



Direct Transactions Of U.S. Reporter with Foreign Affiliate

Mandatory and Confidential

Affiliate ID

Electronic filing: Go to www.bea.gov/efile for details

1 What is the date range and year that the foreign affiliate's quarter ends for this report?

Table with 5 columns for date ranges (2/16-5/15, 5/16-8/15, 8/16-11/15, 11/16-2/15) and a Year column with a '2' and '0' in sub-columns.

Mail reports to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-69(Q), Washington, DC 20230

2 Name of U.S. Reporter

Deliver reports to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-69(Q), Shipping and Receiving Section M-100, 1441 L Street, NW, Washington, DC 20005

U.S. Reporter mailing address

Fax reports to: (202) 606-5305

Assistance: Email be577@bea.gov 004, Telephone (202) 606-5557, Copies of form www.bea.gov

3 Name of foreign affiliate being reported - Use the same name on all reports filed subsequently for this affiliate with the Bureau of Economic Analysis, e.g., Form BE-11.

Definitions: Underlined terms are defined on page 9.

Due date: 30 days after the close of each calendar or fiscal quarter end; 45 days if the report is for the final quarter of the financial reporting year.

Who must report: A Form BE-577 is required from every U.S. person that had direct transactions or positions with a foreign business enterprise in which it had a direct and/or indirect ownership interest of at least 10 percent of the voting stock if an incorporated business enterprise or an equivalent interest if an unincorporated business enterprise at any time during the reporting period.

Basic requirement: A Form BE-577 must be filed for each directly-owned foreign affiliate for which total assets; sales or gross operating revenues, excluding sales taxes; or net income after provision for foreign income taxes was greater than \$60 million (positive or negative) at any time during the affiliate's fiscal reporting year.

Coverage: All transactions or positions with the foreign affiliate by all U.S. domestic subsidiaries, divisions, etc., which constitute the U.S. Reporter, as defined, must be combined on one Form BE-577.

Monetary values: Report in thousands of U.S. dollars. If an amount is between positive and negative \$500, enter "0." Use parentheses to indicate negative numbers.

Estimates: In order to supply a timely report, if actual amounts are not available, supply your best estimates and label them as such.

4 Is this report a resubmission of a past report?

- Yes - File revisions to any prior period data either by letter if the revisions are minimal, by noting changes on a file copy of the previously completed form, or by completing a revised form in its entirety and refileing it.
No

5 Country of location (country where affiliate's physical assets are located or primary activity is carried out) - may differ from country of incorporation.....

6 Is the foreign affiliate incorporated in the country of location indicated in 5 ?

- Yes
No

7 If the foreign affiliate's industry classification, based on the largest source of sales or gross operating revenues, has changed, or if this is an initial filing, enter the appropriate industry code (refer to the Summary of Industry Classifications on page X or go to www.bea.gov/naics2007).....

Corrected Industry Code, Current Industry Code

8 How has the affiliate's industry reporting status changed during the reported quarter?

Mark (X) one

008

- 1 Affiliate was not previously reported. Complete **Part III** and **Part V** .
- 2 Affiliate was previously reported but became temporarily exempt. 2 Month Day Year
- 3 Affiliate was merged or reorganized. Attach explanation and specify date of status change..... 2 / / - - - -
- 4 Affiliate was sold or seized. Complete **Part III** and specify date of status change..... 2 / / - - - -
- 5 Affiliate was liquidated. Complete **Part III** and specify date of status change..... 2 / / - - - -
- 6 Affiliate fell below exemption level. **Complete Certification of Exemption on page 8.** 2
- 7 Affiliate became inactive. Specify date of status change..... 2 / / - - - -
- 8 No change during reporting quarter.

9 How many foreign affiliates are consolidated on this report?

- If this report is for a single foreign affiliate, enter "1" in the box below.
- See the Definitions on page 10 for Consolidation Rules.

Number Consolidated.....

