
2009 TIC Seminar

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Overview of TIC Reporting

Janine Blasioli



Origin of TIC Reporting

- The Treasury International Capital (TIC) Reporting System originated in 1934 to provide data on U.S. international portfolio investment and capital movements.

Who Do We Collect TIC Data For?

- **U.S. Treasury** - Agency responsible for collecting U.S. data on most cross-border portfolio positions.
- **Federal Reserve Board** - Review and oversight of the collection of data on international banking and portfolio positions:
 - Delegated oversight for most Treasury data

Where Are TIC Data Published?

- **Data on banking positions and securities transactions**
 - *Treasury Website* (<http://www.ustreas.gov/tic/>)
 - Banking Liabilities & Claims positions by major category
 - Net foreign purchases of long term securities
 - *Treasury Bulletin* – Quarterly publication by the US Treasury
 - *Federal Reserve Bulletin* – Quarterly publication by the Federal Reserve Board
 - Banks own positions and customers' positions
 - Non-bank reported positions
 - Securities transactions

Where Are TIC Data Published?

- **U.S. International Transactions**
 - <http://www.bea.gov> – Quarterly
 - *Survey of Current Business*
- **U.S. International Investment Position:**
 - <http://www.bea.gov> - end of June, for the previous year
 - *Survey of Current Business* - July

Where Are TIC Data Published?

- **BIS Locational & Consolidated Data**

- <http://www.bis.org/statistics/index.htm>
- ***BIS Quarterly Review***
 - External positions by reporting country vis-à-vis other countries
 - OTC Derivatives contracts by major counterparty & currency
 - Derivatives & Foreign exchange turnover

Where Are TIC Data Published?

- **Special Data Dissemination Standard**

- <http://www.dsbb.imf.org/Applications/web/sddshome/>

- **World Bank Debtor Reporting System**

- <http://www.worldbank.org/data/online databases/online databases.html>

- **OECD Statistics**

- http://www.oecd.org/topicstatsportal/0,3398,en_2825_495663_1_1_1_1_1,00.html#499310

Articles on TIC

- Counsel on Foreign Relations
- <http://blogs.cfr.org/setser/>

FRBNY Website

- The New York Fed's website for both the TIC B and TIC S forms and information
 - <http://www.newyorkfed.org/banking/reportingforms/index.html>
 - Geographical Classification list
 - For a list of countries and their codes
 - Foreign Official Institutions list
 - <http://www.treas.gov/tic/foi608list.html>
 - Updated FAQ For Frequently Asked Questions
 - <http://www.treas.gov/tic/fsqa.html>

- Information about the Treasury International Capital Forms is available on our website

www.newyorkfed.org

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- Our Home page for Reporting Forms and Instructions can be reached through the dropdown list under BANKING.

http://www.newyorkfed.org/banking/reporting_formsinstruct.html

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In addition to finding us on the world wide web, you may contact staff in the International Reports Division with any TIC question you may have:

- General TIC questions can be emailed to:
 - ny.ticsubmission@ny.frb.org

- Specific TIC form inquiries can be handled by calling:
 - TIC B – Anthony Guglielmo (212)720-8002
 - TIC C & S – Brian Mullarkey (212) 720-8921
 - TIC D – Thad Russell (212) 720-8041
 - All TIC Forms – Alex Santana (212) 720-6357

Fundamentals of TIC Reporting

Janine Blasioli



Uses of TIC Data

- **Timely Information on movements of capital between the U.S. & Foreign countries, primarily for:**
 - Construction of Balance of Payments
 - Formulation of international financial policy
 - Tracking developments in international markets

The U.S. BOP and IP:

- BOP: The record of the economic transactions between one country's residents and those of the rest of the world in a given period.
- The Bureau of Economic Analysis (BEA) publishes the U.S. BOP quarterly in three sections:
 - The current account
 - The capital account
 - The financial account

The U.S. BOP :

- Transactions that generate a receipt of funds into the United States are each recorded with a credit (positive) entry. They have offsetting debit (negative) entries to reflect transactions that generate payments of funds to foreign residents.

Role of TIC Forms

- BOP accounts include flows and positions calculated from TIC banking and nonbanking reported data
- Flow of Funds accounts compiled by the Board of Governors is derived from TIC data to calculate the “rest of the world” sector

Foreign Resident

- Individuals, corporations, subsidiaries, or other organizations incorporated, licensed or otherwise legally established outside the United States
 - For example:
 - A U.K. branch of a U.S. bank
 - U.S. corporations that have re-incorporated under the laws of a foreign country (e.g., Tyco International)
 - Individuals that have filed an IRS Form W-8
 - International or Regional organizations and affiliated agencies (e.g., International Bank for Reconstruction and Development (IBRD) and United Nations (U.N.))

Direct Investment Reporting

- **In general, all positions between affiliated firms, including investment claims and liabilities, are reportable on TIC B reports.**
 - Permanent debt of U.S. parent banking institutions and securities broker/dealers invested in their incorporated foreign subsidiaries is reported on TIC B.
 - Permanent debt of incorporated U.S. subsidiaries of foreign parent financial institutions, owed to their foreign parent financial institutions is reported on TIC B.
 - Permanent debt and equity of unincorporated U.S. affiliates (i.e. U.S. branches and agencies of foreign banks) of foreign parent financial institutions, owed to their foreign parent financial institutions is reported on TIC B.

Direct Investment Reporting (Cont.)

- **Exclusion:**

- Owners' equity of U.S. parent banks in incorporated foreign subsidiaries (U.S. claim) and owners' equity of foreign parent financial institutions in their incorporated U.S. subsidiaries (U.S. liability) are **not** reported on TIC B.

