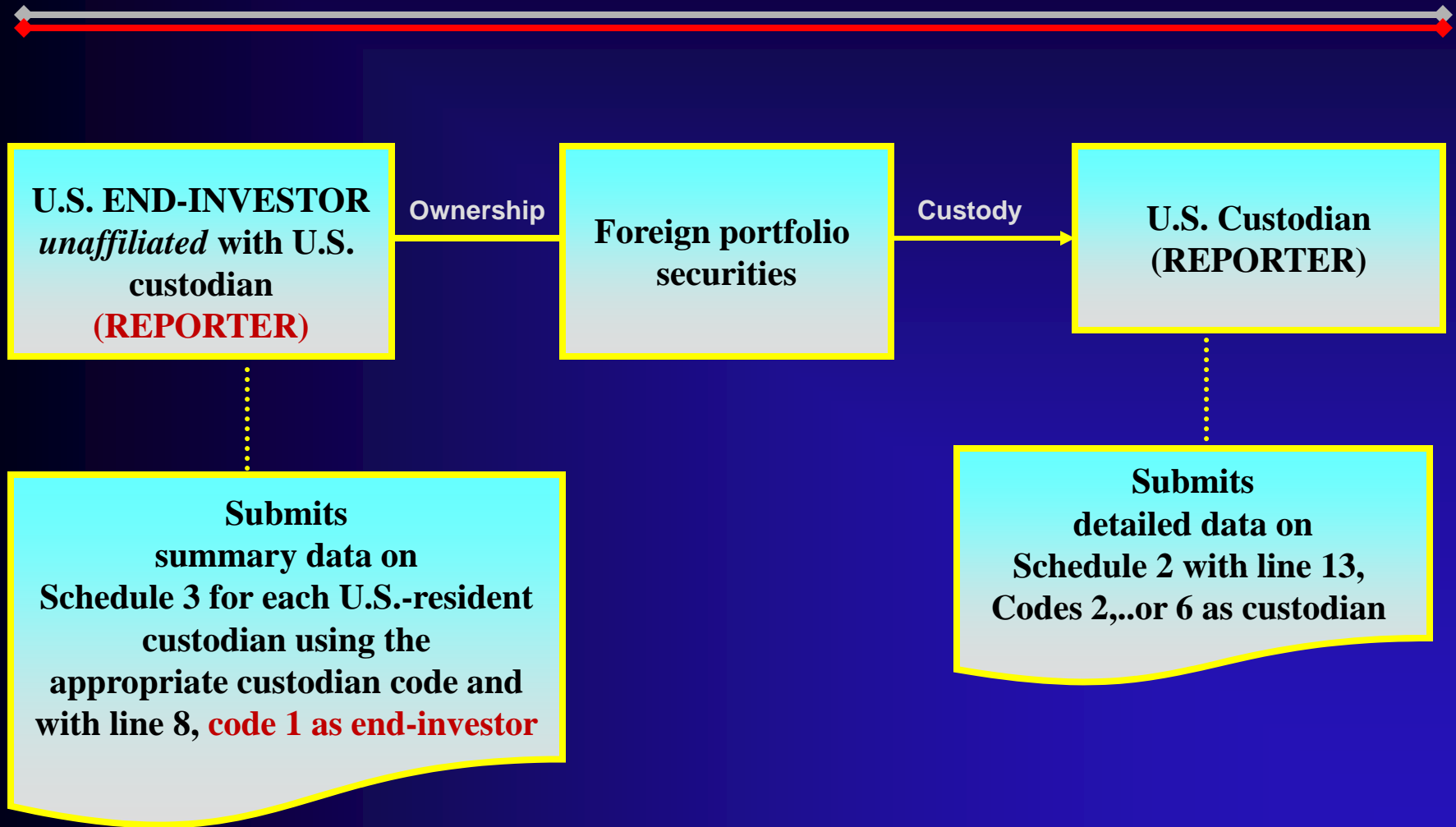
➤ Schedule 3

- **As owner (report line 8, code 1)**, reports foreign portfolio securities that the end-investor entrusts to an unaffiliated U.S. custodian that is not a central securities depository

