

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

EFFECTIVE beginning with the report as of March 2009

Revised March 2009

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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(brokers, dealers, prime brokers, underwriters, end-investors, paying agents, custodians, fund managers, investment managers, and issuers)	

GLOSSARY TERMS

Affiliate	Paying Agent
Asset-Backed Securities (ABS)	Preferred Stock
Brady Bonds	Prime Brokers
Brokers	Repurchase Agreements
Commercial Paper	Resale Agreements
Common Stock	Securities
Convertible Securities	Settlement Date
Custodian	Settlement Date Accounting
Dealers	Short-Term Security
Depository Receipts (DR)	Subsidiary
Development Banks	Underwriter
Direct Investment	United States
End-Investors	U.S. Government Agency and Government Sponsored Enterprise Securities
Exchange-Traded Funds (ETFs)	U.S. Resident
Foreign Official Institutions	U. S. Securities
Foreign Resident	U.S. Treasury Securities
Foreign Securities	Warrant
Global Notes/Certificates	
Investment Manager	
Long-Term Security	
Nationalized Banks	

REVISIONS, Summary of:

-- February 2009 (revisions of instructions dated January 2001). The following significant revisions were made: (a) On page 26, added text covering the new row (8999-1) in the S-Form; (b) On page 17, added text covering reports by prime brokers; (c) On page 8, changed text to require that foreign currency transactions be converted to U.S. dollars as of the settlement date; (d) On page 11, changed text to require that data reporters, once the exemption level is exceeded, continue to report for the remainder of the current calendar year; (e) to clarify reporting responsibilities, reorganized text (page 5 and pages 17-24) and added flowcharts (appendix III) from the point of view of eight different roles that may exist in an organization; (f) On pages 12-13, clarified text on determining residency; (g) On pages 15-16, clarified text on identifying counterparty; (h) Made revisions in the glossary, including the direct investment section; and (h) Made numerous other clarifications in the instructions that did not change the substance. (Note: The paragraphs containing revisions are marked with a vertical bar on the right-side of the page.)

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.

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 (BHC/FHC). (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 or 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.
2. The TIC C forms are filed by all U.S. entities other than depository institutions, Bank Holding Companies/Financial Holding Companies (BHCs/FHCs), and securities brokers and dealers. (As an exception, the positions of insurance underwriting subsidiaries of BHCs/FHCs are excluded from the TIC B reports and reported by the BHCs/FHCs for the

underwriting subsidiaries on the TIC C reports.) On the TIC C forms, these entities report positions with unaffiliated foreign resident entities that are either short-term securities or non-securities.

3. The TIC D form is filed by all major U.S.-resident participants in derivatives markets. This form is designed to obtain data on holdings of, and transactions in, financial derivative contracts with foreign residents. Data are collected in aggregate form to facilitate timely reporting.
4. 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 of these 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) - Approximately every five years, all significant U.S.-resident custodians of foreign securities and U.S.-resident investors holding securities without using U.S.-resident custodians are required to report detailed security-by-security information on their holdings of foreign securities. In the years between these benchmark surveys, the largest of these reporters are required to submit this security-by-security information annually (Form SHCA).
5. 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.

6. Direct Investment- Data on cross-border Direct Investment are collected by the Bureau of Economic Analysis, U.S. Department of Commerce. The data collections are designed to obtain comprehensive data on the transactions and positions between affiliated U.S. and foreign companies ("multinational companies"), and on the overall operations of multinational companies. 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).

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.-resident entities on their monthly purchases and sales of long-term securities in transactions directly with foreign residents. Long-term securities are defined as those without a stated maturity date (such as equities) or with an original term-to-maturity in excess of one year. This information is needed for preparation of the U.S. Balance of Payments Accounts and the U.S. International Investment Position, as well as 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 6.6 hours, based on 11.8 hours for each major respondent and 5.9 hours for each other respondent. These estimates include the time it will take to read the instructions, gather the necessary facts, fill out the forms and keep records. Comments regarding the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Department of the Treasury, Attention:

Administrator, International Portfolio Investment Data Reporting Systems, Room 5422 MT, Washington, D.C. 20220, and to the Office of Management and Budget, Attention: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, D.C. 20503.

B. WHO MUST REPORT

TIC form S must be filed by United States resident entities who, during the reporting month, conduct transactions (e.g. purchases, sales, redemptions and new issues) in U.S. long-term securities directly from or to foreign residents, and/or conduct transactions in foreign long-term securities directly from or to foreign residents, or have foreign-resident agents conduct transactions in these securities on their own behalf, or on behalf of customers.

To minimize reporting burden and to allow for situations when an investor does not know the direct counterparty, data are collected from U.S. financial intermediaries. Transactions in which another U.S.-resident entity acts as an intermediary for a foreign resident should not be reported. U.S.-resident entities that provide only custodial or settlement functions are not intermediaries for purposes of this report.

U.S.-resident entities must file the TIC Form S report if reportable transactions meet or exceed the exemption level. Reportable transactions typically arise from the following roles:

1. brokers and dealers (including inter-dealer brokers, prime brokers, and operators of electronic exchanges)
2. security underwriters
3. issuers of securities
4. end investors
5. fund managers, investment managers, and sub-advisors (including funds, fund of funds, mutual funds, and pension funds)
6. custodians (including central securities depositories)
7. paying agents
8. electronic trading platforms

Please refer to the section on Reporting Responsibilities for detailed reporting guidance. The following potential reporting entities may be engaged in the roles listed above:

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
6. Industrial and commercial enterprises
7. Other investors or nonbanking enterprises

C. CONSOLIDATION RULES/COMBINATION RULES

For purposes of this report, U.S.-resident entities should consolidate all their subsidiaries, except for foreign-resident offices and subsidiaries, in accordance with U.S. GAAP. U.S.-resident entities, that are not 50 percent or more owned by another U.S.-resident company, including Bank Holding Companies (BHCs) and Financial Holding Companies (FHCs), should include all reportable transactions for U.S.-resident parts of their organization, including U.S.-resident offices and subsidiaries and international banking facilities (IBFs). This includes all U.S.-resident parts except securities brokers and dealers, U.S.-resident depository institutions and U.S.-resident insurance underwriting entities, which should submit separate reports that include their U.S.-resident offices and subsidiaries. For example, a U.S.-resident BHC which owns a depository institution, a securities broker/dealer and an insurance underwriter should submit four separate reports, if each entity independently meets or exceeds the exemption level.

U.S. residents include entities located in the Commonwealth of Puerto Rico and the U.S. territories. Please see Appendix X for the complete definition of United States. It is the responsibility of the U.S. parent entity to ensure that its report includes transactions conducted by all applicable entities within its organization.

Securities transactions conducted by U.S.-resident trusts, Variable Interest Entities (VIEs) and Special Purpose Entities (SPEs) for which the TIC reporter is the trustee or primary beneficiary should be included. Likewise, transactions conducted by U.S.-resident funds for which the reporting entity acts a manager/administrator (such as managers of mutual funds and pension funds) should be included.

U.S. branches and agencies of a foreign bank located in the same state and within the same Federal Reserve District should submit a consolidated report for these offices. U.S. branches and agencies of a foreign bank that are located in either different states or different Federal Reserve Districts, should submit separate reports.

D. EXEMPTION LEVEL and REPORTING FREQUENCY

The TIC S Form exemption level is applied to the consolidated reportable transactions of the reporting entity using the consolidation rules above. An institution must file the TIC Form S monthly if the total reportable transactions in purchases or sales of long-term securities amount to \$50 million or more during the reporting month. If the level of transactions meet or exceed the exemption level in any month, reporting is required for the remainder of the calendar year regardless of the level of transactions in subsequent months; and for both purchases and sales even if only one meets or exceeds the exemption level.

E. ACCOUNTING RULES

Unless otherwise indicated TIC reports should be filed in accordance with U.S. generally accepted accounting principles (GAAP).

Transfer of Assets

A purchase or sale is the transfer of assets whereby the seller surrenders control over those securities to the buyer for currency. The accounting for transfers of financial assets are set forth by U.S. GAAP (FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*", (FAS 140)).

Report Gross Amounts

Report the gross amount of funds (or assets) transferred to execute the transaction. Thus, purchase amounts reported should reflect the cost of the securities acquired, including brokerage charges, taxes, and any other expenses incurred by the purchaser. Sales amounts reported should reflect the proceeds of the sales less brokerage commissions and other applicable charges.

For example, if a foreign resident located in France purchases a \$50 million U.S. Treasury note from a U.S.-resident broker/dealer, and the total cost to the foreign-resident is \$52 million (\$50 million plus \$2 million for fees), the U.S.-resident broker/dealer should report \$52 million on TIC Form S opposite France in column 1 (Purchases of U.S. Treasury and Financing Bank Bonds and Notes). Conversely, if a foreign resident located in France sells a \$100 million U.S. Treasury note to a U.S.-resident broker/dealer and receives \$98 million from the sale (\$100 million less \$2 million in fees), the U.S.-resident broker/dealer should report \$98 million opposite France on TIC Form S in column 2 (Sales of U.S. Treasury and Financing Bank Bonds and Notes).

Use Settlement Date Reporting

Data should be reported using settlement date accounting. Therefore, transactions should only be reported after securities are delivered to the purchaser and payment is received by the seller.

Valuation Rules

Amounts reported should reflect the cost at time-of-settlement and should not be revalued to reflect price changes during the month. Payments denominated in foreign currencies should be converted to the U.S. dollar equivalent value using the spot exchange rate at the close of business on the day of settlement. Do not enter decimals or negative positions in any cell.

F. WHAT MUST BE REPORTED

Unless noted below, all transactions undertaken directly with foreign residents involving equity securities and

debt securities with *original* maturities exceeding one year should be reported. In addition, long-term securities received or delivered to settle derivatives contracts should be reported as purchases or sales by foreign residents.

Reportable transactions include purchases and sales of newly-issued securities (primary market transactions), purchases and sales of existing securities from other investors (secondary market transactions), and transactions that result from the sinking fund redemption, called, or maturing securities. These and other types of transactions are discussed in detail later in these instructions.

U.S. securities are securities issued by U.S.-resident entities, with the exception of those issued by U.S.-resident international organizations (such as the IMF and the World Bank), which are classified as foreign securities because these institutions legally have extraterritorial status. U.S. securities are defined as above, regardless of the country they are issued in, the currency they are denominated in, the location of the exchange they trade on, or whether they are guaranteed by institutions in other countries. U.S.-resident entities include U.S.-resident branches and subsidiaries of foreign companies.

