Key Issues for Respondents
Report of U.S. Ownership of Foreign Securities,
Including Selected Money Market Instruments (SHC & SHCA)

Securities to Be Included

- Report all securities issued by foreign-resident entities and held by U.S. residents, including foreign securities issued or traded in the United States. Foreign securities include securities issued by residents of Canada, Mexico, and offshore centers. These include equity securities, short-term and long-term debt securities, and selected money market instruments.

- Report all securities issued by international and regional organizations even if these institutions have their headquarters facility inside the United States, such as the International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank (IDB), and the International Monetary Fund (IMF).

- Report all securities issued by companies that were incorporated outside of the United States as of the last business day of December (including companies incorporated offshore in countries such as the Cayman Islands and Bermuda), even if these companies have their corporate headquarters in the United States or primarily do business in the United States. Some examples are Accenture Ltd., Ace Ltd., Carnival Corp., Cooper Industries, Foster Wheeler, Global Crossing, GlobalSantaFe Corp, Helen of Troy, Ingersoll-Rand, McDermott International, Nabors Industries, Schlumberger, Transocean Sedco Forex, Tyco International Ltd., and White Mountain Insurance Group.

- Report Depositary Receipts (DRs) held by U.S. residents, including ADRs, ADSs, GDRs, and IDRs, which serve as proxies for foreign securities. The actual foreign shares held in trust by the DR issuer should not be reported by the DR issuer, as this would lead to double counting.

- U.S.-resident custodians must report all U.S.-held foreign securities entrusted to central securities depositories (e.g., Depository Trust Company (DTC), Euroclear, and Clearstream).

Securities to Be Excluded

- All securities (other than DRs) issued by U.S.-resident entities, including U.S. subsidiaries and U.S. branches of foreign organizations, even if the securities are traded outside of the United States.

- All loans, non-negotiable CDs, and derivative contracts.

U.S. Holders

- U.S. holders are all U.S. residents, including U.S. branches and U.S. affiliates of foreign entities. (IRS form W-9 can be used to help determine U.S. resident status.)

- U.S. residents include entities incorporated in U.S. territories and possessions and Puerto Rico.

Identifying Securities

- Whenever possible, report securities using the ISIN or CUSIP code. If these are unavailable, then use an appropriate SEDOL, CINS, Common, or other exchange-assigned code. Use an internal code only if no other code exists for the security.

Valuing Securities

- Report data in U.S. dollars (except for Schedule 2, lines 14b, 17, 20, and 21, where the currency of denomination should be reported).

- To calculate the U.S. dollar market value, convert foreign currency denominated securities using the spot exchange rates as of the close of business on the last business day of December.

- Report the 'fair (market) value' as of the close of business on the last business day of December exclusive of accrued interest.

Distinguishing Long-Term Debt from Short-Term Debt by Original Maturity

- Securities with <u>original</u> maturities of one year or less are short-term.

- Debt with multiple maturity dates is long-term if any maturity date is more than one year from the date of issue.

- Perpetual debt is classified as long-term.

Securities Involved in Repurchase and Securities Lending Arrangements

- The U.S.-resident security lender should report the foreign security as if no repurchase agreement or security lending arrangement occurred (i.e. a US lender should include the lent security in the lender's holdings of foreign securities).

- The U.S.-resident security borrower and its custodian(s) should not report the foreign security.

Examples of Common Reporting Errors

- Reporting securities with an amount held[1] equal to zero.

- Reporting inaccurate security types (schedule 2, line 7).

- Failure to report Canadian securities.

- Failure to report securities issued by foreign-resident subsidiaries or branches of U.S. companies.

- Excessive reporting of "Defunct Country" (code 88862). "Defunct country" should be used only if the country no longer exists. Changes in government or the name of a country should not affect the reported country code. If a geographic or other change results in a new country code, the new code should be used.

- Failure to report securities that have matured prior to the as-of-date but which were unpaid on the as-of-date. These outstanding securities should be included in the report even if the maturity dates preceded the survey's as-of-date.

- For asset-backed securities (ABS), using incorrect factor values to report the remaining principal outstanding in currency of denomination (schedule 2, line 21). The remaining principal outstanding in currency of denomination should be calculated by multiplying the original face value in currency of denomination (schedule 2, line 20) by the factor value as of the last business day of December. If the factor value as of the last business day of December is not available, use the factor value closest to the last business day of December.

  For example, if the original face value in currency of denomination is 100,000 and the factor value as of 12/31 is 0.9, then the remaining principal outstanding is 90,000.

  Remaining principal outstanding in currency of denomination
  = (Original face value in currency of denomination)
  * (Factor value)
  = (100,000) * (0.9) = 90,000

---

[1] Amount held is number of shares for equity, face value for non-asset-backed debt, or remaining principal outstanding for asset-backed debt (ABS).

How the FRBNY Calculates Prices
Note: Use the calculations listed below to determine whether prices appear reasonable.

- An implicit price for non-ABS debt securities can be calculated by dividing the Fair (Market) Value in Currency of Denomination (schedule 2, line 14b) by the Face Value in Currency of Denomination (schedule 2, line 17).

     For example, if the Fair (Market) Value in Currency of Denomination is 110,000 and the Face Value in Currency of Denomination is 100,000, then the implicit price is 1.1.

     Implicit Price
     = (Fair (Market) Value in Currency of Denomination)
     / (Face Value in Currency of Denomination)
     = 110,000 / 100,000 = 1.1

     If your data display a pattern of implicit prices that differ greatly from one and the prices cannot be explained by usual factors (e.g., distressed securities, convertible securities, zero-coupon securities, etc.) there may be a problem in your calculation software.

- An implicit price for ABS can be calculated by dividing the Fair (Market) Value in Currency of Denomination (schedule 2, line 14b) by the Remaining Principal Outstanding in Currency of Denomination (schedule 2, line 21).

     For example, if the Fair (Market) Value in Currency of Denomination is 210,000 and the Remaining Principal Outstanding in Currency of Denomination is 230,000, then the implicit price is 0.913.

     Implicit Price
     = (Fair (Market) Value in Currency of Denomination)
     / (Remaining Principal Outstanding in Currency of Denomination)
     = 210,000 / 230,000 = 0.913

     If your data display a pattern of implicit prices that differ greatly from one and the prices cannot be explained by usual factors (e.g., distressed securities, convertible securities, zero-coupon securities, etc.) there may be a problem in your calculation software.