

INSTRUCTIONS FOR THE MONTHLY TREASURY INTERNATIONAL CAPITAL (TIC)
FORM SLT

**AGGREGATE HOLDINGS OF LONG-TERM SECURITIES BY
U.S. AND FOREIGN RESIDENTS
(TIC SLT)**

**Mandatory Report
Response Required By Law
(22 U.S.C. 3101 et seq.)**



Department of the Treasury
Federal Reserve Bank of New York
Board of Governors of the Federal Reserve System
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I. INTRODUCTION

A. PURPOSE AND NOTICE UNDER PAPERWORK REDUCTION ACT

The purpose of the TIC Form SLT report is to gather timely and reliable information from U.S.-resident reporters on foreign-resident holdings of long-term U.S. securities and on U.S. -resident holdings of long-term foreign securities. This information is needed for preparation of the U.S. Balance of Payments accounts and the U.S. international investment position, and in the formulation of U.S. international financial and monetary policies.

No person is required to respond to any U.S. government collection of information unless the form displays a currently valid control number assigned by the Office of Management and Budget (OMB). TIC Form SLT report has been reviewed and approved by OMB under control number 1505-0235.

The Treasury Department has estimated the average burden associated with the collection of information on each TIC Form SLT report per respondent, but this will vary widely across respondents: an overall average burden of 8.8 hours per respondent per filing, based on seventeen hours for each custodian and six and one half hours for each other respondent. These estimates include the time it will take to read the instructions, gather the necessary facts and fill out the forms. Comments regarding the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Global Economics, U.S. Treasury Department, Washington, D.C. 20220, Attention International Portfolio Investment Data Systems; or the Office of Management and Budget, Paperwork Reduction Project (1505- 0235), Washington, D.C. 20503.

B. AUTHORITY

The filing of the TIC Form SLT report as set forth in Part II.A is required by law (22 U.S.C. 286f; 22 U.S.C. 3103; E.O. 11961; E.O. 10033; 31 C.F.R. 128.1 (a)). Failure to report can result in a civil penalty of not less than \$2,500 and not more than \$25,000. Willful failure to report can result in criminal prosecution and upon conviction a fine of

not more than \$10,000; and upon conviction of an individual, imprisonment for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation may, upon conviction, be punished by a like fine, imprisonment, or both (22 U.S.C. 3105 (a), (b) and (c);

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C.F.R. 128.4 (a) and (b)).

C. CONFIDENTIALITY STATEMENT

The TIC Form SLT report is filed with the Federal Reserve banks in their capacity as Treasury's fiscal agents, as further described in Part II. Data reported on this form will be held in confidence by the Department of the Treasury, the Board of Governors of the Federal Reserve System, and the Federal Reserve Banks acting as fiscal agents of the Treasury. The data reported by individual respondents will not be published or otherwise publicly disclosed; information may be given to the Board of Governors of the Federal Reserve System and to other Federal agencies, insofar as authorized by applicable law (44 U.S.C. 3501 et seq.; 22 U.S.C. 3101 et seq.). Aggregate data derived from reports on this form may be published or otherwise publicly disclosed only in a manner that will not reveal the amounts reported by any individual respondent.

D. RELATIONSHIP TO OTHER TIC STATISTICAL REPORTS

1. The TIC B Forms are filed by all U.S.-resident banks and other depository institutions, securities brokers and dealers, Bank Holding Companies/Financial Holding Companies/Intermediate Holding Companies (BHC/FHC/IHC) and all other financial organizations. (However, the positions of insurance underwriting subsidiaries of BHCs/FHCs/IHCs are excluded from the TIC B Forms and included in the TIC C Forms.) On the TIC B Forms these entities report their short-term securities or non-securities positions with foreign residents, including foreign affiliates. Also reported on the TIC B Forms are certain positions of the customers of TIC B reporters; TIC C reporters who are customers of these TIC B reporters

should not report these positions to avoid double counting.