- TIC S

- No Direct Investment Reporting

* Note: Exclusions of DI data in the TIC system is reported to the BEA

Reporting Requirements and Overview of TIC Form B

Michael Sterchak



Who Must Report

- TIC B Report Forms
 - Depository Institutions
 - Commercial bank
 - U.S. agency or branch of foreign banks
 - Bank Holding Companies (BHCs)/Financial Holding Companies (FHCs)
 - Securities Brokers/Dealers
 - Edge Act or Agreement corporation
 - Savings Banks
 - Trust company performing banking business
 - Savings, Loan or Building associations
 - Cooperative bank
 - Industrial bank, private or unincorporated bank
 - Credit unions

Consolidation Rules

TIC B & S

Filing Responsibility	Entities to Include	Entities to Exclude *
Depository Institutions	All U.S. Bank Offices (including IBFs)	. Parent Organization
BHCs/FHCs	Own U.S. Nonbanking Subsidiaries	. Banking Subsidiaries . Broker/Dealer Subsidiaries . Insurance Underwriting Subsidiaries
Banking Edge Act or Agreement Corporation	Same methodology used for quarterly Condition Report (FR 2886b) **	
U.S. Branches/Agencies of Foreign Banks	Offices in same state and FRB district	
Brokers/Dealers	. U.S.-resident Offices . U.S.-resident Nonbanking Subsidiaries	. Banking Subsidiaries . Insurance Underwriting Subsidiaries

* Files a separate report

** Include all branches and underlying banking subsidiary companies

General Accounting Issues

Report:	TIC B FORMS	TIC S FORM
In millions of U.S. dollars	X	X
Positive and whole values (no negatives or decimals)	X	X
U.S. dollar equivalent of foreign currency-denominated amount (use spot rate on the as-of date of the report)	X	X
Settlement date accounting	X	X

General Accounting Issues

Report:	TIC B FORMS	TIC S FORM
Face value of the instrument	X	
Balance outstanding at the end of reporting period (e.g., month, quarter)	X	
Securities at cost regardless of discounts or premiums		X
Aggregate monthly transactions in the month they actually settle		X

Frequency

Form (Frequency)	As of Date	Due Date
BC, BL-1, BL-2 (Monthly)	Last business day of each month	No later than the 15th calendar day following the last day of the month
BQ-1, BQ-2, BQ-3 (Quarterly)	Last business day of March, June, September, and December	No later than the 20th calendar day following the last day of March, June, September, and December
S (Monthly)	Last business day of each month	No later than the 15th calendar day following the last day of the month

Note: If the due date of a report falls on a weekend or holiday, the due date is the following business day

Reporting Threshold

	REQUIRED TO FILE	
	YES	NO
BC, BL-1, BL-2, BQ-1 and BQ-2, Part 1 (Columns 1-6)		
Total aggregate data is \$50M or more	X	
Any individual country data is \$25M or more	X	
Total aggregate data is less than \$50M and individual country data are less than \$25M		X

Note: Once you exceed the exemption level, you must continue to file for the remaining calendar year

Reporting Threshold

	REQUIRED TO FILE	
	YES	NO
BQ-2, Part 2 (Columns 1-3)		
Total aggregate data is \$50M or more	X	
Total aggregate data is less than \$50M		X

Note: Once you exceed the exemption level, you must continue to file for the remaining calendar year

Exemption Levels

	REQUIRED TO FILE	
	YES	NO
BQ-3		
Total reported data on Form BL-1, Columns 1-6 and BQ-2, Part 1, Columns 1 & 2 equals \$4B or more	X	
Total reported data on Form BL-1, Columns 1-6 and BQ-2, Part 1, Columns 1 & 2 equals less than \$4B		X

Note: Once you exceed the exemption level, you must continue to file for the remaining calendar year

Data Submission, Review and Retention



Data Submission

- **Reporter's Information**
 - RSSD ID
 - Legal name of reporting institution
- **Signature Requirement**
 - Signed by authorized officer
- **Method of Submitting**
 - The Internet (IESUB)
 - Fax
 - Hand-delivered
 - Mail

Internet Data Submission

- Internet Electronic Submission System (IESUB)
 - Features of IESUB:
 - Data entry & file transfer
 - Validity checking
 - Confirmation of receipt

- For additional information refer to www.reportingandreserves.org/iesub.html



Internet Data Submission

- **Internet Electronic Submission System (IESUB) Security**
 - Each individual with the responsibility to file any TIC report via IESUB must have their own access.

 - When employees leave the department or the institution, IESUB access must be revoked for those individuals

 - Add & Delete forms are on the reporting & reserves website on:
 - www.reportingandreserves.org/iesub.html



Where To File

TIC S Reporters: **all data** is sent to the Federal Reserve Bank of New York

TIC B Reporters

- Data is collected at FRBNY from all districts **except** for certain respondents in Richmond (5-E) and San Francisco (12-L)
- Depository institutions and BHCs/FHCs under the jurisdiction of Richmond or San Francisco must file with those districts

Data Review

- Data are reviewed by Federal Reserve staff for:
 - Unusual changes & trend analyses
 - Sizeable fluctuations (dollar and/or percent)
 - Blocked country activity (e.g., N. Korea)
 - Column/row switches

Note: The results of the review process may require the reporter to submit detailed business explanations for variances and/or possible revisions.

Retaining Data Records

Reports must be retained for 3 years from the date of submission

Report Series

TIC BC

- Report all U.S. dollar-denominated claims on foreigners, including affiliates, own foreign offices (both banking and nonbanking), and unaffiliated counterparties unless specifically excluded.

Foreign Economies and Organizations CODE	Claims on Foreign Banks and Foreign Official Institutions			Claims on All Other Foreigners		Grand Total (sum of columns 1 - 5) 6	"Of Which" Items		
	Non-Negotiable Foreign Deposits 1	Negotiable CDs and All Short-Term Negotiable Securities 2	Other 3	All Short-Term Negotiable Securities 4	Other 5		Foreign Official Institutions 7	Own Foreign Offices 8	Resale Agreements 9
Europe	1970-5								
Andors	1970-3								

Report Series

TIC BC reportable claims include:

- Deposit balances due from banks of any maturity
- Negotiable certificates of deposit of any maturity
- Brokerage balances
- Customers' overdrawn accounts
- Loans and loan participations of any maturity
- Resale agreements and similar financing agreements
- Short-term negotiable and non-negotiable securities
- Money market instruments with an original maturity of one year or less
- Syndicated Loans

Report Series

Exclusions apply to all TIC B series

- Derivatives, including forwards, futures, options, swaps, and warrants
- Spot foreign exchange contracts
- Precious metals (e.g., gold, silver)
- Long-term securities (maturity greater than 1 year)
- Credit commitments and contingent liabilities
- Securities borrowing agreements in which one security is borrowed in return for another

Report Series

TIC BL-1

- Report all U.S. dollar-denominated liabilities to foreigners including affiliates, own foreign offices (both banking and nonbanking), and unaffiliated counterparties, unless specifically excluded.

