

**QUESTIONS and ANSWERS
FOR
TREASURY INTERNATIONAL CAPITAL (TIC)
B REPORTS**

Revised: March 2010

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A: General Instructions

1. Q: How should data be rounded?

A: The amounts reported in each cell should be rounded to the nearest million dollars. Amounts of less than \$500 thousand should be rounded to zero. Do not round figures until all data for each cell have been totaled.

2. Q: Can filing extensions be granted?

A: Federal Reserve Bank staff will consider requests for extensions on a case by case basis.

3. Q: How should revised data be submitted?

A: For electronic filers, Federal Reserve Bank staff should be contacted before revised data are transmitted. For paper filers, revised data should be submitted on a report form with the word 'Revised' indicated on top of it or on the reporter's letterhead with the as-of date, name of country to be revised, and revised amount. All paper-submitted revisions should be signed by an authorized person.

4. Q: Should TIC data reflect post closing adjustments?

A: No. The TIC reports should reflect actual general ledger balances as of the close of business on the report as of date. The back-valuing of balances is only allowed in the case of clerical or bookkeeping errors.

5. Q: If a BQ-3 reporter's position on the BL-1 and the BQ-2 falls below the BQ-3 reporting threshold, is the BQ-3 still required to be filed?

A: Yes, once the reporting threshold for the BQ-3 has been met, the reporter should continue to submit the BQ-3 for the remainder of the calendar year, even if total consolidated liabilities no longer meet the reporting threshold of \$4 billion.

6. Q: If a reporting institution has claims or liabilities of \$25 million or more for one country, but data for the other countries fall below the exemption level, do the other countries have to be reported? (For example, an institution has \$30 million in claims against Canada and \$5 million opposite China, for a grand total of \$35 million in claims.)

A: Yes. Once the reporting threshold for a form/part is met, the reporting institution should report all of its positions applicable to that section of the form/part. In addition, once the exemption level for a form or part is exceeded, the reporter should continue to submit the form or part for the remainder of the calendar year.

UPDATED 7. Q: Is the TIC B data compared to data submitted on other reports filed at the Federal Reserve?

A: Yes. Although there is no direct one-to-one comparison for the TIC B reports to most of the other reports filed with the Federal Reserve Bank, there are some reasonable data

comparisons that can be performed that aid in the validation of data submitted by banks. Some of the comparisons used to verify TIC B data are:

- Specific columns on the TIC BL-1 and TIC BQ-2 are directly compared to information provided on the TIC BQ-3
- Data supplied on the TIC BC, BL-1 and BQ-2 reports are compared to data on the FFIEC 002 (schedules RAL, A, C, E, and M). A list of comparisons can be found at: http://www.ustreas.gov/tic/b_002dif.904.pdf
- Data on the TIC SHL(A) and SHC(A) reports are compared to specific data on the TIC B reports. The broad comparisons can be found at: www.treas.gov/tic/shlc_s-t.505.pdf
- Certain data on the FR2502q are compared to the TIC BC, BL-1, BQ-1, and BQ-2 report forms.

8. Q: How is residency determined?

A:

- For individuals, use IRS form W-9 (U.S. residents), or the series of IRS W-8 forms (foreign residents) whenever possible, to determine residency.
- For institutions, the country of incorporation or country which issued the entity's charter determines residency.
- For funds, the country in which the fund is legally established determines residency.

Please refer to the TIC B Glossary (Section VIII of the instructions) for further detail.

B. Consolidation/Combination Rules

1. Q: Can agencies and branches of foreign banks consolidate their reports with other U.S. agencies and branches of the same foreign parent?

A: Only United States branches and agencies of foreign banks located in the same Federal Reserve District and the same state should submit a consolidated report.

2. Q: Are subsidiaries of U.S. broker/dealers required to report?

A: Securities brokers and dealers should submit a combined TIC B report for the securities broker/dealer and all of its non-banking subsidiaries in the U.S. However, banking subsidiaries owned by a broker/dealer should file separate B reports.

3. Q: Should affiliates (not directly owned) of broker/dealers that are not depository institutions or securities broker/dealers report on TIC B reports?