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

1. Short-term securities (original term-to-maturity of one year or less). (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). (In addition, these are also reported on the TIC SHC and TIC SHL forms).
2. Certificates of deposit (both negotiable and non-negotiable), 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). (In addition, certificates of deposit, and bankers' acceptances are also reported on the TIC SHC and TIC SHL forms).
3. Derivative contracts (including forward contracts to deliver securities). (Reportable only on the TIC D form). However, long-term securities received or delivered to

settle derivatives contracts should be reported on TIC Form S as purchases or sales by foreign residents.

4. Interest payments on securities and dividend distributions
5. Direct investments. The following transactions known to be direct investment should be excluded:
 - Transactions that result in a U.S. resident gaining a direct or indirect voting interest of 10% or more in a foreign company or a foreign resident gaining a direct or indirect voting interest of 10% or more in a U.S. company.
 - All transactions of a U.S. resident (foreign resident) in the equity securities of a foreign company (U.S. company) with which the U.S. resident (foreign resident) is in a direct investment relationship.
6. Securities taken in or lent as collateral, securities involved in repurchase/resale (reverse repurchase) agreements and security lending agreements. These transactions are considered borrowings collateralized by the underlying securities. Banks and broker/dealers should report the funds from these loans on TIC B-series forms; other entities should report these on TIC form CQ-1.

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. Reports can be submitted in the following manner:

- Electronically
 - Data may be submitted electronically using the Federal Reserve System's Internet Electronic Submission (IESUB) system.
 - For more information on IESUB, log on to www.reportingandreserves.org/iesub.html or call your Federal Reserve Bank contact for TIC reporting.
- Mail/Fax
 - Reports filed with the Federal Reserve Bank of New York can be mailed to:

Federal Reserve Bank of New York
Statistics Function, 4th Floor
33 Liberty Street
New York, NY 10045-0001

Or faxed to: 212 720-8028 or 212 720-8216
 - To mail or fax reports with other Reserve Banks contact your local TIC reporting Federal Reserve Bank liaison for the appropriate information.

Data may also be reported on computer printouts in the same format as the printed reports. The Federal Reserve Bank to which the report is to be filed must approve proposed computer printouts in advance of the first submission.

TIC 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.

Data Retention Period

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

H. HOW TO REPORT

The reporting of a transaction (i.e., purchase or sale) should be based on the viewpoint of the foreign resident. Purchases of long-term securities (for the reporters own account

or for the account of United States customers) should be recorded as sales by a foreign resident; similarly, sales of long-term securities should be reported as purchases by a foreign resident.

Transactions in long-term securities should be reported opposite the country or geographic region of residence of the direct foreign purchaser or seller of the securities. Thus, the purchase of a Japanese security from a counter-party in Singapore should be reported as a purchase versus Singapore, not Japan. Country attribution should be based solely on the country of the direct foreign counter-party and should not be based on either the currency in which the security is denominated, the residence of a parent institution, the country of the issuer of the security, or the country of a guarantor (ultimate risk basis).

Thus:

- purchases of U.S. long-term securities by foreign residents should be reported as purchases in columns 1, 3, 5, or 7;
- sales of U.S. long-term securities by foreign residents should be reported as sales in columns 2, 4, 6, or 8;
- purchases of foreign long-term securities by U.S. residents should be reported as sales of foreign securities by foreign residents in columns 10 or 12; and
- sales of foreign long-term securities by U.S. residents should be reported as purchases of foreign securities by foreign residents in columns 9 or 11.

I. DETERMINING RESIDENCY

1. Determining the residence of TIC Reporters and TIC Reporters' consolidated entities

- a. Banks, BHCs, securities brokers and dealers, corporations and subsidiaries of corporations are residents of the country in which they are incorporated (not the country of the head office or primary operations).
- b. Bank branches are residents of the country in which they are licensed (not the country of the head office).

- c. Partnerships, trusts, and funds are residents of the country in which they are legally organized.
2. Determining the residence of a TIC Reporter's counterparties
- a. International and Regional Organizations (see Appendix I) are residents of the International and Regional Organizations areas, not the countries in which they are located.

Exception

Positions and transactions with the Bank for International Settlements (BIS), the European Central Bank (ECB), the Eastern Caribbean Central Bank (ECCB), the Bank of Central African States (BEAC), and the Central Bank of West African States (BCEAO), should each be reported opposite their name in the list of Foreign Economies and Organizations.

- b. Partnerships, trusts, and funds are residents of the country in which they are legally organized. (For example, pension funds of International and Regional Organizations are residents of the country of residence of the pension fund.)
- c. Banks, BHCs, FBOs, securities brokers and dealers, corporations and subsidiaries of corporations are residents of the country in which they are incorporated (not the country of the head office or primary operations).
- d. Bank branches are residents of the country in which they are licensed (not the country of the head office).
- e. Offices of foreign official institutions and embassies are residents of their parent country.
- f. Individuals are residents of the country of their tax domicile.

J. REPORTABLE ITEMS

REPORTING OF NEW ISSUES

1. Public Offerings (See the Reporting Responsibility Section (L) for detailed reporting guidance).
2. Private Offerings

Any depository institution, broker or dealer, or other person resident 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.

REPORTING REDEMPTIONS OF SECURITIES

Called or matured securities and sinking fund redemptions of securities should be reported in the following manner (See the Reporting Responsibility section for detailed reporting guidance):

1. U.S. Securities

- a. 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. entity (i.e., paying agent) on behalf of foreign residents should report these redemptions as sales by foreign residents.
- b. Banks, other depository institutions, brokers and dealers, and other persons resident in the United States presenting U.S. securities to a foreign entity (i.e., paying agent) for their own account or for the account of their United States customers should report the redemption as purchases by foreign residents.

2. Foreign Securities

- a. Depository institutions, brokers and dealers, and other persons resident in the United States presenting foreign securities to a U.S. entity (i.e., paying agent) in their name, or in a nominee name, for foreign

beneficiaries should report the redemption as sales by foreign residents.

- b. Depository institutions, brokers and dealers, bank holding companies bank holding companies and other persons resident in the United States presenting securities in their own name or for the account of their United States customers to a foreign entity (i.e., paying agent) should report the redemption as purchases by foreign residents.

REPORTING OF FUND SHARES

The determination of whether fund shares are a U.S. security is based on the country in which the fund is legally established, not based on the residence of the issuers of the securities the fund purchases and sells. For example, if a foreign resident purchases or sells shares in a fund organized in the United States, these shares are reportable U.S. securities, regardless of whether or not the fund purchases foreign securities. Reportable fund shares transactions should be reported as domestic or foreign stocks regardless of the investment portfolio of the fund (e.g., purchases of shares in a U.S. fund investing in U.S. and foreign bonds should be reported as purchases of U.S. stocks).

In addition, the fund's purchases and sales to/from foreign-resident entities of the underlying securities for the fund's own portfolio are also reportable. When this occurs, the transactions should be reported according to the type of securities purchased or sold.

REPORTING OF LIMITED PARTNERSHIPS

Transactions in foreign-resident limited partner ownership interests in U.S. resident limited partnerships and U.S. resident limited partner ownership interests in foreign-resident limited partnerships should be reported as stock. Limited partners' ownership interests do not carry voting rights; therefore, all ownership interests, even those greater than 10% are reportable.

General partnership ownership interests are always considered to be direct investments and should be excluded from this report.

REPORTING OF DEPOSITARY RECEIPTS/SHARES

Depository receipts/shares, including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs) or bearer depository receipts are certificates representing ownership of securities issued by foreign residents. Therefore, transactions of ADRs should be reported as purchases and sales of foreign stock if a U.S. entity purchases or sells ADRs to/from foreign-resident entities. In addition, depository receipts can be created or redeemed by placing an order for the underlying security with an (affiliated or unaffiliated) foreign entity (e.g., broker), with delivery of the underlying to be made to a foreign custodian. When this occurs, the foreign entity (not the depository) should be reported as the counterparty.

K. IDENTIFYING COUNTERPARTY OR CUSTOMER

1. Unknown Counterparty or Customer

- a. Exchanges - If a transaction is carried out on an exchange in a manner in which the counterparty is not known, the exchange is deemed the counterparty and as such the residence of the exchange should be treated as the residence of the counterparty.
- b. Foreign Fund Managers or Sub Advisors - If an end-investor or fund manager TIC reporter uses a foreign fund manager (or sub-advisor), the TIC reporter often will not know the counterparty or even the broker used. In that case, the foreign fund manager or sub-advisor is deemed the counterparty and as such the residence of the foreign fund manager or sub-advisor should be used as the residence of the counterparty.

2. Uncertain Counterparty or Customer

In a few cases, it may not be obvious which entity should be designated as the counterparty (or even a customer). Some common situations and rules to apply follow:

- a. Intermediary - If primary and secondary market transactions involving long-term securities are conducted through an intermediary (A third party (affiliated or unaffiliated) who assists in facilitating a transaction between two other parties.) the counterparty is the intermediary, even if the ultimate customer and its residence are known.

For example, a U.S. investment advisor instructs a U.S. securities broker and dealer to purchase long-term securities on behalf of the investment advisor's U.S. clients. The U.S. securities dealer and broker (acting as a financial intermediary) purchases long-term securities directly from a foreign resident and reports these transactions on the TIC S.

b. New Securities

(1) If a TIC reporter is a lead underwriter, the issuing company is a customer and the other members of the syndicate (and all direct purchasers of the security) are counterparties.

(2) If the TIC reporter is a non-lead member of an underwriting syndicate, the lead underwriter is the counterparty.

- c. Redemptions - The counterparty to a redemption is the entity for which the delivery is made. Therefore, the counterparty is the issuer, if delivery is made directly to the issuer. Otherwise the counterparty is the paying agent (or other party to which delivery is made).

L. REPORTING RESPONSIBILITY (See Appendix III for Reporting Responsibility Flow Charts)

1. U.S.-Resident Brokers and Dealers

a. Dealers

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

b. Brokers

U.S.-resident brokers should report transactions they execute between:

- (1) their U.S.-resident clients (including their own U.S. offices) and foreign-resident brokers (or other foreign entities, including paying agents); and
- (2) their foreign-resident clients (including their own foreign offices) and U.S.-resident brokers (or other U.S. entities, including paying agents).

If no other broker is involved and the U.S.-resident broker does not know the identity of the entity acquiring/relinquishing ownership of the security, the U.S.-resident broker may treat an entity that does not take ownership of the security (such as a foreign-resident agent, investment manager, sub-advisor, trustee, settlement agent, or custodian) as the other counterparty to the transaction.

