

**INSTRUCTIONS FOR PREPARING
THE TREASURY INTERNATIONAL CAPITAL (TIC) "C" REPORTS**

**Reports of Liabilities to, and Claims on, Foreign
Residents**

**Reports for U.S. Residents Other Than
Depository Institutions and Securities Brokers and Dealers**

TIC C REPORTS

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|-------------|--|
| CQ-1 | Report of Financial Liabilities to, and Financial Claims on,
Foreign Residents |
| CQ-2 | Report of Commercial Liabilities to, and Commercial Claims on,
Unaffiliated Foreign Residents |

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Applies to reports with as-of dates after February, 2003

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I. General Instructions

A. Organization of the Instruction Book

This instruction book covers the Treasury International Capital (TIC) C report forms (Forms CQ-1 and CQ-2). It is divided into the following sections:

- (1) Section I (General Instructions) - The general instructions describe the purpose of the TIC C forms and a variety of administrative issues, including the authority under which the data are collected and confidentiality conditions. The general instructions also describe the treatment of issues common to both of the TIC C forms, including who should report, exemption levels, accounting issues, and the determination of the location of the foreign counterparty. Finally, information on the submission of reports is provided.
- (2) Sections II-III (Specific Form Instructions) - In these sections, the specific reporting requirements for each TIC C form are given. The specific instructions include what to report and instructions relating to the columns and memorandum rows of each form. To avoid excessive repetition, the instructions and definitions build upon the information in the general instructions, the glossary, and the appendices.
- (3) Section IV (Glossary) - The glossary presents definitions, discussions of accounting issues, and other topics that require more extensive treatment than is practical to include in the body of the instructions.
- (4) Section V (Appendices) - The following appendices are provided:
 - (a) Flowcharts which show the reporting requirements.
 - (b) Geographical Classification list. A list of country and organizational codes for purposes of reporting on the TIC forms.
 - (c) Foreign Official Institutions list. A list of certain foreign institutions classified as "official" for reporting on the TIC forms.

The forms and instructions are available on the Internet at the U.S. Treasury's web site <http://www.ustreas.gov/tic/forms.html>.

B. Purpose of the TIC Forms

Purpose of the TIC C Forms

The purpose of the TIC C forms is to gather timely and reliable information on the levels of, and changes in, U.S. international portfolio capital positions. This information is needed for the preparation of the U.S. Balance of Payments Accounts and the U.S. International Investment Position, and for the formulation of U.S. international financial and monetary policies. The data are also needed to enable the United States to comply with standards for providing data on cross-border financial positions, including

adherence to the International Monetary Fund's Special Data Dissemination Standard. Aggregate data are published in the Treasury Bulletin and the Federal Reserve Bulletin.

The TIC C Forms, the data collected, and frequency of each form are as follows:

FORM	DATA COLLECTED FROM U.S. RESIDENTS OTHER THAN DEPOSITORY INSTITUTIONS AND SECURITIES BROKERS AND DEALERS	FREQUENCY
CQ-1	Financial Liabilities to, and Financial Claims on, Foreign Residents	Quarterly
CQ-2	Commercial Liabilities to, and Commercial Claims on, Unaffiliated Foreign Residents	Quarterly

Relationship to Other Statistical Reports

- (1) The TIC B forms are filed by all U.S. resident banks and other depository institutions, securities brokers and dealers, and Bank Holding Companies/Financial Holding Companies (BHCs/FHCs). (However, the positions of insurance underwriting subsidiaries of BHCs/FHCs are excluded from the TIC B forms and included in the TIC C forms.) On the TIC B forms these entities report their short-term securities and non-securities positions with foreign residents, including foreign affiliates. Also reported on the TIC B forms are certain positions of the customers of TIC B reporters; TIC C reporters who are customers of these institutions should not report these positions to avoid double counting. (For further information see Sections II.A and III.A.)
- (2) The TIC S form is filed by all entities that purchase (or sell) long-term securities directly from (or to) foreigners. This form is designed to obtain data on foreigners' purchases and sales of all long-term securities (including equities and shares of mutual funds). Data are collected in aggregate form to facilitate timely reporting.
- (3) To improve the accuracy of the TIC system and collect information on positions in securities, detailed security-by-security data are collected on a less frequent basis. Two data collection systems are used:
 - (a) Foreign Holdings of U.S. Securities Including Selected Money Market Instruments (Form SHL) - Approximately every five years, all significant U.S. resident custodians of short-term debt, long-term debt, and equity securities are required to provide detailed security-by-security information on foreign holdings of U.S. securities. Also required to report are significant U.S. issuers of bearer bonds and U.S. issuers of securities that are held by foreigners but not through U.S. custodians. In the years between these benchmark surveys, the largest reporters are required to submit this security-by-security information annually (Form SHLA).
 - (b) U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Form SHC) - Every three to five years, all significant U.S. resident custodians of foreign securities and U.S. resident investors holding foreign securities without using U.S. resident custodians are required to report detailed security-by-security information on their holdings of foreign securities.

(Annual reporting by the largest reporters is planned to begin at year-end 2003.)

- (4) The Treasury Foreign Currency (TFC) forms are designed to obtain data on the assets, liabilities, and forward positions of large U.S.-resident institutions (both banking and non-banking) in specified foreign currencies.
- (5) Direct Investment – Data on cross-border transactions and positions between affiliated U.S. and foreign companies ("multinational companies") and on the overall operations of multinational companies are collected by the Bureau of Economic Analysis, U.S. Department of Commerce. To be affiliated, a U.S. company must own or control 10 percent or more of the voting securities of an incorporated foreign business (or an equivalent interest in an unincorporated foreign business), or a foreign company must own or control 10 percent or more of the voting securities of an incorporated U.S. business (or an equivalent interest in an unincorporated U.S. business).

C. Administrative Issues

Authority

These reports are required by law (22 U.S.C. 286f; 22 U.S.C. 3103; E.O.10033, as amended; 31 C.F.R. 128.1(a)).

These forms have been reviewed and approved by OMB under the following control number: 1505-0024.

Penalties

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)).

Confidentiality

Data reported on these forms will be held in confidence by the Department of the Treasury, the Board of Governors of the Federal Reserve System, and the Federal Reserve Bank of New York, acting as fiscal agent 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 these forms may be published or otherwise disclosed only in a manner that does not specifically identify any individual respondent.

Reporting Burden

The Treasury Department has estimated the average burden associated with the collection of information on each TIC C form per respondent, but these will vary across reporting institutions: (a) for TIC CQ-1 an overall average burden of 4.5 hours; and (b) for TIC CQ-2 an overall average burden of 4 hours. These estimates include the time it will take to read the instructions, gather the necessary facts and fill out the forms. Comments concerning the accuracy of these burden estimates and suggestions for reducing reporting burden should be directed to the IA 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, Washington, D.C. 20503. (Please reference OMB control number 1505-0024.)

Requests for Revised Data

Federal Reserve Bank of New York staff review data submitted on the TIC C forms. As a result of their review and editing procedures, Reserve Bank staff may ask respondents to explain unusual changes or submit revisions, as necessary. Since these data are extremely time-sensitive, respondents should respond as quickly as possible to these requests.

D. Who Must Report

Reportable Entities

All entities that are U.S. residents and are not owned 50 percent or more by another U.S.-resident entity must report, unless their reportable liabilities to, or claims on, foreign residents are less than the exemption level for that report Part (See below), or they are a type of entity (depository institutions, securities brokers and dealers, and bank holding companies/financial holding companies (BHCs/FHCs)) required to file TIC B forms. (Copies of the TIC B reporting instructions and forms are available at <http://www.ustreas.gov/tic/forms.html>.) The only exception is that BHCs/FHCs with insurance underwriting subsidiaries must also file TIC C forms, but only for their insurance underwriting company subsidiaries.

The types of entities which must file the TIC CQ-1 and TIC CQ-2 reports include:

- Commercial and industrial firms
- Financial companies other than depository institutions, securities brokers and dealers, and BHCs/FHCs. (However, BHCs/FHCs with insurance underwriting subsidiaries should file reports for their insurance underwriting subsidiaries.)
- Insurance companies
- Exporters, importers, trading companies, and foreign sales companies
- Other financial intermediaries (An "other financial intermediary" is a financial intermediary (See glossary) other than a depository institution, a securities

broker or dealer, or BHC/FHC. The term includes all leasing companies, finance companies, funding companies, and commodity trading firms.)

