



INSTRUCTIONS
FOR
MONTHLY TREASURY INTERNATIONAL CAPITAL (TIC)
FORM S AND MEMORANDUM
PURCHASES AND SALES OF LONG-TERM SECURITIES
BY FOREIGNERS

FEDERAL RESERVE SYSTEM
FISCAL AGENT OF THE U.S. TREASURY

Revised January 2001

INSTRUCTIONS FOR THE PREPARATION OF THE TREASURY INTERNATIONAL
CAPITAL (TIC) FORM S REPORT

**MONTHLY REPORT OF PURCHASES AND SALES OF LONG-TERM SECURITIES BY
FOREIGNERS**

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Note: Terms that are in capital letters can be found in the glossary.

AUTHORITY AND CONFIDENTIALITY STATEMENT

This report is required by law (22 U.S.C. 286f; 22 U.S.C. 3103; E.O. 10033; 31 C.F.R. 128.1 (a)). Failure to report can result in a civil penalty of not less than \$2,500 and not more than \$25,000. Willful failure to report can result in criminal prosecution and upon conviction a fine of not more than \$10,000; and if an individual, imprisonment for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation may, upon conviction, be punished by a like fine, imprisonment, or both (22 U.S.C. 3105 (a) and (b); 31 C.F.R. 128.4 (a) and (b)).

Data reported on this form will be held in confidence by the Department of the Treasury, the Board of Governors of the Federal Reserve System, and the Federal Reserve Banks acting as fiscal agents of the Treasury. The data reported by individual respondents will not be published or otherwise publicly disclosed; information may be given to other Federal agencies, insofar as authorized by applicable law (44 U.S.C. 3501 *et seq.*; 22 U.S.C. 3101 *et seq.*). Aggregate data derived from reports on this form may be published or otherwise publicly disclosed only in a manner, which will not reveal the amounts reported by any individual respondent.

GENERAL INSTRUCTIONS

A. PURPOSE AND NOTICE UNDER PAPERWORK REDUCTION ACT

The purpose of TIC Form S is to gather timely and reliable information from U.S. reporters on their monthly purchases and sales of LONG-TERM SECURITIES in transactions directly with foreigners. This information is needed for preparation of the financial accounts of the U.S. BALANCE OF PAYMENTS and the international investment position of the UNITED STATES, and the formulation of U.S. international financial and monetary policies.

No person is required to respond to any U.S. government collection of information unless the form displays a currently valid control number assigned by the Office of Management and Budget (OMB). TIC form S has been reviewed and approved by OMB under control number 1505-0001.

The Treasury Department has estimated the average burden associated with the collection of information on each S form per respondent, but this will vary widely across reporting institutions: an overall average burden of five and one-half hours, based on ten hours for each major respondent and five hours for each other respondent. These estimates include the

time it will take to read the instructions, gather the necessary facts and fill out the forms. Comments regarding the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Program Services, U.S. Treasury Department, Washington, D.C. 20220, Attention International Portfolio Investment Data Systems; or the Office of Management and Budget, Paperwork Reduction Project (1505-0001), Washington, D.C. 20503.

B. WHO MUST REPORT

TIC form S must be filed by UNITED STATES residents who, during the reporting month, purchase or sell U.S. LONG-TERM SECURITIES directly from or to FOREIGNERS, and/or purchase or sell foreign LONG-TERM SECURITIES directly from or to FOREIGNERS, or have foreign agents purchase or sell these securities on their own behalf, or on behalf of customers (see section F - EXEMPTION LEVEL for more information). Potential reporting entities include:

1. Banking organizations, including commercial banks, bank holding companies (including financial holding companies), UNITED STATES branches and agencies of FOREIGN BANKS, trust companies, industrial banks, private or unincorporated banks, banking Edge Act and Agreement corporations, New York State Article XII corporations, mutual or stock savings or building and loan associations, cooperative banks, credit unions, homestead associations, and other similar depository institutions.
2. Nonbank holding companies.
3. Securities brokers and dealers.
4. Insurance companies.
5. Investment managers, including mutual fund and pension fund investment advisors or managers. (However, transactions in LONG-TERM SECURITIES held by a domestic trustee in personal trusts created by individuals are not reportable on this form.)
6. Industrial and commercial enterprises.
7. Other investors or nonbanking enterprises.