A: No. Only depository institutions, securities brokers and dealers, bank holding companies and financial holding companies submit TIC B reports. If the affiliate is owned by a financial holding company or bank holding company, the holding company should consolidate the affiliate in its TIC B report, or if the affiliate is an insurance company, the insurance company should complete a TIC C report. If the affiliate is not owned by a financial holding company or a bank holding company, it should report on the TIC C report.

C. Country Classification

1. Q: Against which country should claims and liabilities vis-à-vis international (e.g., the World Bank) and multi-national regional organizations be reported?

A: Positions with an international or multi-national regional organization, wherever located (including in the U.S.), should be reported opposite the classification “International” (7290-7) if it operates worldwide (e.g., World Bank), or opposite one of the regional classifications based on its target area (i.e., European (7390-3), Latin American (e.g. Inter-American Development Bank) (7491-8), Caribbean (7494-2) , Asian (7590-6), African (7690-2) or Middle Eastern (7790-9)).

2. Q: Where should claims and liabilities vis-à-vis the Bank for International Settlements (BIS) be reported?

A: Claims and liabilities vis-à-vis the BIS should be reported on line 1330-7.

3. Q: If a resident of one foreign country issues an instrument in a second foreign country, and the instrument is guaranteed by a party located in a third country, opposite which country should the claim be reported?

A: Claims are reported opposite the country of residence of the direct obligor. For the TIC B reports, the country in which the issuance takes place and the country of the guarantor are irrelevant in determining the location of the counterparty.

D. Reportable Claims and Liabilities

1. Q: Are claims and liabilities between two IBFs reported?

A: No, claims and liabilities between IBFs are excluded from the TIC reports, because both parties are U.S. residents.

2. Q: Are claims and liabilities of foreign offices managed by U.S. depository institutions or by U.S. branches and agencies of Foreign Banking Organizations reportable?

A: The following claims and liabilities of managed foreign offices (as defined in the TIC B report instructions, Section IV) are reportable by the U.S. bank managing the foreign office:

1. All liabilities of managed offices to U.S. residents (other than liabilities to entities that are eligible to be TIC B reporters) are reported by the U.S. bank managing the foreign office as customers' claims on the BQ-1 (if U.S. dollar-denominated) or on the BQ-2 (if foreign currency-denominated).

2. All claims of managed offices on U.S. residents (other than claims on entities that are eligible to be TIC B reporters) are reported by the U.S. bank managing the foreign office as customers' liabilities on the BL-2 (if U.S. dollar-denominated) or the BQ-2 (if foreign currency-denominated).

Managed offices' liabilities to, and claims on, U.S. residents which are TIC B respondents (i.e., depository institutions, securities brokers and dealers and BHC/FHCs) are reported by those TIC respondents as their own claims/liabilities, respectively, on the BC and the BL-1 (if U.S. dollar-denominated) or on the BQ-2 (if foreign currency-denominated).

3. Q: What types of liabilities are reported on the non-interest bearing liabilities memorandum row (8130-2) of the BL-1?

A: All non-interest bearing deposits and loans reported in columns 1 through 6 in the Grand Total row (9999-6) are reportable, including all non-interest bearing liabilities to own foreign offices regardless of the nature of the instruments.

4. Q: How are assets held in trading accounts valued?

A: Trading account assets are reported at face value.

5. Q: Are derivative contracts reported on the TIC B forms?

A: No. All derivative contracts, as defined by FAS 133, are excluded from the TIC B forms and should be reported on TIC Form D.

6. Q: How are unremitted profit and losses reported?

A: The definition of inter-office claims and liabilities is consistent with bank Call Reports (e.g., FFIEC 031 and FFIEC 002) and should include all amounts in a reporter's "due to/due from" accounts, unless the instrument is specifically excluded from the report (e.g., long term securities and derivative contracts). Reporters should include all unremitted profits and losses and other sources of claims and liabilities, including profits and losses from long-term securities and derivative contracts.

7. Q: Are "Direct Investment" claims and liabilities reportable on the TIC B forms?

A: Yes. All positions between affiliated firms are reportable, unless the instruments, such as long-term securities, equities and derivatives contracts, are specifically excluded from the report.