If a U.S.-resident prime broker is also involved in the transaction, then the U.S.-resident executing broker should not report the transaction. An executing broker is a broker that finalizes and processes a transaction on behalf of a broker dealer client.

c. Prime Brokers

U.S.-resident prime brokers should report transactions with a foreign entity when:

- (1) their foreign-resident clients (including their own foreign offices) employ a different U.S.-resident broker to execute the transaction; and

- (2) their foreign-resident clients (including their own foreign offices) employ a foreign-resident broker to execute the transaction.

2. U.S.-Resident Underwriters

U.S.-residents that underwrite long-term securities have the following TIC S reporting requirements:

a. Securities Issued by U.S.-Residents

The U.S.-resident lead underwriter should report as a purchase the amount taken by foreign-resident direct contacts opposite the country of the direct contact. The direct contact would be one of the following:

- (1) Most commonly, the foreign-resident member(s) of an underwriting group.
- (2) A foreign-resident broker or dealer (including an own foreign office).
- (3) If none of the above exists, foreign-resident end-investor, stock exchange specialist, paying agent, fund or other foreign-resident entity that directly acquires ownership of the security from the U.S.-resident lead underwriter.

The U.S.-resident members of an underwriting group led by a U.S. resident underwriter should report as a foreign purchase the amount of the issue sold to their foreign-resident direct contacts.

U.S.-resident members of an underwriting group led by a foreign-resident underwriter should report: (1) as a sale the entire amount taken from the foreign-resident lead underwriter; and (2) as a purchase amounts sold to foreign residents.

b. Securities Issued by Foreign Residents

The U.S.-resident lead underwriter of a foreign security should report as a sale the entire amount

taken for distribution opposite the country of the foreign-resident issuer.

A U.S.-resident member of a foreign-led syndicate, including the U.S.-resident office of a foreign-resident lead underwriter, should report as a sale the entire amount it has taken for distribution in the United States, opposite the country of the foreign-resident lead underwriter (not the issuer).

In addition, if any U.S.-resident member of an underwriting group (U.S. led or foreign led) takes possession of a foreign security and sells it to a foreign resident, it should report as a purchase the amount sold to the foreign resident opposite the country of the foreign-resident direct contact. In this case, the direct contact would be one of the following:

- (1) The foreign-resident broker or dealer (including an own foreign office), which purchases the security.
- (2) The foreign-resident end-investor, stock exchange specialist, fund (or its investment manager), or other entity that directly acquires ownership of the security.

3. U.S.-Resident End-Investors

The TIC S system is designed to minimize reporting by end-investors, by requiring that certain U.S.-resident financial intermediaries provide the majority of the reporting.

These intermediaries are brokers, dealers, investment managers, custodians, and paying agents.

a. Purchases and Sales of Securities

U.S.-resident end-investors are required to report purchases and sales of securities if they deal "directly" with a foreign resident (i.e., they do not use a U.S.-resident broker or dealer (including an underwriter) or a U.S.-resident investment

manager). Examples of the direct acquisition or sale of securities would include:

- (1) The purchase or sale of a U.S. or foreign security (including a new issue) when the U.S.-resident end-investor interacts directly with a foreign-resident securities broker or dealer, foreign-resident issuer, a foreign-resident underwriter, or another foreign-resident without the use of a U.S. resident/foreign-resident broker, dealer, or investment manager.

All such transactions are reportable, including those initiated by a foreign-resident investment manager on behalf of a U.S.-resident end-investor.

b. Redemption of Securities

U.S.-resident end-investors are required to report redemptions of U.S. or foreign securities as foreign-resident purchases if they present securities directly to a foreign resident, but only if the security is not presented by a U.S.-resident custodian, through a U.S.-resident investment manager or a U.S.-resident broker.

4. U.S.-Resident Paying Agents

For TIC S reporting purposes, U.S.-resident paying agents should treat redemptions of securities as if they (a U.S. resident) acquired the security and then re-sold it to the issuer. U.S.-resident paying agents have the following two reporting responsibilities:

- a. When a foreign resident presents a security (U.S.-issued or foreign-issued) for redemption, the U.S.-resident paying agent should report the event as a sale by a foreign resident. Often the paying agent will receive a security presented by a third party. If the paying agent knows the identity of the investor, the residence of the investor should determine whether the redemption should be reported. More commonly, the paying agent will not have this information and will have to determine residency based upon the residence of the third party.

b. When a U.S. resident presents for redemption a security issued by a foreign resident (a "foreign security"), the U.S.-resident paying agent should report a purchase by the foreign issuer of the entire amount the U.S.-resident paying agent has redeemed on the issuer's behalf. [Note: if these foreign securities are presented to the U.S.-resident paying agent by a U.S.-resident intermediary that was in fact acting on behalf of a foreign resident, then the U.S.-resident intermediary should report this transaction as a sale of foreign securities by foreign residents to offset purchase reported by the U.S.-resident paying agent. See Brokers/Dealers section above.]

5. U.S.-Resident Custodians

In general, U.S.-resident custodians do not report transactions on TIC S. The TIC S system is designed to minimize reporting by custodians by requiring that certain other financial intermediaries provide the majority of the reporting. These usually are brokers, dealers, issuers and paying agents.

Two exceptions are described below. In both cases, the reporting requirements are as if the U.S.-resident custodian took possession of the security, whether it actually does or not.

a. Redemptions from the Accounts of U.S. Residents

U.S.-resident custodians that present securities for redemption to a foreign-resident intermediary such as a foreign-resident paying agent, foreign-resident broker, foreign-resident dealer or a foreign-resident issuer from the accounts of U.S. residents (including U.S.-resident custodians and sub-custodians) should report the redemptions as foreign-resident purchases of securities.

b. Redemptions from the Accounts of Foreign Residents

U.S.-resident custodians that present securities for redemption to a U.S.-resident financial intermediary such as a U.S.-resident paying agent, U.S.-resident

broker, U.S.-resident dealer or a U.S.-resident issuer from the accounts of foreign residents (including foreign-resident custodians and sub-custodians) should report the redemptions as foreign-resident sales of securities, but only if the U.S.-resident custodian does "not fully disclose" the account holder.

To "not fully disclose" means that the U.S.-resident intermediary has not been provided with the identity of the foreign-resident account holder and therefore only knows an alias, omnibus account, or the U.S.-resident custodian's identity.

6. U.S.-Resident Fund Managers and Investment Managers

The purchase and sale of fund equity interests and the purchase and sale of long-term securities for a fund's or other customer's portfolio are both transactions which are potentially reportable on the TIC Form S.

The TIC S system is designed to minimize reporting by fund managers and investment managers by requiring that certain other financial intermediaries provide the majority of the reporting. These usually are brokers, dealers, issuers, custodians, and paying agents. TIC S reporting responsibilities are not affected by the fund manager's and investment manager's responsibility, or lack thereof, for making investment decisions.

a. Purchases and Sales of Securities

U.S.-resident fund managers and investment managers should report all purchases and sales they make for the accounts of their U.S.-resident funds and other customers that are:

- (1) placed through a foreign-resident broker, dealer, or underwriter; or
- (2) conducted with a foreign resident, including foreign-resident fund managers, investment advisors, sub-advisors, and end-investors without the use of a U.S.-resident broker, dealer, or underwriter.

U.S.-resident fund managers and investment managers should also report purchases and sales made for the accounts of their foreign-resident funds and other customers that are placed through U.S.-resident brokers, dealers, or underwriters, if the identity of the account holder is "not fully disclosed" to the U.S.-resident broker, dealer or underwriter.

To "not fully disclose" means that the U.S.-resident broker, dealer, or underwriter has not been provided with the identity of the foreign-resident account holder and therefore only knows an alias, omnibus account, or the U.S.-resident fund manager's or investment manager's identity.

b. Redemptions of Securities

U.S.-resident fund managers and investment managers should report all redemptions of securities from the accounts of their U.S.-resident customers that are presented to a foreign-resident intermediary such as a foreign-paying agent, foreign-resident broker, foreign-resident dealer or foreign-resident issuer without the use of a U.S.-resident custodian.

U.S.-resident fund managers and investment managers should also report redemptions from the accounts of their foreign-resident customers that are presented to a U.S.-resident intermediary such as a U.S.-resident paying agent, U.S.-resident broker, U.S.-resident dealer or U.S.-resident issuer, if the foreign-resident account holder is not fully disclosed.

7. U.S.-Resident Issuers of Securities

U.S. residents that issue long-term debt or equity securities (including limited partnership interests) have the following TIC S reporting requirements:

a. Initial Offerings

Securities issued by a U.S.-resident entity that are purchased by foreign residents are generally reported by the U.S.-resident lead underwriter. However, U.S.-resident issuers of securities have

TIC S reporting responsibilities in two cases:

- (1) If a foreign-resident lead underwriter is used (either as a sole lead or as a co-lead underwriter), the issuer should report, as a purchase by a foreign resident, all securities acquired by the foreign-resident lead underwriter.
- (2) If a U.S.-resident entity issues securities without an underwriter, the U.S.-resident issuer is required to report the dollar amount of the new issue acquired directly by foreign residents (including foreign-resident end-investors, foreign-resident securities depositories, foreign brokers, foreign dealers and foreign investment managers).

b. Redemptions

U.S.-resident issuers are required to report redemptions of their securities only in two cases:

- (1) When a foreign-resident paying agent is used, a U.S.-resident issuer should report a "sale" of the securities by the foreign-resident paying agent, opposite the country of the foreign-resident paying agent.
- (2) When no paying agent is used, the U.S.-resident issuer should report a "sale" of the securities directly by any foreign residents (including foreign-resident end-investors, custodians, securities depositories, brokers, dealers and investment managers) that present the securities directly to the U.S.-resident issuer for payment.

8. Electronic Trading Platforms

U.S. electronic trading platforms grant buyers and sellers access to shares that can be traded anonymously. U.S. electronic trading platforms should report transactions they arrange, if one of the counterparties

is a foreign resident and the other counterparty is a U.S.-resident (See 1.b, Brokers, for additional detail). Reporting responsibility would still exist if the electronic trading platform acts as an agent routing transactions to foreign executing brokers or exchanges.

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.

COLUMN-by-COLUMN INSTRUCTIONS

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

Purchases and Sales of Domestic Securities

Columns 1 and 2 -- Report purchases (column 1) and sales (column 2) by foreign residents of long-term debt securities (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 and Federal Financing Bank issues.