2. The TIC C Forms are filed by all U.S. entities other than financial organizations (such as depository institutions, Bank Holding Companies/Financial Holding Companies/Intermediate Holding Companies (BHCs/FHCs/IHCs), and securities brokers(Including but not limited to depository institutions, Bank/ Financial/ Intermediate Holding Companies (BHCs/FHCs/IHCs), and securities brokers and dealers.) As an exception, the positions of insurance underwriting subsidiaries of BHCs/FHCs/IHCs are excluded from the TIC B reports and reported by the BHCs/FHCs/IHCs for the underwriting subsidiaries on the TIC C reports. On the TIC C Forms, these entities report positions with unaffiliated foreign resident entities that are either short-term securities or non-securities.
3. The TIC D Form is filed by all major U.S.-resident participants in derivatives markets. This form is designed to obtain data on holdings of, and transactions in, financial derivative contracts with foreign residents. Data are collected in aggregate form to facilitate timely reporting.
4. The TIC S Form is filed by all U.S.-resident entities that purchase (or sell) long-term securities directly from (or to) foreign residents. This form is designed to obtain data on foreigners' purchases and sales of all long-term securities (including equities and shares of mutual funds). Data are collected in aggregate form to facilitate timely reporting.
5. To improve the accuracy of the TIC system and collect information on positions in securities, detailed security-by-security data are collected on a less frequent basis. Two data collection systems are used:
 - a. Foreign Holdings of U.S. Securities, Including Selected Money Market Instruments (Form SHL) - Approximately every five years, all significant U.S.-resident custodians of short-term debt, long-term debt, and equity securities are required to provide detailed security-by-security information on foreign holdings of U.S. securities. Also required to report are significant U.S. issuers of

bearer bonds and

U.S. issuers of securities that are held by foreigners but not through U.S. custodians. In the years between these benchmark surveys, the largest of these reporters are required to submit this security-by-security information annually (Form SHLA).

- b. U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Form SHC) - Approximately every five years, all significant U.S.-resident custodians of foreign securities and U.S.-resident end-investors holding securities without using U.S.-resident custodians are required to report detailed security-by-security information on their holdings of foreign securities. In the years between these benchmark surveys, the largest of these reporters are required to submit this security-by-security information annually (Form SHCA).
6. The Treasury Foreign Currency (TFC) Forms are designed to obtain data on the assets, liabilities, and forward positions of large U.S.-resident institutions (both banking and non-banking) in specified foreign currencies.
 7. Direct Investment- Data on cross-border Direct Investment are collected by the Bureau of Economic Analysis, U.S. Department of Commerce. (See the definition of Direct Investment in the TIC Glossary; also see Section II.F.2.i for exceptions where certain direct investments are reportable on TIC reports.)

II. GENERAL INSTRUCTIONS

For purposes of the TIC Form SLT report and these instructions, terms used may be further defined in the Glossary. Questions regarding these instructions or the TIC Form SLT report should be directed to the Federal Reserve Bank where the report is filed.

A. WHO MUST REPORT

All U.S. persons (defined in the Glossary) who are U.S.-resident custodians (including U.S.-resident central securities depositories), U.S.-resident issuers and U.S.-resident end-investors (as described below) who meet or exceed the reporting threshold set forth in Section II.C Exemption Level must file the TIC Form SLT report .

1. U.S.-resident custodians include the following:

- a. U.S.-resident custodians (includes Prime Brokers) must report in Part A all U.S. securities that they hold in custody (or manage the safekeeping of) for the account of foreign residents (including their own foreign branches, subsidiaries, and affiliates) and all foreign securities they hold in custody (or manage the safekeeping of) for the account of U.S.-resident issuers or U.S.-resident end-investors; and report in Part B all foreign securities they hold for their own account (even if the foreign securities are then transferred to a foreign-resident custodian for safekeeping).
- b. U.S.-resident central securities depositories, must report in Part A all U.S. securities they hold in custody (or manage the safekeeping of) directly on behalf of foreign residents with which they have established direct relationships, including foreign-resident brokers, dealers, exchanges, and central securities depositories.