8. Q: Are cash balances held in margin accounts reported?

A: Yes. Cash held in margin accounts outside the United States are reported as claims on foreigners on the BC, columns 1 and 5 (if they are the reporter's own dollar claims) or on the BQ-2, column 3 (if they are the reporter's own foreign currency-denominated claims.) Additionally, cash balances of U.S. resident customers placed abroad through the respondent are reported on the BQ-1, column 1 (if U.S. dollar-denominated) or on the BQ-2, column 5 (if foreign currency-denominated). Similarly cash held in margin accounts for foreign residents are reported as liabilities to foreigners on the BL-1, columns 1, 3, and 5 (if they are the reporter's own dollar liabilities), or on the BQ-2, column 1 (if they are the reporter's own foreign currency-denominated liabilities).

9. Q. Should initial margin be reported on the TIC B forms?

A. Yes, initial margin constitutes collateral required to be deposited with a broker prior to opening futures contracts or to keep futures contracts open if margin requirements are raised. **Only cash balances are reportable.** Your cash balances are reported as claims on foreigners on the BC, columns 1 and 5 or on the BQ-2, column 3. Additionally, cash balances of U.S. resident customers placed abroad through the respondent are reported on the BQ-1, column 1 or on the BQ-2, column 5. Similarly cash held in margin accounts for foreign residents are reported as liabilities to foreigners on the BL-1, columns 1, 3, and 5, or on the BQ-2, column 1.

(See also the glossary section on brokerage balances in the instructions.)

10. Q. Should variation margin be reported on the TIC B forms?

A. No. Variation margin is the change in margin account balances from profits or losses on futures contracts. Variation margin is paid each day for the price fluctuations on the investor's or trader's position in exchange traded contracts. It is not classified as collateral. The variation margin of futures contracts is reportable on TIC Form D, in column 3 (U.S. Net Settlements).

11. Q: Are CDOs and CDSs reported on the B forms?

A: Collateralized Debt Obligations (CDOs) are treated as Asset Backed Securities in TIC reporting. Holdings of CDOs are reportable on the B-forms only if they are short-term (original maturity of one year or less). Transactions in long-term CDOs (original maturity of more than one year) are reportable on TIC Form S. Positions of long-term CDOs (original maturity of more than one year) are reportable on TIC Form SHC and TIC Form SHL.

Credit Default Swaps (CDSs) are classified as financial derivatives and are reportable only on TIC Form D.

12. Q: Are “negotiable” and “non-negotiable” certificates of deposit reported on the TIC B reports?

A: Yes. Negotiable certificates of deposits (CDs) are transferable deposit accounts, like bank notes or money market instruments. Non-negotiable CDs are deposit accounts that cannot be traded or transferred; these include time and demand deposits, and brokerage balances. Both of these types of deposits instruments are captured in the TIC B report series as follows:

- BC report captures your own negotiable and non-negotiable deposits claims on foreigners
- BL-1 report captures your own non-negotiable deposits liabilities to foreign official institutions, foreign banks, and all other foreigners
- BL-2 report captures customers’ negotiable deposits liabilities to foreign official institutions, foreign banks, and all other foreigners

13. Q: Are accrued interest payables and receivables reported on the TIC B reports?

A: Yes. Accrued interest payables and receivables are reported on the TIC B reports as “Other liabilities” and “Other claims” respectively.

14. Q: How should hybrid securities be reported?

A. Hybrid security transactions are reportable on the TIC Form S. Because these securities have both equity and debt characteristics, it is often unclear whether to report them as equity or debt transactions. Please contact staff at the Federal Reserve Bank of New York for guidance on how to report specific hybrid securities.

