

**QUARTERLY SURVEY OF FINANCIAL SERVICES TRANSACTIONS BETWEEN U.S.
FINANCIAL SERVICES PROVIDERS AND FOREIGN PERSONS**
(This report is mandatory and confidential.)

Name and address of U.S. reporter –
Enter or correct as necessary

10001
10002
10003
10004

Complete and file this form or file electronically at <https://www.bea.gov/efile>.
Assistance is available at (202) 606-5588, M-F 8:30 A.M. – 5:00 P.M., eastern time.

How to file:

- Step 1. Verify or correct name and address of the U.S. reporter named in the mailing label and complete Part 1.
- Step 2. Complete Part 2 and Schedules A, B, and C based on the instructions given in Part 2.
- Step 3. File the completed form within 45 days after the close of each fiscal quarter (or within 90 days after the close of the final quarter of your fiscal year).

By mailing to: U.S. Department of Commerce
Bureau of Economic Analysis
BE-50 (SSB)
Washington D.C. 20230

delivering to: U.S. Department of Commerce
Bureau of Economic Analysis
BE-50 (SSB)
Shipping and Receiving Section M-100
1441 L Street, N.W.
Washington D.C. 20005

faxing to : (202) 606-5318

or file electronically at: <https://www.bea.gov/e-file>

Part 1 - Section A

1. Person to consult concerning questions about this report

1. Name
2. Title
3. Telephone number ()
4. Fax number ()
5. E-mail address

3. Certification The undersigned official certifies that this report has been prepared in accordance with the applicable instructions, is complete, and is substantially accurate except that, in accordance with VI. G of the General Instructions, estimates may have been prepared where the data are not available from customary accounting records or precise data could not be obtained without undue burden.

2. May we use e-mail to correspond with you to discuss questions relating to this form, including questions that may contain information about your company that you may consider confidential? (Note: Electronic mail is not inherently confidential. We will treat information we receive as confidential but your e-mail is not necessarily secure against interception by a third party.)

- 1 Yes
2 No

Authorized official's signature

Print or type name and title

Date

Part 2

1. Follow the steps in the section below to determine whether you must complete the mandatory tables or are being complete the voluntary tables of Schedule A and B on Pages 4 and 5.

Step 1			Step 2		Step 3	
			Sales of financial services		Purchases of financial services	
<p>This survey covers transactions in the financial services by U.S. financial services providers. Indicate below which types of financial services transactions (either sales or purchases), if any, occurred between the U.S. reporter and foreign persons in the reporting period in item 5.</p> <p>Mark all that apply. Complete descriptions are available in Section IV of the General Instructions.</p>						
<u>Type of Service</u>	<u>Code</u>					
Brokerage services related to equity transactions	1	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Other brokerage services	2	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Underwriting and private placement services.....	3	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Financial management services	4	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Credit-related services, except credit card services	5	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Credit card services	6	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Financial advisory and custody services	7	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Securities lending services	8	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Electronic funds transfer services	9	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No
Other financial services	10	[]	1 [] Yes	2 [] No	1 [] Yes	2 [] No

2. Did the U.S. reporter have any transactions, either sales or purchases, in any of the financial services (Did you place a check next to any of the activities listed in step 1 of question 1?)

- 1** [] **Yes** Report mandatory transactions in Table 1 of the appropriate schedule and voluntary transactions in Table 2 of the appropriate schedule and return pages 1 through 5 according to the instructions on page 1.
- 2** [] **No** Return pages 1 through 3 according to the instructions on page 1.

3. Did your total sales of financial services marked “Yes” in Step 2 exceed \$20 million in the reporting period?

- 1** [] **Yes** If “Yes” then reporting on Schedule A, Table 1 is mandatory for each service marked “Yes.”
- 2** [] **No** If “No” then voluntary reporting on Schedule A, Table 2 is requested for each service marked “Yes.”

4. Did your total purchases of financial services marked “Yes” in Step 3 exceed \$15 million in the reporting period?

- 1** [] **Yes** If “Yes” then reporting is mandatory on Schedule B, Table 1 for each service marked “Yes.”
- 2** [] **No** If “No” then voluntary reporting on Schedule B, Table 2 is requested for each service marked “Yes.”

Part 3

5. What period does this quarterly report cover?

Beginning date

Month	Day	Year

Ending date....

Month	Day	Year
		2007

6. Enter the 4-digit code that best describes the major activity of the U.S. reporter from the Summary found on pages 13 of the General Instructions.

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7. What is the primary Employer Identification Number used by the U.S. reporter to file U.S. income o

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8. Was the U.S. reporter in existence, as an independent company, during the entire reporting period

1 Yes – Skip question 9.

2 No – If purchased by another U.S. financial services provider complete 5 below. Otherwise, complete the report for the time that you were in existence and, in the space at the bottom of this page, explain why you did not exist as a separate company for a part of the period

9. During the reporting period identified in 1, did another U.S. financial services provider own more t voting stock of the U.S. reporter named in the mailing label on page 1?

1 Yes – Enter the name and address of the controlling U.S. person or entity in the box below, check box B of the **Basis For Not Reporting Data** and please return this form according to the instructions on page 1.

Name			
Street			
City	State	Zip Code	

2 No – Continue with completion of the form.

Comments:

Basis For Not Reporting Data - Mark (X) in one box (A-F)

1. The U.S. Reporter has **not** reported data on Schedule A or B of this form because it –

A Was not in existence at any time during the reporting period.