10 Does the U.S. Reporter hold a direct equity interest in the foreign affiliate named in **3 ?**

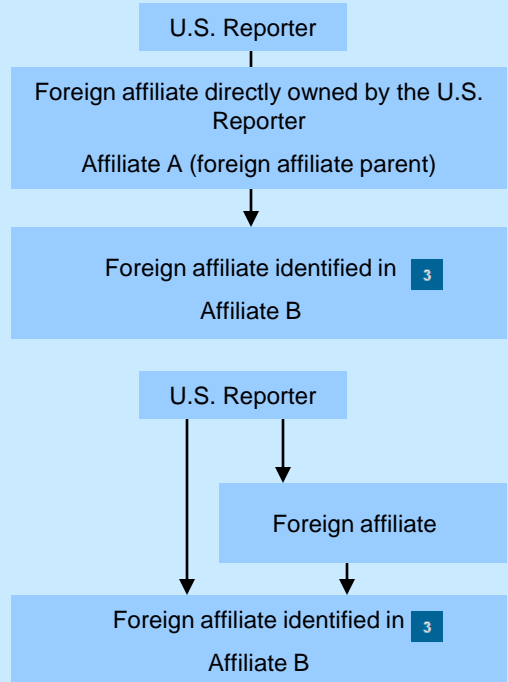
- Yes SKIP to **Part I**
- No

11 If no to **10, what is the name and ID number (if available) of the foreign affiliate in this affiliate's ownership chain that is directly owned by the U.S. Reporter?**

• If the U.S. Reporter directly owns foreign affiliate A, which, in turn, owns foreign affiliate B, then affiliate A's ID (foreign affiliate parent) should be provided in this item.

• For affiliates that are both directly and indirectly owned by the U.S. Reporter, do not complete this item; for such affiliates, the amounts reported in **Parts I, III, and V** must be based on the U.S. Reporter's direct equity interest only.

• Amounts reported in **Parts II** should reflect direct transactions, irrespective of direct or indirect ownership.



Name and ID number of foreign affiliate parent.....

Affiliate ID

Report all items on a quarterly basis, NOT on a cumulative or year-to-date basis.

- 12** A. • Report the amount that represents the U.S. Reporter's equity, based on its directly held equity interest in the foreign affiliate's net income (loss) for the quarter, before provision for common or preferred dividends and before any reduction for foreign withholding taxes on dividends, but after provision for other foreign income taxes.
- If the U.S. Reporter holds both a direct and indirect equity interest, only the share representing the direct equity interest should be given in this item.
 - Do not eliminate intercompany transactions.
 - Include, on an equity basis, the foreign affiliate's share in net income of unconsolidated foreign enterprises owned by it.
 - Include remeasurement of the foreign affiliate's foreign-currency-denominated assets and liabilities due to changes in foreign exchange rates during the reporting period and other gains and losses included in **12** B.1.
- B. • Include in 12B.2, per FASB ASC 220 (FAS 130), unrealized holding gains (losses) for available for-sale securities (including those classified as current assets), less reclassification adjustments, and pension and postretirement benefit plans after provision for foreign income taxes.
- For certain gains (losses) for dealers in financial instruments and finance, insurance, and real estate companies. See special instructions on page 11.
- C. • Report U.S. Report's share of currency translation adjustments resulting from the translation of the foreign affiliate's financial statements from the affiliate's functional currency into U.S. dollars. Such adjustments should be computed in accordance with FAS 52 or other currently applicable standards of the Financial Accounting Standards Board.
- D. • Report dividends as of the date they were declared or paid, GROSS of any foreign tax withheld. Any subsequent settlement of dividends declared but not paid SHOULD NOT be reported a second time, but should be reflected only as a reduction in **Part II 16**.

Part I – U.S. Reporter's Direct Equity Share in the Foreign Affiliate

12 What is the U.S. Reporter's share of:

Current Quarter

For A, B, and C, base data on the books of the foreign affiliate

		Bil.	Mil.	Thou.	Dol.
A. The foreign affiliate's quarterly net income (loss), after provision for foreign income taxes?.....	101				000
		\$			
B. <u>Certain gains</u> (losses), after provision for income taxes:	111				000
1. Included in net income 12 A? See Definitions on page 9.		\$			000
2. Not Included in net income 12 A but taken directly to other comprehensive income? Do not include foreign currency translation adjustments; report such amounts in 12 C.....	121				000
		\$			
C. The change in the balance sheet translation adjustment account during the quarter?.....	131				000
		\$			

For D, E, F, and G, base data on the books of the U.S. Reporter

D. Dividends on common and preferred stock (gross of foreign affiliate withholding taxes) excluding stock and liquidating dividends? Report liquidating dividends in Part III 19	141				000
		\$			
E. Earnings distributed by unincorporated foreign affiliates?.....		\$			000
F. Foreign tax withheld on dividends of incorporated 12 D or on distributed earnings 12 E of unincorporated foreign affiliates?.....	151				000
		\$			
G. The net amount of dividends/earnings distributed (12 D or 12 E less 12 F)?.....	161				000
		\$			

13 Is the foreign affiliate a bank (industry code 5221, 5229), securities broker dealer (5231), or in the finance industry (industry codes 5223, 5224, 5238, and 5252)?