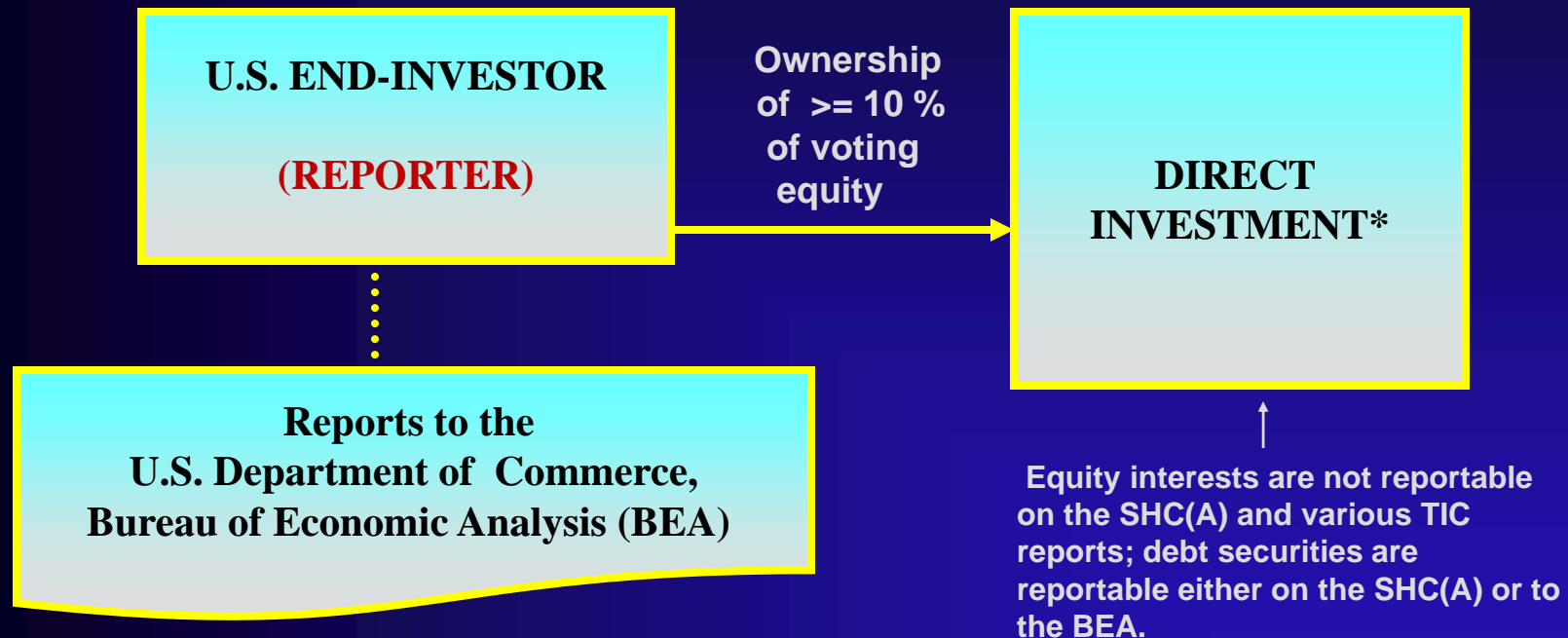
Reporting Responsibilities of U.S.-Resident End-Investors Schedule 2



Reporting Responsibilities of U.S.-Resident End-Investor Schedule 3



Reporting Responsibilities of U.S.-Resident End-Investors Direct Investment



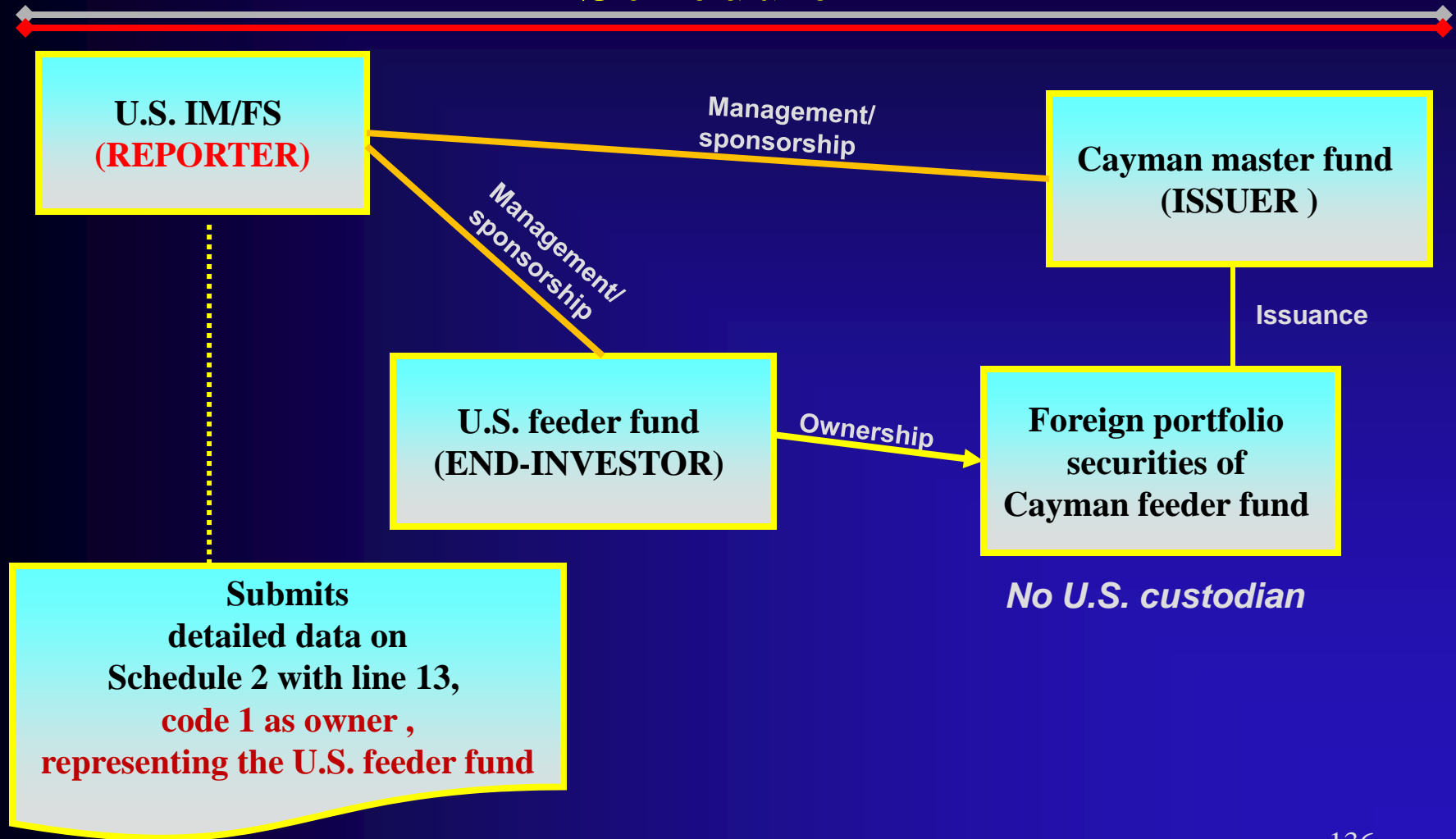
* If the U.S. end-investor is (a) a deposit-taking organization (b) a securities broker/dealer, or (2) a financial or bank Holding company, inter-company lending between the investor and the company is reported on TIC B or the SHC(A) for lending in the form of loans or short-term securities or on the TIC SHC(A), SLT and S for lending in the form of long-term securities. All other inter-company lending between companies that are in direct investment relationships should be reported to the BEA.