- Mutual funds, pension funds, unit investment trusts, and other pools of commingled assets
- Subsidiaries of foreign organizations (excluding subsidiaries which are depository institutions or securities brokers and dealers which file TIC B reports).
- Non-bank holding companies
- Non-profit organizations, charitable organizations, and foundations
- Proprietorships, partnerships, and limited liability companies
- State and local governments
- Futures commission merchants

Consolidation/Combination Rules

All U.S.-resident companies that are not 50 percent or more owned by another U.S.-resident company should file a combined TIC CQ-1 and a combined TIC CQ-2 report for themselves and all of their U.S.-resident subsidiaries that are: (a) 50 percent or more owned; and (b) are not depository institutions or securities brokers or dealers (for which TIC B reports are filed). Trusts and Special Purpose Entities (SPEs) for which the reporter is the trustee or primary beneficiary should be included. However, subsidiaries and other affiliates that are less than 50 percent held should file separate TIC C forms, if they exceed the exemption level. Note: If two institutions both own 50% of an entity, the entity should be consolidated consistent with the institution's published financial statements.

A fund manager/administrator (such as managers of mutual funds and pension funds) should combine all of the reportable positions of the U.S.-resident funds which it manages on a single TIC CQ-1 report. U.S.-resident funds are pooled, separate and general, investment accounts of one or more of the following institutional and private investors:

- private and public pension funds
- mutual funds, country funds, exchange traded funds, unit investment trusts, collective-investment trusts, and any other similarly pooled, commingled investment funds
- insurance companies
- foundations
- institutions of higher learning
- government-sponsored enterprises and other independently acting government agencies
- financial and non-financial corporations
- investment advisors in the business of managing accounts for others
- trusts and estates

Forms to be Used to Report Cross-Border Positions

Reporters are sometimes confused as to what types of organizations and what part of an organization should file the different types of Treasury International Capital (TIC) reports. The types of reporters and the corresponding TIC reports that should be filed are summarized in the table below.

Type of Reporter	TIC B Reports	TIC C Reports
Depository institutions located in the U.S. (including limited purpose banks that are subsidiaries of BHCs/FHCs and of all other companies)	X	
Securities brokers and dealers (including those which are subsidiaries of BHCs/FHCs and of all other companies)	X	
U.S.-resident BHCs/FHCs for themselves and for all U.S.-resident subsidiaries other than depository institutions, securities brokers and dealers, and insurance underwriting companies	X	
BHCs/FHCs for their U.S.-resident insurance underwriting companies		X
U.S. holding companies other than BHCs/FHCs (for themselves and for all of their U.S.-resident subsidiaries other than depository institutions and securities brokers and dealers)		X
All other U.S.-resident entities that are <u>not</u> more than 50 percent owned by another U.S.-resident entity.		X

Exemption Levels

Exemption levels are applied to the gross reportable liabilities and the gross reportable claims of the reporting entity combined for all components of the entity using the consolidation/combination rules described above.

The TIC CQ-1 and TIC CQ-2 forms have separate exemption levels for liabilities (Part 1) and for claims (Part 2). Reporters need complete only the part on each form for which they meet or exceed the exemption level. A reporter is exempt from filing a TIC CQ-1 Part if the sum of its Section A reportable positions for all geographic areas (row 9999-6) plus its Section B row (8058-6) is less than \$50 million for that part. A reporter is exempt from filing a TIC CQ-2 Part if its total reportable positions for all geographic areas (row 9999-6) are less than \$25 million for that part.

However, once the exemption level for a part is met or exceeded, the reporter should continue to submit data for that Part for the remainder of the calendar year.

The exemption levels for each Part are shown below:

Form, Part	Description	Exemption Level (Report if greater than or equal to the following level)
CQ 1, Part 1	Reportable Financial Liabilities to Foreigners (Sections A and B)	\$50 million
CQ 1, Part 2	Reportable Financial Claims on Foreigners (Sections A and B)	\$50 million
CQ 2, Part 1	Reportable Commercial Liabilities to Unaffiliated Foreigners	\$25 million
CQ 2, Part 2	Reportable Commercial Claims on Unaffiliated Foreigners	\$25 million

E. Accounting Issues

General

All amounts should be reported gross, using settlement date accounting. Amounts should be reported in millions of U.S. dollars at the face value of the instrument. Do not enter decimals or negative values in any cell of a form. (Claims with negative balances should be reported as liabilities; liabilities with negative balances should be reported as claims.)

Data reported on all TIC C forms should be the balances outstanding at the "close of business" as of the last business day of each quarter. The time designated as the close of business should be reasonable and applied consistently.

For foreign currency-denominated positions reported on the TIC CQ-1 and TIC CQ-2, report the U.S. dollar equivalent of the foreign currency amounts, converted by using the closing spot exchange rate on the as-of date of the report.

Charge-offs

Respondents should deduct from claims any charge-offs or specific reserves where there has been an identified loss. Charge-offs or specific reserves for reportable claims taken partially or entirely during the reporting period should be totaled and reported in the row titled "Assets Written Off This Quarter" (row 8200-9) only in the quarter they are established.

F. Reporting the Location of Foreign Counterparties

Countries and Other Areas

Positions with foreigners should be reported opposite the country or geographical area in which the direct counterparty is a resident. Do not report positions based on the currency of denomination of the instrument, the country of a parent institution (the "nationality" of the counterparty), the country of issuance of the instrument, or the country of a guarantor (i.e., ultimate risk). Please note – branches of U.S. residents located outside the U.S. are foreign residents. U.S. branches of foreign banks are U.S. residents.

Note: For purposes of the TIC C reports, the following are not considered foreign countries: American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Islands, Navassa Island, Northern Mariana Islands, Palmyra Atoll, Puerto Rico, U.S. Virgin Islands, and Wake Island.

Examples

- (1) A respondent has a reportable liability denominated in yen to a British company located in Italy. A Spanish bank guarantees the liability. The liability should be reported opposite the location in which the direct counterparty resides (Italy), not the location of the guarantor (Spain) or the nationality of the counterparty (United Kingdom).
- (2) A respondent has a reportable claim on a Cayman Islands branch of a U.S. bank. The claim should be reported opposite the location in which the direct counterparty resides (Cayman Islands), not the location of that bank's head office (United States).

Exceptions

- (1) Positions with the branches or agencies of Foreign Official Institutions should be reported opposite the country that owns the Foreign Official Institution. (A list of Foreign Official Institutions is contained in Appendix C).
- (2) Positions with the Bank for International Settlements (BIS) should be reported opposite "Other Europe."
- (3) Positions with the Red Cross and the Institute of International Finance should be reported as International.

- (4) Positions with international and multi-national regional organizations, whether located in the United States or elsewhere, should be reported opposite the classification "International", if worldwide, or opposite the classification "European," "Latin American," "Caribbean," "Asian," "African," or "Middle Eastern" regional organizations, as appropriate. Examples of some of these organizations, which are located in the United States, are:

Organization	Reporting Classification
The World Bank	International
International Bank for Reconstruction and Development (IBRD)	International
International Development Association (IDA)	International
International Finance Corporation (IFC)	International
International Monetary Fund (IMF)	International
Inter-American Development Bank (IADB)	Latin American
Organization of Central American States (OCAS)	Latin American
United Nations	International
World Health Organization	International

G. Submission of Reports

Where to Report

TIC CQ-1 and CQ-2 reports should be filed with the Federal Reserve Bank of New York. Paper reports should be mailed or faxed to:

International Reports Division
Federal Reserve Bank of New York
33 Liberty Street - 4th floor
New York, New York 10045
Fax # (212) 720-1964

Due Dates

The TIC CQ reports are reported as of the last business day of March, June, September and December. TIC CQ-1 reports should be submitted no later than 30 calendar days following the report as-of date. TIC CQ-2 reports should be submitted no later than 45 calendar days following the report as-of date.

Alternative Methods of Reporting

Data may be submitted through the Worldwide Web. Internet Electronic Submission System (IESUB) is fast, easy to use, and secure. Respondents can submit reports quickly and easily using on-line data entry or via spreadsheet file transfer. Spreadsheet file transfer allows reporters to use machine-generated data. IESUB provides a confirmation of data receipt at the Federal Reserve Bank of New York and checks the validity of respondents' submission. IESUB saves time and delivery costs, avoids possible mail delays, and eliminates paper and fax transmissions. For more information on IESUB, log on to <http://www.reportingandreserves.org/iesub.html> or call the Federal Reserve Bank of New York contact for TIC reporting.