- Note: A “bank” is a business entity engaged in deposit banking or closely related functions, including commercial banks, Edge Act corporations, savings and loans, savings banks, bank holding companies and financial holding companies under the Gramm-Leach-Bliley Act.

Yes

No – SKIP to **16**

14 Is the U.S. Reporter named in **2** a bank (5221, 5229) or securities broker dealer (5231)?

Yes

No – SKIP to **16**

15 Does the U.S. Reporter named in **2** have domestic subsidiaries or business segments that conduct insurance, real estate, or leasing activities?

Yes - Complete **16** and **17** but ONLY report the balances and interest between this foreign affiliate and the business segments of the U.S. Reporter that conduct insurance, real estate, or leasing activities.

EXCLUDE amounts associated with the banking and finance segments of the U.S. Reporter.

No – SKIP to **Part III**

Balances

16 What were the debt and other intercompany balances between the U.S. Reporter and the foreign affiliate?

- Base data on the books of the U.S. Reporter.
- Include current and long-term items, indebtedness resulting from a capital lease, and the net book value of equipment under a long-term operating lease.
 - If leases between the U.S. Reporter and the foreign affiliate are capitalized, then include the outstanding capitalized value as an intercompany balance. Lease payments should be disaggregated into the amount that are (i) a reduction in the intercompany balance, to be reported in items A or B, and (ii) interest to be reported in 17.
 - If leases between the U.S. Reporter and the foreign affiliate are operating leases for more than one year that have not been capitalized, include the net book value. Lease payments should be disaggregated into (i) the return of capital, consisting of the depreciation component for long-term operating leases, which should be reflected as a reduction in one of these items, and (ii) rent or net rent, which is not covered by this survey.
- The current quarter's opening balance should be equal to the prior quarter's closing balance; therefore, if it is necessary to translate the balance into U.S. dollars, use the same exchange rate to translate the opening balance for the current quarter as was used to translate the closing balance of the prior quarter.
- Derivatives contracts – Exclude the value of outstanding financial derivative contracts or any payments or receipts resulting from the settlement of these contracts. For example, the settlements of interest rate derivatives should NOT be reported as interest or as another type of transaction on this form. Derivative contracts are covered by the Treasury International Capital (TIC) Form D, Report of Holdings of, and Transactions in, Financial Derivatives Contracts.

DO NOT net payables and receivables (A and B below).	Beginning of quarter				End of quarter			
	Bil.	Mil.	Thou.	Dol.	Bil.	Mil.	Thou.	Dol.
A. Owed to U.S. Reporter by the foreign affiliate (U.S. Receivables).....	221				222			
	\$			000	\$			000
B. Owed to the foreign affiliate by the U.S. Reporter (U.S. Payables).....	231				232			
	\$			000	\$			000

Remarks

Interest

17 What were the interest receipts and payments (gross of withholding tax) between the U.S. Reporter and the foreign affiliate in 3 during the quarter?

- Report quarterly amounts (not year to date), GROSS OF FOREIGN WITHHOLDING TAX.
- Include interest on capital leases.
- Do NOT net payments against receipts.

A. Interest on amounts reported in 16 A.....	171	Bil.	Mil.	Thou.	Dol.			
		\$			000			
B. Interest on amounts reported in 16 B.....	172	Bil.	Mil.	Thou.	Dol.			
		\$			000			

Transactions between the U.S. Reporter and the Foreign Affiliate

Report the transaction (i.e., market) value of consideration given or received for increases or decreases in the U.S. Reporter's equity holdings in the foreign affiliate.

Include:

- Treasury stock transactions with the U.S. Reporter and liquidating dividends.
- Capitalization of intercompany debt (report the amount of debt converted to equity as the transaction value of the equity increase in **18 B**), and adjust the debt balance as appropriate in **Part II 16**.