B Was owned to the extent of more than 50% of its voting stock by another U.S. person for the entire reporting period.

C This company is not a financial services provider. (Please read General Instruction I. B. 1. for the definition of a financial services provider.)

D Had no financial services transactions, either sales or purchases, of the types covered with foreign persons.

E Had transactions, either sales or purchases, of the types covered but the sum of these transactions did not exceed the threshold for mandatory reporting (either for sales or purchases) and the U.S. reporter does not choose to report voluntarily. The total amount of these transactions with foreign persons for the most recent fiscal or calendar quarter, for all financial services combined, was approximately

Sales Purchases

2. The U.S. Reporter has reported data (sales and/or purchases) on one or more schedules of this form, but the U.S. Reporter also has not reported some financial services transactions listed in Part 2, question 1, because – Mark (X), in box if appropriate.

F The value of transactions in one or more individual types covered did not exceed the threshold for mandatory reporting, and the U.S. reporter chooses not to report these transactions (sales and/or purchases) voluntarily. The total amount of transactions, for all financial services combined, **not** reported on any schedules of this form, was approximately

Sales Purchases

SCHEDULE A - U.S. Reporter's Sales of Financial Services to Foreign Persons

- For each service marked **Yes** in Step 2 of question 1, reporting is mandatory in Table 1 below.
- For each service marked **No** in Step 2 of question 1, voluntary reporting is requested in Table 2 below.
- For additional instructions, see the General Instruction A.1.a. and A.1.b.
- Report all currency figures in thousands of U.S. dollars. Example: If the amount is \$1,555,555.00 report as 1,556.
- Round amounts of less than \$500.00 to 0.
- In the column headings of Tables 1 and 2, enter the Type of Service Code as found in Step 1 of question 1.
- Use additional copied sheets or the attached overflow sheets as necessary.

U.S. Reporter's Sales of Financial Services to Foreign Persons						
Report in thousands of U.S. dollars						
SALES TO	Service code			Service code		
	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons
BEA USE ONLY						
Table 1 - Mandatory data						
1. Australia						
2. Canada						
3. Cayman Islands						
4. China						
5. France						
6. Germany						
7. Hong Kong						
8. India						
9. Israel						
10. Italy						
11. Japan						
12. Mexico						
13. Netherlands						
14. Philippines						
15. Singapore						
16. Sweden						
17. Switzerland						
18. United Kingdom						
19. Other - Specify country						
20.						
21.						
22.						
23.						
24.						
25.						
26.						
27. All countries, total						
Table 2 - Voluntary data						
28. Complete if total sales for all types of transactions are \$20 million or less annually.						
29. If you reported data under transaction code 10, Other financial services, specify the major type of service:						

SCHEDULE B - U.S. Reporter's Purchases of Financial Services from Foreign Persons

- For each service marked **Yes** in Step 3 of question 1, reporting is mandatory in Table 1 below.
- For each service marked **No** in Step 3 of question 1, voluntary reporting is requested in Table 2 below.
- For additional instructions, see the General Instruction A.1.a. and A.1.b.
- Report all currency figures in thousands of U.S. dollars. Example: If the amount is \$1,555,555.00 report as 1,556.
- Round amounts of less than \$500.00 to 0.
- In the column headings of Tables 1 and 2, enter the Type of Service Code as found in Step 1 of question 1.
- Use additional copied sheets or the attached overflow sheets as necessary.

U.S. Reporter's Purchases of Financial Services from Foreign Persons						
Report in thousands of U.S. dollars						
PURCHASES FROM	Service code			Service code		
	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons	Foreign affiliates	Foreign parent(s) & foreign affiliates of foreign parent(s)	Unaffiliated foreign persons
BEA USE ONLY						
Table 1 - Mandatory data						
1. Australia						
2. Canada						
3. Cayman Islands						
4. China						
5. France						
6. Germany						
7. Hong Kong						
8. India						
9. Israel						
10. Italy						
11. Japan						
12. Mexico						
13. Netherlands						
14. Philippines						
15. Singapore						
16. Sweden						
17. Switzerland						
18. United Kingdom						
Other - Specify country						
19.						
20.						
21.						
22.						
23.						
24.						
25.						
26.						
27. All countries, total						
Table 2 - Voluntary data						
28. Complete if total purchases for all types of transactions are \$15 million or less annually.						
29. If you reported data under transaction code 10, Other financial services, specify the major type of service:						

GENERAL INSTRUCTIONS

Public reporting burden for this BE-185 report is estimated to average 10 hours per response. This burden includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate to Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, Paperwork Reduction Project 0608-0065, Washington, DC 20503.

Purpose — Reports on this form are required to obtain reliable and up-to-date information on financial services transactions between U.S. financial services providers and foreign persons. The information will be used to formulate U.S. international economic policy, and to analyze the impact of that policy and the policies of foreign countries, on such international transactions. The data will also be used in compiling the U.S. international transactions accounts and national income and product accounts.

Authority — This survey is authorized by the International Investment and Trade in Services Survey Act (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended), and by Section 5408 of the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418, 15 U.S.C. 4908(b)). Regulations for the survey may be found in 15 CFR Part 801. The survey has been approved by the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3501, et seq).