Data may also be reported on computer printouts in the same format as the printed forms. The Federal Reserve Bank of New York must approve proposed computer printouts in advance of the first submission.

Signature Requirements

The cover page of the TIC C forms (which can be printed by the respondents from the TIC website at <http://www.ustreas.gov/tic/forms.html>) must be signed by a duly authorized officer of the institution. For electronic filers, the signature page should be retained by the reporter.

Reporter ID Number

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

Record Keeping Requirement

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

II. TIC Form CQ-1 – Report of Financial Liabilities to, and Financial Claims on, Foreign Residents

A. What to Report

Reportable Liabilities and Claims

Report all (U.S. dollar- and foreign currency-denominated) financial liabilities to, and financial claims on, foreign residents, except for those positions described below in the subsection “Specific Exclusions”. Also, see the subsection “Positions vis-à-vis Foreign-Resident Affiliates” for more information on the reporting of these positions.

Financial liabilities and financial claims are all liabilities or assets that impose the obligation to pay or provide the right to receive cash or another financial asset, except those between a purchaser and a seller of goods or services in the normal course of business. (Liabilities and claims between a purchaser and a seller of goods or services in the normal course of business (other than those arising from leases) are called “commercial” liabilities and claims and are reportable on the TIC CQ-2.) Reportable financial liabilities and claims include:

Reportable Liabilities (Part 1)	Reportable Claims (Part 2)
Loans (See glossary) of any maturity (unless the loan has a U.S. depository institution or securities broker or dealer servicing the loan or serving as an administrative agent).	Loans (See glossary) and loan participations of any maturity (including loans made to finance trade other than those between the seller and purchaser of the traded good or service).
Repurchase and similar financing agreements of any maturity unless held for your account by a U.S.-resident depository institution or other U.S. custodian. These should be reported gross (i.e. no FIN 41 netting)	Resale and similar financing agreements of any maturity unless held for your account by a U.S.-resident depository institution or other U.S. custodian. These should be reported gross (i.e. no FIN 41 netting).
Overdrawn deposit account balances.	<ol style="list-style-type: none"> 1. Deposit balances (other than certificates of deposit) held at foreign-resident banks of any maturity. 2. Negotiable and non-negotiable certificates of deposit issued by foreign-resident banks of any maturity unless held for your account by a U.S.-resident depository institution or other U.S. custodian.
Short-term (an original maturity of one year or less) securities issued in foreign markets.	<ol style="list-style-type: none"> 1. Money markets instruments (e.g., commercial paper) with an original maturity of one year or less that you hold directly or are held at a foreign custodian, or directly with a foreign central depository. 2. Other short-term (an original maturity of one year or less) securities held for investment or for trading purposes that you hold directly or are held in custody at a foreign custodian or directly with a foreign central depository.
Lease payments due (See below).	Lease payments receivable (See below).
Brokerage balances, including margin deposit liabilities on foreign residents (See glossary for further information).	Brokerage balances including margin deposit claims on foreign residents (See glossary for further information).

Lease Payments

All cross-border positions arising from leases should be reported on the TIC CQ-1 form.

For a financing lease (See glossary), the outstanding value of the lease at the end of the period covered by the report should be reported as a financial liability (of the lessee to the foreign lessor), or financial claim (of the lessor on the foreign lessee).

For an operating lease, only accrued payments due to foreign lessors and accrued payments due from foreign lessees should be reported as financial liabilities and claims, respectively.

Specific Exclusions

- (1) Long-term securities (no contractual maturity or an original maturity of over one year), including equities and any long-term notes, bonds, and debentures. (Purchases and sales transactions with foreigners of long-term securities should be reported on the TIC S form.)
- (2) Negotiable short-term securities (an original maturity of one year or less) issued by the reporter in the U.S. or held by a U.S.-resident custodian. (Amounts acquired by foreign holders who purchase these securities will be reported by the U.S. custodian on their TIC B forms.)
- (3) Contingent liabilities or credit commitments (e.g., unused loan commitments).
- (4) Derivatives, including futures, forward exchange contracts, options, swaps, and warrants.
- (5) Spot foreign exchange contracts.
- (6) Securities borrowing or lending agreements in which one security is lent in return for another. (Repurchase-type agreements are reportable only if the reporter has provided or received cash in return for a security.)
- (7) Commercial liabilities and claims. (Commercial liabilities and claims are those which arise between sellers and customers from the purchase and sale of goods (including new and used capital goods) and services in the normal course of business). These should be reported on the TIC CQ-2 form. (See Section III. A "What to Report" for further information.)
- (8) Reserves of insurance underwriting companies.
- (9) Deposits and brokerage balances held at a U.S. entity and "swept" by the U.S. entity into a foreign-resident entity. (See glossary - Sweep Agreements.)
- (10) Loans a foreign resident made to you that are serviced by a U.S. resident.

Positions vis-à-vis Foreign-Resident Affiliates (Sections A, B, and C)

A foreign-resident affiliate is: any foreign-resident entity for which the reporter owns, directly or indirectly, 10 percent or more of its voting equity (or the equivalent); or any foreign-resident “parent” company which owns 10 percent or more of the reporter’s voting equity (or the equivalent); or any foreign-resident company which is a subsidiary (50% or more owned) of a foreign parent company of the reporter.

In Section A, positions vis-à-vis foreign-resident affiliates should not be reported.

In Section B, only the following positions vis-à-vis foreign-resident affiliates should be reported:

- BHCs/FHCs reporting the positions of their insurance underwriting subsidiaries should include all positions vis-à-vis foreign-resident affiliates.
- Reporters who are or who are reporting for “other financial intermediaries” should report all positions vis-à-vis all affiliated foreign-resident financial intermediaries (including depository institutions, securities brokers and dealers, BHCs/FHCs). A financial intermediary is an organization or part thereof (e.g., subsidiary or other operating unit) whose major activity is to raise or otherwise obtain funds to provide to another entity. (An insurance company is not a financial intermediary). An “other financial intermediary” is a financial intermediary other than a depository institution, a securities broker or dealer, or a BHC/FHC.

No other companies should report any data in Section B.

In Section C, other financial intermediaries (See glossary) should report the indicated information for all positions reported in Sections A and B. All other reporters should report the indicated information only for positions reported in Section A.

B. Column Instructions

Short-term Negotiable Securities (Column 1)

Report the total of all short-term negotiable securities (original maturity of one year or less; see glossary for the definition of securities) issued directly in a foreign market and for which a U.S.- resident depository institution or U.S.-resident custodian is not used. (Short-term non-negotiable securities held by foreign residents should be reported in column 2.)

Other Liabilities to Foreigners (Column 2)

Report all reportable financial liabilities as defined in Section II.A above, including brokerage balances (See glossary for definition), other than short-term negotiable securities reported in column 1.

Non-negotiable Foreign Deposits (Column 3)

Report all deposits held at foreign banks, including demand, time, and savings deposits (including Eurodollar deposits and non-negotiable CDs, but excluding negotiable CDs). Also include any brokerage balances placed with foreign residents. Do not include funds “swept” into a foreign bank or a securities brokerage account from an account at a U.S. entity.

Negotiable CDs & All Short-term Negotiable Securities (Column 4)

Report all negotiable certificates of deposit of any maturity and all negotiable securities (including money market instruments) with an original maturity of one year or less issued by foreign residents. Do not include negotiable securities or negotiable certificates of deposit held for your account by a U.S.-resident custodian.

Other Claims on Foreigners (Column 5)

Report all reportable claims (as defined in Section II.A above) other than non-negotiable foreign deposits reported in column 3 and negotiable CDs and negotiable short-term securities reported in column 4. Include loans to foreign residents (including resale agreements) and short-term non-negotiable securities of foreign residents, unless held in for your account by a U.S.-resident custodian.

