Guidelines for Preparing an Error-Free Report of U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Forms SHC and SHCA) Common Reporting Errors

Introduction

The following guidelines serve as a supplemental source of information to help ensure data accuracy when preparing the Report of U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Forms SHC and SHCA). These guidelines are primarily based on common reporting errors and the edit process developed and used by the Federal Reserve Bank of New York. However, they should not be used as a substitute for the SHC and SHCA instructions.

Line Number	Item Description	Common Error	Correct Reporting
1	Reporter Identification Number	Tax identification number reported.	The reporter identification number (also known as the RSSD ID) provided by the FRBNY should be reported. This number typically has three or more leading zeros, which should be included in the reported ID number. If you do not know your RSSD ID number please call (212-720-6300), or e-mail to shc.help@ny.frb.org.
2	Sequence Number	The same number is reported for all records	Each record should be reported with a distinct sequence number, preferably in sequential order. If data are submitted on multiple media by the same reporter, distinct sets of sequence numbers are not required; however, distinct sequence numbers are useful when identifying and discussing problematic records.
3a & 3b	Reporting Unit and Name of Reporting Unit	Information is not provided.	Each record should be reported with a code and description of the part of the organization that is the source of the reported information. Although not required, grouping reported data by reporting unit codes (e.g., by business line, distinct databases, organizational lines) assists in identifying problematic reporting and streamlines the revision process.
4	Security ID	Excessive Internally generated IDs reported	Internal IDs should be kept to a minimum. IDs from a numbering agency (e.g., ISIN, CUSIP, Common Code) should be reported for securities other than limited partnership shares, certain money market instruments, and possibly other securities not traded on exchanges.
5	Security Description	Information is not provided or the information does not describe the security	Whenever possible, information describing the type of security, including dividends or coupon rate information, should be included.
6	Security ID System	IDs from numbering agencies are coded incorrectly, usually as internal IDs.	Security ID systems reported should be checked to ensure they coincide with the structure of the reported security ID (e.g., CUSIPs are nine characters long, ISINs are 12 characters long and the first two characters are alphabetic). In addition, internally generated security IDs should be reviewed to ensure they are coded correctly.
6a	Comment Line	Information is not reported	If you entered a code of 99 (other) in item 6 you must provide the name of the organization generating the security ID code. If you entered a code of 98 (internally generated) in item 6 please explain how your internal coding system assigns numbers.

Line Number	Item Description	Common Error	Correct Reporting
7	Security Type	Bond funds are reported as debt	All funds, regardless of the type of securities they own (including money market mutual funds), should be reported as equity (security type 3).
7	Security Type	Convertible debt reported as equity	Securities that have an embedded option to convert the security to equity should be reported as debt until the option has been exercised and the debt securities have been converted to equity. Embedded derivatives that are bifurcated under FAS 133 should be excluded from the report. However, if an embedded derivative is not bifurcated the derivative should be included in the value of the host contract
8	Depositary Receipt/Share	Information is not provided for equity securities	All equity securities should be identified as either a depositary receipt/share or as an actual foreign equity security (i.e., not a depositary receipt/share).
8	Depositary Receipt/Share	Debt securities are reported as depository receipts/shares	For debt securities, this item should be left blank.
9	Name of Issuer	Information is not provided	Whenever possible, the full legal name of the issuer should be included. Names of bank branches should include the location of the issuing branch.
10	Term Indicator	Information is not provided.	All debt securities (security types 5-10) must have a corresponding term indicator differentiating between short and long term.
10	Term Indicator	Incorrect Term Indicator entered	Term should be based on the original term-to-maturity rather than the remaining term-to-maturity.
11	Country of Issuer	Securities issued by International and Regional (IR) organizations are classified based on where the IR headquarters is located.	International and regional organizations should always be classified as foreign organizations, even if the headquarters are located in the United States (e.g., the World Bank/IBRD). In addition, country code 79995 should be used to identify securities issued by any international and regional organization. For example, country code 79995 should be used to identify securities issued by the European Investment Bank (EIB), not the country code for Luxembourg, where the EIB's headquarters is located. A list of all international and regional organizations is in Appendix E of the instructions.