Penalties — Whoever fails to report may be subject to a civil penalty of not less than \$2,500, and not more than \$25,000, and to injunctive relief commanding such person to comply, or both. These civil penalties are subject to inflationary adjustments. Those adjustments are found in 15 CFR 6.4. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violations, upon conviction, may be punished by a like fine, imprisonment, or both. (See 22 U.S.C. 3105.) Notwithstanding the above, a U.S. person is not subject to any penalty for failure to report if a valid Office of Management and Budget control number is not displayed on the form. The control number for Form BE-185 is at the top of page 1.

Confidentiality — The International Investment and Trade in Services Survey Act provides that your report to this Bureau is CONFIDENTIAL and may be used only for analytical and statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.

I. WHO MUST REPORT AND GENERAL COVERAGE

A. Who must report

1. Mandatory and voluntary reporting

A. Mandatory reporting — A BE-185 report is required from each U.S. person who:

- (1) is a financial services provider or intermediary (see I.B.1. of these **Instructions**), or whose consolidated U.S. enterprise includes a separately organized subsidiary, or part, that is a financial services provider or intermediary; and
- (2) had receipts from foreign persons in all financial services combined (see V. of these **Instructions**) in excess of \$20,000,000 for the previous fiscal year or for which reports are

expected to exceed that amount the current fiscal year or had payments to foreign persons in all financial services combined in excess of \$15,000,000 for the previous fiscal year or for which receipts are expected to exceed that amount the current fiscal year.

The \$20,000,000 (receipts) and the \$15,000,000 (payments) thresholds should be applied to financial services transactions with foreign persons by all parts of the consolidated U.S. enterprise that are financial services providers or intermediaries. Because these thresholds apply separately to sales and purchases, mandatory reporting may apply only to sales, only to purchases, or to both.

Determining whether a U.S. financial services provider or intermediary is subject to mandatory reporting may be based on the judgment of knowledgeable persons in a company who can identify reportable transactions with a reasonable degree of certainty, without conducting a detailed records search.

Complete Parts 1 and 2 of the form and the mandatory tables of the applicable schedule(s). Enter the total amounts of transactions applicable to a particular schedule in the appropriate column(s) on line 27 of the schedule. Distribute these amounts to the foreign country(ies) involved in the transaction(s).

b. Voluntary reporting — If your covered sales (see IV. Of these **Instructions**) were \$20,000,000 or less, or if your covered purchases were \$15,000,000 or less during your previous fiscal year and are expected to be below these amounts for the current fiscal year, you are requested to provide an estimate of the total for each type of service. Provision of this information is voluntary. The estimates may be judgmental. Because these thresholds apply separately to sales and purchases, voluntary reporting may apply only to sales, only to purchases, or to both.

If you elect to file voluntarily, complete the voluntary table(s) of the appropriate schedule(s). You may voluntarily report either, (1) estimated totals by type of service only on line 28 of Schedule A and/or Schedule B; or (2) totals by type of service and a breakout by country in the mandatory table of the appropriate schedule(s).

c. Exemption — The \$20,000,000 and \$15,000,000 exemption levels for mandatory reporting are based upon total financial services sold to, or purchased from, foreign persons by all parts of the consolidated U.S. enterprise that are financial services providers or intermediaries combined, regardless of the number of subsidiaries or parts of the enterprise filing separate BE-185 forms.

2. Consolidation — A consolidated U.S. enterprise may file a single Form BE-185 covering combined (total) financial services transactions (purchases and sales) of all its subsidiaries, and parts, that are financial services providers or intermediaries, or it may file separate reports for its separately organized financial services subsidiaries and parts. However, regardless of the number of subsidiaries or parts of the enterprise filing separate BE-185 forms, the reporting criteria must be applied with reference to the transactions of the consolidated enterprise, as described above.

B. General Coverage

1. Definition of financial services provider

Except for Monetary Authorities (i.e., Central Banks) the definition of financial services providers used for this survey is identical in coverage to Sector 52 – Finance and Insurance, and holding companies from Sector 55 of the North American Industry Classification System United States, 2002.

For example, companies and/or subsidiaries and other separable parts of companies in the following industries are regarded as financial services providers: depository credit intermediation and related activities (including commercial banking, holding companies, savings institutions, check cashing, and debit card issuing); nondepository credit intermediation (including credit card issuing, sales financing, and consumer lending); securities, commodity contracts, and other financial investments and related activities (including security and commodity futures brokers, dealers, exchanges, traders, underwriters, investment bankers, and providers of securities custody services); insurance carriers and related activities (including agents, brokers, and services providers); investment advisors and managers and funds, trusts, and other financial vehicles (including mutual funds, pension funds, real estate investment trusts, investors, stock quotation services, etc.).

Filing options for holding companies that own only **nonfinancial** subsidiaries:

- You may report your **purchases** of financial services from foreign persons on Form BE-185; or
- You may report such **purchases** on Forms BE-120 and BE-125, Benchmark and Quarterly Surveys of Transactions in Selected Services and Intangible Assets with Foreign Persons.

In either case, sales of financial services to foreign persons must be reported on Form BE-185 if they are expected to exceed \$20 million in the current fiscal year or exceeded that amount in the previous fiscal year.