C. Memorandum Row Instructions (Section B)

Section B contains a single row titled “Positions with Foreign Affiliates” (row 8058-6). Most reporters will leave this row blank. However, the following types of reporters should report the positions indicated below:

- Insurance underwriting subsidiaries of BHCs/FHCs should include all positions vis-à-vis foreign-resident affiliates.
- Reporters who are or who are reporting for “other financial intermediaries” should report all positions vis-à-vis all affiliated foreign-resident financial intermediaries (including depository institutions, securities brokers and dealers, BHCs/FHCs). A financial intermediary is an organization or part thereof (e.g., subsidiary or other operating unit) whose major activity is to raise or otherwise obtain funds to provide to another entity. (An insurance company is not a financial intermediary). An “other financial intermediary” is a financial intermediary other than a depository institution, a securities broker or dealer, or a BHC/FHC.

D. Memorandum Row Institutions (Section C)

In Section C, companies reporting positions as other financial intermediaries (See glossary) should report the information in Section C for all of the positions reported in

Sections A and B. All other reporters should report the requested additional information only for the positions reported in Section A.

Type of Instrument

Not all instruments will be reported separately in the memorandum rows. Therefore, for each column the entries in the instrument rows will sum to no more, and probably less, than the values reported in Sections A and B.

Borrowings/Loans Memorandum Row (8061-4)

Report in columns 2 and 5 loans (See glossary for definition) with foreign residents excluding repurchase agreements, resale agreements, and similar financing agreements.

Negotiable CDs Memorandum Row (8110-8)

Report in column 4 all negotiable certificates of deposit issued by foreign residents.

Repurchase/Resale Agreements Memorandum Row (8400-7)

Report in column 2 funds borrowed from foreign residents under repurchase agreements and similar financing arrangements. Report in column 5 funds loaned to foreign residents under resale agreements and similar financing arrangements. These amounts should be reported gross (i.e., no FIN 41 netting).

Assets Written Off This Quarter

Charge-offs or specific reserves for reportable claims taken partially or entirely during the reporting period should be totaled and reported in the row titled "Assets Written Off This Quarter" (row 8200-9) only in the quarter they are established. (See General Instructions Section I.E for detailed information on charge-offs.)

Foreign Currency Memorandum Rows

For each column, report the amounts of positions (converted into U.S. dollars using the closing spot exchange rate on the as-of date of the report) that are denominated in Canadian Dollars (8500-1), Euros (8500-2), British Pound Sterling (8500-3), Japanese Yen (8500-4), and All Other Foreign Currencies (8500-6).

Remaining Maturities Memorandum Rows

This part of Section C is required to be completed only by reporters with Section C reportable liabilities of \$1 billion or more. (Section C reportable liabilities include all Section A liabilities plus the liabilities reported by other financial intermediaries in Section B.)

In columns 1 and 2, report liabilities by remaining maturity. Remaining maturity is the amount of time remaining from the report date until the earlier of the final contractual maturity date or the call date, if the claimant can freely call the liabilities at an earlier

date. (All foreign currency-denominated liabilities should be converted to U.S. dollars using the spot exchange rate on the as-of date.)

Demand Deposits (8010-1)

In each column, report any non-interest bearing liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) that are payable on demand.

Arrears (8020-9)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) that are past due. A liability is past due when principal or interest due is unpaid for 30 days or more.

Non-Interest Paying Items without a Fixed Maturity Including Repos Under Continuing Contract (8030-6)

In each column, report non-interest-bearing liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) that have no stated maturity or that rollover under continuing contract. (Items originally sold at a discount are considered interest bearing, even if they do not have a stated interest payment. Therefore, no liabilities sold at a discount should be reported in this row.)

Other Items without a Fixed Maturity Including Repos Under A Continuing Contract (8040-3)

In each column, report interest-bearing liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) that have no stated maturity or are under continuing contract. (Items originally sold at a discount are considered interest bearing, even if they do not have a stated interest payment.)

Other, 90 Days or Less (8051-9)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of no more than 90 days.

Over 90 Days to 180 Days (8052-7)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 90 days but no more than 180 days.

Over 180 Days to 270 Days (8053-5)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 180 days but no more than 270 days.

Over 270 Days to 1 Year (8054-3)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 270 days but no more than 1 year. ("Year" may be defined based upon 360 days, 365 days or 1 calendar year, based upon the reporter's business practices.)

Over 1 Year to 2 Years (8055-1)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 1 year but no more than 2 years. ("Year" may be defined based upon 360 days, 365 days or 1 calendar year, based upon the reporter's business practices.)

Over 2 Years (8057-8)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency denominated) with a remaining maturity of over 2 years. ("Year" may be defined based upon 360 days, 365 days or 1 calendar year, based upon the reporter's business practices.)

III. TIC Form CQ-2 – Report of Commercial Liabilities to, and Commercial Claims on, Unaffiliated Foreign Residents

A. What to Report

Reportable Liabilities and Claims

Report all (U.S. dollar- and foreign currency-denominated) commercial liabilities to, and claims on, unaffiliated foreign residents. Commercial liabilities and claims are those which arise from the purchase and sale of goods (including new and used capital goods) and services. Reportable commercial liabilities and claims include:

- (1) Accounts payable and receivable arising from the import or export of goods and services, including new and used goods.
- (2) Advance payments received for future deliveries of goods and services.
- (3) Claims on inventory held outside the United States.
- (4) Credits due to or from a foreign resident resulting from returned goods or from cancelled service contracts.
- (5) Accrued liabilities and claims for royalties or similar fees.
- (6) Fees due or payable, such as docking fees and airplane landing fees.
- (7) Unearned insurance premiums and insurance claims payable, receivable, and incurred but not reported (IBNR). (See section below on reporting of insurance/reinsurance business.)

A foreign resident affiliate is: any foreign-resident entity for which the reporter owns 10 percent or more of its voting equity (or the equivalent); or any foreign-resident “parent” company which owns 10 percent or more of the reporter’s voting equity (or the equivalent); or any foreign-resident company which is a subsidiary (50% or more owned) of a foreign parent company of the reporter. All other foreign-resident entities are “unaffiliated foreign residents.”

Specific Exclusions

- (1) Contingent liabilities or claims.
- (2) Liabilities and claims held for collection by U.S. banks or brokers/dealers, such as accounts, notes, and drafts payable.
- (3) Spot foreign exchange contracts.
- (4) Derivatives, including futures, forward exchange contracts, options, swaps, and warrants.

- (5) Financial liabilities and claims. (See Section II.A. "What to Report" on the TIC CQ-1 for further information.)
- (6) Claims on foreign residents arising from advices issued by banks in the United States of their intent to make payment under deferred payment letters of credit issued by foreign banks in favor of U.S. exporters.
- (7) Financial and operating leases. (See Section II.A "What to Report" on the TIC CQ-1 for further information.)

Insurance/Reinsurance Business

Insurance and reinsurance companies should report unearned premiums and unpaid claims (including claims incurred but not yet reported) as follows:

Liabilities/Claims	Reporting
Claims payable	Trade payables (column 1)
Claims receivable	Trade receivables (column 3)
Unearned premiums received	Advance receipts (column 2)
Unearned premiums paid	Advance payments (column 4)

Only positions vis-à-vis unaffiliated reinsurers should be reported. Reporting should be by the company that deals directly with the foreign counterparty. Thus, if a U.S. insurance broker or other intermediary is responsible for obtaining/placing the contract with the foreign counterparty, the reporting should be by the U.S. intermediary, not the U.S. underwriter/reinsurer.

B. Column Instructions

TRADE PAYABLES (Column 1)

Report gross liabilities due to unaffiliated foreign residents arising from:

- (1) Deferred payment for goods imported into the United States, whether in transit or located in foreign countries, and for services.
- (2) Acceptances made directly for your account by unaffiliated foreign residents.
- (3) The return of goods or cancellation of services.
- (4) Overpayments for goods or services.
- (5) Accrued liabilities for royalties and similar fees.
- (6) Premiums due from and payable to insurance companies located in foreign countries.

ADVANCE RECEIPTS AND OTHER LIABILITIES (Column 2)

Report gross liabilities to unaffiliated foreign residents arising from:

- (1) All advance payments received from unaffiliated foreign residents for future deliveries of goods or future rendering of services (even though the funds have been used in the production of goods not yet delivered), whether payable in cash or through barter agreements. (However, exclude all forward settling derivative contracts.)
- (2) All other commercial liabilities (as defined in Section III.A above).