Foreign Economies and Organizations	To Foreign Official Institutions		To Foreign Banks		To All Other Foreigners		Grand Total (sum of columns 1 - 6)	"Of Which" Items	
	Non-Negotiable Deposits & Brokerage Balances 1	Other 2	Non-Negotiable Deposits & Brokerage Balances 3	Other 4	Non-Negotiable Deposits & Brokerage Balances 5	Other 6		Own Foreign Offices 8	Repurchase Agreements 9
CODE	Million	Million	Million	Million	Million	Million	Million	Million	Million
Belgium (cont.)									
Denmark	1200-1								
Kazakhstan	1654-3								
Kyrgyzstan	1622-1								

Report Series

TIC BL-1 reportable liabilities include:

- Non-negotiable deposits of any maturity
- Brokerage balances
- Overdrawn deposit accounts
- Loans of any maturity excluding drawn syndicated loans where there is a U.S. administrative agent
- Short-term non-negotiable securities
- Repurchase agreements and similar financing agreements

Report Series

TIC BL-1 specific exclusions

- Negotiable certificates of deposit.
- Negotiable short-term securities.
- Foreigners' deposits or brokerage balances swept into money market or other mutual funds.
- Loans from a foreigner that are serviced by a U.S. resident

Report Series

TIC BL-2

- Report all holdings of U.S. dollar-denominated liabilities of U.S. residents to foreigners

FOREIGN ECONOMIES AND ORGANIZATIONS	To Foreign Official Institutions			To Foreign Banks			To All Other Foreigners			Grand Total (Sum of Columns 1-9)	*Of Which* Item
	Short-Term U.S. Treasury Obligations	Negotiable CDs & All Short-Term Negotiable Securities	Other Custody Liabilities	Short-Term U.S. Treasury Obligations	Negotiable CDs & All Short-Term Negotiable Securities	Other Custody Liabilities	Short-Term U.S. Treasury Obligations	Negotiable CDs & All Short-Term Negotiable Securities	Other Custody Liabilities		
CODE	1	2	3	4	5	6	7	8	9	10	11
Latin America (Cont.)											
Spain	31305										
Honduras	31488										
Mexico	31704										

Report Series

TIC BL-2

Reportable liabilities include:

- Short-term negotiable and non-negotiable debt securities
- Negotiable certificates of deposit
- Foreign holdings of loans and loan participations to U.S. residents
- Liabilities of U.S. residents to foreigners
- Liabilities of U.S. residents (other than those subject to TIC B reporting) to managed foreign offices of the reporter

Report Series

TIC BL-2 specific exclusions

- Assets, including short-term securities held in custody for customers, which have been temporarily received by foreign residents as collateral under resale agreements or similar financing agreements.
- Short-term non-negotiable securities issued by your own institution.

Report Series

TIC BQ-1

- Report all U.S. dollar-denominated claims of U.S. residents on foreigners

FOREIGN ECONOMIES AND ORGANIZATIONS CODE	Claims of Reporter's Domestic Customers on Foreigners				
	Non-Negotiable Foreign Deposits 1	Negotiable CDs 2	All Short-Term Negotiable Securities 3	Other Claims 4	GRAND TOTAL (sum of columns 1 - 4) 5
	Millions	Millions	Millions	Millions	Millions
Asia					
Afghanistan	4940-1				
Somalia	4075-3				

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Report Series

TIC BQ-1 reportable items include:

- **Custody Items**
 - Short-term negotiable and non-negotiable debt securities issued by a foreigner.
 - Negotiable certificates of deposit of any maturity issued by a foreigner and held by the reporter for U.S. residents.
- **Claims on Managed Offices**
 - Claims of U.S. residents (other than those subject to TIC B reporting) on managed foreign offices of the reporter.
- **Funds Placed Overseas**
 - Pre-arranged "sweep" agreements
 - Brokerage Balances

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Report Series

TIC BQ-1 specific exclusions

- Assets, including short-term securities held in custody for customers received as collateral under resale or similar financing agreements.
- Administrative agents for syndicated loans should exclude loans to foreign borrowers by U.S. creditors.
- Short-term securities held in your own security portfolio or trading account.

Report Series

TIC BQ-2 (Part 1)

- Report all foreign currency-denominated claims on and liabilities to foreigners including affiliates, foreign offices (both banking and nonbanking), and unaffiliated counterparties (converted to U.S. dollars using the spot exchange rate on the as of date).

Foreign Economies and Organizations CODE	Reporter's Own Liabilities and Claims				Claims of Reporter's Domestic Customers		Grand Total (sum of columns 1 - 6)
	Liabilities to Foreigners		Claims on Foreigners		Non-Negotiable Foreign Deposits 6	Other Customers' Claims 7	
	Non-Negotiable Deposits 1	Other Liabilities 2	Non-Negotiable Foreign Deposits 3	Other Claims 4			
	Million	Million	Million	Million	Million	Million	
LATIN AMERICA (CONT.)							
Suriname 3770-2							
Uruguay 3890-3							
Venezuela 3271-9							
TOTAL LATIN AMERICA 3994-2							

Report Series

TIC BQ-2 (Part 2)

Report all foreign currency-denominated liabilities of U.S. residents (converted to U.S. dollars using the spot exchange rate on the as of date) to foreigners of the types listed below:

PART 2		Liabilities of Reporter's Domestic Customers		
CODE	1 Negotiable CDs Million	2 All Short-Term Negotiable Securities Million	3 Other Liabilities Million	4 Grand Total (sum of columns 1 - 3) Million
TOTAL FOR ALL FOREIGN ECONOMIES AND INTL. & REGIONAL ORGS. 9880-5				

Report Series

TIC BQ-2

- **Reporter's Own Liabilities (columns 1 & 2) contains same information as on the BL-1 form**
 - Non-negotiable deposits of any maturity, including non-negotiable certificates of deposit
 - Brokerage balances
 - Overdrawn deposit accounts
 - Loans of any maturity
 - Short-term non-negotiable securities (an original maturity of one year or less)
 - Repurchase agreements and similar financing agreements

Report Series

TIC BQ-2

- **Reporter's Own Claims (columns 3 & 4) contains same information as on the BC form**
 - Deposit balances due from banks of any maturity, including non-negotiable certificates of deposit
 - Negotiable certificates of deposit of any maturity
 - Brokerage balances
 - Customers' overdrawn accounts
 - Loans and loan participations of any maturity
 - Resale agreements and similar financing agreements
 - Short-term negotiable and non-negotiable securities (original maturity of one year or less)
 - Money market instruments (e.g., commercial paper, bankers' acceptances) with an original maturity of one year or less

Report Series

TIC BQ-2, Part 1 cont'd

- **Claims of Reporters Domestic Customers (columns 5 & 6) contains same information as found on the BQ-1**
 - Custody Items
 - Claims on Managed offices
 - Funds Placed Overseas
 - Brokerage Balances

Part 2 of BQ-2

- **Reportable Customers Liabilities contains same information as found on the BL-2**
 - Custody Items
 - Negotiable certificates of deposit (of any maturity)
 - Negotiable and non-negotiable short-term securities

Report Series

TIC BQ-2 specific exclusions for Part 1:

• Columns 1 & 2:

- Negotiable certificates of deposit. (reported by the U.S. custodian on Part 2)
- Negotiable short-term securities. (reported by the U.S. custodian on Part 2)
- Contingent Liabilities
- U.S. dollar-denominated liabilities. (should be reported on the BL-1.)
- Foreigners' deposits or brokerage balances swept into money market or other mutual funds. (should be reported on the TIC S.)
- Securities lending agreements in which one security is lent in return for another

• Columns 3 & 4:

- Credit commitments (e.g., unused loan commitments.)
- U.S. dollar-denominated claims. (These should be reported on the BC.)
- Securities borrowing agreements in which one security is borrowed in return for another.

Report Series

TIC BQ-2 specific exclusions for Part 1 (cont'd):

• Columns 5 & 6:

- U.S. dollar-denominated claims. (should be reported on the BQ-1.)
- Administrative agents for syndicated loans should exclude loans to foreign borrowers by U.S. creditors.
- Short-term securities held in your own security portfolio or trading account

• Specific exclusions for Part 2:

- U.S. dollar-denominated liabilities. (should be reported on the BL-2).
- Short-term non-negotiable securities issued by your own institution.

Report Series

TIC BQ-3

Report all liabilities of the types specified below contained on the reporter's BL-1 and BQ-2 forms for the same as of date, by remaining maturity.

Remaining Maturities	Non-Negotiable Deposits & Brokerage Balances [reported on BL-1 (cols. 1,3,5) & BQ-2, Part 1 (col. 1)] 1	Repurchase Agreements & Other Liabilities [reported on BL-1 (cols. 2,4,6) & BQ-2, Part 1 (col.2)] 2	Loan Liabilities excluding repurchase agreements [reported on BL-1 (cols. 2,4,6) & BQ-2, Part 1 (col. 2)] 3	GRAND TOTAL (sum of columns 1 - 3) 4
DEMAND DEPOSITS	8010-1			
AWREARS	8020-9			
NON-INTEREST PAYING ITEMS WITHOUT A FIXED MATURITY INCLUDING REPOS UNDER A CONTINUING CONTRACT (EXCLUDING DEMAND DEPOSITS)	8030-6			
OTHER ITEMS WITHOUT A FIXED MATURITY INCLUDING REPOS UNDER A CONTINUING CONTRACT	8040-3			
OTHER, 90 DAYS OR LESS	8051-9			
OVER 90 DAYS TO 180 DAYS	8052-7			
OVER 180 DAYS TO 270 DAYS	8053-5			
OVER 270 DAYS TO 1 YEAR	8054-3			
OVER 1 YEAR TO 2 YEARS	8055-1			
OVER 2 YEARS	8057-8			

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Report Series

TIC BQ-3

Reportable Liabilities include:

- **Non-Negotiable Deposits & Brokerage Balances (Column 1)**
 - Totals from columns 1, 3, and 5 of Grand Total (Row 9999-6) on the BL-1
 - Total from column 1 Grand Total (Row 9999-6) of the BQ-2, Part 1.
- **Repurchase Agreements and Other Liabilities (Column 2)**
 - Totals from columns 2, 4, and 6 of Grand Total (Row 9999-6) on the BL-1
 - Repurchase Agreement Row (8400-7), column 2 of the BQ-2, Part 1.
- **Loan Liabilities (Column 3)**
 - Total amount of loans excluding repurchase and similar agreements (included in column 2 of this form)
 - Exclude from this column all liabilities other than loans.