Exclude Changes Caused by:

- Carrying net income (loss) to the equity account.
- The effect of treasury stock transactions with persons other than the U.S. Reporter.
- Reorganizations in capital structure that do not effect total equity.
- Transactions between a directly-owned foreign affiliate and foreign affiliates that it, in turn, owns. (That is, for affiliates that are entirely indirectly-owned, **18** should be blank.)
- Investments that are written off (include the amount written off in **18 A** or **18 B**, as appropriate).

Unincorporated foreign affiliates must report the U.S. Reporter's share of any increase (decrease) in the foreign affiliate's equity (or home office account) arising from its transactions with the U.S. Reporter, excluding amounts Reported in **Part I** or **Part II**.



Increase in U.S. Reporter's Equity Interest in this Affiliate

18 What is the increase in the U.S. Reporter’s equity interest in this affiliate due to:

- A. Establishment of affiliate or acquisition (partial or total) of equity interest in this affiliate by the U.S. Reporter either from the affiliate or from other foreign persons? **242** Bil. Mil. Thou. Dol.
 \$ 000
- B. Capital contributions and other transactions of the U.S. Reporter with foreign persons? *Specify.*  **252** Bil. Mil. Thou. Dol.
 \$ 000
- C. Acquisition (partial or total) of equity interest in this affiliate by the U.S. Reporter from other U.S. persons? *Give name and address of seller.*  **262** Bil. Mil. Thou. Dol.
 \$ 000

Decrease in U.S. Reporter’s Equity Interest in this Affiliate

19 What is the decrease in the U.S. Reporter's equity interest in this affiliate due to:

- A. Liquidation of affiliate or sale (partial or total) of equity interest in this affiliate by the U.S. Reporter either to the or to other foreign persons? **272** Bil. Mil. Thou. Dol.
 \$ 000
- B. Return of capital contributions and other transactions of the U.S. Reporter with foreign persons that decrease? *Specify.*  **282** Bil. Mil. Thou. Dol.
 \$ 000
- C. Sale (partial or total of equity interest in this affiliate by U.S. Reporter to other U.S. persons? *Give name and address of seller.*  **292** Bil. Mil. Thou. Dol.
 \$ 000

Part III – Change in U.S. Reporter’s Equity in the Foreign affiliate during the Quarter (Continued)

Affiliate ID

20 For **18** and **19**, what are the amounts by which the transaction value:

	For acquisition 18				For liquidation or sale 19			
	Bil.	Mil.	Thou.	Dol.	Bil.	Mil.	Thou.	Dol.
A. Exceeds the value carried on the books of the affiliate?..... ³⁰¹	\$ [] 000				\$ [] 000			
B. Is less than the value carried on the books of the affiliate?..... ³¹¹	\$ [] 000				\$ [] 000			

Part IV – Selected Annual Data: to Be Completed Once Each Year

Complete items below **once a year**, no later than the second report following the close of the fiscal year.

- If an initial report, complete **21** - **25** as of the ending date of the quarter for the initial report.
- Include the cumulative translation adjustment in **24** D or **25** as appropriate.
- Retained earnings of unconsolidated indirectly-owned affiliates should be included on the report of the directly owned foreign affiliate parent in **24** C or **25** as appropriate, or an equity basis.

21 What is the foreign affiliate’s fiscal year ending date?.....³²²

Month	/	Day	/	Year

22 What is the U.S. Reporter’s percent of direct ownership based on equity interest if an incorporated affiliate, or an equivalent interest in an unincorporated affiliate?.....³³²

Round to the nearest percent..... %

U.S. Reporter’s Equity in Foreign Affiliate’s Annual Net Income

23 What is the U.S. Reporter’s direct equity in affiliate’s annual net income (loss) after provision for foreign income taxes?.....³⁴²

Bil.	Mil.	Thou.	Dol.
\$ []			000

- Include, on an equity basis, this foreign affiliate’s share of net income and total equity of unconsolidated foreign enterprises owned by it
- Report annual net income calculated on the same basis used for calculating quarter net income, **12** A.