Columns 3 and 4 -- Report purchases (column 3) and sales (column 4) by foreign residents of long-term debt securities (bonds, notes, debentures and asset-backed securities) issued by United States Government corporations 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 foreign residents of long-term debt obligations of U.S. states and municipalities and of private corporations located in the United States and all other issuers of U.S. debt securities not included in columns 1 through 4. Examples of long-term debt securities are bonds, notes, debentures, asset-backed securities (mortgage-backed securities and all other asset-backed securities), covered bonds and perpetual bonds.

Columns 7 and 8 -- Report purchases (column 7) and sales (column 8) by foreign residents of equity securities, including common stock, preferred stock and fund shares, issued by entities resident in the United States. Examples of equity securities are common stock, preferred stock and investment company shares (including open-end mutual funds, closed-end funds, and exchange-traded funds (such as SPDRS)).

Purchases and Sales of Foreign Securities

Columns 9 and 10 -- Report purchases (column 9) and sales (column 10) by foreign residents of long-term debt securities (bonds, notes, debentures and asset-backed securities) issued by foreign governments, international and regional organizations, foreign official institutions, and public and private corporations resident outside the United States. Note that purchases and sales of long-term debt securities issued by international and regional organizations (such as the IMF and the IBRD) are included, even if these institutions are located in the United States.

Columns 11 and 12 -- Report purchases (column 11) and sales (column 12) by foreign residents of equity issued by public and private corporations and entities resident outside the United States. Include in these columns purchases and sales of American Depositary Receipts (ADRs).

Of Which Item: Asset-Backed Securities (8999-1)

Report the portion of transactions in asset-backed securities (both mortgage-backed securities and all other asset-backed securities) reported in columns (3) through (6) and columns (9) and (10) in the "Grand Total 9999-6" row.

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 official accounts (See Appendix II). That foreign official list is available from the Treasury International Capital (TIC) website, at: www.treas.gov/tic/foihome. For reporting international and regional organizations, those institutions have a separate set of geographic codes distinct from those used to report other transactions, and those codes are available at: www.treas.gov/tic/fctry-june2006.pdf.

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.

Of Which FOI Item: Asset-Backed Securities (8999-1)

Report the portion of transactions in asset-backed securities (both mortgage-backed securities and all other asset-backed securities) reported in columns (3) through (6) in the "Grand Total 9999-6" row above.

GLOSSARY

Affiliate – Two companies are affiliated when one owns greater than 10% but less than 50% of the voting shares of the other, or when both are subsidiaries of a third company.

Asset-Backed Securities - Securitized interests in a pool of assets, which give the purchaser a claim against the cash flows generated by the underlying assets. These pools may be derived from mortgage loans, auto loans, credit card receivables, vehicle and equipment leases, consumer loans, commercial loans or other assets. All asset-backed securities, including MBSs, CMOs, CLOs, CBOs, CDOs, and all other asset-backed securities are reportable on TIC Form S in columns 3 through 6 (if the issuer is domestic) and columns 9 and 10 (if the issuer is foreign).

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 should be reported on TIC Form S.

Brokers— securities brokers are entities that regularly engage in effecting securities transactions for others.

Commercial Paper – A promissory note either unsecured or backed by assets such as loans or mortgages. They are usually sold at a discount and customarily have a fixed maturity of 270 days or less. Holdings of commercial paper should be reported on the TIC CQ-1 Form at face value, as a short-term security, unless held for your account by a U.S.-resident depository institution or other U.S.-resident custodian, in which case the U.S. resident depository institution or U.S. resident custodian would report these holdings of commercial paper on the TIC B Forms at face value, as a short-term security.

Common Stock – Units of ownership of a public corporation. Owners typically are entitled to vote on the selection of directors and other important matters as well as to receive dividends on their holdings. U.S. resident entities that engage in primary or secondary market transactions involving common stock with foreign residents should report these transactions on TIC Form S.

Convertible Securities – Corporate securities (usually preferred shares or bonds) that are exchangeable for a set number of another form (usually common shares) at a pre-stated price. U.S. resident entities that engage in primary or secondary market transactions in long-term convertible securities with foreign residents should report these transactions on TIC Form S based on the original instrument; not based on the instrument the security is converted to.

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.

Dealers – 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.

Depository Receipts (DR) – Negotiable certificates evidencing the deposit of publicly traded securities. Depository Receipts can be listed on an exchange to ease trading in markets outside that of the issuing corporation. Depository receipts are available in various forms, including American (ADR), which represent shares of a non-U.S. corporation and are considered foreign equity securities; European (EDR), which represent shares of either a U.S. or non-U.S. corporation and are used to access the European markets; Global (GDR) and International (IDR), which represent shares of either a U.S. or non-U.S. corporation; and American Depositary Shares (ADS), which represent individual shares of a non-U.S. corporation. U.S. resident entities that engage in primary or secondary market transactions including the underwriting of a new DR (or ADS), directly with foreign residents should report these securities on the TIC Form S.

Development Banks – Entities owned by national governments other than the United States that 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 a U.S. resident owns, directly or indirectly, 10% or more of the voting equity securities of an incorporated foreign business (or an equivalent interest in an unincorporated foreign business, including a branch), or when a foreign resident owns, directly or indirectly, 10% or more of the voting equity securities of an incorporated U.S. business (or an equivalent interest in an unincorporated U.S. business, including a branch). Limited partners in a partnership do not have voting rights and therefore cannot have direct investment. If a direct investment relationship exists, then generally, all financial positions and transactions between the firms are considered direct investment. However, debt between U.S.-resident depository institutions and broker/dealers and affiliated foreign-resident financial companies is not considered direct investment and should be reported in the TIC system. U.S. residents in direct investment relationships should contact the Bureau of Economic Analysis about reporting requirements. For U.S. direct investment abroad, call 202-606-5566, for foreign direct investment into the United States, call 202-606-5577.

End-Investors – An entity that acquires or relinquishes securities for its own account.

Exchange-Traded Funds (ETFs) – Mutual funds which trade like stocks on exchanges. U.S. resident entities that engage in transactions involving ETFs directly with foreign residents should report these securities on the TIC Form S in columns 7 and 8 or 11 and 12 depending on who issued the ETF.

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; 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.

Foreign Resident – Any individual, corporation, or other organization or other entity legally established outside the United States, regardless of the actual center of economic activity of the entity. A corporation incorporated outside the United States is a foreign resident even if it has no physical presence outside the United States. Foreign Residents include:

- 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.
- Any corporation or other organization legally established outside the United States, including the branches, subsidiaries, and other affiliates of U.S. entities legally established abroad.
- Individuals, including citizens of the United States, residing outside of the United States. This includes individuals that have filed an IRS Form W-8, indicating that the individual is a nonresident alien. However, if an IRS Form is not available, the mailing address can be used to determine residency.
- 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).

Foreign Securities – Securities issued by entities established under the laws of a foreign country (i.e., legally incorporated, otherwise legally organized, or licensed (such as branches) in a foreign country) and securities issued by international organizations, even if these organizations are located in the United States.

Global Notes/Certificates - Notes issued to one or more dealers that are represented by a single global note and are intended to be the backing for registered securities issued by the central security depository. Global notes/certificates issued to, and held at a foreign-resident central securities depository are reportable. The entire amount of the issue minus any amount known to be owned by U.S. residents should be reported. If the identity of the beneficial foreign owner is not known, the country of the foreign central securities depository should be reported on TIC Form S.

Investment Manager – An entity responsible for communicating instructions regarding account transactions on behalf of end-investors to ensure authorized transactions are performed correctly and that the accounts are properly maintained and reported to the end-investor. An entity's status as an investment manager is not affected by the entity's responsibility, or lack thereof, for making investment decisions.

Long-Term Security – See "Securities"

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.

Paying Agent – An entity that is appointed by an issuer of securities, which makes payments of principal and interest on the issuer's behalf.

Preferred Stock – Class of capital stock that pays dividends at a specified rate and that has preference over common stock in the payment of dividends and the liquidation of assets. Ordinarily, preferred stock does not carry voting rights and is reportable on the TIC S Form. In instances where preferred stock does contain voting rights, direct investment rules apply. See "Direct Investment."

Prime Brokers – Full service brokers that facilitate the clearance and settlement of securities provide the ability to trade with multiple brokerage houses while maintaining a centralized master account with all of the client's cash and securities and provide other services.

Repurchase Agreements – 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 under specified circumstances.

Except as otherwise noted below under the discussion of FAS Statement No. 140, all repurchase agreement transactions with foreign residents in which cash balances are provided as part of the transaction, are to be reported as borrowings from foreign residents collateralized by the underlying assets. In each case, the amount of provided should be reported. In particular:

- (1) 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.
- (2) U.S. dollar-denominated funds received from foreign residents from repurchase agreements are reported as liabilities on the TIC BL-1, 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.
- (3) Funds denominated in foreign currency received or lent under repurchase agreements with foreign residents should be reported on the TIC BQ-2.

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. In these cases, the transfer of the securities should be reported on the TIC S Form and the forward commitment should be reported on the TIC D Form. The exchange of cash should be excluded from the TIC B and C Forms.

Securities lending agreements in which one security is loaned in return for another are not reportable on the TIC Forms.

Resale Agreements - 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 under specified circumstances.

Except as otherwise noted below under the discussion of FAS Statement No. 140, all resale agreement transactions with foreign residents in which cash balances are provided as part of the transaction, are to be reported as or loans to foreign residents collateralized by the underlying assets. In each case, the amount of cash lent should be reported. In particular:

- (1) U.S. dollar-denominated funds lent to foreign residents through resale agreements should be reported as claims on the TIC BC. Foreign currency denominated funds lent to foreign residents through resale agreements should be reported as claims on the TIC BQ-2. The receipt of the securities should be excluded from purchases or sales on the TIC S Form.
- (2) 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 transfer of the securities should be excluded from purchases or sales on the TIC S Form.

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 forward commitment should be reported on the TIC D Form. The exchange of cash should be excluded from the TIC B and C Forms.

Securities lending agreements in which one security is loaned in return for another are not reportable on the TIC Forms.

Securities – Any bill, note, bond, debenture, equity or similar instrument that is commonly referred to as a security. Securities may be negotiable (tradable in secondary markets) or non-negotiable (not tradable in secondary markets).