TRADE RECEIVABLES (Column 3)

Report gross claims on unaffiliated foreign residents arising from:

- (1) Deferred receipts from the sale of goods exported from the United States or from the sale of goods acquired abroad, and from the sale of services to foreign residents.
- (2) The return of goods or cancellation of service contracts.
- (3) Overpayments for goods or services.
- (4) Accrued claims for royalties and similar fees.
- (5) Premiums due from insurance companies located in foreign countries.

ADVANCE PAYMENTS AND OTHER CLAIMS (Column 4)

Report gross claims on unaffiliated foreign residents arising from:

- (1) Advance payments made to unaffiliated foreign residents for future delivery of goods or for the future rendering of services or from rights to receive commodities or services from unaffiliated foreign residents under barter agreements (excluding all forward settling derivative contracts).
- (2) Goods that the reporter owns located in foreign countries. (If the goods are in transit report opposite the country of ultimate destination.)
- (3) All other commercial claims (as defined in Section III.A above).

C. Memorandum Row Instructions

Assets Written Off this Quarter

Charge-offs or specific reserves for reportable claims taken partially or entirely during the reporting period should be reported in the row titled "Assets Written Off This Quarter" (row 8200-9) only in the quarter they are established. (See General Instructions Section I.E for detailed information on charge-offs.)

Foreign Currency Memorandum Rows

For each column, report the amounts of positions (converted into U.S. dollars using the closing spot exchange rate on the as-of date of the report) reported in the Grand Total Row (9999-6) that are denominated in Canadian Dollars (8500-1), Euros (8500-2), British Pound Sterling (8500-3), Japanese Yen (8500-4), and All Other Foreign Currencies (8500-6).

Remaining Maturities Memorandum Rows

This section is required to be completed only by reporters with reportable liabilities of \$200 million or more.

Report liabilities included in the Grand Total Row (9999-6) by remaining maturity. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity date. (All foreign currency-denominated liabilities and claims should be converted to U.S. dollars using the closing spot exchange rate on the as-of date). Advance receipts and advance payments should be considered as maturing in one year or less even if the product or work which the receipts or payments pertain to will not be completed for more than one year.

Arrears (8020-9)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) that are past due. A liability is past due when principal or interest due is unpaid for 30 days or more.

Non-Interest Paying Items without a Fixed Maturity (8030-6)

In each column, report non-interest-bearing liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) that have no stated maturity or that rollover under continuing contract. (Items originally sold at a discount are considered interest bearing, even if they do not have a stated interest payment. Therefore, no liabilities sold at a discount should be reported in this row.)

Other Items without a Fixed Maturity (8040-3)

In each column, report interest-bearing liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) that have no stated maturity or are under continuing contract. (Items originally sold at a discount are considered interest bearing, even if they do not have a stated interest payment.)

Other, 90 Days or less (8051-9)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity no more than 90 days.

Over 90 Days to 180 Days (8052-7)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 90 days but no more than 180 days.

Over 180 Days to 270 Days (8053-5)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 180 days but no more than 270 days.

Over 270 Days to 1 Year (8054-3)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 270 days but no more than 1 year. ("Year" may be defined based upon 360 days, 365 days or 1 calendar year, based upon the reporter's business practices.)

Over 1 Year to 2 Years (8055-1)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 1 year but no more than 2 years. ("Year" may be defined based upon 360 days, 365 days or 1 calendar year, based upon the reporter's business practices.)

Over 2 Years (8057-8)

In each column, report liabilities to foreign residents (both U.S. dollar- and foreign currency-denominated) with a remaining maturity of over 2 years. ("Year" may be defined based upon 360 days, 365 days or 1 calendar year, based upon the reporter's business practices.)

IV. Glossary

Administrative Agent – An institution responsible for administering a loan, acting on behalf of all lenders, and acting as a conduit for all payments in a loan syndication. If a foreign resident is acting as an administrative agent, the borrower should report these loan liabilities to foreign residents on the TIC CQ-1 or TIC BL-1 form as appropriate.

American Depositary Receipt (ADR) – Negotiable certificates, typically issued by a U.S.-resident company for securities (usually shares of stock) issued by a foreign corporation. The securities are backed by the foreign securities, which are held in a custodial account, either at the issuing bank or by an agent. The ADRs themselves may be held in U.S. or foreign banks. ADRs are considered foreign securities, and purchases and sales of ADRs by U.S. residents are reportable on the TIC S form.

Brady Bonds – Collateralized dollar-denominated bonds issued by a foreign government or central bank in exchange for loans under the Brady Plan. Brady Bonds are considered long-term debt securities and are excluded from the TIC C forms. These securities should be reported on the TIC S form.

Brokerage Balances – Cash balances: 1) held by U.S. residents in brokerage and margin accounts with foreign residents; and 2) held by foreign residents in brokerage and margin accounts at U.S.-resident entities. Brokerage balances should be reported gross and include funds that may be freely withdrawn or held to support positions in futures, securities or other financial instruments. The following are examples that generate cash balances in brokerage balances:

- (1) Cash proceeds from selling securities short.
- (2) Cash margin or collateral placed to support open positions in futures (initial, maintenance and margin) or options on exchanges, over-the-counter derivatives, and excess cash margin or collateral retained from previous settlements of positions.
- (3) Cash margin lent to foreign residents for their purchases of securities.
- (4) Cash interest and dividends on securities that have been pledged as collateral with foreign residents.

Brokerage balances held at foreign entities should be reported as financial liabilities on the TIC CQ-1 form. Liabilities to foreign residents from brokerage balances should be reported as financial claims on the TIC CQ-1 form.

Commercial Paper – Unsecured negotiable promissory notes usually sold at a discount and having a fixed maturity of 270 days or less. Holdings of commercial paper should be reported on the TIC C forms at face value, as a short-term security unless held for your account by a U.S.-resident depository institution or other U.S. custodian.

Custodian – A bank or other organization that manages or administers the custody or safekeeping of stock certificates, debt securities, or other assets for institutional and private investors.

Deposits – The unpaid balance of money or its equivalent received or held by a bank in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, including balances in a checking, savings, or time account, or which are evidenced by its certificate of indebtedness, or other similar name, or a check or draft drawn against a deposit account and certified by the bank, or a letter of credit or a traveler's check on which the bank is primarily liable. Deposit balances (other than certificates of deposit) held by U.S. residents at foreign banks should be reported on the TIC CQ-1 form. Negotiable and non-negotiable CDs issued by foreign resident banks, regardless of maturity, should be reported on the TIC CQ-1 form unless held for your account by a U.S.-resident depository institution or other U.S.-resident custodian. (Also see glossary entry for Negotiable Certificates of Deposits.)

Depository Receipts – See American Depository Receipts (“ADR”). Related types of depository receipts, such as Global Depository Receipts, are reported in the same manner as ADRs

Derivative Contracts – A derivative contract is a financial instrument or other contract with all three of the following characteristics:

- (1) It has: (a) one or more underlyings; (b) one or more notional amounts; and (c) payment provisions. These terms determine the amount of the settlement or settlements, and, in some cases, whether or not a settlement is required.
- (2) It requires no initial net investment, or an initial net investment that is much smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- (3) Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

Derivative contracts are excluded from the TIC C forms. Embedded derivatives that are not bifurcated under FAS 133 should not be separated from the host contract and should be reported on the TIC C forms. However, if an embedded derivative is bifurcated, the derivative should be excluded from the TIC C forms.

Development Banks – Entities owned by national governments other than the United States and are established to promote economic development of sectors of the economy, such as trade, housing, agriculture, finance and industry.

Direct Investment – A direct investment relationship exists when one firm owns 10% or more of the voting securities of another incorporated business, or an equivalent interest in an unincorporated business, including a branch. If a direct investment relationship exists, then generally, all financial flows between the firms are considered direct investment. However, for banking institutions direct investment is limited to intercompany holdings that are permanent investment. In general, only insurance underwriting subsidiaries of BHCs/FHCs and other financial intermediaries report debt positions with affiliated firms, including direct investment claims and liabilities, on the TIC CQ-1 form. (See Section II.A, “Positions vis-à-vis Foreign-Resident Affiliates” for further information).

Financial Intermediary – A financial intermediary is an organization or part thereof (e.g., subsidiary or other operating unit) whose major activity is to raise or otherwise obtain funds to provide to another entity. (An insurance company is not a financial intermediary). An “other financial intermediary” is a financial intermediary other than a depository institution, a securities broker or dealer, or a BHC/FHC.