2. Clarification of general coverage, including special situations

- a. Report purchases or sales in the periods when they occur or are charged (that is, in the period when the provider of the service recognizes or performs the service), whether expensed by the purchaser of the service in that accounting period, amortized over several accounting periods, or included in expenses in a subsequent accounting period. For example, report payments of credit-related fees (and payments of securities brokerage commissions) in the period when credit-related (securities brokerage) services are charged, whether or not the charge for the service is included in the purchaser's expenses for that particular accounting period. *See IV. of these **General Instructions** for an explanation of what measures should be applied in determining whether you are subject to the BE-185 survey's mandatory reporting requirements for a given type of service.*
- b. Report covered transactions regardless of whether the service was performed in the United States or abroad. Please note that the reporting requirements are determined by whom the transactions are with and not by where the services are performed or the location of the buyer and seller at the time of the transaction. Thus, reportable transactions may include those conducted over the Internet or other networks (for example, brokerage or financial advisory services sold to foreign persons over the Internet).
- c. When a sale or purchase consists of services that are commingled or bundled (i.e., the different types of services are not separately billed), you should unbundle the transaction whenever possible. When the transaction cannot be unbundled, it should be classified based upon whichever service accounts for the largest share of its value. However, do not unbundle the transaction if the services are billed together because they are integral parts of the same

transaction (for example, if the fee for financial management services includes payment for custody and other services that are regarded as integral parts of financial management services).

II. DEFINITIONS

- A. **Services** mean economic activities whose outputs are other than tangible goods. This term includes, but is not limited to, banking, other financial services, insurance, transportation, communications and data processing, retail and wholesale trade, advertising, accounting, construction, design, engineering, management consulting, real estate, professional services, entertainment, education, and health care.
- B. **Financial services** include trading, issuing, dealing, underwriting, lending, custody, etc., of financial instruments; financial advisory or management services; credit card services; credit-related services (including establishing, maintaining, or arranging credits, letters of credit, lines of credit, mortgages, etc.); financial rating services; electronic funds transfer services; insurance services; etc. These services typically are performed by firms classified in Sector 52 – Finance and Insurance and holding companies from Sector 55 of the North American Industry Classification System United States, 2002 (see I.B.1.). Some types of financial services are not covered on this survey. *See IV. of the **Instructions** for a list of financial services that are covered, and see V. of the **Instructions** for a list of financial services that are not covered on this survey.*
- C. **U.S. Reporter** means a U.S. person filing a report in this survey. On Form BE-185, the U.S. Reporter may be either the consolidated U.S. enterprise or a financial services subsidiary or part of a consolidated U.S. enterprise reporting separately.
- D. **Consolidated U.S. enterprise** means (i) a U.S. financial services provider, (ii) any U.S. corporation, proceeding up the financial services provider's ownership chain, that owns more than 50 percent of the voting securities of the corporation below it, and (iii) any U.S. corporation, proceeding down the ownership chain(s) of each of these corporations, whose voting securities are more than 50-percent-owned by the U.S. corporation above it.
- E. **United States**, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.
- F. **Foreign**, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.
- G. **Person** means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government sponsored agency).
 1. **United States person** means any person resident in the United States or subject to the jurisdiction of the United States.
 2. **Foreign person** means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.
- H. **Unaffiliated foreign person** means, with respect to a given

U.S. person, any foreign person that is not an affiliated foreign person as defined in paragraph I. below.

- I. Affiliated foreign person** means, with respect to a given U.S. person, **(i)** a foreign affiliate of which the U.S. person is a U.S. parent, or **(ii)** the foreign parent or other member of the affiliated foreign group of which the U.S. person is a U.S. affiliate.
- J. Affiliate** means a business enterprise located in one country that is directly or indirectly owned or controlled by a person of another country to the extent of 10 per cent or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.
- 1. Foreign affiliate** means an affiliate located outside the United States in which a U.S. person has direct investment.
 - 2. U.S. affiliate** means an affiliate located in the United States in which a foreign person has direct investment.
- K. Business enterprise** means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate. (A business enterprise is a "person" within the definition in paragraph G. above.)
- L. Direct investment** means the ownership or control, directly or indirectly, by one person of 10 per cent or more of the voting stock of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.
- M. Parent** means a person of one country who, directly or indirectly, owns or controls 10 per cent or more of the voting securities of an incorporated business enterprise, or an equivalent ownership interest in an unincorporated business enterprise, which is located outside that country.
- 1. U.S. parent** means the U.S. person that has direct investment in a foreign business enterprise, including a branch.
 - 2. Foreign parent** means the first person outside the United States that has direct investment in a U.S. business enterprise, including a branch.
- N. Affiliated foreign group** means **(i)** the foreign parent, **(ii)** any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 per cent of the person below it up to and including that person which is not owned more than 50 per cent by another foreign person, and **(iii)** any foreign person, proceeding down the ownership chain(s) of each of these members, which is owned more than 50 per cent by the person above it.
- O. Country** means, for purposes of this survey, the country of location of the foreign person with whom a transaction has occurred.

III. OTHER INSTRUCTIONS

A. Differentiating between U.S. and foreign persons

In II.G.2. of these **Instructions**, a "foreign person" is defined as any person resident outside the United States or subject to the jurisdiction of a country other than the United States. Persons who reside or expect to reside for 1 year or more in a foreign country are considered to be foreign persons. International organizations are considered to be foreign persons whether they are based in the United States (such as the International Monetary Fund, Inter-American Development Bank, United Nations, World Bank, and the Organization of American States)

or abroad.