U.S. Reporter’s Share of Total Owners’ Equity in Foreign Affiliate at Year End (Or Quarter End if an Initial Report)

24 What is the U.S. Reporter’s direct equity in the *incorporated foreign affiliate*:

A.	Total equity – Equals the sum of 24 B through 24 E..... ³⁵²	Bil.	Mil.	Thou.	Dol.
		\$ []			000
B.	Capital stock and additional paid-in capital..... ³⁶²	Bil.	Mil.	Thou.	Dol.
		\$ []			000
C.	Retained earnings (deficit)..... ³⁷²	Bil.	Mil.	Thou.	Dol.
		\$ []			000
Accumulated other comprehensive income (loss)					
D.	Translated adjustment component..... ³⁸³	Bil.	Mil.	Thou.	Dol.
		\$ []			000
E.	All other components including other comprehensive income..... ³⁹²	Bil.	Mil.	Thou.	Dol.
		\$ []			000

Part IV – Selected Annual Data: to Be Completed Once Each Year (Continued)

25 What is the U.S. Reporter's share of total owners' equity in the **402** Bil. Mil. Thou. Dol.
unincorporated foreign affiliate?..... \$ 000

- In calculating owner's equity, any assets or liabilities of the affiliate carried on any owners', as well as those carried on the affiliate's, books should be included.
- Owner's equity should include cumulative earnings not distributed.

Part V – Certification of Exemption

Complete **26** or **27** below to indicate reason affiliate is exempt.

26 Is the affiliate exempt because it is *indirectly* owned, AND BOTH **16** A (End of Quarter only) AND **16** B (End of Quarter only) were less than \$1 million?

Yes

No – CONTINUE to **27**

27 Is the affiliate exempt because:

A. Total assets were less than \$60 million (positive or negative) at all times during the affiliate's fiscal year?

481 Bil. Mil. Thou. Dol.
 Yes – specify amount \$ 000

No – affiliate is not exempt

B. **And** annual sales or gross operating revenues, excluding sales taxes, were less than \$60 million (positive or negative) at all times during the affiliate's fiscal year?

481 Bil. Mil. Thou. Dol.
 Yes – specify amount \$ 000

No – affiliate is not exempt

C. **And** annual net income after provision for foreign income taxes were less than \$60 million (positive or negative) at all times during the affiliate's fiscal year?

481 Bil. Mil. Thou. Dol.
 Yes – specify amount \$ 000

No – affiliate is not exempt

D. What is the affiliate's ending fiscal year for the amounts reported in A-C?..... **502** Month Day Year
 _____ / _____ / _____

	462	463	464	465
BEA USE ONLY	466	467	468	469

Survey Information

Purpose – Reports on this form are required in order to provide reliable and up-to-date information on U.S. direct investment abroad for inclusion in the U.S. international transactions and the national income and product accounts.

Authority – This survey is being conducted under the International Investment and Trade in Services Survey Act (P.L.94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108 as amended) – hereinafter "the Act", and the filing of reports is mandatory under Section 5(b) (2) of the Act (22 U.S.C. 3104). The implementing regulations are contained in Title 15, CFR, Part 806. This report 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. 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 violation, upon conviction, may be punished by a like fine, imprisonment, or both. (22 U.S.C. 3105.) Civil penalties are subject to inflationary adjustments. Those adjustments are found in 15 CFR 6.4.

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.

Respondent Burden – Public reporting burden for this collection of information is estimated to average 1 hour per response, including the 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 or any other aspect of this collection of information, including suggestions for reducing this burden, 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 0608-0004, Washington, DC 20503.

Confidentiality – The Act provides that your report is CONFIDENTIAL and may be used only for analytical or 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.

Retention of copies – Retain a copy of filed reports for 3 years beyond the report's original due date.

Retroactive reports – Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a foreign affiliate's total assets, sales, or net income (loss) exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year. A U.S. Reporter claiming exemption from filing a given report must complete the Certification of Exemption, giving levels of these items.

Definitions

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 percent or more of its voting securities for an incorporated business or an equivalent interest for an unincorporated business enterprise, including a branch.

Banking covers business enterprises engaged in deposit banking or closely related functions, including commercial banks, Edge Act corporations engaged in international or foreign banking, foreign branches and agencies of U.S. banks whether or not they accept deposits abroad, savings and loans, savings banks, bank holding companies, and financial holding companies under the Gramm-Leach-Bliley Act.

Branch means the operations or activities conducted by a person in a different location in its own name rather than through an incorporated entity.