Line Number	Item Description	Common Error	Correct Reporting
11	Country of Issuer	Securities issued by organizations that have recently incorporated outside of the United States and by organizations located in Canada are classified as U.S. securities.	All organizations that are incorporated outside of the United States on the report as-of date should be classified as foreign organizations.
11	Country of Issuer	United States is reported as the country of issuer for depositary receipts/shares.	When reporting depositary receipts/shares, the country of issuer should be the country where the issuer of the underlying foreign security is incorporated. (This exception only applies to depositary receipt/share reporting.)
11	Country of Issuer	Securities issued by Puerto Rican organizations are classified as foreign securities.	For purposes of this report, securities issued by organizations incorporated in Puerto Rico and the U.S. territories should be classified as U.S. securities and excluded from this report. A complete list of U.S. territories is in the definition of United States in Appendix H of the instructions.
11	Country of Issuer	Country codes 01007 and 1007 are reported as country of issuer.	The country codes for United States are 01007 and 1007. These codes should not be reported as the country of issuer of foreign securities. These securities should be coded with the appropriate foreign country code or excluded from the report if they represent securities issued by U.S.-resident organizations (with the exception of U.S.-resident international and regional organizations).
12	Currency of Denomination	Information not provided when the currency is US$	A currency must be provided for all securities. If denominated in US$, the code USD must be reported.
12	Currency of Denomination	The currency reported is defaulted to match the currency of the reported country of issuer.	Currency and country of issuer are independent fields. The actual currency of denomination of each security should be reported and not the currency of the reported country of issuer.
13	Ownership Code	Miscoding security ownership.	Ownership code 5 should be used if the security is owned by any other U.S. residents other than those listed as ownership code 1-4. Ownership code 6 should only be used if you do not know the classification on the client.

Line Number	Item Description	Common Error	Correct Reporting
14a	US$ Fair (Market) Value of Security Held	The fair (market) value is calculated incorrectly.	Report the fair (market) value of securities as of close of the last business day of December. The fair (market) value follows the definition of FAS 115. If the fair (market) value or market price is not available as of the last business day of December, use the fair (market) value or market price that is closest to the above mentioned date. If there is doubt as to whether to report the valuation available or to report zero, please contact FRBNY report staff.
14a	US$ Fair (Market) Value of Security Held	The fair (market) value is converted to US$ incorrectly	If the exchange rate is quoted in units of foreign currency per US$, divide the fair (market) value in currency of denomination (line 14b) by the exchange rate to obtain the US$ value for line 14a. If the exchange rate is quoted in US$ per units of foreign currency, multiply the fair (market) value in currency of denomination (line 14b) by the exchange rate to obtain the US$ value for line 14a.
14a	US$ Fair (Market) Value of Security Held	The fair (market) value is converted to US$ using the incorrect exchange rate.	The spot exchange rate as of close of the last business day of December should be used to convert each foreign currency fair (market) value to the US$ equivalent.
14b	Fair (Market) Value of Security Held Denominated in the Currency of Issue	Information is not provided when the currency is US$.	The fair (market) value of the security held denominated in the currency of issue must be provided for all securities. If denominated in US$ the value in line 14b will be equal to the value reported in line 14a.
14b, 17, 20, 21	Fair (Market) Value, Face Value, Original Face Value, and Remaining Principal Outstanding Denominated in the Currency of Issue	The currency that the fair value (14b) is denominated in is different from the currency that the face value (17 or 20/21) is denominated in.	Foreign currency items should be reported consistently. For example, if a reporter reports the currency code as US$ (perhaps because it is believed that the organization's database only stores the US$ equivalent face value), then it would be incorrect to report the face value in a currency other than US$.
14b, 17, 20, 21	Fair (Market) Value, Face Value, Original Face Value, and Remaining Principal Outstanding Denominated in the Currency of Issue	The currency of the value reported (e.g., market value) is different from the currency used for other values reported (e.g., face value).	The foreign currency items should be reported consistently. For example, if the reported market value of a security originally denominated in a Euro legacy currency has been converted to Euros, the corresponding face value should also be reported denominated in Euros.

Line Number	Item Description	Common Error	Correct Reporting
14b	Fair (Market) Value Denominated in the Currency of Issue	The (fair market) value for asset-backed securities is overstated because the original face value is used in the computation rather than remaining principal outstanding.	The fair (market) value denominated in currency of issue for asset-backed securities should be calculated by multiplying the **remaining** principal outstanding in currency of issue by its market price (quoted as of the last business day of December, if available).
15	Intentionally Left Blank	A value is entered into this field.	Leave this field null or enter a blank space for each record.
17	Face Value in Currency of Denomination	Number of units held is reported rather than the face value held.	If a security is traded in units, calculate the total face value by multiplying the number of units held by the face value of each unit.
20	Original Face Value in Currency of Denomination	Number of units held is reported rather than the original face value held.	If a security is traded in units, calculate the total face value by multiplying the number of units held by the face value of each unit.
21	Remaining Principal Outstanding in Currency of Denomination	Number of units held is reported rather than the remaining face value held.	If a security is traded in units, calculate the total remaining principal outstanding by multiplying the number of units held by the remaining value of each unit.
21	Remaining Principal Outstanding in Currency of Denomination	The face value of remaining principal outstanding is calculated incorrectly.	Calculate the face value of remaining principal outstanding by multiplying the original face value (item 20) by the security's factor value (as of close of the last business day of December).