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Common Reporting Issues TIC B Reports

Noel Jang



Common Reporting Issues

- TIC BC

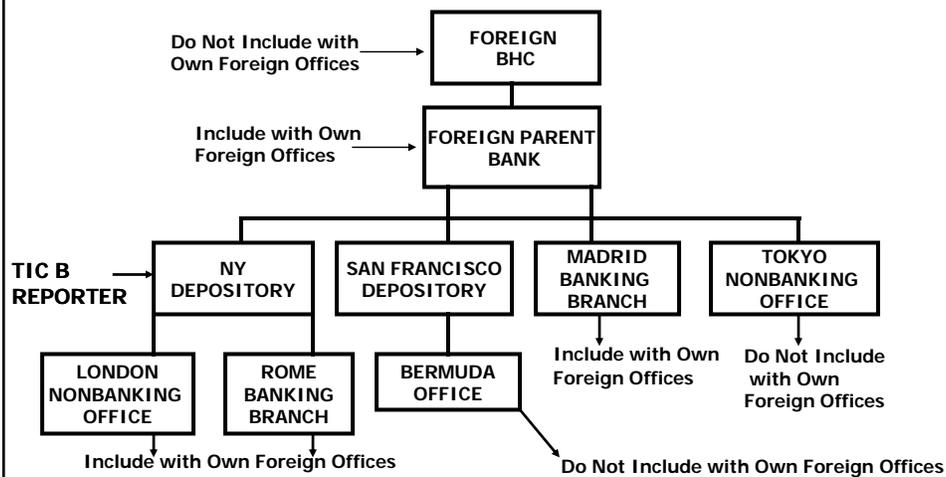
- Erroneously**

- **Excluding accrued interest receivable from 'Other Claims'**
 - **Failure to supply additional information on "Assets Written Off This Reporting Period" (row 8200-9)**
 - Charge-offs or specific reserves made during the reporting period should be totaled and reported on Form BC
 - Only in the initial period when they are established
 - Claims should not be reduced by any general or valuation reserves

Common Reporting Issues

- TIC BC
 - Depository Institutions including claims on depository institutions and non-banking offices of the reporter's parent in "Own Foreign Offices" column
 - Depository institutions should exclude claims due from depository institutions and non-banking offices of the reporter's parent from the "Own Foreign Offices" of which column, but continue to report these claims in columns 1-5.

Reporting Own Foreign Office



Common Reporting Issues

- TIC BL-1

Erroneously

- Including Negotiable securities (including negotiable CDs)
 - Should be included on the BL-2
- Depository Institutions erroneously including liabilities to offices of affiliated banks and nonbanking offices of the reporter's parent in "Own Foreign Offices" column
 - Depository institutions should exclude liabilities due to offices of affiliated banks and non-banking offices of the reporter's parent from the "Own Foreign Offices" of which column, but continue to report these liabilities in columns 1-6.

Common Reporting Issues

- TIC BL-2

Erroneously:

- Excluding state/local government debt from Total General Government (row 8144-2)
 - Total General Government line should include U.S. Treasury bills from cols. 1,4, and 7 **and** debts issued by state and local governments from cols. 2,5, and 8
- Reporting in the Memorandum section
 - Total Bank Debt (row 8102-7) = Loans to Banks (row 8141-8) + Short-Term Negotiable Securities Issued by Banks (row 8142-6)
 - Negotiable CDs should be removed from data reported on "Short Term Negotiable Securities Issues by Banks" (row 8142-6)

Common Reporting Issues

- **TIC BQ-1**

Erroneously:

- Excluding accrued interest receivables from 'Other Claims'
- Excluding claims of non-bank U.S. residents on managed foreign offices
- Excluding funds of U.S. customers transferred overseas under pre-arranged sweep agreements

Common Reporting Issues

- **TIC BQ-2**

Erroneously:

- Excluding reportable foreign-currency denominated items on the entire report

TIC BQ-2 (Part 2)

- Erroneously including assets which have been temporarily received by foreign residents as collateral under resale agreements or similar financing agreements

Common Reporting Issues

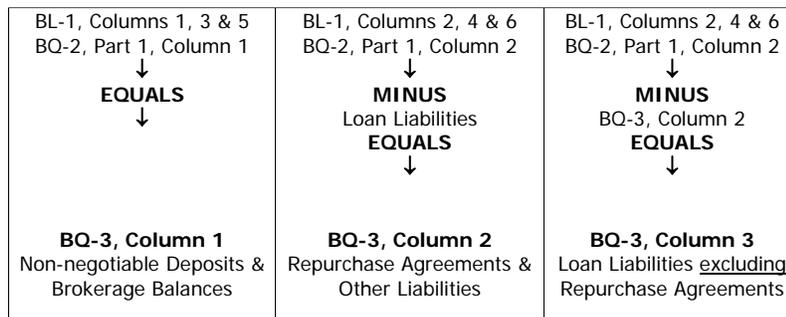
- TIC BQ-3

Erroneously:

- Overlapping of information from Columns 2 & 3
 - Including loan liabilities from the BL-1 and BQ-2 in calculating column 2
 - Including repurchase agreements or similar financing agreements from the BL-1 and BQ-2 in calculating column 3
 - Misstating the time remaining to maturity rows (rows 8051-9 to 8057-8)

Common Reporting Issues

BQ-3 - MATURITIES OF SELECTED LIABILITIES



Common Reporting Issues

- Sweep Agreement reporting issues
 - TIC B reporter erroneously reporting sweep balances on behalf of another TIC B reporter (i.e. commercial bank reporting sweep balances on behalf the BHC).

Common Reporting Issues

- Loans
 - Omission of Traded Loans
 - Reportable on BC (if U.S. dollar-denominated)
 - Reportable on BQ-1 (if U.S. dollar-denominated)
 - Reportable on BQ-2 (if foreign currency denominated)
 - Omission of Syndicated Loans
 - Claims
 - Liabilities

Common Reporting Issues

- Omission of Margin Accounts

Cash held in margin accounts outside the U.S.