Reporting Responsibilities of a U.S. Investment Manager/Fund Sponsor (IM/FS)



- Representing a U.S. fund as end-investor
 - **Example:** A U.S. IM/FS creates a Cayman master fund with a U.S. feeder fund and a Cayman feeder fund.

Reporting Responsibilities of a U.S. Investment Manager/Fund Sponsor (IM/FS) Schedule 2

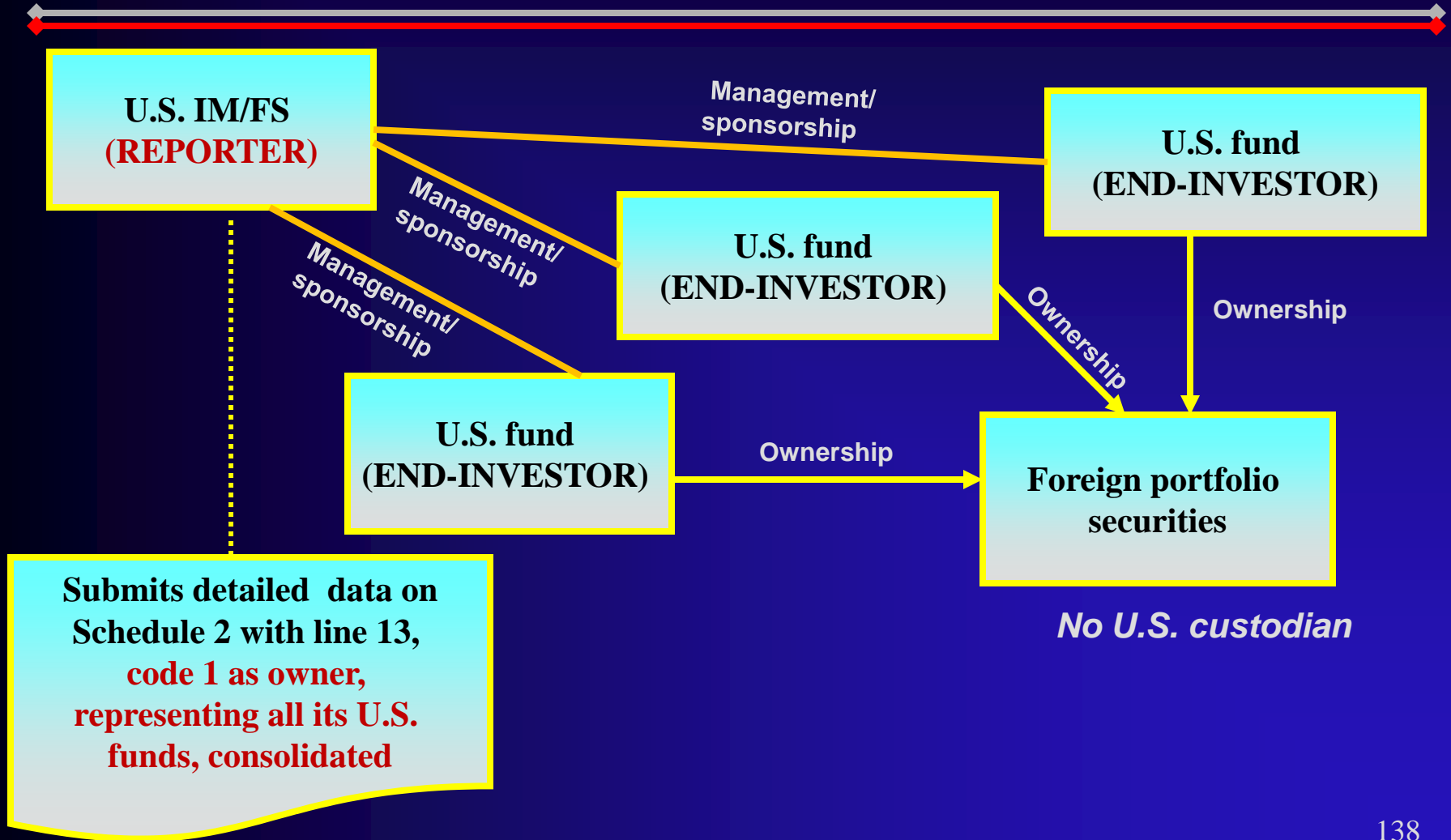


Reporting Responsibilities of a U.S. Investment Manager/Fund Sponsor (IM/FS)