2. U.S.-resident issuers include the following:

U.S.-resident issuers must report in Part B all securities issued by the U.S.-resident units of their entity directly to foreign residents, including:
Registered securities that are owned by foreign residents for which neither a U.S.-resident custodian nor a U.S.-resident central depository is used (transfer or paying

agents should be able to provide the U.S. -resident issuer this information.);

- a. Book-entry securities that are held at a foreign-resident central securities depositories;
- b. Bearer securities; and
- c. Shares or other units or other equity interests issued directly to or placed with foreign residents (e.g.: a U.S.- based master fund issues shares to foreign feeder funds; limited partners' interests in limited partnerships)

3. U.S.-resident end-investors include the following:

U.S.-resident end-investors have no obligation to report if using a U.S.-resident custodian. U.S.-resident end-investors must however report in Part B all investments in foreign securities for their own portfolio or for the portfolios of their U.S. clients that are not held by U.S.-resident custodians. These securities include those that are held-for-trading, available-for-sale, held-for-maturity, or which have been invested on behalf of others, including managed accounts and asset pools. U.S.-resident end-investors include managers of mutual funds, insurance companies, private funds, fund of one (see section II.G.1 below), and pension funds as well as investment managers/advisors, principal trading firms (PTF), prime brokers, fund administrators, and fund sponsors. Collectively, such investors are referred to as "end-investors" throughout these instructions. U.S.-resident end-investors include, but are not limited to:

- Financial and non-financial organizations;
- Managers of private and public pension funds;
- Managers of mutual funds, country funds, unit-investment funds, exchange-traded funds, collective investment trusts, private funds, fund of one (see section II.G.1 below), or any other similarly pooled, commingled funds. Also investment managers/advisors, principal trading firms (PTF), fund administrators, and fund sponsors of private equity companies, venture capital companies, hedge funds, private funds, and other private investment vehicles.
- Insurance companies;
- Foundations;

- Institutions of higher learning (i.e., university endowments);
- Trusts and estates; and
- Funds and similar entities that own shares or units of, or other equity interests in a foreign related or non-related entity (For example: A U.S.-based feeder fund owning shares of an offshore-based master fund);
- Limited Partnerships (greater than 50% interest);
- Subsidiaries (parent company owns greater than 50% interest).

If a reporting organization is an issuer and/or end-investor *and* a custodian (as described above), both Part A and Part B of the report form must be completed. (See Section III)

B. CONSOLIDATION RULES

For purposes of this report, U.S.-resident entities, including bank holding companies (BHC) financial holding companies (FHC) and intermediate holding companies (IHC) should consolidate all their subsidiaries including their international banking facilities (IBF), except for foreign-resident offices and subsidiaries, in accordance with U.S. GAAP. All other U.S.-resident entities that are not 50 percent or more owned by another U.S.-resident company, including BHCs FHCs and IHCs, should include all reportable securities for U.S.-resident parts of their organizations, including U.S.-resident branches and subsidiaries.

U.S. residents include entities organized under the laws of the Commonwealth of Puerto Rico or the U.S. territories. Please see the Glossary for the complete definition of United States. It is the responsibility of the U.S. parent entity in each organization to ensure that its report includes all applicable entities within its organization.

U.S.-resident trusts, variable interest entities (VIEs) and special purpose entities (SPEs) consolidated under U.S. GAAP should be consolidated. Equity interests in U.S.-resident funds that are managed by the reporting entity should be included unless U.S.-resident custodians other than the reporting entity are used.

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

Investment advisors and managers should file one consolidated report of the holdings and issuances of all U.S.-resident parts of its own organization and of all U.S.-resident entities that they advise/manage.

C. EXEMPTION LEVEL AND REPORTING FREQUENCY

The TIC Form SLT report exemption level is applied to the consolidated reportable holdings and issuances (positions) of reporting entities, which are U.S.-resident custodians, U.S.-resident issuers of U.S. securities, and U.S.-resident end-investors in foreign securities. For each reporting entity, the consolidated total of all reportable long-term U.S. and foreign securities has a total fair value equal to or more than the exemption level on the last business day of the reporting month. The exemption level is \$1 billion. The consolidated total includes amounts held for a reporting entity's own account and for customers. The reporting entity should include reportable securities for only all U.S.-resident parts of the reporting entity, including all U.S. subsidiaries and affiliates of the reporting entity and investment companies, trusts, and other legal entities created by the reporting entity. U.S.-resident entities include the affiliates in the United States of foreign entities. Reportable long-term securities include:

- U.S. securities whose safekeeping U.S.-resident custodians manage on behalf of foreign residents;
- foreign securities whose safekeeping U.S.-resident custodians manage on behalf of U.S. residents;
- U.S. securities that are issued by U.S.-resident issuers in the foreign market and are held directly by foreign residents, i.e., where no U.S.-resident custodian or U.S.-resident central securities depository is used by the U.S.-resident issuer; and
- Foreign securities that are held directly by U.S.-resident end-investors, i.e.,

where no U.S.-resident custodian is used.