Long-Term Security – Securities with no contractual maturity or with an original maturity of more than one calendar year. Long-term securities include securities with no stated maturity, including equity securities such as common stock, preferred stock, partnership interests, and fund shares. U.S. resident entities that engage in primary or secondary market transactions should report these transactions on the TIC Form S. Their holdings are excluded from the TIC B and C Forms.

Short-Term Security - Securities are classified as short-term if the original maturity of the security is one calendar year or less. Holdings of 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 B and C Forms. If multiple U.S. custodians are involved in the holding of a negotiable security, the U.S. custodian nearest the foreign counterparty should report.

Settlement Date – The date a security is delivered to the purchaser in exchange for cash.

Settlement Date Accounting – Under settlement date accounting, assets purchased or sold are not recorded until settlement date. Settlement date accounting should be used for the purposes of reporting the TIC Forms B, C, S and D. Therefore, only after receiving or sending payment for any financial instrument should the transaction or position be reported.

Short-Term Security – See “Securities”

Subsidiary – A company in which another company (parent) owns 50% or more of the voting securities, or an equivalent interest, or meets the consolidation requirements of U.S. GAAP. A subsidiary is always, by definition, an affiliate, but subsidiary is the preferred term when majority control exists.

Underwriter – An entity that takes possession of a security and resells it. The lead underwriter(s) are the underwriter(s) responsible for managing the offering.

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. 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, but are not limited to, 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-through, 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.

A. U.S. Federal Government Agencies and Corporations:

Architect of the Capital
Commodity Credit Corporation (CCC)
Department of Agriculture, including former Rural Electrification Administration (REA) and former Farmers Housing Administration (FMHA).
Department of Defense and Military Services (e.g. Air Force)
Department of Housing and Urban Development (HUD)
Department of Interior
Export-Import Bank of the United States (Ex-Im Bank)
Federal Communication Commission (FCC)
Farm Credit System Financial Assistance Corporation (FCSFAC)
Federal Deposit Insurance Corporation (FDIC), including FSLIC Resolution Fund
Federal Housing Administration (FHA)
Financing Corporation (FICO)
General Services Administration (GSA)
Government National Mortgage Association (GNMA or Ginnie Mae)

Maritime Administration
National Archives and Records Administration (NARA)
National Consumer Cooperative Bank
Overseas Private Investment Corporation (OPIC)
Resolution Funding Corporation (REFCORP)
Rural Telephone Bank
Small Business Administration
Tennessee Valley Authority (TVA), including lease obligations
Washington Metropolitan Area Transit Authority (WMATA)

B. Government Sponsored Enterprises:

Farm Credit System:

Agricultural Credit Bank (ACB)
Farm Credit Banks (FCB)
Federal Agricultural Mortgage Corporation (FAMC or Farmer Mac)
Federal Home Loan Banks (FHLB)
Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Federal National Mortgage Association (FNMA or Fannie Mae)

U.S. Resident – Any individual, corporation, or other organization legally established in the United States, including branches, subsidiaries, and affiliates of foreign entities legally established 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. The residency of an entity is determined by where a corporation or subsidiary is incorporated and where a branch is licensed, not necessarily by where the physical office of the counterparty resides. Furthermore, U.S. Military Facilities, which are offices of United States banks located in foreign countries that provide financial services to persons in the United States Armed Forces stationed abroad, would be classified as U.S. banking offices for purposes of the TIC reports.

U.S. Securities - Securities issued by U.S.- resident entities, with the exception of depository receipts that are backed by foreign securities and securities issued by international organizations.

U.S. Treasury Securities – Instruments that are direct obligations of the United States Treasury, including bills, notes, bonds, Treasury Inflation-index securities, STRIPS and securities from which one or more coupons have been detached. Transactions involving long term U.S. Treasury securities with foreign residents should be reported on TIC Form S. Short term U.S. Treasury Securities held in custody on behalf of foreign residents should be reported on TIC Form BL-2.

Warrant – An instrument (usually issued together with a bond or preferred stock) that entitles the holder to buy at a specified price a proportionate amount of common stock within a specified period of time. Warrants, options, rights, and other derivatives as defined by FAS 133 should be excluded from the TIC S report and reported on the TIC Form D.

APPENDIX I

DEPARTMENT OF THE TREASURY

GEOGRAPHICAL CLASSIFICATION

CODES FOR COUNTRIES, AREAS and
INTERNATIONAL & REGIONAL ORGANIZATIONS,

TO BE USED FOR PURPOSES OF REPORTING ON
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-s.shtml>

APPENDIX II

DEPARTMENT OF THE TREASURY

CERTAIN FOREIGN INSTITUTIONS CLASSIFIED AS OFFICIAL,
A LIST TO BE USED ONLY FOR PURPOSES OF REPORTING ON
TREASURY INTERNATIONAL CAPITAL (TIC) FORMS

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

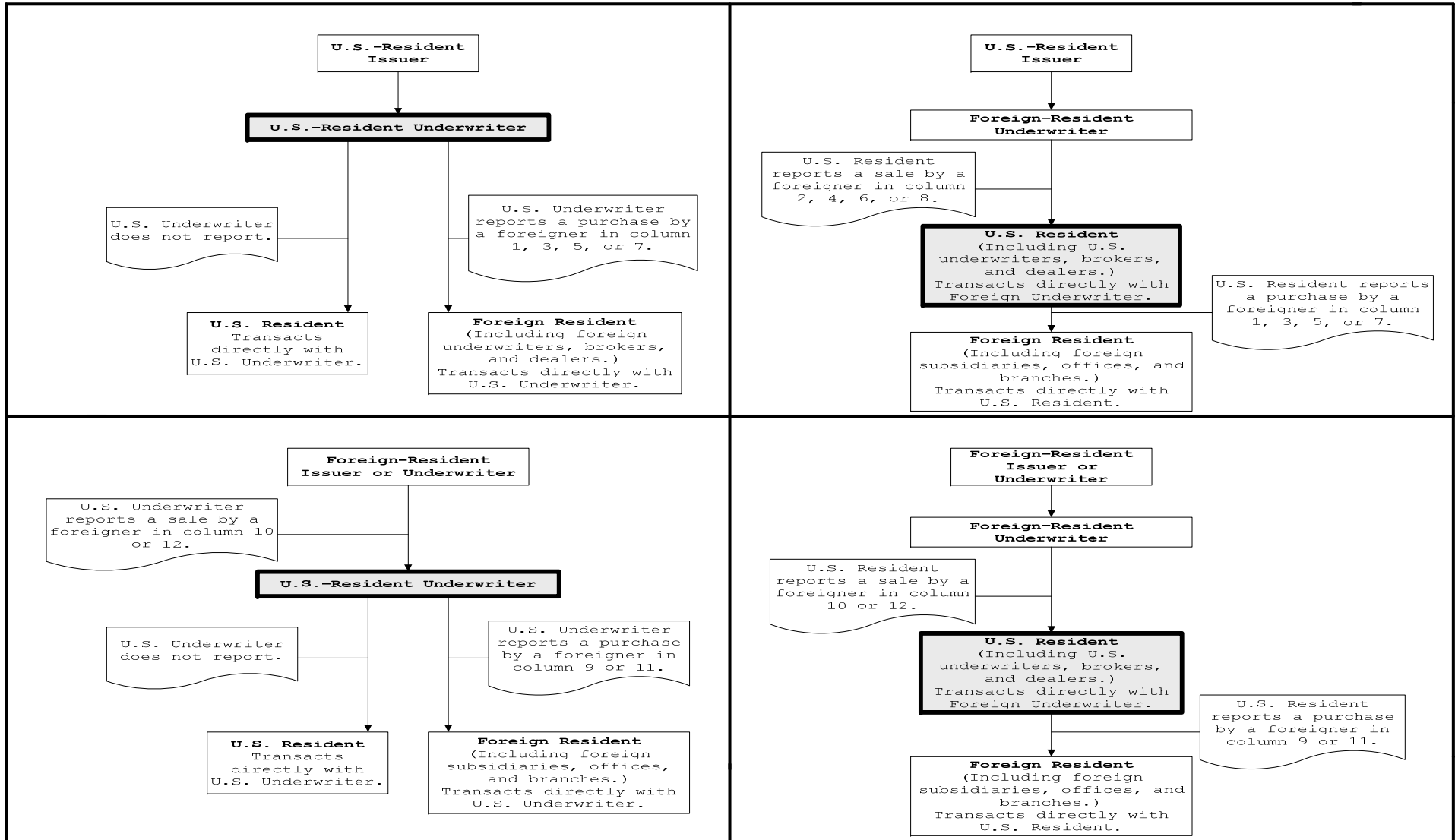
A copy is on the TIC website, next to these instructions, at:

<http://www.treas.gov/tic/forms-s.shtml>

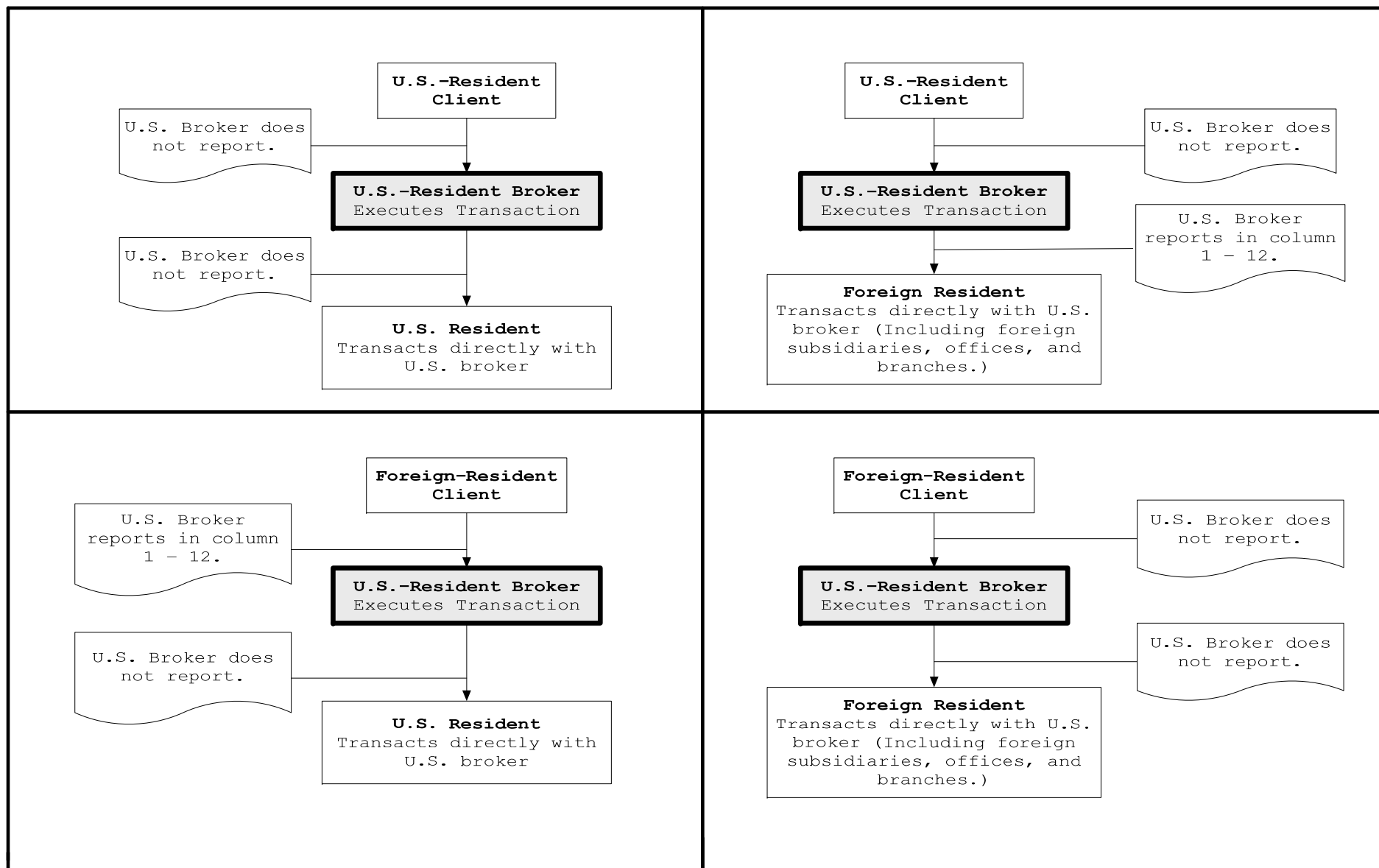
APPENDIX III

REPORTING RESPONSIBILITY FLOWCHARTS

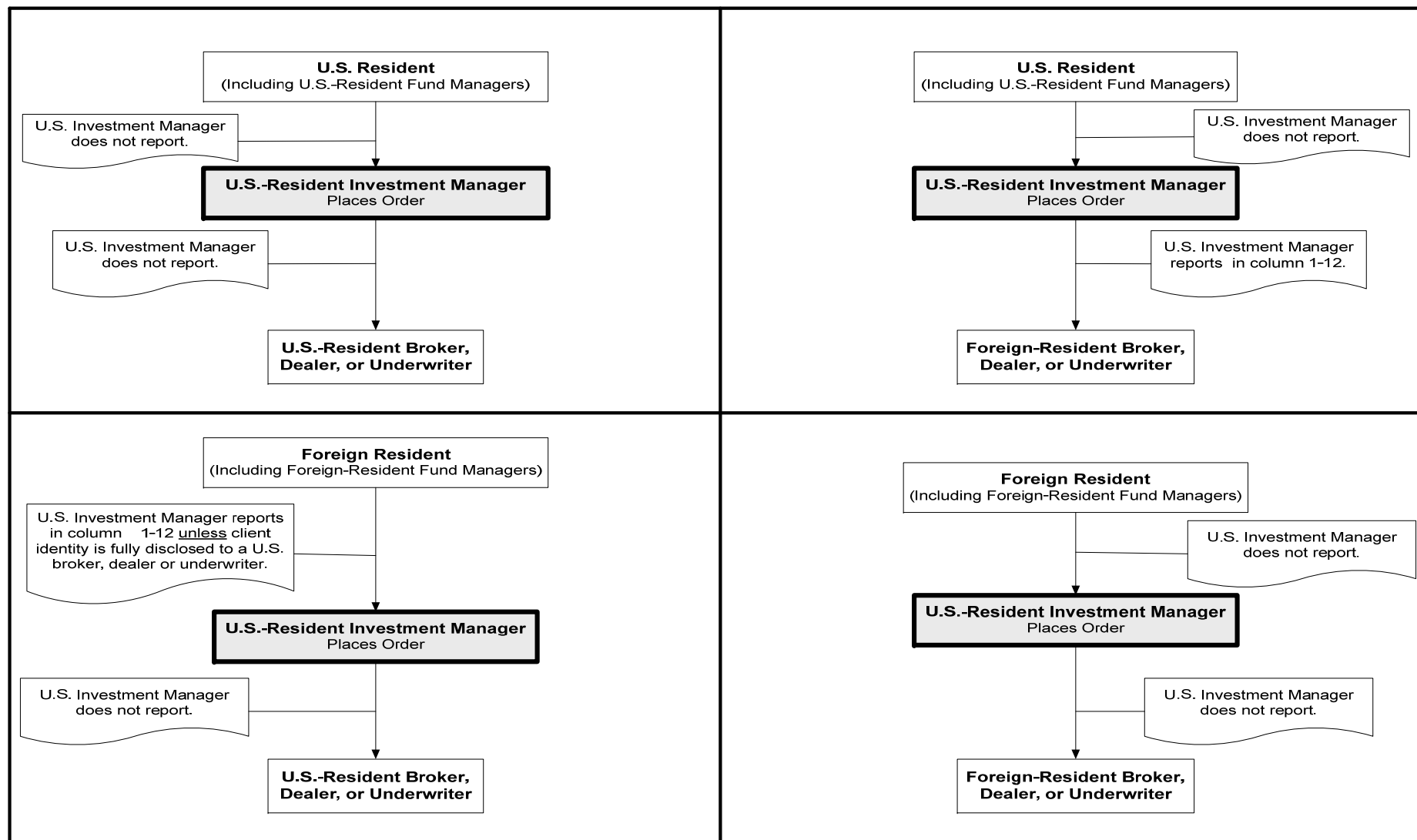
Reporting Requirements for U.S. Resident Underwriters In the Issuance of Long-Term Securities



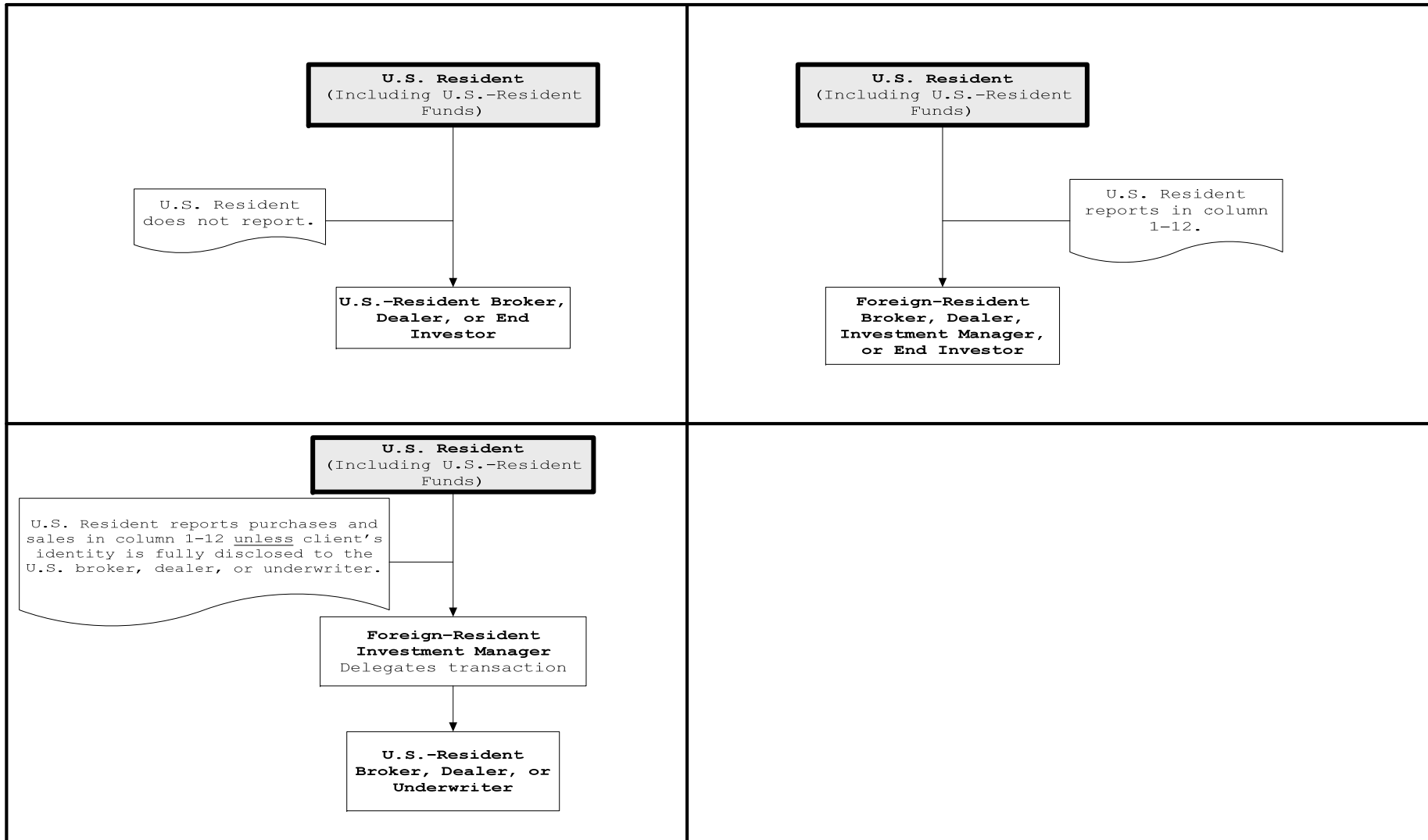
Reporting Requirements for U.S. Resident Brokers In the Purchase and Sale of Long-Term Securities