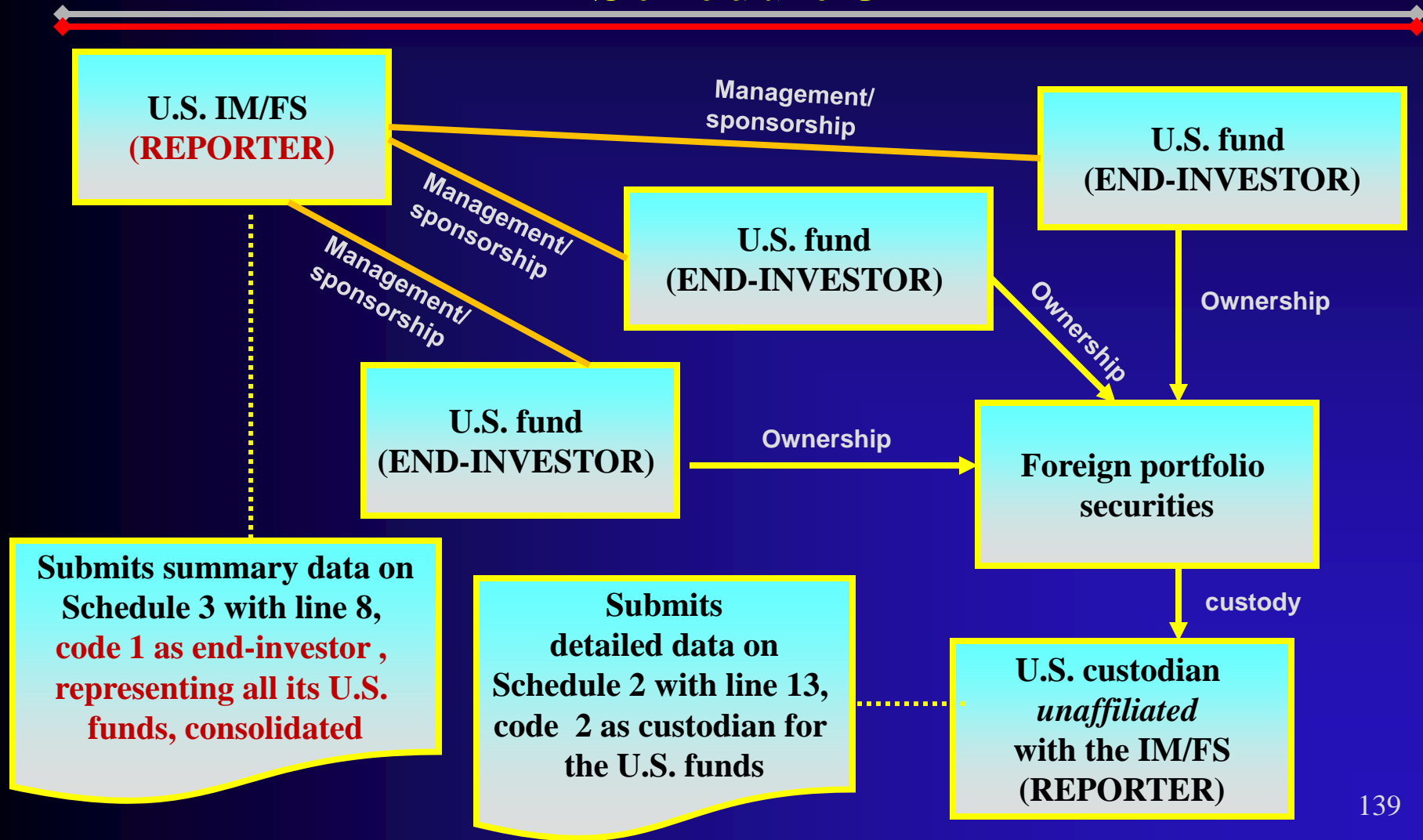


- Representing a family of U.S. funds as end-investor
 - Reports consolidated for all U.S. funds it manages/sponsors

Reporting Responsibilities of a U.S. Investment Manager/Fund Sponsor (IM/FS) Schedule 2



Reporting Responsibilities of a U.S. Investment Manager/Fund Sponsor (IM/FS) Schedule 3



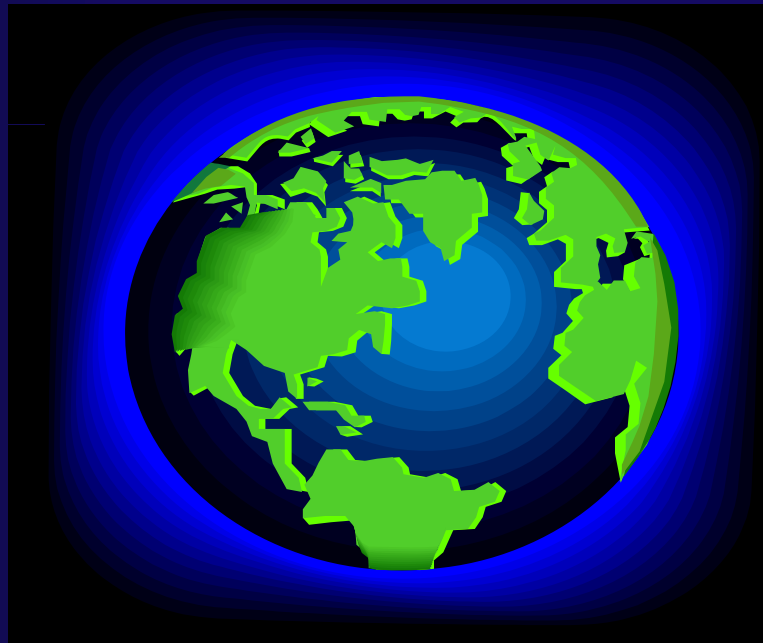
Reporting Responsibilities of a U.S. Investment Manager/Fund Sponsor (IM/FS)



- Please see the TIC SLT flowcharts on the Treasury website for additional guidance on the reporting responsibilities of IM/FSs.