Once the consolidated total of all reportable long-term U.S. and foreign securities for a reporting entity has a total fair market value equal to or more than the exemption level on the last business day of a reporting month, the reporting entity must submit a report for that month. In addition, the reporting entity also must submit a report for each remaining month in that calendar year, regardless of the consolidated total of reportable securities held in any subsequent month.

D. ACCOUNTING, VALUATION, AND CURRENCY CONVERSION RULES

1. Accounting Rules

All securities should be reported using settlement date accounting. Gross long positions should be reported. Do not net any short positions from long positions. Do not enter decimals or negative values.

2. Valuation of Securities

Report the fair value of securities as of the last business day of the month. The fair value follows the definition of ASC 820 (formerly FAS 157). U.S.-resident custodians should, at a minimum, report the fair value to the extent that it is available as part of the services provided to their customers, even if the price available is for a date prior to the last business day of the month. If there are questions about valuation, please contact the Federal Reserve Bank to which you report or the Federal Reserve Bank of New York staff at (212) 720-6300 or (646) 720-6300.

3. Foreign Currency Denominated Securities

Calculation of U.S. Dollar Values- If the security is not denominated in U.S. dollars; convert the foreign currency denominated fair value into U.S. dollars using the spot exchange rate as of close of business on the last business day of the month.

E. REPORTING THE LOCATION OF FOREIGN COUNTERPARTIES

1. Countries, Other Geographic Areas, and Organizations

Positions with foreigners should be reported for the country or geographical area in which the foreign-resident holder of U.S. securities resides and the country or geographical area in which the foreign-resident issuer of foreign securities resides. (Certain international and regional organizations also have codes assigned to them.) Do not report positions based on the currency of denomination of the instrument, the country of the parent organization of the counterparty (i.e., nationality), the country of issuance of the instrument, or the country of a guarantor (i.e., ultimate risk). Please note – branches of U.S.-resident banks located outside the U.S. are foreign residents. U.S.-resident branches of foreign banks are U.S. residents.

2. Country Unknown

The country unknown category is intended to capture securities that cannot be allocated to a particular country. Include in “Country Unknown” securities for which the holder (and hence, the country of residence) is not known. Certificated bearer bonds and global receipts should be reported in “Country Unknown” if the holder is unknown. If, however, bearer global receipts or other global securities are held by a central securities depository (CSD), directly or through an affiliated nominee company, then report the country of residence of the CSD or the nominee company that is the holder of record.

3. Determining Residency

Counterparty residency is determined by the country of legal residence (e.g., the country of incorporation, or, for a branch, of license). For example:

- a. International and Regional Organizations (see Appendix C) are residents of the International and Regional Organizations areas, not the countries in which they are located. Note: Pension plans of international and regional organizations, if located in the United States, are U.S.-resident entities; therefore, any U.S. securities owned by these pension plans should be excluded from this report.

Exception- Positions and transactions with the Bank for International Settlements (BIS), the European Central Bank (ECB), the Eastern Caribbean Central Bank (ECCB), the Bank of Central African States (BEAC), and the Central Bank of West African States (BCEAO),

should each be reported opposite their name in the list of Foreign Economies and Organizations.

- b. Partnerships, trusts, and funds are residents of the country in which they are legally organized. For example, pension funds of International and Regional Organizations are residents of the country of residence of the pension fund.
- c. Banks, BHCs, FHCs, IHCs, FBOs, securities brokers and dealers, corporations and subsidiaries of corporations are residents of the country in which they are incorporated (not the country of the head office or primary operations).
- d. Bank branches are residents of the country in which they are licensed (not the country of the head office).
- e. Offices of foreign official institutions and embassies are residents of their parent country.
- f. Individuals are residents of the country in which they are domiciled.
- g. Entities or individuals that file an IRS Form W-8, indicating that they are foreign residents, are treated as such. Please note that there may be exceptions (such as Puerto Rico). However, if an IRS form is not available, the mailing address can be used to determine residency.