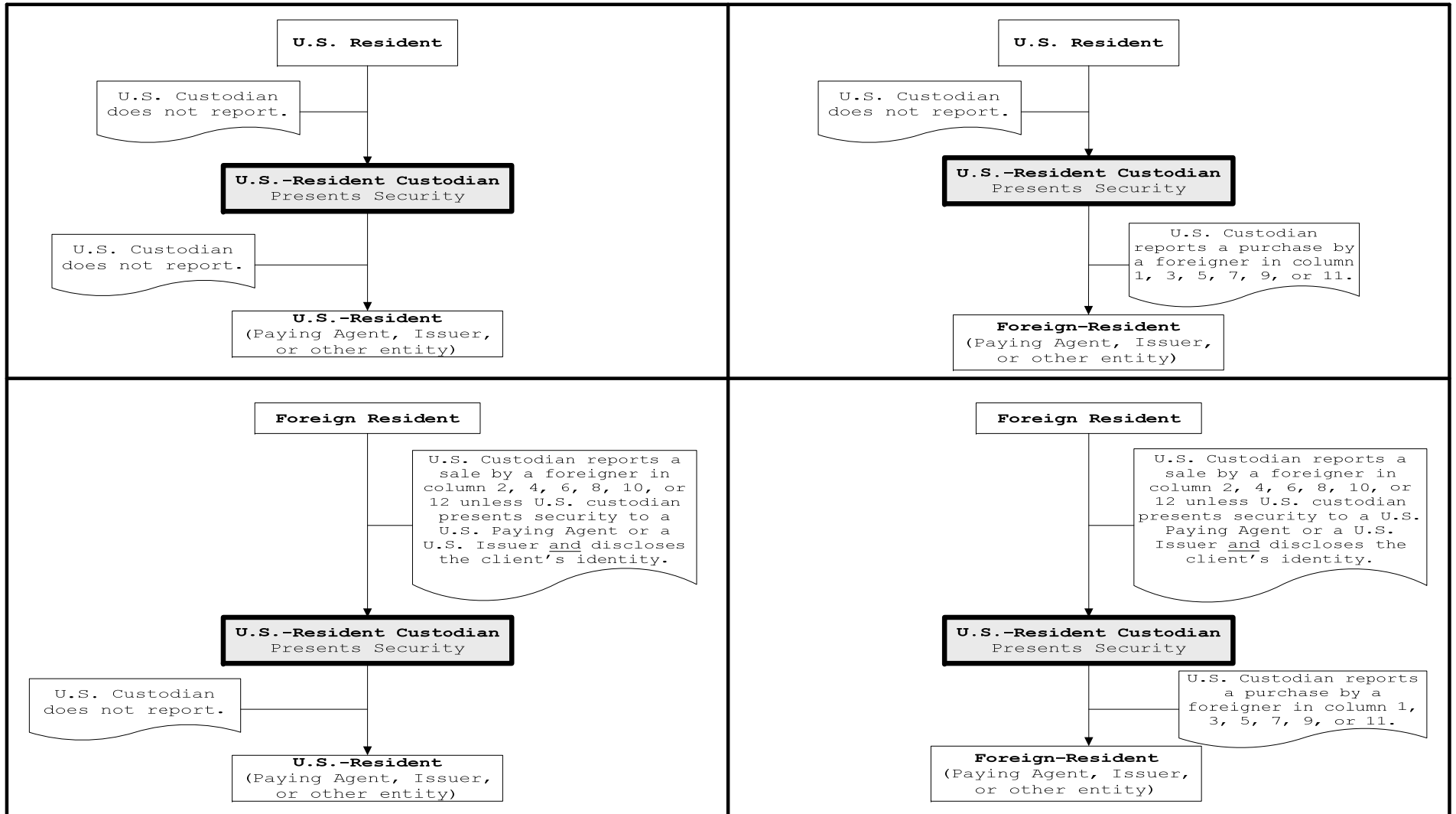
Reporting Requirements for U.S. Resident Investment Managers for Transactions to Purchase or Sell: (1) Securities for a Fund's Portfolio (2) Fund Shares



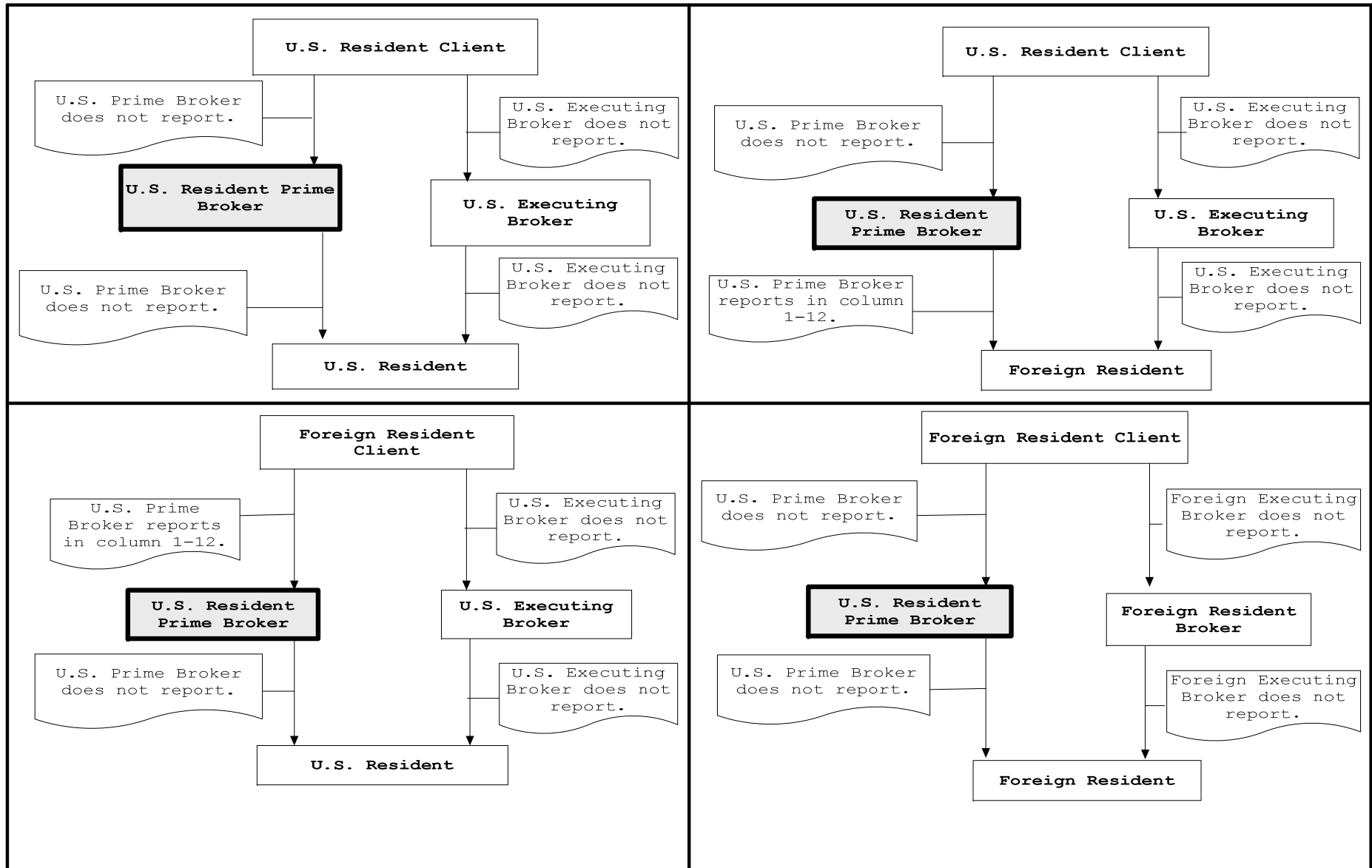
**Reporting Requirements for U.S. Resident
Including U.S. Resident Fund Managers of U.S. Resident Funds
Transactions to Purchase or Sell: (1) Securities for a Fund's Portfolio (2) Fund Shares**



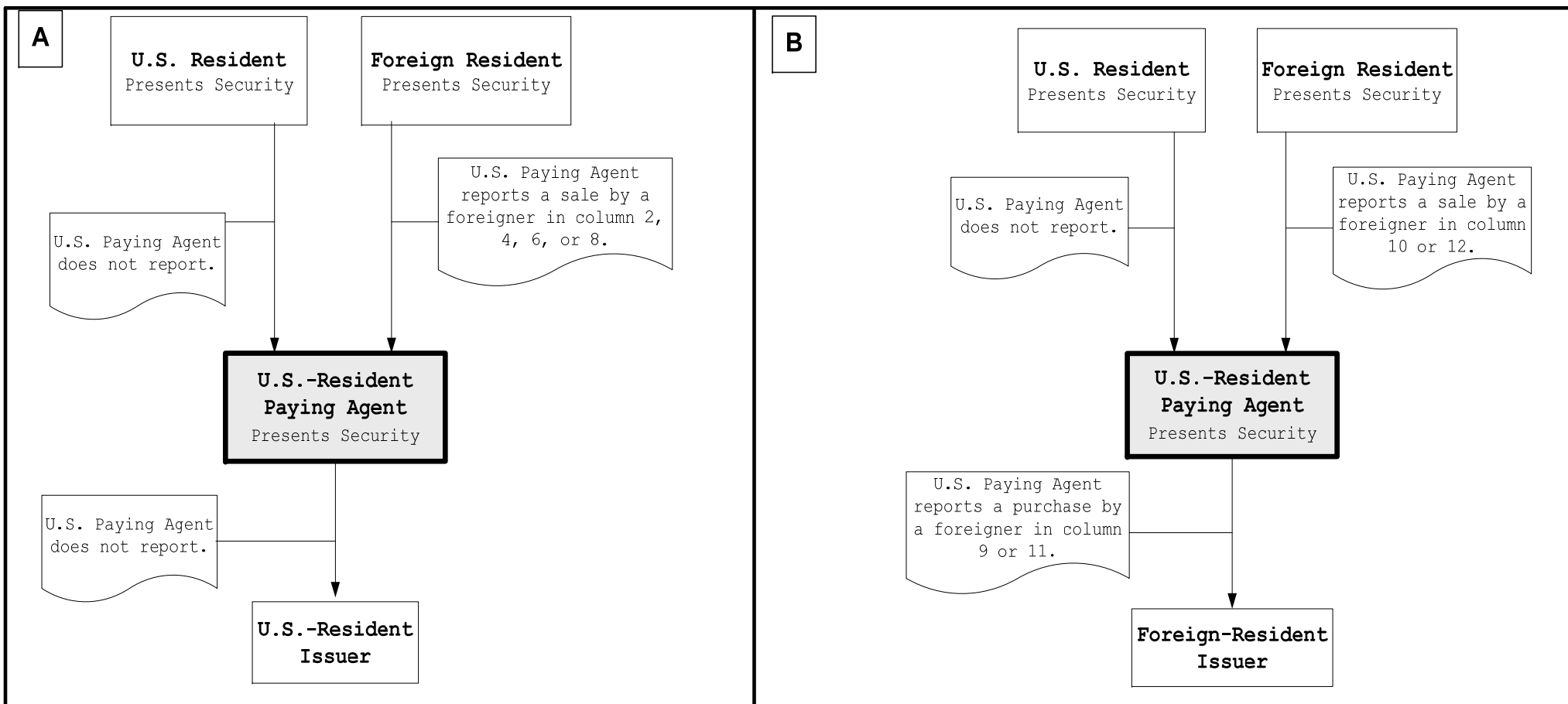
Reporting Requirements for U.S. Resident Custodians In the Redemption of Long-Term Securities Issued by U.S. and Foreign Residents