C. CONSOLIDATION RULES

1. Banks and other depository institutions with head offices in the UNITED STATES should report for all offices including INTERNATIONAL BANKING FACILITIES (IBFs) located in the UNITED STATES on a consolidated basis.
2. Bank holding companies should prepare consolidated reports for their own transactions and those of any non-banking SUBSIDIARIES, other than brokers and dealers and insurance underwriting entities who must report for themselves, as described below.
3. Brokers and dealers should prepare consolidated reports for all of their offices and SUBSIDIARIES located in the UNITED STATES excluding banking and insurance underwriting SUBSIDIARIES.
4. Banking Edge Act or Agreement corporations should file reports on the same basis as used for their Quarterly Condition Report (FR 2886b).
5. UNITED STATES branches and agencies of a FOREIGN BANK (including their IBFs) located in the same state and within the same Federal Reserve District should submit an aggregated report to the Federal Reserve Bank in whose District they operate. However, a FOREIGN BANK'S branches and agencies located in the same state but in different Federal Reserve Districts should report separately to their respective Reserve Bank.
6. Nonbanking companies should file a consolidated report for all their offices and SUBSIDIARIES located in the UNITED STATES other than brokers and dealers.
7. Insurance underwriting entities should prepare consolidated reports for all of their offices and SUBSIDIARIES located in the UNITED STATES excluding banking and broker and dealer SUBSIDIARIES.
8. Fund managers (e.g., managers of mutual funds, pension funds or limited partnerships) should include on a consolidated basis the reportable transactions of all the funds they manage.

D. ACCOUNTING RULES

All amounts are reported gross at cost (including commissions and taxes) and should not be revalued for changes in prices over the month. The data are to be reported using SETTLEMENT DATE ACCOUNTING. Do not enter decimals or negative values in any cell. Securities denominated in FOREIGN (non-U.S.) currencies should be converted to U.S. dollar equivalents using the spot exchange rates at the close of business on the as-of date of the report.

E. WHAT MUST BE REPORTED

Unless noted below, all purchases or sales of debt securities with original maturities exceeding one year and all purchases or sales of equity securities (LONG-TERM SECURITIES) undertaken directly with FOREIGNERS should be reported. Transactions in which another UNITED STATES entity (bank, broker or dealer or any other UNITED STATES person) acts as an intermediary for a FOREIGNER should not be reported. UNITED STATES entities that provide only custodial or settlement functions are not intermediaries for purposes of this report.

Transactions in the following type of securities should be reported:

1. Common and preferred stock
2. LONG-TERM U.S. TREASURY SECURITIES
3. LONG-TERM U.S. AGENCY SECURITIES
4. LONG-TERM obligations of state and local governments
5. LONG-TERM obligations of foreign governments
6. Investment company shares
7. Options and WARRANTS
8. Rights, scripts, bonds and debentures
9. Floating Rate Notes (FRNs)
10. Continually-Offered Medium-Term Notes (COLTS)
11. Collateralized Mortgage Obligations (CMOs)
12. Zero-coupon bonds and notes
13. Equipment trust certificates

14. American Depositary Receipts (ADRs)

15. Limited partnership interests

Transactions of the following items/types should not be reported:

1. New offerings of securities issued by entities outside the UNITED STATES for sale only to entities outside the UNITED STATES. (See General Instruction K.1 below)
2. SHORT-TERM SECURITIES (Bank holding companies, depository institutions and brokers and dealers report these on the TIC B-series forms and all other entities report these on TIC form CQ-1).
3. Certificates of deposit, DEPOSIT NOTES, bankers' acceptances, and participations in loans, regardless of maturity date. (Bank holding companies, depository institutions and brokers and dealers report these on the TIC B-series forms and all other entities report these on TIC form CQ-1).
4. DERIVATIVES contracts (including forward contracts to deliver securities).
5. Interest payments on securities and dividend distributions.
6. Securities taken in or lent as collateral, securities involved in REPURCHASE/RESALE (reverse repurchase) AGREEMENTS and security lending transactions. These transactions are considered borrowings collateralized by the underlying securities. Banks and broker/dealers should report the funds from these loans on the TIC B-series forms; other entities should report these on TIC form CQ-1.

F. EXEMPTION LEVEL and REPORTING FREQUENCY

You must file a report if the total of your transactions directly with FOREIGNERS in purchases or sales of LONG-TERM SECURITIES amount to \$50 million or more during the reporting month. If your transactions meet or exceed the exemption level in any month, you must report all the purchases and sales for that month, **each subsequent month of that year and the following year regardless of the levels of transactions.**

G. SUBMISSION OF REPORTS

TIC form S is due no later than 15 calendar days following the last business day of the month (as-of date). If the due date of the report falls on a weekend or holiday, form S is due the following business day.

Depository institutions and bank holding companies should file their reports with the Federal Reserve Bank of the District in which they are located. All other entities should file their reports with the Federal Reserve Bank of New York, regardless of where they are located.

Reporter ID Number

Each reporting entity has been assigned a "RSSD-ID" number by the Federal Reserve System. To ensure proper processing, this ID must be entered in the space provided on each form. If you do not know your RSSD ID number, please call the Federal Reserve Bank where you submit your form.

H. ALTERNATIVE METHODS OF REPORTING

In lieu of reports on the printed Treasury International Capital forms (which can be printed by the respondent from the TIC website at www.ustreas.gov/tic/), the data may be submitted electronically. For further information on electronic submission, reporters should contact the Federal Reserve Bank of the District in which their reports are filed.

Data may also be reported on computer printouts in the same format. Proposed computer printouts must be approved in writing by the Federal Reserve Bank of the District in which the reports are filed. Reports submitted on computer printouts must be signed by a responsible officer of the reporting institution.

I. REPORTING PURCHASES AND SALES

The reporting of a purchase or sale should be based on the viewpoint of the FOREIGNER. Your purchases of LONG-TERM SECURITIES (for your own account or for the account of your UNITED STATES customers) should be recorded as sales by a FOREIGNER; similarly, your sales of LONG-TERM SECURITIES should be reported as purchases by a FOREIGNER.

A purchase or sale is the transfer of assets whereby the seller surrenders control over those securities to the buyer for currency. Generally, the following three criteria must be met: (1) The transferred assets are isolated from the transferor; (2) the transferee has the right to pledge or exchange the assets (or the transferee is a qualifying special purpose entity); and 3)

the transferor is not under entitlement or obligation to repurchase or redeem the transferred assets (see SFAS 140).

J. LOCATION OF PURCHASER OR SELLER

Transactions in LONG-TERM SECURITIES should be reported opposite the country or geographical area of residence of the direct foreign purchaser or seller of the securities. **Country attribution should not be based on the currency of denomination, the residence of a parent institution, the country of the original issuer of the security, or the residence of a guarantor (i.e., ultimate risk).**

K. REPORTING OF NEW ISSUES

1. Public Offerings

- a) The UNITED STATES manager of an underwriting group for new securities issued by entities residing in the UNITED STATES should report as purchases by FOREIGNERS: (1) the amount of the issue taken by the FOREIGN members of the underwriting group; and (2) the amount of the issue taken by the manager's own FOREIGN customers. (The other UNITED STATES members of the underwriting group should report as purchases by FOREIGNERS the amount of the issue taken by their FOREIGN clients.)
- b) The United States manager of an underwriting group for new securities issued by entities residing outside the UNITED STATES should report as sales by FOREIGNERS: (1) the amount of the issue sold to UNITED STATES members of the underwriting group; (2) the amount of the issue sold to the manager's own UNITED STATES customers; and (3) the amount of the FOREIGN issue that remains unsold and is therefore retained by the reporter at the termination of the offering. (UNITED STATES members of the syndicate should report as purchases by FOREIGNERS any portion of the issue taken by FOREIGN clients.)