F. WHAT MUST BE REPORTED

The TIC Form SLT report collects monthly data on cross-border ownership by U.S. and foreign residents of long-term (original maturity of more than one year or no contractual maturity) securities for portfolio investment purposes. If the investment is not direct investment, then it will fall into the category of portfolio investment and needs to be reported as part of the TIC system. (See Glossary for definitions of portfolio investment and direct investment. Exceptions to direct investment exclusions, is described in section II.F.2.i below.)

1. Reportable long-term portfolio securities include:

- a) Securities issued by U.S. residents that are owned by foreign residents, including U.S. equities, U.S. debt securities, U.S. asset-backed securities, and U.S. equity interests in funds.

Securities are considered to be owned by foreign residents if, according to the reporter's records, the holder of record is not a resident of the United States. In addition, all outstanding bearer bonds are considered to be owned by foreign residents and should be reported by the U.S.-resident issuer. Bearer bonds should also be reported by U.S.-resident custodians, but only if the reporter's records indicate a foreign-resident owner, foreign-resident custodian or foreign-resident central securities depository.

- b) U.S.-resident holdings of foreign securities, including foreign equities, foreign debt securities and foreign asset-backed securities.

Foreign securities include all securities issued by entities that are established under the laws of a foreign country (i.e., any entity that is legally incorporated, otherwise legally organized, or licensed (such as branches) in a foreign country) and all securities issued by international or regional organizations, such as the International Bank for Reconstruction and Development (IBRD or World Bank), and the Inter-American Development Bank (IADB), even if these organizations are located in the United States.

Exception: Foreign securities held by a U.S. depository to back depository receipts/shares should not be reported. Instead, the holders of the depository receipts/shares should report the receipts/shares. This exception is necessary to identify the portion of depository receipts/shares actually held by U.S. residents, since many depository receipts/shares are held by foreign residents.

Reportable securities may be traded or issued in the United States and in foreign countries, and may be denominated in any currency, including Euros and U.S. dollars. Neither the country in which the securities are traded or issued, nor the currency in which the securities are denominated, is relevant in determining whether the securities are reportable.

Reportable long-term securities include, but are not limited to: Equity

Interests:

- Common stock;

- Preferred stock (participating and nonparticipating preference shares);
- Restricted stock;
- Depository receipts/shares (See Section II.G);
- Equity interests in funds and equivalent investment vehicles (See Section II.G);
- Limited partnership interests and equity interests in other entities that do not issue shares/stock; and
- All other equity interests, including privately placed interests and interests in private equity companies and venture capital companies, and certain private funds (see section II.F.2.i below.)

Long-term Debt Securities:

- Debt, registered and bearer, including bonds and notes (unstripped and stripped) and bonds with multiple call options;
- Convertible bonds and debt with attached warrants;
- Zero-coupon debt and discount notes;
- Index-linked debt securities (e.g., property index certificates);
- Asset-backed securities (ABS);
- Floating rate notes (FRN), such as perpetual notes (PRN), variable rate notes (VRN), structured FRN, reverse FRN, collared FRN, step up recovery FR (SURF), and range/corridor/accrual notes;
- U.S. Treasury securities, including Bonds, Notes, TIPS, FRNs and Savings Bonds (Treasury bills and certificates are excluded from SLT; these are short-term securities and reportable in TIC Form BL-2); and
- All other long-term debt securities.

2. The following items/types of securities are specifically excluded:

- a) Short-term securities with **original maturity** of one year or less. Bank holding companies, depository institutions and brokers and dealers report these on the TIC B series forms and all other entities report these on TIC Form CQ-1. In addition, these

are also reported on the TIC SHC (A) and TIC SHL (A) forms.

- b) Bankers' acceptances and trade acceptances
- c) Derivative contracts (including forward contracts to deliver securities) meeting the definition of a derivative under ASC 815 (formerly FAS 133). (Reportable only on the TIC Form D).
- d) Loans and loan participation certificates
- e) Letters of credit
- f) Precious metals, (e.g., gold, silver) and currencies held in the reporter's vaults for foreign residents.
- g) Bank deposits, including time deposits, short-term and long-term negotiable certificates of deposit, and demand deposits
- h) Annuities, including variable rate annuities
- i) Direct Investments, with an Exception (see the TIC Glossary for the complete definition).