15. Q: How should deposits and loans be reported?

1. Deposits and loans should be reported at cost.

16. Q: Which entities do foreign owned depository institutions include as an own foreign office on the TIC B reports?

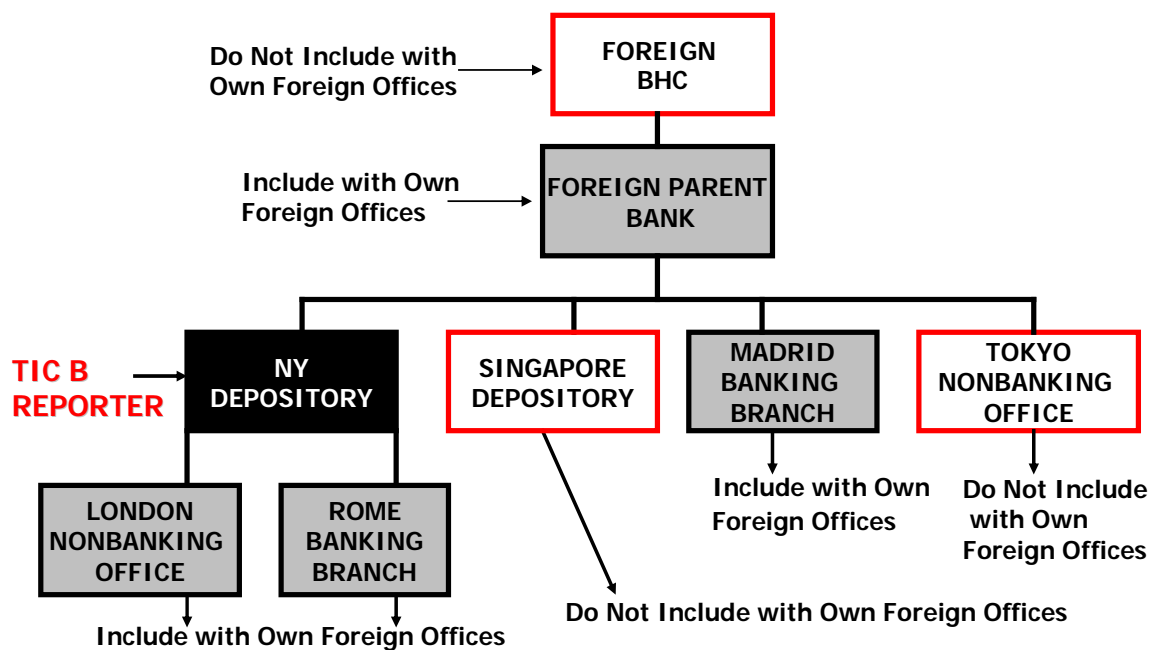
A: A foreign-owned depository institution should include as an own foreign office:

- i. the reporter’s own non-U.S. offices, branches, and agencies (both bank and non-bank)
- ii. the reporter’s own foreign parent bank, and
- iii. the foreign parent’s non-U.S. bank branches and agencies.

Foreign-owned depository institutions should not include the parent’s foreign affiliated banks¹ and non-banking offices as own foreign offices. The diagrams illustrating own foreign office reporting appear below.

REPORTING OWN FOREIGN OFFICE

Foreign-Owned Depository Institutions

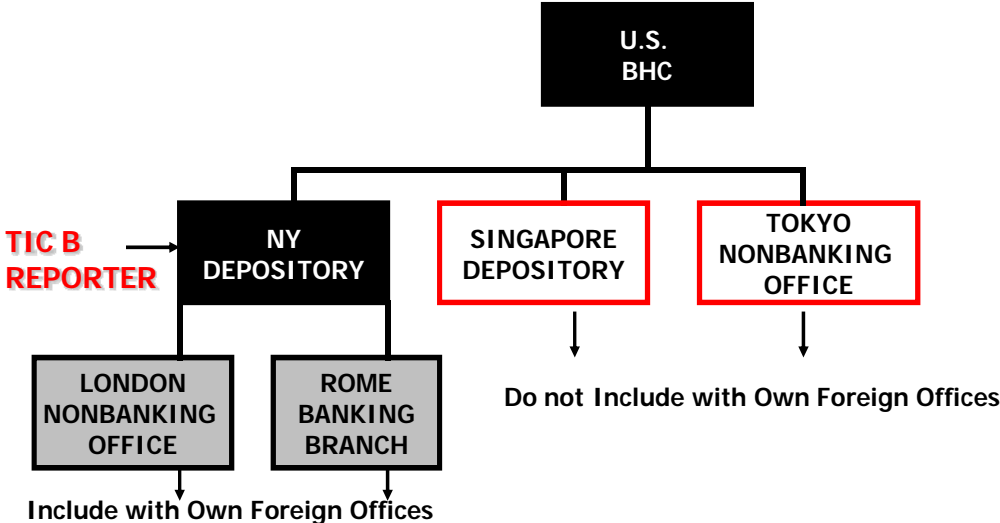


¹ The foreign parent’s banking branch (e.g. Madrid banking branch) is included as an own foreign office while the foreign depository bank (e.g. Singapore Depository) is not included as an own foreign office