Use the following procedure to identify financial services transactions with foreign persons:

- 1.** Billing records or mailing address information to identify the country of the foreign person(s) – report receipts and payments with a given foreign country, or international organization, if the billing records or mailing address identify that foreign country as the location of the foreign person who was a party to the transaction.
- 2.** IRS Form W-8, Certificate of Foreign Status filed by foreign persons, and IRS Form W-9, Request for Taxpayer Identification Number and Certification (filed by U.S. persons).
- 3.** Any other available information on residency of persons with whom you have sold or purchased financial services.

NOTE: Steps 1 and 2 above may be necessary when foreign customers provide billing addresses of U.S. agents or other locations of convenience in the United States. Also, for underwriting services it may be necessary to rely on additional information to correctly determine the residency of your customers in order to assure accuracy; for other types of services, it will probably be sufficient to use billing address information alone.

B. Who must report a transaction when an intermediary is involved

Financial services transactions between a U.S. person and a foreign person are frequently arranged by, billed through, or otherwise facilitated by, a financial services provider or intermediary. The intermediary may be U.S. or foreign, and may be affiliated or unaffiliated with the U.S., or the foreign, person. The U.S. financial services provider or intermediary who **directly** deals with a foreign person, and not the U.S. customer of the intermediary, is typically responsible for reporting the transaction on this survey.

Use the following guidelines to determine who should report data on payments of brokerage fees and commissions (service number 1 and 2) in cases where more than one U.S. financial services provider is involved in or knowledgeable about the transaction.

- Where a U.S. broker is involved in the transaction, the broker should report the data on payments of brokerage commissions.
- If a U.S. broker is not involved, a U.S. financial manager, such as a fund or investment manager, involved in the transaction should report the data.
- Where neither a U.S. broker nor a U.S. manager is involved in the transaction, a U.S. custodian should report; this would be the case, for example where the principal uses a foreign (rather than a U.S.) financial manager, but a U.S. custodian. (In this case, the custodian may wish to contact the principal to determine which of its financial managers are foreign persons.)
- If the custodian does not have or cannot obtain the information needed to report, then the U.S. principal, or its paying agent, should report the data; the U.S. principal must make the determination of whether it or its paying agent is responsible for reporting.

Respondents may deviate from these guidelines by agreement

among themselves. Please confer with one another to assure that the data reported on payments of brokerage commissions are neither omitted from all BE-185 reports, resulting in under-counting of data, nor reported on more than one BE-185 report, resulting in duplication.

C. Distinguishing between affiliated and unaffiliated transactions

For purposes of reporting on this survey, it is necessary to distinguish between transactions between affiliated U.S. and foreign persons, and transactions between unaffiliated U.S. and foreign persons. An unaffiliated foreign person is a foreign person that is neither the foreign affiliate nor the foreign parent (or other member of the affiliated foreign group) of the consolidated U.S. enterprise filing Form BE-185. (See *II.H., I., J., M. and N. in these Instructions.*)

Transactions with unaffiliated foreign persons by or through a foreign activity of a U.S. person that is not a foreign affiliate of the U.S. person are deemed to be direct transactions of the U.S. person. Report such direct transactions in this survey.

If a U.S. person's foreign activity or operation is incorporated abroad, it is a foreign affiliate.

If a U.S. person's foreign activity or operation is NOT incorporated abroad, its status is based on the weight of the evidence when the following factors are considered.

An unincorporated foreign activity or operation generally WOULD NOT be considered a foreign affiliate if it:

1. conducts business abroad only for the U.S. person's account and not for its own account;
2. has no separate financial statements (including an income statement and balance sheet);
3. receives funds to cover its expenses only from the U.S. person;
4. is not subject to foreign income taxes; and
5. has limited physical assets, or employees, permanently located abroad.

Criteria for determining which U.S. activities do or do not constitute a U.S. affiliate of a foreign person are parallel to those listed above.

Under the Treasury International Capital reporting system, the Department of the Treasury conducts mandatory surveys on the international financial position of the United States and on movements of portfolio investment capital between the United States and foreign countries that may give rise to financial services transactions. Inquiries about these surveys should be directed to the Federal Reserve Bank of New York (as fiscal agent for the Treasury Department) at (212) 720-7993.

IV. SERVICES COVERED

This survey covers receipts (**Schedule A of Form BE-185**) and payments (**Schedule B**) of fees and commissions for the following types of financial services:

1. **Brokerage services related to equity transactions** — Report on Schedule A your receipts of commissions and fees (inclusive of taxes and stamp duties) directly from foreign customers for executing orders to purchase or sell securities. Report on Schedule B your payments of commissions and fees directly to foreign brokers for executing your or your customers' equities

orders. Include brokerage transactions with foreign persons conducted over the Internet and Electronic-communications networks (ECN).

Do not report income where you were a dealer or other principal who was at risk of incurring a loss on the financial instruments rather than acting solely as the broker. For example, exclude income from marking positions to market and inherent earnings from dealer markups on buy and sell transactions (i.e., bid/ask price spreads in dealing in securities).

2. **Other brokerage services** — Report on Schedule A your receipts of commissions and fees (inclusive of taxes and stamp duties) directly from foreign customers for executing orders to purchase or sell options, futures, and other financial instruments. Also include fees and commissions on brokering foreign currencies. Report on Schedule B your payments of commissions and fees directly to foreign brokers for executing your, or your customers,' orders related to options, futures or other financial instruments. Include brokerage transactions with foreign persons conducted over the Internet and Electronic-communications networks (ECN).