- Reportable as claims on foreigners
 - BC (col. 1 & 5) - reporter's own U.S. dollar claims
 - BQ-2 (col. 3) - foreign currency claims
 - BQ-1 (col. 1) or BQ-2 (col. 5) – U.S. dollar denominated, foreign currency denominated positions, respectively placed abroad by customers through respondents
- Reportable as liabilities to foreigners
 - BL-1 (col. 1, 3, and 5) - reporter's own U.S. dollar liabilities

Common Reporting Issues

- Omission of Asset-Backed Security Issuances (**short-term ABS**)

Foreign issued ABS for own portfolio

- Reportable on BC (if U.S. dollar denominated)
- Reportable on BQ-2 (if foreign currency denominated)

Foreign issued ABS for U.S. Resident Customers

- Reportable on BQ-1 (if U.S. dollar denominated)
- Reportable on BQ-2 (if foreign currency denominated)



Break



Q & A

TIC S Reporting Requirements

Eric J. Heine



Overview

- General Reporting Requirements
- Reporting Responsibilities by Role
- Additional Reporting Guidelines
- Common Reporting Errors

Who Must Report

TIC S Report Forms

- U.S. entities who buy or sell long-term securities directly from or to foreigners including:
 - Securities brokers and dealers
 - Depository Institutions (including BHCs/FHCs)
 - Non-bank holding companies
 - Insurance companies
 - Investment managers
 - Industrial and commercial entities
 - Other investors or non-banking entities

What to Report

- Direct transactions between U.S residents and Foreign residents
 - Types of transactions include:
 - Purchases of L.T. securities
 - Sales of L.T. securities
 - New Issues of L.T. securities
 - Conversions of financial instruments to L.T. securities

Reportable Securities

- L.T. debt issued by U.S residents and Foreign residents include:
 - Bonds and Debentures
 - Zero coupon bonds
 - Floating rate debt
 - Convertible debt
 - Perpetual debt

Reportable Securities

- L.T. debt issued by U.S residents and Foreign residents include:
 - Asset-Backed Securities
 - Mortgage-backed securities
 - Collateralized debt obligations (CDOs)
 - Notes
 - Floating rate notes (FRNs)
 - Medium-term notes (MTNs)

Reportable Securities

- Equity issued by U.S. residents and foreign residents include:
 - Common Stock
 - Preferred stock
 - Shares of Funds (e.g., mutual, pension, hedge, money market) and investment companies
 - Limited partnership interest

Exclusions

- Exclude
 - S.T. securities (an original maturity of one year or less)
 - New offering of securities issued by foreigners for the sale only to foreigners
 - Interest payments on securities
 - Dividend distributions
 - CDs, deposit note, bankers' acceptances, loan participations

Exclusions

- Exclude
 - Securities involved in Repurchase/resale or similar financing agreements
 - Securities lending transactions/securities taken in loan or lent as collateral
 - Derivatives (including forward contracts)
 - Direct investment (10% or more of voting stock)
 - Custodial holdings of L.T. securities

How to Report

- Form S is completed from the viewpoint of the foreigner:
 - Purchases of long-term securities (for the reporters own account or for the account of United States customers) should be recorded as sales by a foreign resident;
 - Sales of long-term securities should be reported as purchases by a foreign resident
- Report opposite the country or geographic region of residence of the direct foreign purchaser or seller of the securities

Reporting Responsibilities, by Role



Reporting Responsibilities, by Role

- Broker
- Dealer
- Issuer
- Underwriter
- Custodian
- Paying Agent
- Prime Broker

Reporting Requirements for U.S.-Resident Brokers

- U.S.-resident brokers should report transactions they execute between:
 - Their U.S.-resident clients (including their own U.S. offices) and foreign-resident brokers (or other foreign entities, including paying agents)
 - Their foreign-resident clients (including their own foreign offices) and U.S.- resident brokers (or other U.S. entities, including paying agents).

Reporting Requirements for U.S.-Resident Dealer

- U.S.-resident dealers should report all transactions between their U.S. offices and foreign residents (including their own foreign offices).

Reporting Requirements for U.S. Resident Issuers

- Initial Offerings

- If the U.S.-resident Issuer uses a foreign-resident underwriter, the U.S.-resident Issuer must report on TIC S opposite the country in which the underwriter is located
- If the U.S. resident entity issues without an underwriter, the U.S.- resident Issuer is required to report the dollar amount of the new issue acquired directly by foreign residents

Reporting Requirements for U.S. Resident Issuers

- Redemptions

- When a foreign-resident paying agent is used:
 - The U.S.-resident issuer should report a “sale” of the securities by the foreign-resident paying agent
- When no paying agent is used:
 - The U.S.-resident issuer should report a “sale” of the securities by any foreign residents that present the securities directly to the U.S.-resident issuer for payment.

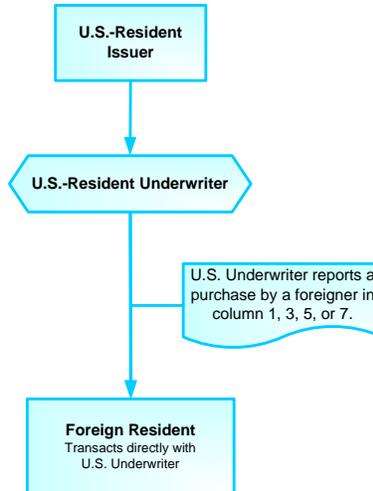
Reporting Requirements for U.S.-Resident Underwriters of Securities Issued by U.S. Residents

- U.S.-residents that underwrite long-term securities have the following TIC S reporting requirements
 - Securities Issued by U.S.-Residents
 - Securities Issued by Foreign Residents

Reporting Requirements for U.S.-Resident Underwriters of Securities Issued by U.S. Residents

- Securities Issued by U.S.-Residents
 - The U.S.-resident lead underwriter should report as a purchase the amount taken by foreign- resident direct contacts opposite the country of the direct contact.

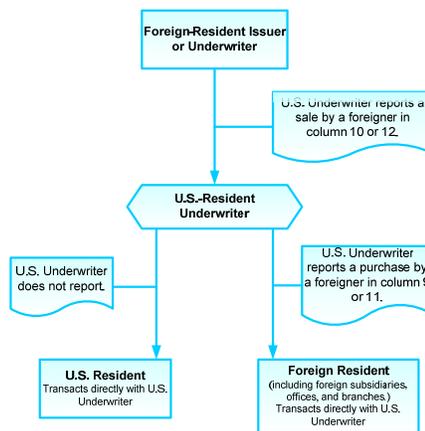
Reporting Requirements for U.S.-Resident Underwriters of Securities Issued by U.S. Residents



Reporting Requirements for U.S.-Resident Underwriters of Securities Issued by Foreign Residents

- Securities Issued by Foreign Residents:
 - The U.S.-resident lead underwriter of a foreign security should report the entire amount taken for distribution opposite the country of the foreign-resident issuer as either a purchase or a sale.