2. Private Offerings

Any depository institution, broker or dealer, or other person located in the UNITED STATES acting in its own behalf or on behalf of its customers as an intermediary should report the private placement of: (1) U.S. securities with FOREIGN investors; or (2) FOREIGN securities with UNITED STATES investors. A UNITED STATES issuer of a private placement using a FOREIGN intermediary to place the security outside the UNITED STATES should report on TIC form S.

L. REPORTING REDEMPTIONS OF SECURITIES

Called or matured securities and sinking fund redemptions of securities should be reported in the following manner:

1. U.S. Securities

- (a) Fiscal agents or paying agents located in the UNITED STATES should report securities issued by UNITED STATES residents and presented to them for redemption directly by FOREIGNERS (including their FOREIGN correspondents, branches or head offices outside the UNITED STATES), as sales by FOREIGNERS.
- (b) Banks, other depository institutions, brokers and dealers, and other persons in the UNITED STATES who present U.S. securities for redemption to a U.S. fiscal agent on behalf of FOREIGNERS should report these redemptions as sales by FOREIGNERS.
- (c) Issuers of securities located in the UNITED STATES should report the redemption of their securities by a fiscal or paying agent located outside the UNITED STATES as sales by FOREIGNERS.
- (d) Banks, other depository institutions, brokers and dealers, and other persons located in the UNITED STATES presenting U.S. securities to a fiscal agent or paying agent located outside the UNITED STATES for their own account or for the account of their UNITED STATES customers should report the redemption as purchases by FOREIGNERS

2. FOREIGN Securities

- (a) Fiscal agents or paying agents located in the UNITED STATES should report FOREIGN securities presented for redemption as purchases by FOREIGNERS.
- (b) Depository institutions, brokers and dealers, and other persons located in the UNITED STATES presenting FOREIGN securities to a fiscal agent in the UNITED STATES in their name, or in a nominee name, for FOREIGN beneficiaries should report the redemption as sales by FOREIGNERS.
- (c) Bank holding companies, depository institutions, brokers and dealers, and other persons located in the UNITED STATES presenting securities in their own name or for the account of their UNITED STATES customers to a fiscal agent outside the UNITED STATES should report the redemption as purchases by FOREIGNERS.

M. REVIEW OF DATA AND REQUEST FOR REVISED DATA

Data submitted on the Treasury International Capital forms are reviewed by Federal Reserve System staff. As a result of these review and editing procedures, the respondent may be asked by Reserve Bank staff to explain unusual changes or submit revisions as necessary.

SPECIFIC COLUMN INSTRUCTIONS

Securities should be classified in each column based on the type of security and whether it is a purchase by a FOREIGNER or a sale by a FOREIGNER.

Purchases and Sales of Domestic Securities

Columns 1 and 2 -- Report purchases (column 1) and sales (column 2) by FOREIGNERS of LONG-TERM bonds and notes issued by the U.S. Department of the Treasury and the Federal Financing Bank (See glossary entry for U.S. TREASURY SECURITIES). Include STRIPS, CATS, COUGARS, LIONS, TIGRS, and other instruments that are collateralized by U.S. Treasury issues.

Columns 3 and 4 -- Report purchases (column 3) and sales (column 4) by FOREIGNERS of LONG-TERM bonds, notes, and debentures of agencies and corporations issued by the UNITED STATES Government or Federally-Sponsored Agencies (See glossary entry for UNITED STATES GOVERNMENT AGENCY SECURITIES).