Certain Gains (losses) – Certain gains (losses) are gross before income tax effect.

- a. Sale or disposition of financial assets including investment securities; FAS ASC Topic 320 (formerly FAS 115 – Accounting for Certain Investments in Debt and Equity Securities) holding gains (losses) on securities classified as trading securities; FAS ASC Topic 320 impairment losses; and gains (losses) derived from derivative instruments. *Dealers in financial instruments (including securities, currencies, derivatives, and other financial instruments) and finance and insurance companies, see **Special Instructions**, A.1., page xx;*
- b. Sales or dispositions of land, other property, plant and equipment, or other assets, and FAS ASC Topic 360 (formerly FAS 144 – Accounting for the Impairment or Disposal of Long-Lived Assets) impairment losses. Exclude gains or losses from the sale of inventory assets in the ordinary course of trade or business. *Real estate companies, see **Special Instructions**, A.2., page xx;*
- c. Goodwill impairment as defined by FAS ASC Topic 350 (formerly FAS 142 – Goodwill and Other Intangible Assets);
- d. Restructuring. Include restructuring costs that reflect write-downs or write-offs of assets or liabilities. Exclude actual payments and charges to establish reserves for future expected payments, such as for severance pay, and fees to accountants, lawyers, consultants, or other contractors.
- e. Disposals of discontinued operations. Exclude income from the operations of a discontinued segment.
- f. Re-measurement of foreign affiliate's foreign-currency-denominated assets and liabilities due to changes in foreign exchange rates during the reporting period;

Definitions (Continued)

Certain Gains (continued) –

- g. The cumulative effect of a change in accounting principle;
- h. Extraordinary, unusual, or infrequently occurring items that are material. Include losses from accidental damage or disasters after estimated insurance reimbursement. Include other material items, including write-ups, write-downs, and write-offs of tangible and intangible assets; gains (losses) from the sale or other disposition of capital assets; and gains (losses) from the sale or other disposition of financial assets, including securities, to the extent not included above. Exclude legal judgments.
- i. The cumulative effect of a change in the estimate of stock compensation forfeitures under FAS ASC Topic 718 (formerly FAS 123(R) — Share-Based Payments).

Direct investment means the ownership or control, directly or indirectly, by one person of 10 percent or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise, including a branch.

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.

Foreign affiliate means an affiliate located outside the United States in which a U.S. person has direct investment.

Foreign affiliate parent means a U.S. Reporter's foreign affiliate that has an equity interest in another foreign affiliate of the U.S. Reporter.

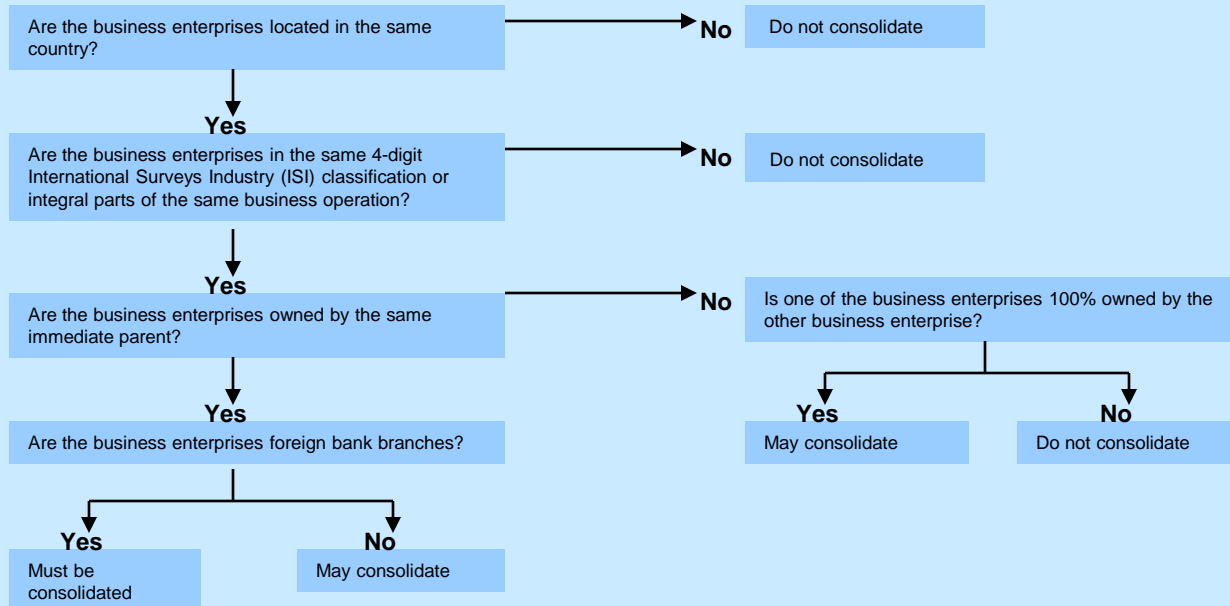
Foreign person means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