REPORTING OWN FOREIGN OFFICE

U.S.-Owned Depository Institutions

UPDATED



E. Loans

1. Q: Is past-due interest on non-accrual loans reported?

A: Yes, past-due interest is reported until it is paid or written off. For the purposes of the TIC forms, the status of a loan should not be considered, unless the loan is written off. The only separate reporting of amounts in arrears are principal and interest in arrears and that should be reported on line 8020-9 of the BQ-3.

2. Q: How do you report a loan that is partially charged off?

A: Claims should be reported net of any charge-off or specific reserves where there is an identified loss. However, claims should not be reduced by any general or valuation reserves. The amount of the charge-off or the specific reserves for the identified loss should be reported on BC in row 8200-9, "Assets Written Off," in the reporting period that the charge-off was made.

3. Q: Are all loans reported regardless of maturity?

A: Yes, loans are reported regardless of maturity.

4. Q: At what values are discounted loans reported?

A: Loans originated at a discount should be reported at face value.

5. Q: What are the determining factors in classifying deposits versus loans/borrowings?

A: It is the reporter's responsibility to determine the nature of each transaction and report it appropriately. Key factors in determining the proper classification of instruments are the provisions of the underlying contract or agreement. If no such contract exists, the confirmation may be used to determine the nature of the instrument.

6. Q: How should a loan to a foreigner be reported, if the loan is sold by one U.S. entity to another?

A: If a loan to a foreigner is sold (meeting the sales criteria of FAS 140) by one U.S. entity to another, the new holder of the loan should report the face value of the loan on the BC (if U.S. dollar-denominated) or the BQ-2 (if foreign currency-denominated), unless a U.S. institution other than the purchaser continues to service the loan. If a U.S. institution other than the purchaser continues to service the loan, the U.S. servicing institution should continue to report the outstanding balance on the BQ-1 or the BQ-2, as appropriate, and the purchaser should exclude the loan from its report.

7. Q: How should a loan to a foreigner be reported, if the loan is sold by a foreign institution to a U.S. institution?

A: If a loan to a foreigner is sold (meeting the sales criteria of FAS 140) by a foreign institution to a U.S. entity, the new holder of the loan should report the face value of the loan on the BC (if U.S. dollar-denominated) or the BQ-2 (if foreign currency-

denominated), unless the loan is being serviced by another U.S. entity. If the loan is being serviced by a U.S. entity other than the purchaser, the servicing institution should report the face value of the loan on the BQ-1 (if U.S. dollar-denominated) or the BQ-2 (if foreign currency-denominated), and the purchaser should exclude the loan from its report.

8. Q: How should one report syndicated loans to U.S. residents that are placed overseas?

A: Syndicated loan liabilities to foreigners are reported by the U.S. resident borrower on the BL-1 or the CQ-1, as appropriate, except in two cases: (1) a U.S. administrative agent is used; or (2) a U.S. office of a bank acts as a servicing agent. In these cases:

(1) The U.S. administrative agent for a syndicated loan to a U.S. resident should report all amounts held by foreign creditors on the BL-2 (if U.S. dollar-denominated) or on the BQ-2 (Part 2) (if foreign currency-denominated).

(2) All loans of foreign branches to U.S. residents that are serviced by the U.S. parent bank should be reported by the U.S. parent bank on the BL-2 (Part-2) (if U.S. dollar-denominated) or on the BQ-2 (part-2) (if foreign currency-denominated).

Loans to U.S. residents where a reporter's foreign office acts as an administrative agent for the syndicate, should be excluded from the reporter's B-forms and these loan liabilities should be reported directly by the U.S. resident borrower on the BL-1 or the CQ-1, as appropriate.