Financing Lease – A lease is an agreement that transfers the right to use an asset for a specified period of time. The TIC C forms follow the standards set forth in FASB Statement No. 13, “Accounting for Leases” to distinguish a financing lease from an operating lease. In particular, if any one of the following criteria is met, a lease must be accounted for as a financing (or capital) lease:

- (1) Ownership of the property is transferred to the lessee at the end of the lease term, or
- (2) The lease contains a bargain purchase option, or
- (3) The lease term represents at least 75 percent of the estimated economic life of the leased property, or
- (4) The present value of the minimum lease payments at the beginning of the lease term is 90 percent or more of the fair value of the leased property to the lessor at the inception of the lease less any related investment tax credit retained by and expected to be realized by the lessor.

If none of the above criteria is met, the lease should be accounted for as an operating lease.

All positions arising from cross-border leases should be reported on the TIC CQ-1 form as described in section II.A.

Foreign Resident – Any individual, corporation, or other organization located outside the United States. A corporation incorporated outside the United States is a foreign resident even if it has no physical presence outside the United States. Foreigners/Foreign Residents include:

- (1) 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). (However, all U.S. subsidiaries of foreign corporations are U.S. residents.)
- (2) Entities that have filed 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) Any corporation or other organization located outside the United States, including the branches, subsidiaries, and other affiliates of U.S. entities located abroad.
- (4) Individuals, including citizens of the United States, residing outside the United States.

EXCEPTION: Official international or regional organizations or subordinate or affiliated agencies 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), are also considered foreign residents.

Foreign-Resident Affiliate – Any foreign-resident entity for which the reporter owns, directly or indirectly, 10 percent or more of its voting equity (or the equivalent); or any foreign-resident “parent” company which owns 10 percent or more of the reporter’s voting equity (or the equivalent); or any foreign-resident company which is a subsidiary (50% or more owned) of a foreign parent company of the reporter.

Foreign-Resident Custodian – A custodian located outside the United States, including a foreign affiliate of a U.S. custodian. Reporters should determine the location of a custodian according to the country where the custodian is incorporated, or otherwise legally established, not according to the country of custodian’s parent firm, and not according to the location of the custodian’s operations center.

Foreign Subcustodian – A foreign institution that holds in safekeeping foreign securities for a U.S. resident custodian.

Loans – A loan is generally an extension of credit resulting from direct negotiations between a lender and a borrower. The loan may have originated through direct negotiations with the borrower or it may have been originated by another lender that directly negotiated with a borrower. Loans may take the form of promissory notes, acknowledgements of advance, due bills, invoices, overdrafts, and similar written or oral obligations. Loans include:

- (1) factored accounts receivable.
- (2) participations (acquired or held) in a single loan or pool of loans or receivables (See discussion of Participations).
- (3) drawn syndicated loans.
- (4) Repurchase/resale agreements, where securities have been transferred in return for cash balances.
- (5) Loans made to finance trade other than those between purchaser and seller of the traded good or service. (See Section II.A, “What to Report” for more information.)

Loans exclude those instruments that meet the definition of a security (See glossary entry for Securities). Loans are reportable on the TIC C forms, regardless of maturity.

Loan Servicing Arrangements, Loan Servicer – An arrangement whereby one party (the loan servicer) agrees to collect payments from borrowers on behalf of the holder(s) of the loan. The loan servicer may be the originator of the loans, or may be another institution. If a foreign-resident is acting as a servicer or administrative agent, the borrower should report these loan liabilities to foreign residents on the TIC BL-1 or TIC CQ-1 form as appropriate.

Negotiable Certificates of Deposit – Certificates of deposit evidenced by a negotiable (transferable) instrument or deposit in book entry form evidenced by a receipt or similar acknowledgement issued by the bank, that provides on its face that the amount of such deposit is payable to bearer or any specified person (e.g., deposit notes, bank notes). U.S. held foreign negotiable certificates of deposit should be reported on the TIC CQ-1 form and in Memorandum Row 8110-8 unless held for your account by a U.S.-resident depository institution or other U.S.-resident custodian.

Overdraft – An overdraft exists when a depository institution honors a check or draft drawn against a deposit account in which insufficient funds are held. Overdrafts should be reported gross and not netted against good balances. Overdrawn accounts at foreign banks are reported on the TIC CQ-1 form as financial liabilities.

Participations – A loan agreement whereby one bank contracts with other banks to participate in making a loan to a borrower. Each participant should report the amount of its own share in the participated loan. If a foreign-resident is acting as a servicer or administrative agent, the borrower should report these loan liabilities to foreign residents on the TIC BL-1 or TIC CQ-1 form as appropriate.

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 foreign residents in which cash balances are provided as part of the transaction, are to be reported as borrowings from, or loans to, foreign residents collateralized by the underlying assets. In each case the amount of cash received/provided should be reported. In particular:

- (a) Funds received from foreign residents from repurchase agreements are reported as liabilities on the TIC CQ-1 form, by country, and in memorandum row 8400-7. (The transfer of the securities should be excluded from purchases or sales on the TIC S form.)
- (b) Funds lent to foreign residents through resale agreements should be reported as claims on the TIC CQ-1 form., by country, and in memorandum row 8400-7. (The receipt of the securities as collateral should be excluded from purchases or sales on the TIC S form.)

Please note that all repurchase 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. 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 the TIC S form and the exchange of cash should be excluded from the TIC C forms. Securities lending agreements in which one security is loaned in return for another are not reportable on the TIC forms.

Securities – Securities are any bill, note, bond, debenture, equity or similar instrument that is commonly referred to as a security, excluding certificates of deposit. (In cases where it is not clear if a specific instrument is a security, contact the Federal Reserve Bank of New York.) Securities may be negotiable (tradable in secondary markets) or non-negotiable (not tradable in secondary markets).

Securities are classified as short-term (original maturity of one year or less) or long-term (original maturity of more than one year). Long-term securities include securities with no stated maturity, including equity securities such as common stock, preferred stock, certificate of interests, partnership interests, and mutual fund shares. Long-term securities are excluded from the TIC C forms and should be reported only on the TIC S form.

Short-term securities, which include money market instruments such as Treasury bills, short-term agency securities, commercial and finance paper, bankers' acceptances, and short-term notes, should be reported on the TIC C forms, following the instructions in Sections II.A and II.B of this booklet for the TIC CQ-1 form. A summary of these reporting requirements follows:

The Reporting of Short-Term Securities

Situation	Where to Report
<p><u>Claims</u> A TIC C reporter holds a foreign security (including money market instruments) directly or is held in custody at a foreign custodian or directly with a foreign central depository.</p>	CQ-1
<p><u>Liabilities</u> A TIC C reporter issues a security (including all bearer instruments) in a foreign market (<u>unless</u> the security is known to be held by a U.S. custodian other than the reporter)</p>	CQ-1

Securities Brokers and Dealers – Generally, securities brokers are entities that regularly engage in effecting securities transactions for others. A securities dealer is an entity that engages in buying securities for its own account. However, the definition of securities dealers excludes depository institutions and other institutions acting in a fiduciary capacity. (See the Securities Exchange Act for a list of the activities that constitutes a dealer.)

Settlement Date Accounting – Under settlement date accounting, assets purchased are not recorded until settlement date. Settlement date accounting should be used on the TIC C forms.

Subsidiary – A company in which another company (parent) owns 50% or more of the voting securities, or an equivalent interest.

Sweep Agreements – Sweep agreements are contractual agreements between institutions and their customers that allow funds to be automatically transferred to another account at the same institution, another institution, or into a financial instrument. Deposits and brokerage balances held at a U.S. depository institution, broker, or dealer and “swept” by the U.S. entity into a foreign-resident entity are excluded from the TIC C forms.

United States – The fifty (50) 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, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll,

Kingman Reef, Midway Islands, Navassa Island, Palmyra Atoll, U.S. Virgin Islands, and Wake Island.

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. Resident – Any individual, corporation, or other organization located in the United States, including branches, subsidiaries, and affiliates of foreign entities located in the United States. Corporations incorporated in the United States are considered to be U.S. residents even if they have no physical presence in the United States.