Lease is an arrangement conveying the right to use property, plant, or equipment (i.e., land and/or depreciable assets), usually for a stated period of time.

- a. **Capital lease** – A long-term lease under which transfer of ownership is recognized at the inception of the lease. These may be shown as lease contracts or accounts receivable on the lessor's books. The asset would not be considered to be owned by the lessor.
- b. **Operating lease** – Generally a lease with a term which is less than the useful life of the asset and in which a transfer of ownership is not contemplated.

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.

Rules for consolidation of foreign affiliate – The following rules should be used in determining which foreign business enterprises may be consolidated into one foreign affiliate form:



Note: Report a foreign affiliate parent's equity investments of 20 percent or more in unconsolidated foreign affiliates, including all unconsolidated majority-owned foreign affiliates, using the **equity method** of accounting. Report investments owned less than 20 percent in accordance with FASB ASC 320 or the cost basis of accounting.

Definitions (Continued)

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.

U.S. person means any person resident in the United States or subject to the jurisdiction of the United States.

U.S. Reporter means the U.S. person that has direct investment in a foreign business enterprise, including a branch. If the U.S. person is an incorporated business enterprise, the U.S. Reporter is the fully consolidated U.S. domestic enterprise, which is defined as: (1) the U.S. corporation whose voting securities are not owned more than 50 percent by another U.S. corporation, and (2) proceeding down each ownership chain from that U.S. corporation, any U.S. corporation whose voting securities are more than 50 percent owned by the U.S. corporation above it. This consolidation excludes foreign branches and all other foreign affiliates.

Special Instructions for U.S. Reporters

U.S. Reporters that cannot distinguish between equity and debt investment in their unincorporated foreign affiliates: if your accounting records do not distinguish between intercompany debt (**16** A and **16** B) and equity (**25**), then:

1. Compute the net change in the home office account. (This equals: End-of-quarter home office account minus beginning-of-quarter home office account.)
2. Subtract net income (**12** A), certain realized and unrealized gains (losses) taken directly to other comprehensive income or owner's equity (**12** B2), and the quarterly translation adjustment (**12** C).
3. If the amount computed above is positive, show it as an increase in equity (**18**). If the amount computed in 2. is negative, show it as a remittance of earnings (**12** D and **12** G) to the extent that there is quarterly net income; show the residual, if any, as a decrease in equity (**19** B). **16** A and **16** B should be blank.

Special Instructions for dealers in financial instruments and finance and insurance:

Dealers in financial instruments (including securities, currencies, derivatives, and other financial instruments) and finance and insurance companies:

- Include in **12** B1 (1) impairment losses as defined by FAS 115, (2) realized gains or losses on trading or dealing, and (3) unrealized gains or losses due to changes in the valuation of financial instruments that flow through the income statement, and, goodwill impairment as defined by FAS 142.
- Include unrealized gains or losses due to changes in the valuation of financial instruments that are taken directly to other comprehensive income in **12** B2. Include income from explicit fees and commissions in **12** A.

Special Instructions for dealers in real estate companies:

Dealers in real estate companies:

Report gains or losses from the sale, disposition, or revaluation of land, other property, plant and equipment, or other assets as follows:

Realized gains and losses

- Include gains or losses from the sale of real estate in the ordinary course of trade or business in net income, **12** A.
- DO NOT include these gains and losses in **12** B1 or **12** B2.

Impairment of long-lived assets

- Include impairment losses, as defined by FAS 121, and recognized during the period, in net income, **12** A and in **12** B1.

Unrealized gains

- Include gains recognized due to the revaluation of real estate assets in **12** B1.