Columns 5 and 6 -- Report purchases (column 5) and sales (column 6) by FOREIGNERS of LONG-TERM debt obligations of U.S. states and municipalities and of private corporations located in the UNITED STATES.

Columns 7 and 8 -- Report purchases (column 7) and sales (column 8) by FOREIGNERS of equity, including common and preferred stock, issued by entities located in the UNITED STATES.

Purchases and Sales of Foreign Securities

Columns 9 and 10 -- Report purchases (column 9) and sales (column 10) by FOREIGNERS of long-term debt securities issued by FOREIGN GOVERNMENTS, international and regional organizations, FOREIGN OFFICIAL INSTITUTIONS, and public and private corporations located outside the UNITED STATES.

Columns 11 and 12 -- Report purchases (column 11) and sales (column 12) by FOREIGNERS of equity issued by public and private corporations located outside the UNITED STATES. Include transactions evidenced by the issuance of, or surrender to, depositories of American Depositary Receipts (ADRs).

INSTRUCTIONS FOR THE MEMORANDUM SECTION

Report in the Memorandum section that portion of the transactions in U.S. securities reported in columns (1) through (8) above undertaken for the accounts of FOREIGN OFFICIAL INSTITUTIONS and for the accounts of international and regional organizations. The "List of Certain Foreign Institutions Classified as 'Official' For Purposes of Reporting on the Treasury International Capital (TIC) Forms" prepared by the Department of the Treasury should be used to determine the classification of FOREIGN accounts (See Appendix II).

Do not list the foreign official country code for which the transactions were effected unless the account has an assigned code number. Codes for the country or geographical area in which each FOREIGN OFFICIAL INSTITUTION should be reported are in the "Geographical Classification" contained in Appendix I. These are the same as the codes that appear on Form S, with the exception of the "Other" categories, such as "Other Europe," and the "International and Regional" categories. For countries or institutions within these categories, the more detailed codes contained in the "Geographical Classification" should be used.

GLOSSARY

AFFILIATE, AFFILIATED -- Two companies are AFFILIATES of each other (AFFILIATED) if one beneficially owns 10 percent or more of the other or if a third company beneficially owns 10 percent of both companies.

BRADY BONDS -- Bonds issued by a FOREIGN government or central bank in exchange for loans under the Brady Plan. BRADY BONDS are excluded from the TIC B forms, and are reported on TIC form S. (See also DEBT RESTRUCTURING.)

COMMERCIAL PAPER -- An unsecured promissory note usually sold at a discount and customarily having a fixed maturity of up to 270 days. COMMERCIAL PAPER should be reported on the B forms at face value.

CUSTODIAN -- A bank or other institution that has the fiduciary responsibility to manage or administer for safekeeping the securities or other assets of clients.

DEBT RESTRUCTURING -- Loans granted to FOREIGNERS to replace other forms of debt or equity as a result of debtors negotiating with their creditors to arrive at arrangements for payment that are satisfactory to both. Respondents that accept FOREIGN bonds in exchange for debt should report the FOREIGN bond as a sale by a FOREIGNER on their TIC form S.

DEPOSIT NOTES -- Debt instruments issued by banking institutions in denominations of \$100,000 or more that include the term, DEPOSIT, on its face. These notes, exempt from SEC registration, are sold to investors in fully-registered form through agents/underwriters. DEPOSIT NOTES are included on the B Forms as negotiable certificates of deposit.

DERIVATIVE CONTRACTS -- Financial instruments whose value depends on, or is derived from, the prices or levels of indexes or underlying assets, such as interest rates, foreign exchange rates, equities, or commodities, and that represent an agreement between two or more counterparties on the price or level of the asset or index for exchange or settlement at a later specified date. DERIVATIVE CONTRACTS include forwards, futures, options, and swaps.

DEVELOPMENT BANKS -- DEVELOPMENT BANKS are owned by national governments and are established to promote economic development

of sectors of the economy, such as trade, housing, agriculture, finance and industry.