The following ownership holdings known to be direct investments should be excluded:

- (i) When a U.S. resident owns a direct or indirect voting interest of 10% or more in a foreign company; or a foreign resident owns a direct or indirect voting interest of 10% or more in a U.S. company; (ii) When U.S. resident (foreign resident) owns equity securities of a foreign company (U.S. company) with which the U.S. resident (foreign resident) is in a direct investment relationship.

EXCEPTION. Investments in private funds, or between the entities of a private fund, are included in TIC reports regardless of ownership share if they meet BOTH of the following criteria:

- The private fund does not own, directly or indirectly through another business enterprise, an "operating company" – i.e., a business enterprise that is not a private fund or a holding company— in which the U.S. or foreign parent owns at least 10% of the voting interest,

AND

- If the private fund is owned indirectly (through one or more other U.S. business enterprises), there are no "operating companies" between the U.S. or foreign parent

and the indirectly-owned private fund.

Note 1 on definitions of terms used in this direct investment exception.

Private Fund is defined by the Securities and Exchange Commission on Form PF: “any issuer that would be an investment company as defined in section 3 of the Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) of ... [that] Act.”.

BEA defines “holding company” as a business enterprise engaged in holding the securities or financial assets of companies and enterprises for the purpose of owning a controlling interest in them or influencing their management decisions. Such businesses do not manage the day-to-day operations of the firms whose securities they hold. To be considered a holding company, income from equity investments must be more than 50 percent of total income. A business that engages in holding company activities but generates more than 50 percent of its total income from other activities is not a holding company. Holding companies in an ownership chain that only includes private funds and/or other holding companies are considered to be in a chain with no “operating companies”—i.e. companies that are not private funds or holding companies.

Note 2: The descriptions of the various examples are based on common master/feeder fund structures. It is possible for there to be different types of structures when creating these funds and they may be called different names by some entities. Ultimately, if the entity 1) has less than 10% voting interest, 2) non-voting interest in the U.S. private fund, or 3) meets the criteria above regarding “operating companies”, it is not a direct investment and will fall into the category of portfolio investment and needs to be reported as part of the TIC system.

- j) Securities taken in as collateral and securities received in repurchase/resale (reverse repurchase) agreements and security lending agreements. These transactions are considered borrowings collateralized by the underlying securities. Banks and broker/dealers should report the funds from these loans on the TIC B series forms; other entities should report these on TIC Form CQ-1.

G. HOW TO REPORT

1. Funds and Related Equity Holdings and Ownership

Ownership of shares/units of or other equity interests in funds and investment trusts

should be reported as equities. The determination of whether holdings or ownership of fund shares are a U.S. or foreign security is based on the country, in which the fund is legally established, not based on the residence of the issuers of the securities the fund purchases or the type of securities the fund purchases. For example, if a foreign resident owns equity interests in a fund organized in New York, these interests are reportable U.S. securities, regardless of whether the fund purchases foreign securities. Conversely, foreign-resident ownership of interests in “offshore” or other foreign-resident funds that purchase U.S. securities should not be reported.

Funds include all investment vehicles that pool investors’ money and invest the pooled money in one or more of a variety of assets. Funds include but are not limited to:

- Mutual funds (including closed-end and open-end mutual funds);
- Money market funds;
- Investment trusts;
- Index-linked funds;
- Exchange traded funds (ETFs);
- Common trust funds;
- Private Equity Funds;
- Hedge funds; and
- Certain Private funds (see direct investment exception in section II.F.2.i above).
- Fund of one

For purposes of this report, the following funds and related equity ownership should be reported:

- a. Foreign-residents’ ownership of shares/units of funds and investment trusts
legally established in the United States (U.S.-resident funds)
- b. Ownership of U.S. securities by foreign-resident funds
- c. Hedge funds and other alternative investments
 - i. Investment advisors, managers or similar types of legal entities that create master-feeder funds both outside and inside the U.S. should report any

investments between the U.S. and foreign-resident affiliate funds that the investment manager sets up; these investments are portfolio investments and should be reported in the TIC system.