APPENDIX A
Reporting Requirement Flowcharts

Situation 1 - A U.S. resident has a liability to a foreign resident in the form of a short-term negotiable or non-negotiable security

Flowchart 1a - A U.S. resident custodian is used
Flowchart 1b - No U.S. resident custodian is used

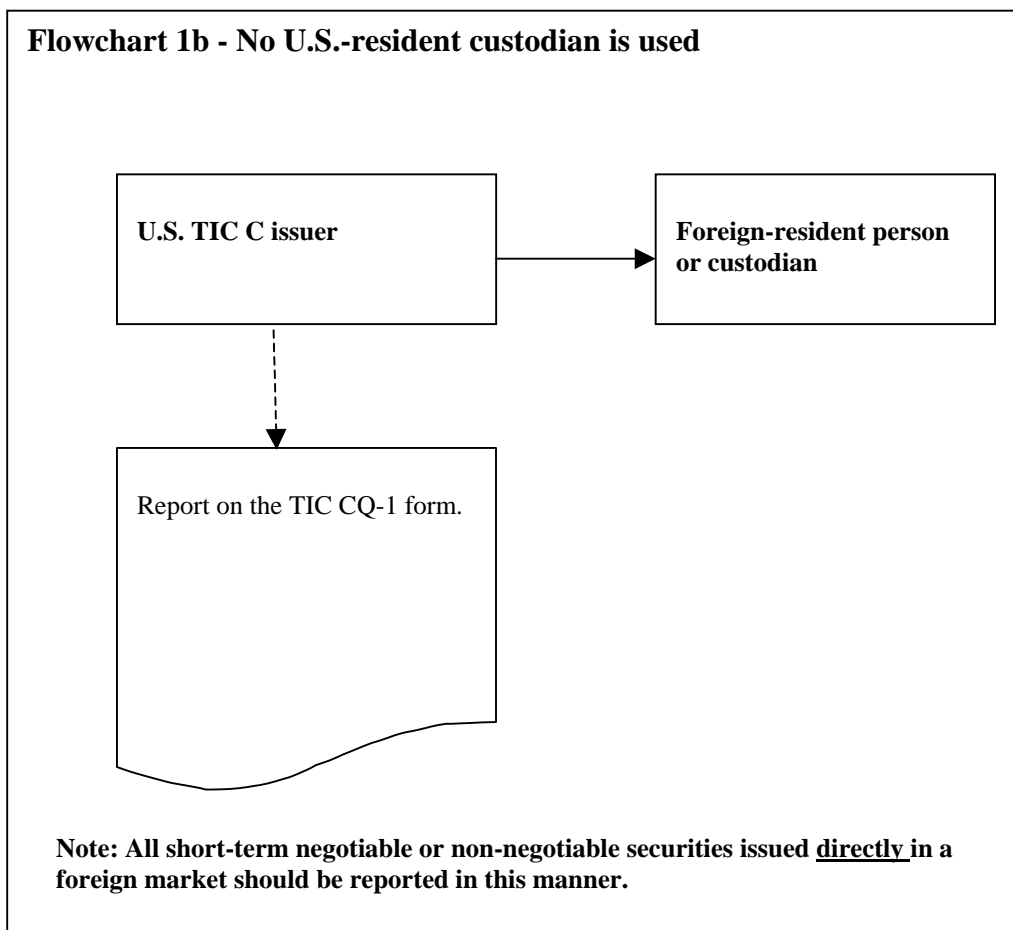
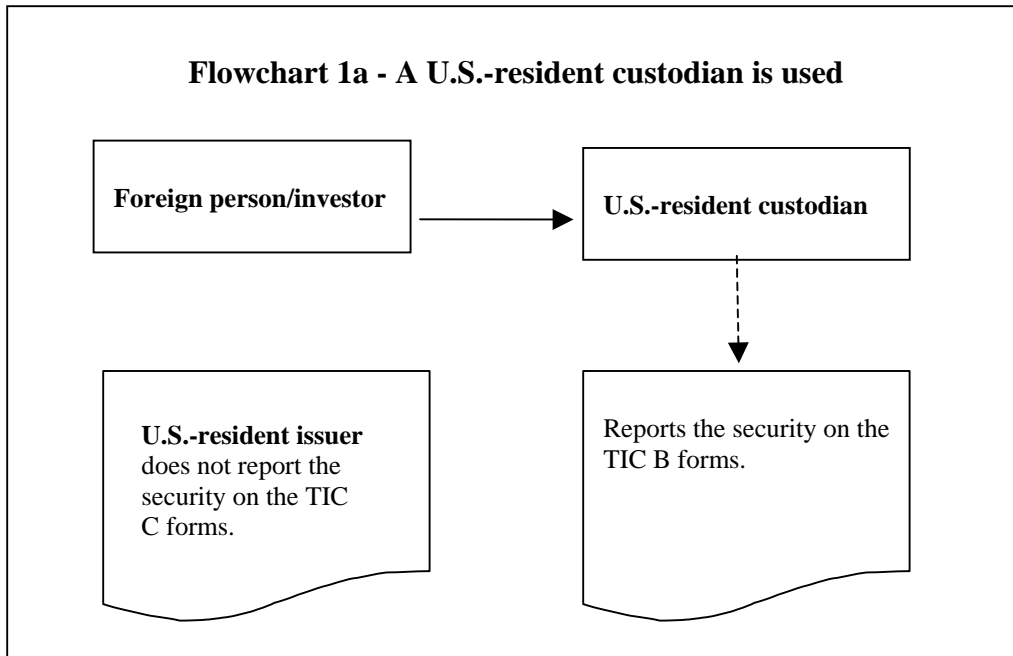
Situation 2 - A U.S. resident has a claim on a foreign resident in the form of a short-term security or a certificate of deposit (of any maturity)

Flowchart 2a - A U.S. resident custodian is used
Flowchart 2b - No U.S. resident custodian is used

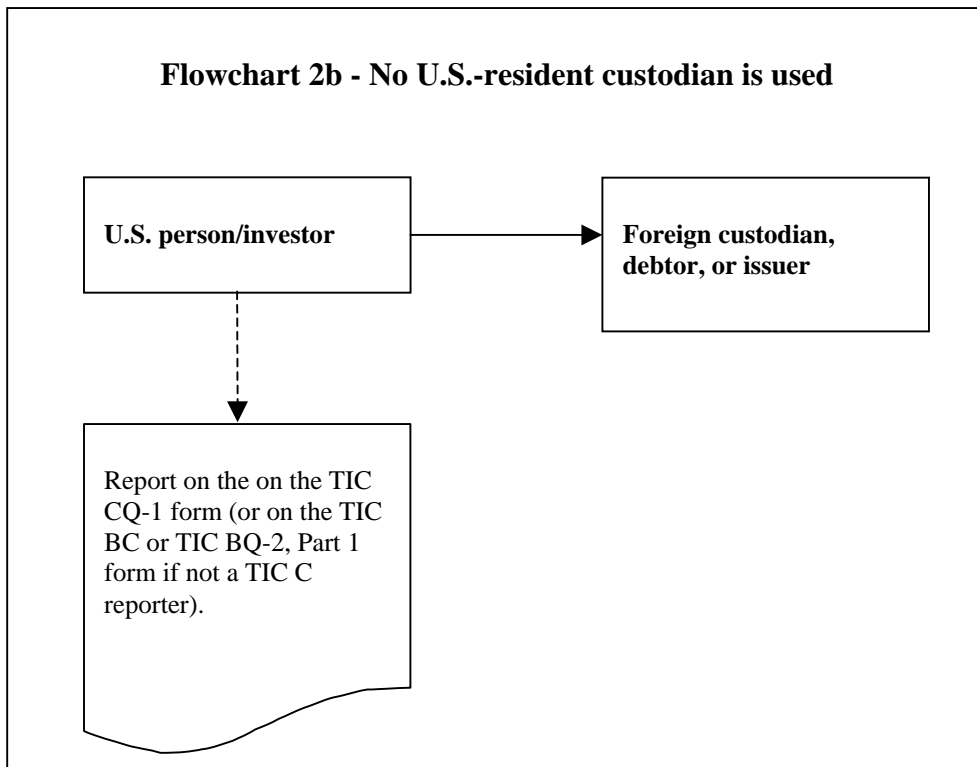
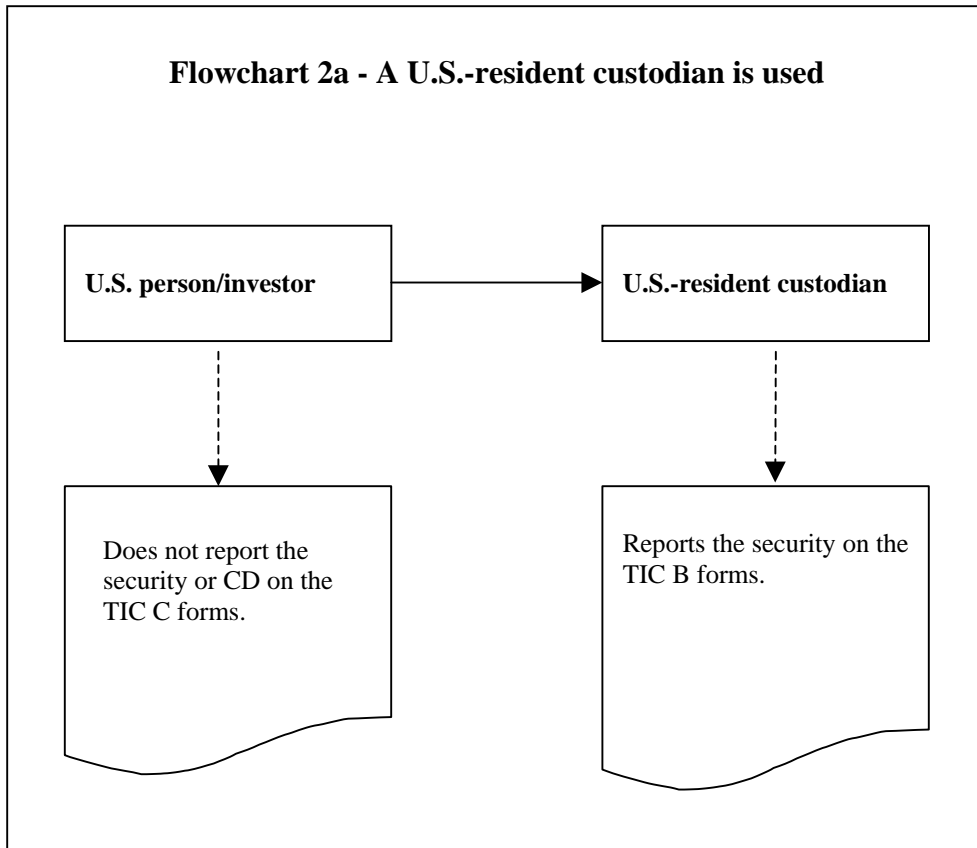
Situation 3 - Loans of U.S. residents (including drawn syndicated loans)