The general principles apply to the SHC(A).

Key Issues/Common Reporting Errors



Lois Burns

Key Issues/Common Reporting Errors

➤ Communication

- Please keep us informed of changes in the name, address, certifier and other contacts, etc. of your organization.
- Please address the issues that we brought up in your feedback letter for the previous year's submission *before* you file for the current year.
- Call or email for help at any time.

Key Issues/Common Reporting Errors

Securities to be **included** that are mistakenly excluded:

- securities issued by international and regional organizations, including those with headquarters/facilities in the U.S.

EXAMPLES

Inter-American Development Bank (IDB)
International Bank for Reconstruction and Development (IBRD)
International Monetary Fund (IMF)

Key Issues/Common Reporting Errors

Securities to be **included** that are mistakenly excluded: (cont'd)

- securities issued by companies that have headquarters in the U.S and do business primarily in the U.S. but are incorporated outside the U.S., including formerly U.S.-resident companies that have re-incorporated outside of the U.S.

(See hand-out on Reincorporated Companies, also at this URL, <http://www.newyorkfed.org/stats/usown/company.pdf>.)

Key Issues/Common Reporting Errors

Securities to be **included** that are mistakenly excluded: (cont'd)

- securities issued by foreign-resident subsidiaries or offices of U.S.-resident entities

EXAMPLE

Negotiable certificates of deposit issued by non-U.S. branches of U.S. banks.

Key Issues/Common Reporting Errors

Securities to be **included** that are mistakenly excluded: (cont'd)

- restricted securities
- securities in custodians' own portfolios
- securities held in trading accounts
- depositary receipts, if the underlying security is foreign
- matured securities that are outstanding

Key Issues/Common Reporting Errors

Securities to be **included** that are mistakenly excluded: (cont'd)

- securities entrusted to U.S.-resident or foreign-resident central securities depositories
(e.g.: Depository Trust Company (DTC); Euroclear)
- securities entrusted to foreign-resident custodians, including foreign offices of U.S.-resident custodians

Key Issues/Common Reporting Errors

Securities to be **excluded** that are mistakenly included:

- foreign securities underlying depositary receipts
- securities issued by U.S. subsidiaries/ U.S. offices of foreign parent entities, even if traded outside of the U.S. and/or issued in foreign currencies

Key Issues/Common Reporting Errors

Securities to be **excluded** that are mistakenly included: (cont'd)

- all general partnership interests and similar controlling interests which constitute direct investment
- all loans, derivatives and **non-negotiable** CDs

Key Issues/Common Reporting Errors

Security IDs

- Use ISIN or CUSIP, whenever possible, even for restricted securities.
- Use SEDOL, CINS, Common or another exchange-assigned code, if necessary.
- Use your own, internal codes, only if no external ID exists.
- Include the leading zeroes and check digits.

Key Issues/Common Reporting Errors

Currency of Denomination

- Do not default to the currency of the country of residence of the issuer of the security.
- Be careful, especially with EURO legacy currencies, that the foreign currency fair value, the face value, the remaining principal and the original principal are all consistent with the reported currency.

Key Issues/Common Reporting Errors

Country Attribution of Issuer

- Do not default the country code to the country component of the ISIN or CINS.

US902118AU26 was issued by Tyco International Limited which is currently incorporated in Switzerland and formerly in Bermuda.

US902120BK35 was issued by Tyco International Group S.A. which is incorporated in Luxembourg.

JP584106A526 was issued by Ford Motor Credit, which is incorporated in the U.S.

XS001087127 was issued by the Federal Home Loan Mortgage Corp, a U.S. government sponsored agency.

Key Issues/Common Reporting Errors

Country Attribution of Issuer (cont'd)

- Do not make assumptions for the country of residence of the issuer based on its name.

EXAMPLE

HSBC Global Investment Funds – Japanese Equity Fund is a Luxembourg security.

The fund is organized under the laws of Luxembourg, not of the UK where HSBC is headquartered and not of Japan. The fund invests in securities of companies registered in Japan and/or listed with a regulated Japanese securities exchange/market.

Key Issues/Common Reporting Errors

Country Attribution of Issuer (cont'd)

- Do not report securities issued by entities that are residents of Puerto Rico and other U.S. territories and possessions.
- Report foreign securities held by/for residents of Puerto Rico and other U.S. territories and possessions.

Key Issues/Common Reporting Errors

Country Attribution of Issuer (cont'd)

- Report securities issued by Canadian and Caribbean residents.
- Avoid the use of country code 88862 (defunct country).

(Excessive use of code 88862 will be questioned.)

Key Issues/Common Reporting Errors

Pricing

- Avoid reporting fair market value equal to zero.

If your report includes a large number of zero-priced securities, your organization will be requested to obtain prices and re-file its report.

- Fair value should exclude accrued interest.

Key Issues/Common Reporting Errors

Remaining Principal Outstanding for ABS Schedule 2, line 21

- If the factor value as of 12/31 is not available, use the factor value as of the date closest to 12/31.

Key Issues/Common Reporting Errors

Schedule 1

- Lines 16 and 21: Report the number of Schedule 2s and Schedule 3s filed, not the number of securities for which data was summarized.
- Be sure to complete date signed, line 25, if you are not filing via IESUB.