F. Financing Transactions

1. Q: How are repurchase agreements (repos) and dollar rolls reported?

A: Dollar denominated liabilities and claims resulting from repurchase agreements, dollar rolls and similar financing agreements that: (a) qualify as a secured borrowing under FAS 140; and (b) include a cash component, should be reported on the BL-1 (if a loan to the U.S. resident) or the BC (if the U.S. resident is the lender). If the loan is in foreign currency, it should be reported similarly on the BQ-2. If the transaction does not qualify as a secured borrowing (i.e., it qualifies as a sale) under FAS 140, the transaction should be reported on the TIC Form S if a long-term security is involved.

2. Q: Are security lending arrangements treated the same as repurchase agreements?

A: Security lending arrangements, in which securities are lent for cash, are reportable as repurchase agreements. However, security lending arrangements in which only securities are exchanged are excluded from TIC reporting.

3. Q: On the BQ-3, what is the difference between the repurchase agreements (repos) reported in row 8030-6 and those reported in row 8040-3?

A: In row 8030-6, report repurchase agreements (repos) that are non-interest bearing. In row 8040-3, report repos that are interest bearing.

4. Q: How are resale and repurchase agreements with a reporter's own foreign office captured on the TIC B reports?

A: If the reporter's own foreign office is a foreign bank:

- Report resale agreements on the BC in columns 3 (Other Claims), 8 ("Of Which" Own Foreign Offices), and 9 ("Of Which" Resale Agreements)
- Report repurchase agreements on the BL-1 in columns 4 (Other Liabilities), 8 ("Of Which" Own Foreign Offices), and 9 ("Of Which" Repurchase Agreements)

If the reporter's own foreign office is not a foreign bank, i.e., is an "other" foreigner:

- Report resale agreements on the BC columns 5 (Other Claims), 8 ("Of Which" Own Foreign Offices), and 9 ("Of Which" Resale Agreements)
- Report repurchase agreements on the BL-1 in columns 6 (Other Liabilities), 8 ("Of Which" Own Foreign Offices), and 9 ("Of Which" Repurchase Agreements).

G. Custody Reporting

1. Q: When two U.S. institutions are involved in the custody of assets, which institution is required to report?

- A:** 1. When two or more U.S. custodians are involved in managing the custody of U.S.-resident liabilities to a foreigner, the custodian with the direct relationship with the foreign investor is required to report. (See flowchart 1B, TIC B Instructions, Appendix A)
2. When two or more U.S. custodians are involved in managing the custody of a U.S. customer's claim on a foreigner, the custodian with the direct relationship with the U.S. investor is required to report. (See flowchart 2C in Appendix A of the TIC B Instructions) Note that in both cases, the U.S. custodian nearest the end-investor is required to report.

2. Q: When a U.S. custodian uses a foreign custodian to hold assets for a U.S. resident, does the U.S. custodian or the U.S. resident report these claims?

A: The U.S. custodian should report the U.S. resident's claim held in foreign custody on the BQ-1 (if U.S. dollar-denominated) or on the BQ-2 (if foreign currency-denominated).

3. Q: When a U.S. investor uses a foreign custodian to hold a claim on a foreigner, how are these claims reported?

A: The U.S.-resident investor should report the asset as the investor's own claim on the BC or the CQ-1 (if U.S. dollar-denominated) or on the BQ-2 or the CQ-1 (if foreign-currency denominated).

4. Q: Under pre-arranged "sweep agreements," funds of U.S. resident customers may be transferred from the respondent's U.S. books to the books of its foreign office. How should such transfers be reported?

A: When funds of U.S. non-bank residents are swept to a non-U.S. office of a TIC B reporter, the TIC B reporter should report the funds held at the managed foreign office as customer claims on the BQ-1 (if U.S. dollar-denominated) or on the BQ-2 (if foreign currency-denominated).

NEW 5. Q: For the TIC BQ-1 and BQ-2 reports, should pre-arranged "sweep agreements" of U.S. depository institutions, BHCs/FHCs, and securities broker/dealers be included?

A: No. U.S. resident custodians should not report sweep agreements of U.S. depository institutions, BHCs/FHCs, and securities broker/dealers on the BQ-1 or BQ-2 reports. These institutions should file on the BC or BQ-2 reports, depending on their reporting thresholds.