DIRECT INVESTMENT -- The beneficial ownership or control by one person of 10 percent or more of the voting stock of an incorporated business enterprise, or an equivalent interest in an unincorporated enterprise including a branch.

DIRECT INVESTMENT includes permanent investment, debt or equity and unremitted profits and losses of UNITED STATES branches and agencies of FOREIGN BANKS. All DIRECT INVESTMENT positions should be reported to the Department of Commerce, Bureau of Economic Analysis.

For UNITED STATES banking institutions and bank holding companies DIRECT INVESTMENT does not include positions with FOREIGN AFFILIATES that arise out of normal banking business (e.g. intercompany loans and deposits.) Therefore, these positions should be reported on the TIC-B forms. Brokers and dealers should exclude all positions with FOREIGN AFFILIATES including DIRECT INVESTMENT.

DISCOUNT NOTES -- SHORT-TERM negotiable instruments that are issued at a discount. Holdings of DISCOUNT NOTES issued by UNITED STATES parties and held for FOREIGNERS are reportable at face value on form BL-2 by UNITED STATES CUSTODIANS. UNITED STATES investors are responsible to report their ownership of notes issued by FOREIGNERS on TIC forms BC, BQ-2, or CQ-1. UNITED STATES investors that have entrusted these notes to UNITED STATES CUSTODIANS are not required to report them; the UNITED STATES CUSTODIANS are required to report the notes on behalf of their UNITED STATES customers on Part 2 of forms BQ-1 or BQ-2.

EUROCOMMERCIAL PAPER - COMMERCIAL PAPER issued by UNITED STATES residents in FOREIGN markets. The issuer reports EUROCOMMERCIAL PAPER issued in U.S. dollars on Form BL-1 opposite the country and classification of the FOREIGN placement agent. EUROCOMMERCIAL PAPER issued in FOREIGN currency units are reported on the BQ-2 opposite the resident country of the FOREIGN placement agent.

EURO MEDIUM-TERM NOTES -- Notes usually issued under a continuously offered program and sold in a FOREIGN market through FOREIGN agents. Euro notes denominated in U.S. dollars with original maturities of one year or less are reported on form BL-1 as "Other Liabilities" opposite the country and classification of the FOREIGN agents. Any long-term tranche is reported on form S and excluded from the TIC B-report forms.

FOREIGN ASSETS -- Assets owned by the reporter and the reporter's UNITED STATES customers that represent claims on FOREIGNERS.

FOREIGN BANK -- A bank in a FOREIGN country, as defined by the laws of that country. NATIONALIZED BANKS and other banking institutions owned by central governments should be reported as FOREIGN banks, unless such banks function as FOREIGN OFFICIAL INSTITUTIONS or Foreign Public Borrowers.

FOREIGNER (FOREIGN)

A FOREIGNER includes the following:

1. Individuals, including citizens of the UNITED STATES, residing outside the UNITED States.
2. Entities that file an IRS Form W-8 indicating that the individual or entity is a nonresident alien or FOREIGN entity not subject to certain UNITED STATES information return reporting or to backup withholding rules.
3. Branches, SUBSIDIARIES or AFFILIATES of UNITED STATES companies located outside the UNITED STATES.
4. FOREIGN governments and any subdivision, agency or instrumentality thereof, including all FOREIGN official nonbanking institutions, even if located in the UNITED STATES (e.g., an embassy, consulate, or other diplomatic establishment of a FOREIGN country).
5. Official international or regional organizations or affiliated agency thereof, created by treaty or convention between sovereign states, even if located in the UNITED STATES, including the International Bank for Reconstruction and Development (IBRD or World Bank), the International Monetary Fund (IMF), and the United Nations (UN).

FOREIGN OFFICIAL INSTITUTIONS

A FOREIGN OFFICIAL INSTITUTION includes the following:

1. Treasuries, including ministries of finance, or corresponding departments of national governments; central banks, including all departments thereof; stabilization funds, including official exchange control offices or other government exchange authorities; and diplomatic and consular establishments and other departments and agencies of national governments.
2. International and regional organizations.