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

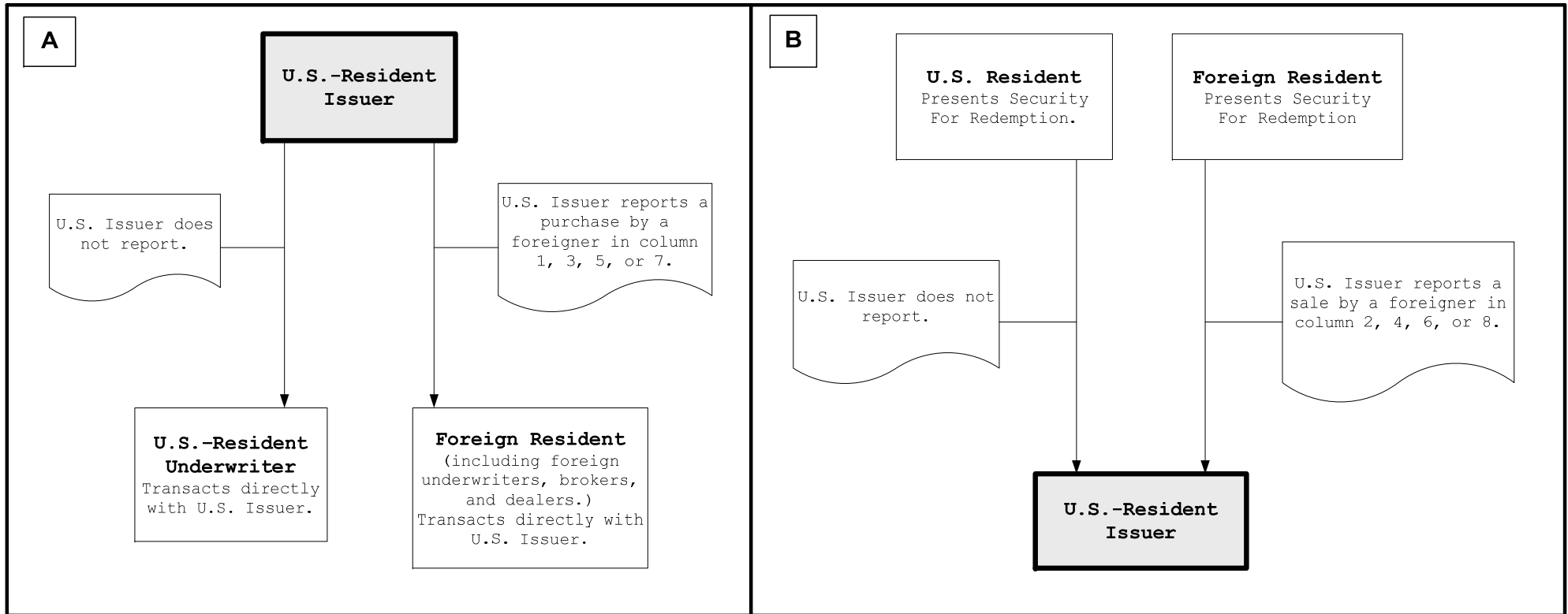


**Reporting Requirements for U.S. Resident Paying Agents
In the Redemption of Long-Term Securities
(A) Issued by U.S. Residents (B) Issued by Foreign Residents**



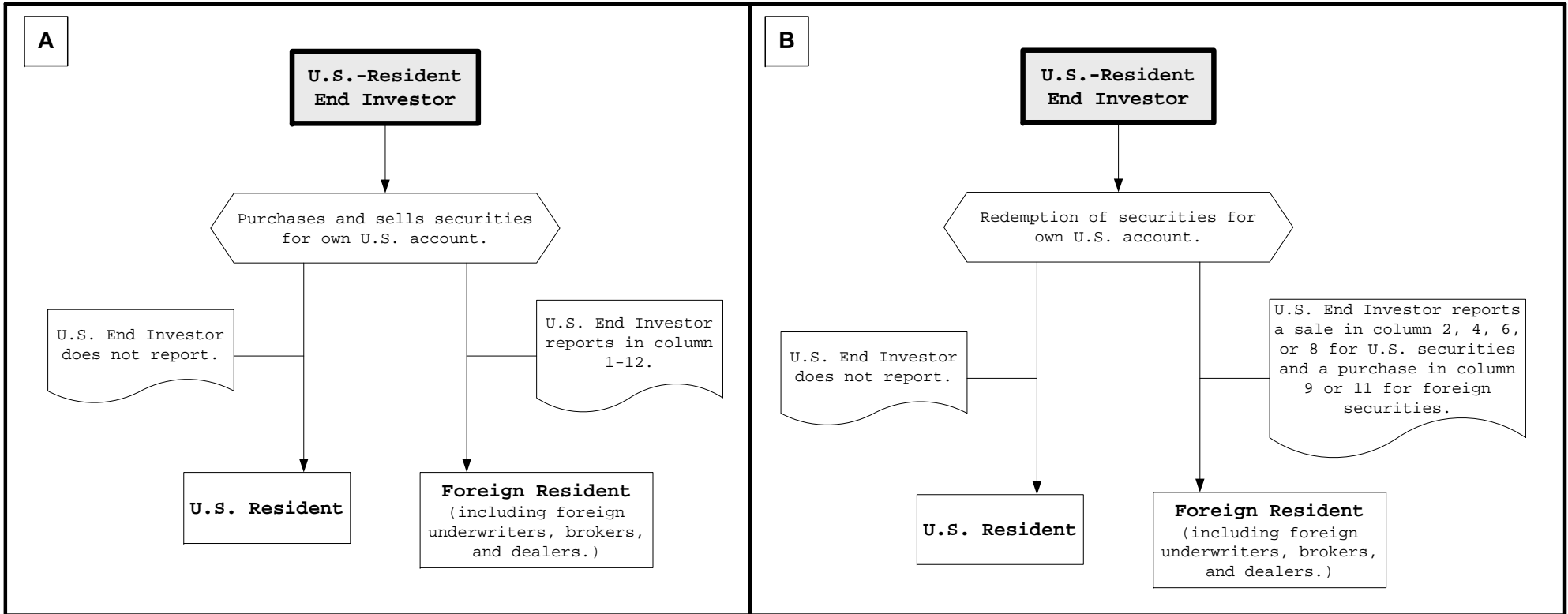
Reporting Requirements for U.S. Resident Issuers

(A) In the Issuance of Long-Term Securities (B) In the Redemption of Long-Term Securities

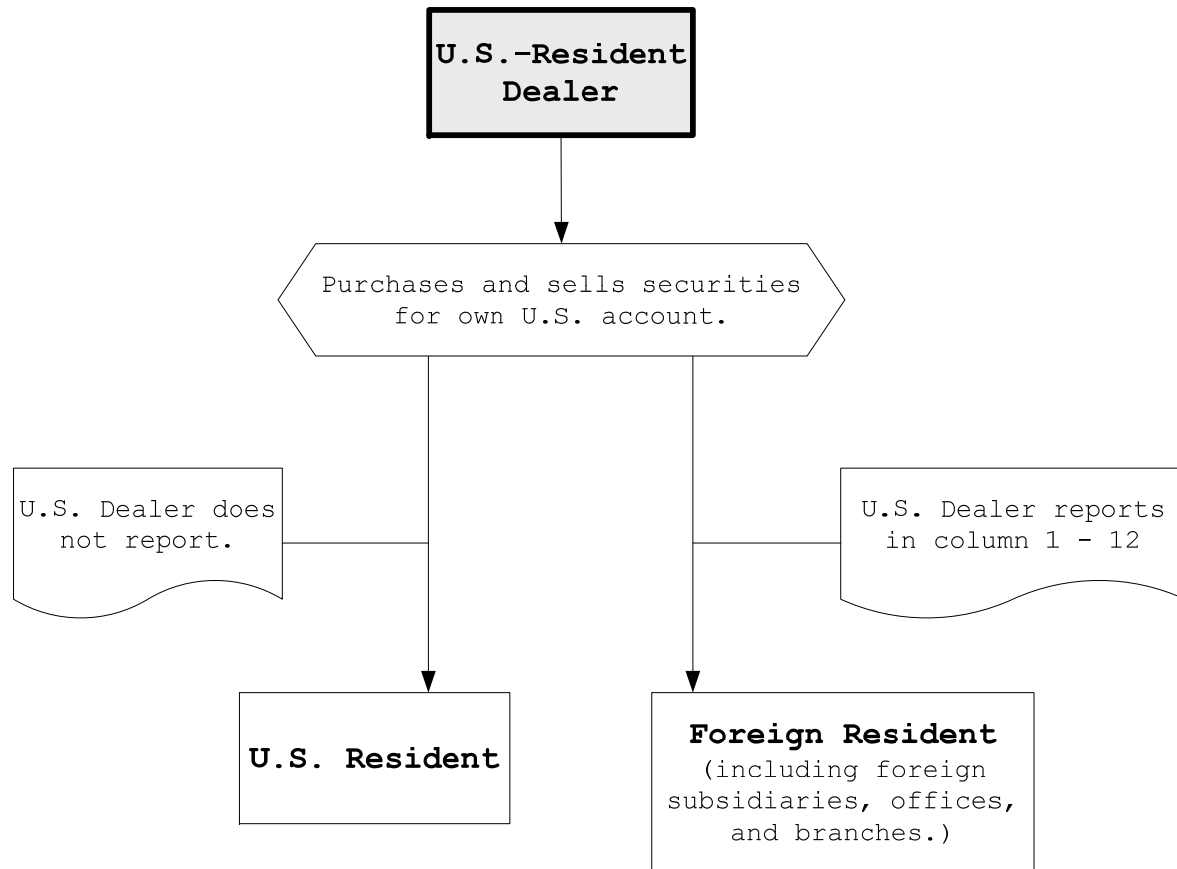


Reporting Requirements for U.S. Resident End Investors

(A) In the Purchase and Sale of Long-Term Securities (B) In the Redemption of Long-Term Securities



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



End of Document