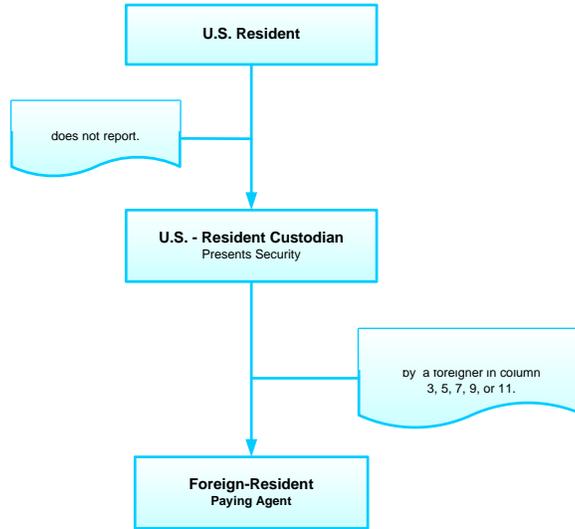
Reporting requirements for U.S.-Resident Underwriters: Foreign Issuers



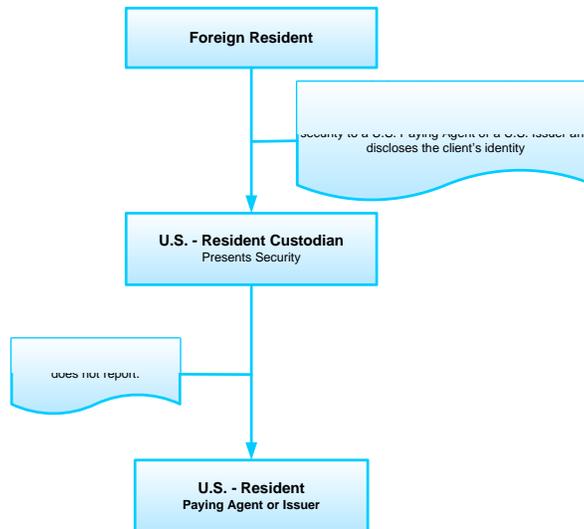
Reporting Requirements for U.S.-Resident Custodians

- U.S.-resident custodians file the TIC S when:
 - Presenting securities owned by U.S. residents for redemption to a foreign-resident paying agent or a foreign-resident issuer
 - Presenting securities for redemption to a U.S.-resident paying agent or a U.S.-resident issuer from the accounts of foreign residents

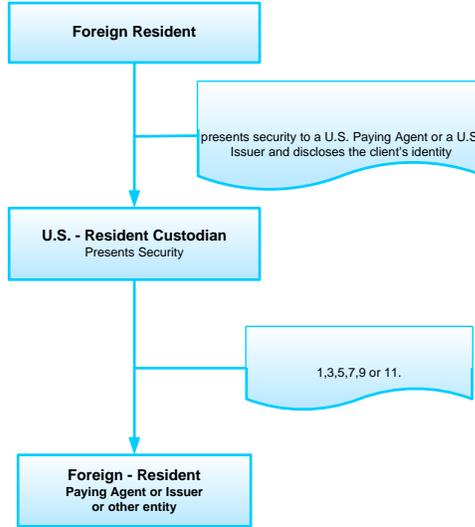
Reporting Requirements for U.S.-Resident Custodians In the Redemption of Long-Term Securities held by U.S. Residents



Reporting Requirements for U.S.-Resident Custodians In the Redemption of Long-Term Securities held by Foreign Residents



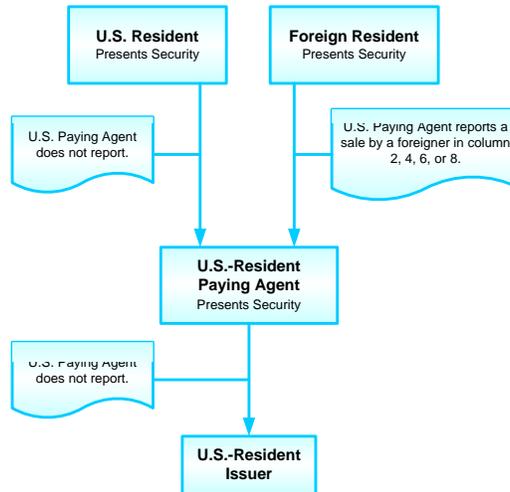
Reporting Requirements for U.S.-Resident Custodians In the Redemption of Long-Term Securities held by Foreign Residents



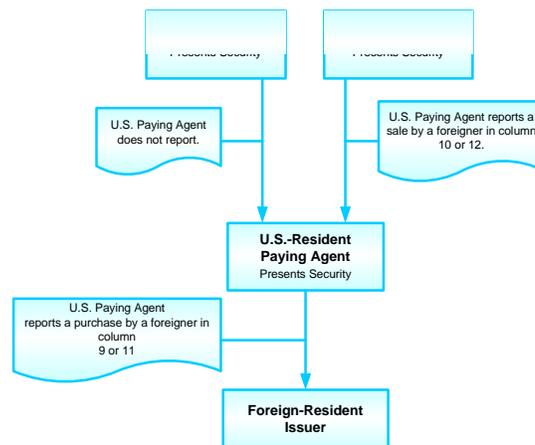
Reporting Requirements of U.S.-Resident Paying Agents

- U.S.-resident paying agents must report any security presented directly by a foreign resident as a sale by a foreigner in columns 2, 4, 6, 8, 10, or 12
- U.S.-resident paying agents must report foreign securities presented to a foreign issuer for redemption as a purchase by a foreigner in columns 9 or 11