3. Banks, corporations, or other agencies (including DEVELOPMENT BANKS and institutions that are majority-owned by central governments) that are fiscal agents of national governments, performing activities similar to those of a treasury, central bank, stabilization fund, or exchange control authority.

GLOBAL CUSTODIAN -- An institution that maintains a network of one or more FOREIGN, local subcustodians to manage or administer the custody or safekeeping of assets for clients. The UNITED STATES GLOBAL CUSTODIAN is required to report U.S. dollar-denominated instruments that represent the UNITED STATES residents' liabilities that are owned by its FOREIGN clients on form BL-2, as well as assets that represent claims on FOREIGNERS that it administers the custody of for its UNITED STATES customers on Part 2 of forms BQ-1 and BQ-2.

INTERNATIONAL BANKING FACILITIES (IBFs) -- A set of asset and liability accounts, segregated on the books of a UNITED STATES establishing entity that is permitted to hold only assets and liabilities of FOREIGNERS, other IBFs, and UNITED STATES and FOREIGN offices of the establishing entity (see Federal Reserve Regulation D, section 204).

LONG-TERM SECURITIES -- Public and private issues of debt and equity securities that either have no contractual maturity or have an original maturity of more than one year (including options and WARRANTS). In addition, for the purpose of the TIC forms LONG-TERM SECURITIES include rights, scrip, American Depositary Receipts/Shares (ADRs/ADSs), and certificates or receipts of the coupons of stripped securities regardless of their maturity. Transactions in LONG-TERM SECURITIES with FOREIGNERS are reportable on TIC form S. LONG-TERM SECURITIES exclude "banking" instruments such as negotiable certificates of deposit, DEPOSIT NOTES and loans.

MORTGAGE-BACKED SECURITIES (MBS) -- MBS include mortgage pass-through securities, collateralized mortgage-backed obligations (CMOs), real estate mortgage investment conduits (REMICS), CMO and REMIC residuals, and stripped MORTGAGE-BACKED SECURITIES (such as interest-only strips (IOs), principal-only strips (POs), and similar instruments).

NATIONALIZED BANKS -- Institutions owned by FOREIGN central governments that are classified as banks in their respective countries. NATIONALIZED BANKS are classified as FOREIGN private commercial banks, unless they function as FOREIGN OFFICIAL INSTITUTIONS or Foreign Public Borrowers.

NON-BANK BANK -- Institutions that take either deposits or loans but not both and are grandfathered from the definition of a bank under U.S. banking regulations.

REPURCHASE/RESALE AGREEMENTS -- A REPURCHASE AGREEMENT is a transaction involving the sale of financial assets by one party to another, subject to an agreement by the seller to repurchase the assets at a specified date or in specified circumstances. A RESALE AGREEMENT (also known as a reverse REPURCHASE AGREEMENT) is a transaction involving the purchase of financial assets by one party from another, subject to an agreement by the purchaser to resell the assets at a specified date or in specified circumstances.

Except as otherwise noted below under the discussion of FAS Statement No. 140, all REPURCHASE and RESALE AGREEMENT transactions with FOREIGNERS are to be reported as borrowings from, or loans to, FOREIGNERS, collateralized by the underlying assets. Specifically:

(a) U.S. dollar-denominated funds received from FOREIGNERS from REPURCHASE AGREEMENTS are reported in "Other liabilities" on form BL-1. The transfer of the securities and collateral should be excluded from purchases or sales on TIC form S.

(b) U.S. dollar-denominated funds lent to FOREIGNERS should be reported as a claim on form BC and BQ-1. The receipt of the securities as collateral should be excluded from purchases or sales on TIC form S.

(c) Funds denominated in FOREIGN currencies received or lent from REPURCHASE AGREEMENTS with FOREIGNERS should be reported on TIC form BQ-2.