Key Issues/Common Reporting Errors

Schedule 3, Line 8.

- If your organization is both the end-investor and the custodian that is using a U.S. sub-custodian with full disclosure with regard to a particular security, use code 1 for end-investor.
- If your organization is, or represents the end-investor (your client) and is not legally responsible for the safe-keeping of the securities, use code 1 for end-investor.
- If your organization represents an *unaffiliated* end-investor and is also legally responsible for the safe-keeping of the securities, use code 2 custodian.

Key Issues/Common Reporting Errors

Other Errors

- Reporting securities when the quantity held (number of shares, face value, remaining principal) rounds to zero
- Reporting sinking fund securities as asset-backed securities
- Basing the term of a debt security on the time remaining to maturity, rather than the period between the date of issuance and the date of maturity

Key Issues/Common Reporting Errors

Submission and Formatting Errors

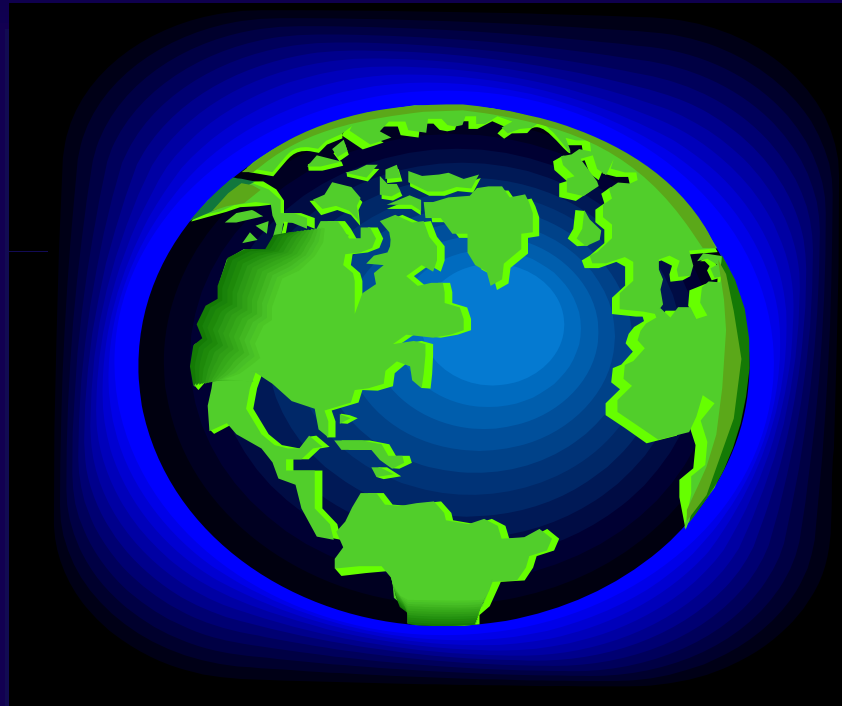
- Be sure you use the appropriate media for your report.
 - If you have 200 or more Schedule 2s to file, you **must** file them electronically, on a CD or via IESUB.
 - You can submit all Schedules electronically via IESUB.
 - We encourage electronic filing, even for reports with few records.

Key Issues/Common Reporting Errors

Submission and Formatting Errors (cont'd)

- Be sure your electronic submission has no format errors.
 - It is easy to convert spreadsheets to the necessary text file format.
 - Send a test file to us well before the due date.
- See the hand-out entitled, “Technical Topics” in your seminar folder for additional information.

How We Review Your Data



Aaron Gononsky

Four Levels of Review

- **Reporter level**
 - Analyzing your data for reasonability
 - Trend analysis from prior submission (for some it will be 2005 and for others 2001)
- **Schedule 2/3 Comparison**
 - Comparing schedule 3 data to schedule 2 data
- **Security level**
 - Comparing attributes of reported securities to one another, and to commercial data sources.
- **Macro level**
 - Additional comparisons on a broader level

FRBNY Calculations

- Based on reported market value and quantity fields, FRBNY calculates:
 - **Exchange Rates**
 - **Implicit Prices**
 - **Factor Values**
- These calculations assist us in determining the quality of your reported market values and quantities.

FRBNY Calculations

- Calculated data
 - Implicit exchange rates
 - US MV/ FC MV
 - Implicit prices (MV/Quantity)
 - Equity – US MV/Number of Shares
 - Non ABS Debt – FC MV/Face Value
 - ABS Debt – FC MV/Remaining Principal
 - Implicit factor values
 - Remaining Principal/Original Face Value

Reporter Level Review

➤ Reasonability Comparisons

- Schedule 1 vs. Schedule 2 comparison
- Schedules 2 & 3 comparison to prior submission (reporting trends based in part on the TIC S data)
- Ownership code
- Market values
- Face values
- Number of shares

Reporter Level Review

Reasonability Analysis (cont'd)

- Ensuring all Schedule 2 data was reported, to include:
 - Security IDs
 - Security Type
 - Ownership code
 - Number of shares held
 - Face Value held
 - Remaining principal (ABS)

Reporter Level Review

Reasonability Analysis (cont'd)

➤ Currency/Exchange Rate Analysis

- Currency is US\$ but US market value (item 14a) does not equal the market value in the currency of denomination (item 14b).
- Currency is not US\$ and the exchange rate is not 1, but the US\$ market value equals the market value in the currency of denomination.
- For each security, an implicit exchange rate is calculated, which should be equal to the December 31 exchange rate for the currency.