Report origination fees in connection with the over-the-counter derivative financial instruments only if the fees are separately identified in transaction documentation issued by the dealers in the instruments to the customers, and are not considered undifferentiated components of overall trading or marketmaking gains.

Do not report income where you were a dealer or other principal who was at risk of incurring a loss on the financial instruments rather than acting solely as the broker. For example, exclude income from marking positions to market and inherent earnings from dealer markups on buy and sell transactions (i.e., bid/ask price spreads in dealing in foreign currencies and other financial instruments).

Report brokerage commissions for arranging a joint venture in service number 10, Other financial services. Report multi-currency conversion fees of credit card companies in service number 6, Credit card services.

Do not report fees for commodity or merchandise brokerage services, real estate brokerages, and business services brokerage because they are not considered to be financial services (as opposed to fees for purchasing or selling commodity futures and other financial instruments which are reportable on this survey).

3. **Underwriting and private placement services** — Report in underwriting services your earnings from buying and reselling an entire or substantial portion of newly issued securities. Report on Schedule A as negative receipts your losses from purchasing securities from a foreign person (issuer or lead underwriter) and reselling them at a lower price. (This is the only financial service category where negative amounts may be reported.)

Also report fees you received from an issuer of securities for privately placing its securities, or fees that you paid to a foreign person who privately placed your securities, including fees on dealer-placed commercial paper. Do not report earnings from buying and selling (i.e., trading) commercial paper or other securities for your own account, because they are not considered to be financial services.

Where you are lead underwriter, report separately your receipts of underwriting fees and payments of selling concessions and other expenses. Report on Schedule A your underwriting fees, before deduction of selling concessions paid to other members of the syndicate, according to the country of the person (issuer)

from whom you purchased the securities. Report on Schedule B your selling concessions and reimbursements for expenses paid by you to foreign members of the syndicate based upon the country(ies) of the foreign syndicate members receiving these sums.

Where you are a syndicate member other than the lead underwriter, report on Schedule A selling concessions received by you based upon the country of the lead underwriter.

Report payments of underwriting fees (on Schedule B) by an issuer of securities as:

The estimated gross proceeds to the foreign lead underwriter from the sale to the public of the securities – base this estimate on the number of units of securities sold times the per unit public offer price

Minus

The net proceeds received by the issuer from the foreign lead underwriter.

Classify these payments according to the country of the foreign lead underwriter.

Report fees or commissions received by, or paid to, intermediaries that arrange the sale of securities (including mutual fund shares) they do not themselves own as brokerage services (under service number 1) rather than as underwriting services.

4. Financial management services — Report services in which the provider of the service has the authority to direct the use or investment of funds or other assets. Report fee income from (to) foreign persons for managing or administering financial portfolios, such as cash, securities, futures, and other financial instruments or assets, if you (they) have this authority. Report the fees under service number 7, financial advisory and custody services, if a U.S. or foreign person has input into the decision-making process but does not have this authority. Report these fees whether or not the assets are in the custody of the manager or in the custody of another U.S. or foreign person whom the manager directs. Report fees from actively managed accounts (where research and market timing skills are also provided) and fees from passively managed, or indexed, accounts.

U.S. persons (including trustees and fiduciaries with management authority) should report on Schedule A their fees from managing **foreign** commodity pools, mutual funds, hedge funds, trusts (including trusts containing mortgages), etc., (which are considered foreign persons). Do not report fees from managing U.S. mutual funds, hedge funds, trusts (including trusts containing mortgages), etc., (which are considered U.S. persons) **unless** the management fee is charged directly to a foreign investor, owner, beneficiary, maker, etc., of the U.S. mutual fund, hedge fund, or trust rather than charged to the U.S. mutual fund, etc., itself.

Report under service number 7, financial advisory and custody services, receipts from and payments to foreign persons (including foreign-based custodians or subcustodians) for managing the custody or safekeeping of securities.

Foreign participation in U.S. futures markets frequently occurs indirectly, by foreign persons investing directly in a foreign commodity pool that, in turn, invests directly in the U.S. futures market. Foreign commodity pools may be organized by U.S. commodity pool operators (CPO's), such as U.S. brokerage institutions. U.S. CPO's report on Schedule A fees from managing foreign commodity pools, including additional

management fees received based upon positive returns. Exclude gains and losses to principal amounts you have invested in the pool; in this case, your earnings are considered to be capital gains, which are not covered on Schedules A and B. (Similar guidelines pertain to the earnings of U.S. persons who manage foreign hedge funds; i.e., report management fees including additional fees based on positive returns, but do not report gains or losses to principal amounts invested in the funds.)

Do not report receipts (payments) of your foreign affiliates from (to) foreign persons. For example, where your foreign affiliate manages foreign assets, do not report the management fee paid by foreign clients to your foreign affiliate because the fee was not received by the U.S. reporter from a foreign person. (See *III. of the Instructions* for a discussion of foreign activities of a U.S. person that constitute a foreign affiliate.) Similarly, do not report fees paid by you to, or received by you from, a U.S. affiliate of a foreign person.

Do not report funding for foreign sales promotion and representative offices in this survey. Report such funding on Form BE-120 or BE-125.