Please note that all REPURCHASE AGREEMENTS/RESALE AGREEMENTS should be reported gross (i.e., FIN 41 should not be applied).

If a REPURCHASE AGREEMENT does not qualify as a secured borrowing under FAS Statement No. 140, the selling institution should account for the transaction as a sale of financial assets and a forward commitment to repurchase the security. Therefore, the selling institution removes the transferred assets from its balance sheet. Similarly, if a RESALE AGREEMENT does not qualify as a borrowing under FAS Statement No. 140, the purchasing institution should account for the transaction as a purchase of financial assets and a commitment to sell. In these cases, the transfer of the securities should be reported on TIC form S and the exchange of cash should be excluded from the TIC B forms.

SETTLEMENT DATE ACCOUNTING -- Under SETTLEMENT DATE ACCOUNTING, assets purchased are not recorded until settlement date. SETTLEMENT DATE ACCOUNTING should be used for purposes of reporting the TIC form S. Therefore, only after receiving payment for any trade should the transaction be reported.

SHORT-TERM SECURITIES - Debt instruments with an original maturity of one year or less.

SUBSIDIARY - An entity that the reporter directly or indirectly owns more than 50 percent of the outstanding voting stock.

UNITED STATES -- The fifty states of the UNITED STATES, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the following: American Samoa, Guam, Midway Island, the U.S. Virgin Islands, Wake Island, and U.S. MILITARY FACILITIES.

U.S. BALANCE OF PAYMENTS -- A record of transactions between the residents of the UNITED STATES, including its territorial possessions and FOREIGNERS over a specific period of time. The BALANCE OF PAYMENTS is composed of three accounts: the current account, the capital account and the financial account. The current account balance measures trade in goods and services, income flows and unilateral transfers. The capital account consists of capital transfers such as debt forgiveness. The financial account records transactions in financial assets between UNITED STATES residents and FOREIGNERS.

U.S. MILITARY FACILITIES -- Offices of UNITED STATES banks located in FOREIGN countries that provide financial services to persons in the UNITED STATES Armed Forces stationed abroad. For purposes of these reports, UNITED STATES military facilities are classified as banking offices located in the UNITED STATES.

U.S. GOVERNMENT AGENCY AND GOVERNMENT SPONSORED ENTERPRISE SECURITIES -- Securities that are guaranteed by or are the obligation of a federal agency, a federal instrumentality, or a government sponsored enterprise. These securities include MORTGAGE-BACKED SECURITIES that were issued by, guaranteed by, or are the obligation of a federal agency, a federal instrumentality, or a government sponsored enterprise, including participation certificates, pass-throughs, CMOs, REMICS, and IO or PO issues. U.S. GOVERNMENT AGENCY SECURITIES exclude privately issued MORTGAGE-BACKED SECURITIES even if the underlying collateral is government guaranteed.

U.S. TREASURY SECURITIES -- Instruments that are direct obligations of the UNITED STATES Treasury, including bills, notes, bonds, Treasury Inflation-index securities, and stripped

coupons and securities from which one or more coupons have been detached.

WARRANT -- An instrument giving the holder the right to buy from, or to sell to, the issuer a specified amount of currency, commodity, or financial instrument at a specified price over a specified period. Warrants are excluded from the TIC B forms. However, transactions with FOREIGNERS in WARRANTS on LONG-TERM SECURITIES are reportable on TIC form S.

Appendix I

DEPARTMENT OF THE TREASURY

G E O G R A P H I C A L C L A S S I F I C A T I O N

The most recent version of this appendix is now a separate document.

A copy is on the TIC website, near these instructions, at:

<http://www.treas.gov/tic/forms.htm>

Appendix II

DEPARTMENT OF THE TREASURY

List of Certain Foreign Institutions Classified
as Official for Purposes of Reporting on the Treasury
International Capital (TIC) Forms

The most recent version of this appendix is now a separate document.

A copy is on the TIC website, near these instructions, at:

<http://www.treas.gov/tic/forms.htm>