1. Example 1

A U.S. investment manager creates a Cayman Master Fund, a Cayman Feeder Fund and a U.S. Feeder Fund. The investments between the U.S. manager and the Cayman funds are direct investment since the investment manager controls them. However, the investment that the U.S. feeder fund has in the Cayman Master Fund is portfolio investment and should be reported in the TIC system. Therefore, purchases and sales of the master fund shares by the U.S. feeder fund should be reported as transactions in foreign equity by the U.S. feeder fund on the TIC S and the U.S. feeder fund's investments in the foreign master fund should be reported by the U.S. feeder fund as ownership of foreign equity on the TIC SHC (A) and the TIC Form SLT report. If a U.S. custodian holds the foreign security, the U.S. custodian would have the reporting responsibility to report on the TIC SHC (A) and the TIC Form SLT report.

2. Example 2

A U.S. investment manager creates a U.S. Master Fund, a Cayman Feeder Fund, and a U.S. Feeder Fund. As in the example 1, the investments between the U.S. manager and the foreign feeder fund are direct investments. However, the investment that the foreign feeder fund has in the U.S. master fund is portfolio investment and should be reported in the TIC system. Purchases and sales of the master fund shares by the foreign feeder fund should be reported on the TIC S as transactions in U.S. equity by the U.S. master fund and the master fund should report the ownership of their shares by the foreign feeder fund as the issuer of the domestic security on the TIC SHL (A) and TIC Form SLT report. If a U.S. custodian holds the domestic security, the U.S. custodian would have the reporting responsibility to report on the TIC SHL (A) and TIC Form SLT report.

3. Example 3

A foreign investment manager sets up a Cayman Master Fund, a Cayman Feeder Fund, and a U.S. Feeder Fund. The investments between the foreign manager and the U.S. feeder fund are direct investment since the foreign manager controls the feeder fund. However, the investment that the U.S. feeder fund has in the foreign master fund is portfolio investment and should be reported in the TIC system.

Purchases and sales of the master fund shares by the U.S. feeder fund should be reported on the TIC S as transactions in foreign equity and the U.S. feeder fund's investments in the master fund should be reported by the U.S. feeder fund as ownership of foreign equity on the TIC SHC (A) and TIC Form SLT report. If a U.S. custodian holds the foreign security, the U.S. custodian would have the reporting responsibility to report on the TIC SHC (A) and the TIC Form SLT report.

4. **Example 4**

A foreign investment manager creates a U.S. Master Fund, a Cayman Feeder Fund, and a U.S. Feeder Fund. The investments between the foreign manager and the U.S. feeder fund are direct investments. However, the investment that the foreign feeder fund has in the U.S. master fund is portfolio investment and should be reported in the TIC system. Purchases and sales of the master fund shares by the foreign feeder fund should be reported on the TIC S as transactions in U.S. equity by the U.S. master fund and the master fund should also report the ownership of their shares by the foreign feeder funds as the issuer of the domestic security on the TIC SHL (A) and TIC Form SLT report. If a U.S. custodian holds the domestic security, the U.S. custodian would have the reporting responsibility to report on the TIC SHL (A) and TIC SLT Form.

Exclude any investment between the investment manager or other entity that formed the funds (as a general partner) and all the entities it creates. These are direct investments and should be reported to the Bureau of Economic Analysis.

Note: The descriptions of the various examples are based on common master/feeder fund structures. It is possible for there to be different types of structures when creating these funds and they may be called different names by some entities.

Ultimately, if the investment is not direct investment, then it will fall into the category of portfolio investment and needs to be reported as part of the TIC system.