Reporting Requirements of U.S.- Resident Paying Agents



Reporting Requirements of U.S.-Resident Paying Agents



TIC S Additional Reporting Guidance



Additional Reporting Guidance

- Changes to TIC S report
- Prime Brokerage Reporting
- American Depositary Receipts (ADRs)
- Portfolio investment vs. direct investment
- Clearing Firms
- Line of Business Review

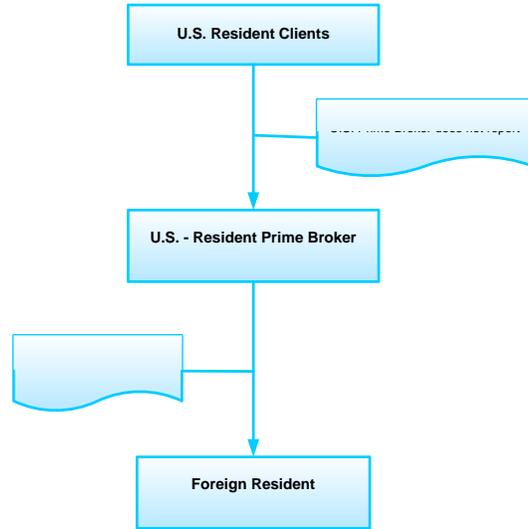
Additional Reporting Guidance

- Changes to TIC S report
 - As of March 31, 2009, the following changes were made to the TIC S report:
 - Exemption level & Reporting frequency
 - Additional row was added to record the total of transactions in asset-backed securities
 - Foreign currency transactions be converted to U.S. dollars as of the settlement date
 - Coverage of reporting by prime brokers

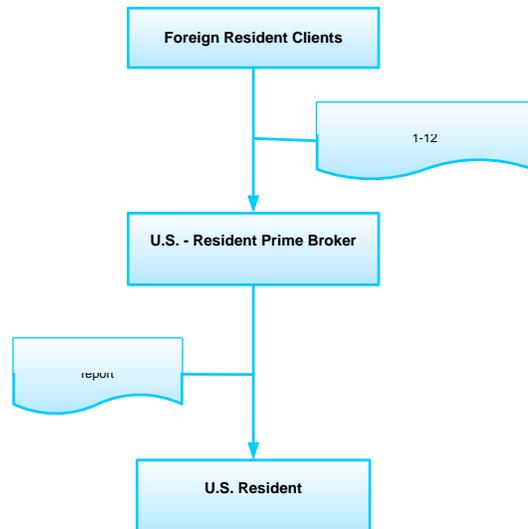
Additional Reporting Guidance

- Prime Brokerage Reporting
 - U.S.-resident prime brokers should report transactions with a foreign entity when
 - their foreign-resident clients (including their own foreign offices) employ a different U.S.-resident broker to execute the transaction
 - their foreign-resident clients (including their own foreign offices) employ a foreign-resident broker to execute the transaction

Reporting Requirements for U.S.-Resident Prime Brokers In the Purchase and Sale of Long Term Securities



Reporting Requirements for U.S.-Resident Prime Brokers In the Purchase and Sale of Long Term Securities



Additional Reporting Guidance

- American Depositary Receipts (ADRs)
 - An ADR is a negotiable certificate issued by a U.S. bank representing a specific number of shares of (typically) a foreign stock traded on a U.S. stock exchange

Additional Reporting Guidance

- **Portfolio vs. Direct Investment**
 - Any purchases and sales of foreign company shares by a US-resident that represent less than 10% of that foreign company's voting rights is considered a portfolio investment and should be included on the TIC Form S.
 - Any purchases and sales of foreign company shares that represent greater than 10% of that foreign company's voting rights is considered a direct investment and should be excluded from the TIC Form S.

Additional Reporting Guidance

- Clearing Firms
 - are not responsible for filing the TIC Form S.
- Line of Business Review
 - It is recommended that a line of business review be conducted periodically to ensure that all cross-border transactions are properly being reported from each line of business.

TIC S Common Reporting Errors



Common Reporting Errors

- Failure to report transactions from the **foreigners' perspective**
- Inclusion of short-term securities
 - Short-term securities are debt instruments with an original maturity of one year or less.
- Inclusion of securities transacted under repurchase/resale or similar financing agreements

Common Reporting Errors

- Reporting federally-sponsored agency securities as domestic corporate securities
 - Fannie Mae Notes
 - Freddie Mac Notes
 - Ginnie Mae Notes

Common Reporting Errors

- Incorrect identification of countries
 - Location of foreign purchaser or seller
 - Line errors: line or column switches
- Incorrect classification of securities
 - Equity vs. corporate debt security
- Reporting purchases and sales of long-term securities executed by your foreign offices for their customers

Common Reporting Errors

- Reporting data in foreign currency units
 - e.g., 200 billion yen instead of U.S. dollar equivalent
- Reporting in Decimals
- Reporting in Thousands

Common Reporting Errors

- Reporting new issuances using announcement dates
- Using trade date rather than actual settlement date accounting
- Using anticipated settlement date rather than actual settlement date.

Common Reporting Errors

- Omissions of transactions with Foreign Official Institutions
 - Items reported in the main body of the report are sometimes not included in the Memorandum section
 - The data reported in the Memorandum section are greater than the data reported in the main body of the report for columns 1 through 8

Common Reporting Errors

Eric Brokerage House was instructed by the Bank of England (FOI) to buy \$30M U.S. Treasuries.

Cntry Code	Cntry Name	Column	Amount That Was Reported
1300-5	UK	1	30
Memorandum Section			
1300-5	UK	1	0

Cntry Code	Cntry Name	Column	Amount That Was Reported
1300-5	UK	1	0
Memorandum Section			
1300-5	UK	1	30

Common Reporting Errors

- The omission of redemptions of long-term securities
- The omission of new issuances of long-term securities
- Omission of private placements
 - Any U.S. resident should report the private placement of U.S. or foreign securities with foreign investors

Points of Contact

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Serge Ternier (212) 720-8230



THE END