Reporter Level Review

Reasonability Analysis (cont'd)

- Country of Issuer
 - Are increases/decreases in specific countries reasonable?
 - Are the increases/decrease due to changes in the quantity, changes in price or new/matured securities?
 - Are securities being reported as being issued from countries that had no data at all in the prior year?
 - Look at equity, long term debt and short term debt separately.

Reporter Level Review

Reasonability Analysis (cont'd)

➤ Country of Issuer (cont'd)

If reported country of issuer is U.S.:

- Are these coded incorrectly or should these have been excluded from your report?
- Are securities issued by international and regional organizations miscoded, and reported with the U.S. as the country of issuer?
- Are securities issued by a U.S. protectorate (Puerto Rico, etc.)? If so, exclude from report.

Reporter Level Review

Reasonability Analysis (cont'd)

➤ Depository Receipts (DRs)

Comparison of the reported market value and proportion of DRs relative to total equity

- Did you report any DRs?
- Did you previously? If so, is the proportion to total equity similar to previous submissions.

Reporter Level Review

Reasonability Analysis (cont'd)

- Ownership Code Analysis
 - Have the fair values and proportions of the total market value of securities reported as owner and as custodian, changed substantially?
 - Clarification of option 6 – “Unknown”.
 - Are you reporting any securities as owner? If so, it may correlate to your organization’s TIC S reporting.

Reporter Level Review

Reasonability Analysis (cont'd)

- Key Securities Analysis
 - Largest securities by market value
 - Implicit exchange rates, implicit prices, country of issuer, etc.
 - Securities reported multiple times with exact amounts.
 - Common foreign securities reported by those in your peer group.
 - Any one security that makes up a very high percentage of the data for a specific security type.

Reporter Level Review

Reasonability Analysis (cont'd)

- Securities reported with zero quantities
 - If reported correctly, these securities do not need to be reported, and should be excluded from future reports.
 - Possibility that the quantity was reported in the wrong field. (example a security coded as debt but had the quantity reported in the number of shares field).

Reporter Level Review

Reasonability Analysis (cont'd)

- Consistency of data reported, throughout the reporter's submission
 - Example: You report data for Stock A with two different implicit prices, which is correct?

Unit 1 reported with calculated price of \$30.00

Unit 2 reported with calculated price of \$60.00

Reporter Level Review

Reasonability Analysis (cont'd)

➤ Reporter Queries

- Focus on areas that were reporting problems in prior data submissions, such as:
 - keywords in descriptions, such as rights, warrants, repurchase, repo, etc.
 - debt prices far above par
 - issue dates after as-of date
 - additional comparisons to other reporters' data

Schedule 2/3 Review



Σ (Market Values
by security type,
from Schedule 2s
and 3s reported by
each custodian)

> =

Σ (Market values
attributed to each
custodian on Schedule
3s reported by its
customers)

Security Level Review

- We'll compare attributes of the securities across all reporters to check for inconsistencies.
- We'll look at actual reported fields and also at other data items we calculate based on reported fields.

Security Level Review

- Search for Reincorporated Organizations
 - Entities that were formerly incorporated in the United States but are now incorporated elsewhere.

Security Level Review

- Data embedded in the security description, e.g., security type or maturity date, are compared to data in the corresponding fields.
- Issuer should not be a U.S. resident.
- Total amount held reported across all reporters should be less than or equal to the total amount outstanding for a given security.

Macro Level Review

Comparisons of various “cuts” of the aggregate data

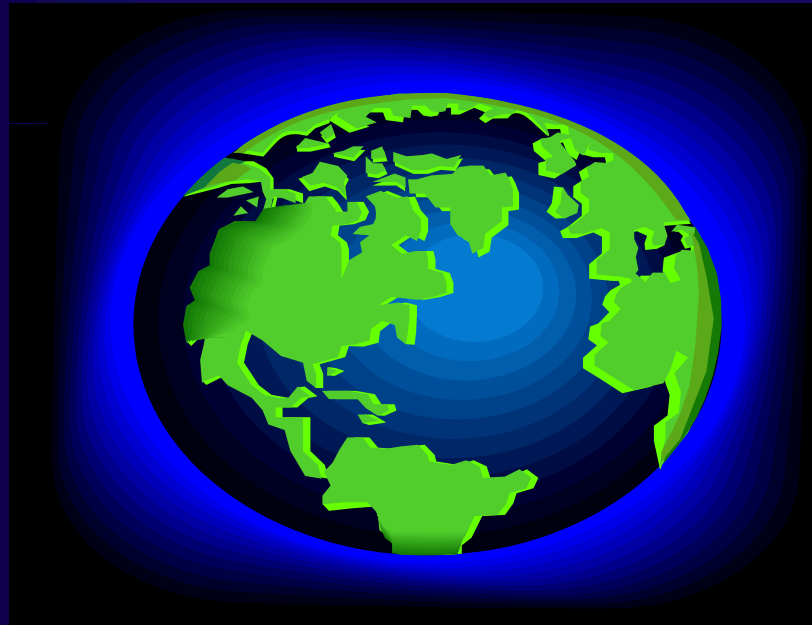
- Equity by country and security type
- Long-term debt by country and currency
- Short-term debt by country and currency
- Long-term debt by country and type of security
- Short-term debt by country and type of security

Macro Level Review

Comparisons of various “cuts” of the aggregate data

- DRs by country
- Debt by maturity date
- Debt by coupon
- Published data can be found at:
<http://www.ustreas.gov/tic/>