5. Credit-related services, except credit card services —

Report fees received from or paid to foreign persons, including fees paid directly and fees that are withheld or deducted from the proceeds for:

- Credit-related or lending-related services, such as fees for renegotiating debt terms and fees for establishing/originating, maintaining, accepting or arranging standby letters of credit
- Commercial and similar letters of credit
- Letters of indemnity
- Lines of credit
- Participations in acceptances
- Mortgages
- Credit facilities
- Reimbursement commissions for honoring import letters of credit (ILC's), and of discrepancy fees for financial services provided when goods imported under ILC's do not fully meet specifications
- Factoring services
- Issuing financial guarantees and loan commitments (to make or purchase loans)
- Arranging or entering into financial lease contracts
- Credit-related services received by, or paid to, note issuance facilities (NIF's)

Do not report underwriting fees on notes issued by NIF's (these should be reported under service number 3, underwriting services). Also, do not report interest received or paid, including discounts and premiums on notes purchased or sold.

If you are a member of a loan syndicate, or of loan participations other than syndicates, report fees received and paid for organizing, managing, or participating in the operation. Do not report the sale of assets (i.e., of parts or shares in the

syndicated loan), because these are not financial services. Where you have collected a fee from a foreign person on a loan syndication and passed through a portion of the fee to foreign syndicate members, report the total fee you received on Schedule A and report the portion of the fee you passed through on Schedule B. Borrowers under loan syndicates or loan participations other than syndicates should report payments of fees according to the country of the lead manager of the syndicate.

Report payments of credit-related fees in the accounting period in which the fee is assessed by the provider of credit-related services, whether included in expenses for that particular accounting period or amortized over several accounting periods.

If compensating balances are reflected in the cost of credit-related services, report the (net) amount received or paid for credit-related services after credit for the value of the compensating balances. Do not report the value of the compensating balance to the bank (in the form of foregone interest expense). If the bank returns some portion of its savings to its customers in the form of a credit against other financial services provided, the amount to report for the other financial services provided should be the reduced charge after consideration of this credit.

6. Credit card services — Report all cross-border receipts and payments for credit card services, whether paid separately or in the form of a discount from face or par value.

U.S. credit card companies must report specified transactions in which they themselves engage with foreign persons, as well as specified transactions of their independent issuers or acquirers with foreign persons. To avoid duplication, their independent credit card issuers and acquirers are exempt from reporting data on these credit card services.

Listed below are the major types of credit card services sold to or purchased from foreign persons. The credit card company must report separately total receipts and payments through the system it controls or monitors. Total receipts (or total payments) of credit card services are the sum of receipts (or payments) from all of these services combined.

- Transaction and service fees received from or paid to foreign acquirers and issuers
- Interchange received from foreign acquirers or paid to foreign issuers
- Discount (including interchange and overhead assessments, reimbursements for telecommunication services, etc.) received from or paid to foreign acquirers and issuers
- Payments to foreign issuers, acquirers, or merchants under guarantees to protect them from losses from a default in the processing network
- Fees you received from foreign issuers for credit authorization services
- Fees you received from foreign issuers for listing lost or stolen credit card numbers in warning bulletins or on electronic files
- Resignation assessments or membership fees received from foreign issuers and acquirers
- Multi-currency conversion fees received from foreign issuers or paid to foreign acquirers, processing centers, or issuers

Independent issuers, acquirers, and processors must report

credit card services that are conducted outside the system controlled or monitored by the credit card companies. Such transactions may include annual dues and other fees received by issuers from cardholders, payments to processors by independent issuers and acquirers, and any interchange reimbursements that do not go through the credit card system.

Do **not** report receipts or payments for credit card enhancements, such as travel insurance, extended warranties, and discounts on tour packages or other purchases.

7. Financial advisory and custody services — Report receipts from and payments to foreign persons (including foreign-based custodians or subcustodians) for managing the custody or safekeeping of securities. Include the following:

- Financial advisory services on mergers and acquisitions
- Investment newsletters or investment advice
- Commodity trading advisory services
- Proxy voting advisory services
- Custody services (including payments and settlements services such as mortgage servicing services)
- Other advisory and custody services provided by U.S. or foreign persons who have no discretion, or who have very limited discretion, to act independently from instructions provided by the investor or another principal

Include services with foreign persons conducted over the Internet. Exclude services where you are at risk of incurring a loss, such as underwriting services (service number 3).

U.S. issuers of American Depositary Receipts (ADR's) and American Depositary Shares (ADS's) — Report on Schedule B your payments to foreign correspondent institutions for holding the securities backing the ADR's and ADS's. U.S. issuers of ADS's should also report, on Schedule A, any receipts of sponsorship fees from foreign persons.

Do not report fees received from or paid to a U.S. subsidiary (or U.S. affiliate) of a foreign person, because, under balance of payments conventions, these are considered U.S., not foreign, persons.

Where you do have complete (or substantially complete) discretion to act independently from instructions provided by investors or other principals, report your receipts under service number 4, financial management services. Where you are an investor or principal, and a foreign person has complete (or substantially complete) discretion to act independently on your behalf, report your payments under service number 4.