Flowchart 3a - A U.S. resident is servicing the loan or acting as an administrative agent
Flowchart 3b – No U.S. resident is servicing the loan or acting as an administrative agent

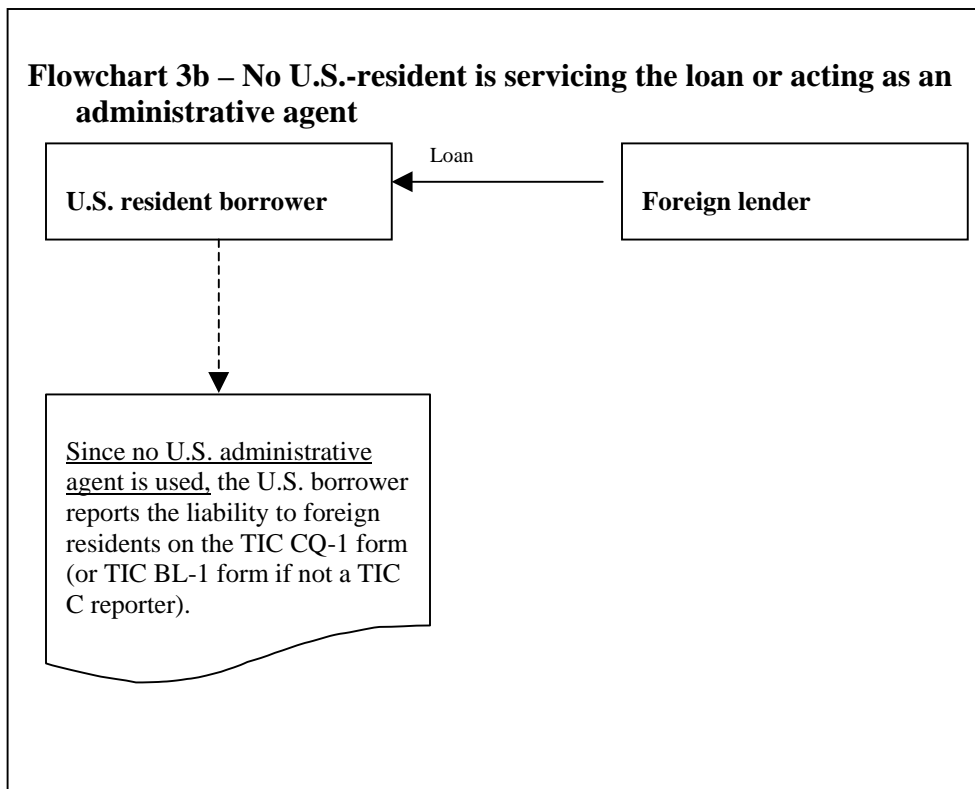
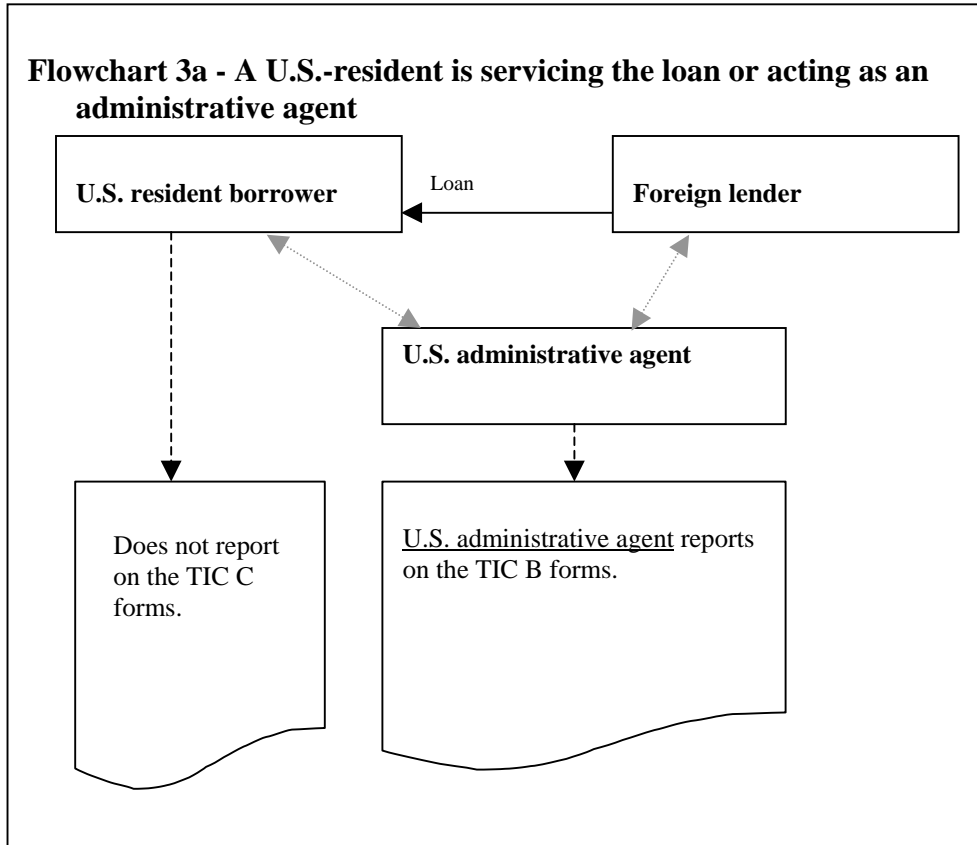
Situation 1 - A U.S. resident has a liability to a foreign resident in the form of a short-term security



Situation 2 - A U.S. resident has a claim on a foreign resident in the form of a short-term security or a certificate of deposit (of any maturity)



Situation 3 - Loans of U.S. residents (including drawn syndicated loans)



Appendix B

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

Including

Codes for Countries and International/Regional Organizations

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

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

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

Appendix C

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, next to these instructions, at:

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