Analysis of the TIC SHC report in conjunction with the other TIC reports



Aaron Gononsky

Reports Used for Comparison

- U.S. Ownership of Foreign Securities (TIC SHC or Claims)
- TIC S Report
- TIC B Reports
- TIC SLT
- <http://www.ustreas.gov/tic/>

How TIC S and TIC SHC are used together

- Totals from prior year SHC(A) data
- Add in net sales by foreigners of foreign securities for the year (column 10 - column 9 for LT debt and column 12 - column 11 for equity from the TIC S report)
- Add in a price adjustment
- Add in stock swap adjustment
- Sum is estimate of the current year SHC(A) total

Other Reports Used for Comparison

➤ Other TIC Reports

- TIC BQ-1 Customer Claims
- TIC BQ-2 Customer and own claims denominated in foreign currency
- TIC BC Own Claims
- TIC SLT

<http://www.ustreas.gov/tic/>

TIC SHC Compare to TIC B Reports Differences

- TIC B - Face Value
 - TIC SHC - Face Value and Fair Value
- TIC B - Aggregate per country
 - TIC SHC - Detailed information on each security
- TIC B - USD or USD equivalent
 - TIC SHC - Fair Value in both USD and currency of denomination. Face value in currency of denomination that FRBNY converts to USD.

TIC SHC Compare to TIC B Reports Differences

- There may be more than one TIC B report filed per institution.
- One consolidated TIC SHC report filed per institution
 - For example: A U.S. entity sends in separate TIC B reports for the Bank Holding Company, Bank, and Broker Dealer but would send in one consolidated TIC SHC report.

TIC SHC Compare to TIC B Reports Differences

- There are instances when securities held in custody are given over to other U.S. sub-custodians.
- The custodian closest to the foreign claimant would report on the TIC B reports but the sub-custodian (final custodian in the chain) would report on the TIC SHC.

TIC SHC Compare to TIC B Reports Overview



- Negotiable certificates of deposit
- Commercial Paper
- Other short-term negotiable securities
- Foreign currencies

TIC SHC Compare to TIC B Reports Overview



- Securities held in custody
- Securities owned by the reporter

TIC SHC Compare to TIC B Reports

Negotiable CDs in USD Held in Custody

- **TIC SHC (per country)** = ➤ **TIC BQ-1 (per country)**
- Security Type 6 (item 7)
 - Term Indicator – 1 or 2 (item 10)
 - Currency = USD (item 12)
 - Ownership code 2-6 (item 13)
 - Sum of face value (item 17)
- Negotiable CDs (column 2)

TIC SHC Compare to TIC B Reports

Other Short -Term Negotiable Securities in USD Held in Custody

➤ TIC SHC (per country)

- Security Types 5,7,8,9 and 10 (item 7)
- Term Indicator 1 (item 10)
- Currency = USD (item 12)
- Ownership code 2-6 (item 13)
- Sum of face value (item 17 but use item 21 for ABS)

=

➤ TIC BQ-1 (per country)

- All Short-Term Negotiable Securities (column 3)

TIC SHC Compare to TIC B Reports

Commercial Paper in USD Held in Custody

Memo Item

➤ TIC SHC

- Security Type 5 (Item 7)
- Term Indicator 1 (item 10)
- Currency = USD (Item 12)
- Ownership code 2-6 (item 13)
- Sum of face value (Item 17)

=

➤ TIC BQ-1

- Commercial Paper (memo line 8161-2, column 3)

TIC SHC Compare to TIC B Reports

- 
- **For the complete comparison, see the hand-out in your folder or on the seminar website.**

TIC SHC Compare to TIC SLT

Primary Differences

- TIC SHC(A): detailed, *security-level*, market values of U.S.-residents' holdings of *short-term* and long-term cross-border portfolio securities, *annually*
- TIC SLT: *aggregate* market value of cross-border holdings of *long-term* portfolio securities, *excluding* negotiable CDs, *monthly*
- SHC(A) does not currently have a field for type of foreign issuer.

TIC SHC Compare to TIC SLT

Foreign Government Bonds as Custodian

- **TIC SLT Part A (per country)**
 - Column 10
- **TIC SHC(A) (per country)**
 - Security Type = 8, 9 or 10 (Item 7)
 - Term Indicator – 2 (Item 10)
 - Ownership Code = 2 through 6 (Item 13)
 - US \$ Fair (Market) Value (Item 14a)



TIC SHC Compare to TIC SLT

Foreign Corporate and Other Bonds as Custodian

- **TIC SLT Part A (per country)**
 - Column 11
- < =**
- **TIC SHC(A) (per country)**
 - Security Type = 7, 8, 9 or 10 (Item 7)
 - Term Indicator = 2 (Item 10)
 - Ownership Code = 2 through 6 (Item 13)
 - US \$ Fair (Market) Value (Item 14a)

TIC SHC Compare to TIC SLT

Foreign Equities as Custodian

- **TIC SLT Part A (per country)**
 - Column 12

=

- **TIC SHC(A) (per country)**
 - Ownership Code = 2 through 6
 - Security Type = 1, 2, 3, or 4 (Item 7)
 - US \$ Fair (Market) Value (Item 14a)

TIC SHC Compare to TIC SLT

All Foreign Securities as Custodian

➤ **TIC SLT Part A (per country)**

- Column 13

=

➤ **TIC SHC(A) (per country)**

- Ownership Code = 2 through 6
- Security Type = 1 through 10 (Item 7)
- US \$ Fair (Market) Value (Item 14a)

TIC SHC Compare to TIC SLT

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- **For a complete comparison, see the hand-out in your folder or on the seminar website.**

Questions?