8. Securities lending services — U.S. securities lenders and borrowers, and their agents, should report amounts received directly from, or paid directly to, foreign persons, for lending or borrowing securities. Report fees received by or paid to principals or agents for arranging loan terms and conditions, monitoring the value of collateral, providing guarantees against default, and providing other securities lending services. Report rebates received or paid on "borrow versus cash transactions." Do not report amounts received from, or paid to, foreign persons by a U.S. or foreign agent upon the default of a customer, because such payments are not considered to be for financial services. Do not report interest under repurchase or reverse repurchase agreements, because interest is not reportable (although, as mentioned, rebates are reportable) on this form.

9. Electronic funds transfer services — Report fees for the electronic funds transfers of money or financial assets received directly from, or paid directly to, foreign persons. Include payments to SWIFT, in Belgium.

10. Other financial services (*Specify primary type(s) on line 29 of the appropriate schedule.*) — Report the **total** amount of fees you received from or paid to foreign persons for all other financial services combined. Report the type(s) of service(s) accounting for the largest share of the data being reported on line 29 provided at the bottom of the schedules. Examples of services that may be reported under this category include:

- Asset pricing services
- Security exchange listing fees
- Demand deposit fees
- Securities rating services
- Check processing fees
- Mutual fund exit fees, load charges and 12b–1 service fees
- Security redemption or transfer services
- ATM network services
- Securities or futures clearing and settling services
- Brokerage services not covered above, such as for arranging joint ventures

Do not report real estate brokerage fees (real estate services), business brokerage fees (business services), and commodity or merchandise brokerage fees (wholesale or retail trade services), because these are not considered financial services.

Note that some types of financial services are not covered on this form. See *V. of the Instructions* for a list of types of financial services not to be reported.

V. TYPES OF FINANCIAL SERVICES EXCLUDED FROM COVERAGE

Do not report the following types of financial services on this survey:

A. Stock quotation and financial information services — These are instead covered by Form BE-120 or BE-125, under data base and other information services.

B. Insurance premiums and losses, and commissions on insurance — These are covered on other BEA forms. (See BEA's web site www.bea.gov/bea/surveys for information on whom to call regarding these forms.) Charges at the individual policy level also are not covered.

C. Annuity purchases and payments to annuitants — Annuity purchases and payments to annuitants are not covered. Also, charges at the individual policy level, including insurance-company fees on variable annuities, are not covered.

D. Pension fund contributions and benefits — Pension fund contributions and pension benefits are not covered. However, U.S. pension funds may engage in other financial services transactions that are reportable on this form, including payments of brokerage commissions and fees for investment management or financial advisory services to foreign persons.

E. Interest and dividend receipts and payments — Under balance of payments conventions, interest and dividends are considered to be investment income rather than income from services, and are therefore not covered by this survey.

F. Premiums and other proceeds from writing (selling) options, forwards, futures, and swaps — Premiums from writing options, and fees and other proceeds from writing forwards, futures, and swaps are not covered. (However, explicit brokerage commissions on transactions in these financial instruments are covered under service number 2, Other brokerage services.)

G. Earnings of principals from buying and selling (including dealing, trading, holding, or arbitrage) of financial instruments, except foreign currency exchange transactions — Under balance of payments conventions, these types of earnings are considered to be "capital gains" (i.e., earnings that are not from current production) rather than payments for financial services, and are therefore not covered. However, underwriting is considered to be a financial service, and is covered under service number 3.

H. Foreign currency exchange transactions — Bid/ask price spreads and trading profits on currency exchange transactions are not covered. However, explicit commissions paid to currency exchange brokers are covered under service number 2, Other brokerage services.

VI. REPORTING PROCEDURES

A. Due date — A completed form is due within 45 days after the close of each fiscal year quarter, except the final quarter of the fiscal or calendar year, when the report is due within 90 days after the close of the quarter.

B. Fiscal year — For the purposes of this report your current fiscal year is your fiscal year that ends in the calendar year 2007 or calendar year 2007. Your previous fiscal year is the fiscal year that ended in calendar year 2006 or calendar year 2006.

C. Extension — Requests for an extension of the reporting deadline will not normally be granted. However, in a hardship case, a written request for an extension will be considered if it is received at least 15 days before the due date. You may Fax the request to (202) 606-5318 or e-mail the request to BE-185extension@bea.gov. BEA will provide a written response to such a request.

D. Assistance and additional copies of the forms — Phone (202) 606–5588 between 8:30 a.m. and 5:00 p.m., eastern time for assistance. Copies of our forms are also available on BEA's web site: www.bea.gov/bea/surveys/iussurv.htm

E. Original and file copies — File a single original copy of each form. Please use the copy with the address label if such a labeled copy has been provided. Companies that elect to file separate reports for their separately organized financial services subsidiaries or parts must file a separate original copy of the form for each separate subsidiary or part. In addition, retain a copy of each report in your files to facilitate resolution of problems; these copies should be retained by the U.S. Reporter for a period of not less than three years beyond the original due date.

F. Where to send the report — Send reports filed by mail through the U.S. Postal Service to:

U.S. Department of Commerce
Bureau of Economic Analysis

BE-50(SSB)
Washington, DC 20230

Send reports filed by direct private express delivery to:

U.S. Department of Commerce
Bureau of Economic Analysis, BE-50(SSB)
Shipping & Receiving Section, M-100
1441 L Street, NW
Washington, DC 20005

Fax reports to: (202) 606-5318

To file a report electronically see our web site at
www.bea.gov/efile for details.

G. Estimates — If actual figures are not available, supply estimates and label them as such. When data items cannot be fully subdivided as required, report totals and an estimated breakdown of the totals.