- d. Fund ownership by Pension and Retirement Plans (including those of State and Local governments, including municipalities)- A state pension plan holds foreign investments through (a) onshore funds (including funds of hedge funds) and (b) offshore funds (including funds of hedge funds). For the purposes of TIC, the requirement to report is based on the country in which the fund is legally established.
- i. The investments in onshore U.S funds (including funds of hedge funds) are investments in U.S.-resident entities and are therefore not reportable in TIC.
 - ii. The investments in offshore funds (including funds of hedge funds) are investments in foreign-resident entities, and are therefore reportable in TIC. Only the shares of the funds themselves are reportable (not their underlying investments), and only if the pension investments are portfolio investment. Such pension investments in off shore funds are reportable as equities in columns 12 and 13 opposite the countries of registration (residence) of the funds. Please review the definition of Direct Investment in the TIC glossary and the list of excluded investments in these instructions to determine which investments are direct investments reportable to the Bureau of Economic Analysis of the Department of Commerce, and not reportable on the TIC SHC (A) and the TIC SLT report. If a U.S. custodian holds the foreign portfolio interests in the offshore funds on behalf of the pension plans, the U.S. custodian would have the reporting responsibility to report on the TIC SHC (A) and the TIC Form SLT report.

2. Limited Partnerships

Foreign-resident limited partner ownership interests in U.S.-resident limited partnerships and U.S.-resident limited partner ownership interests in foreign-resident limited partnerships should be reported as equities. Limited partners' ownership interests usually do not carry voting rights; therefore, all ownership interests, even those greater than 10%, are considered portfolio interests, and are reportable in the TIC system.

Except for certain private funds (as described in section II.F.2.i above) General Partnership

ownership interests are always considered to be direct investments and should be excluded from this report. These interests are reportable to the Bureau of Economic Analysis of the Department of Commerce (see Direct Investment in the TIC Glossary).

3. Securities Involved In Repurchase and Securities Lending Arrangements

A repurchase agreement (repo) is an arrangement involving the sale of securities at a specified price for cash with a commitment to repurchase the same or similar securities at a specified price on a future date. A reverse repo is an agreement whereby a security is purchased at a specified price with a commitment to resell the same or similar securities at a specified price on a specified future date. Securities lending/borrowing arrangements are agreements whereby the ownership of a security is transferred in return for collateral, usually another security or cash, under condition that the security or similar security will revert to its original owner at a future date. All of these arrangements, as well as buy/sell agreements, should be treated as follows:

- a. Securities sold under repurchase agreements or lent under securities lending arrangements, or collateral provided, should be reported by the original owner of the securities as if the securities were continuously held; that is, as if the repurchase or security lending agreement did not exist.
- b. Securities, including collateral, temporarily acquired under reverse repurchase or borrowing or lending arrangements should not be reported.
- c. However, if cash was temporarily received as collateral and was used to purchase securities, those securities should be reported.

4. Depositary Receipts/ADRs/Shares

Depositary receipts/shares, including American depositary receipts (ADRs) or bearer depositary receipts are certificates representing the ownership of securities issued by foreign residents. Issuers of depositary receipts/shares should not report their holdings of the actual, underlying, foreign securities. Only U.S.-residents' holdings of the depositary receipts/shares should be reported as holdings of foreign equities.

H. SUBMISSION OF REPORTS

1. Reporting Dates/Deadlines

Data on the TIC Form SLT report must be reported as of the last business day of the month (as-of date). The TIC Form SLT report must be submitted to the Federal Reserve Bank no later than the 23rd calendar day of the month following the report as-of date. If the due date of the report falls on a weekend or holiday, the TIC Form SLT report should be submitted the following business day.

2. Where to Report

Reporting entities that are banks, depository institutions, bank holding companies, financial holding companies or intermediate holding companies (BHCs/FHCs/IHCs) should file their reports with the Federal Reserve Bank of the District in which the reporting entity is located, unless instructed otherwise by their District Federal Reserve Bank. All other reporting entities should file their reports with the Federal Reserve Bank of New York (FRBNY), regardless of where they are located.

3. How to Report

TIC Form SLT report must be submitted electronically by using the Federal Reserve System's "Reporting Central" electronic submission system. It is easy to use, secure, provides confirmation of the receipt of the data, and performs a number of validity checks of your file format.

- a. For more information on how to submit data using Reporting Central contact the TIC SLT staff at 212 720-6300 or 646 720-6300. Alternatively, additional information for Reporting Central can be obtained at:

<https://www.frbservices.org/centralbank/reportingcentral/>

4. Signature Requirements

The signature page of the TIC Form SLT must be retained by the reporter.

5. Reporter ID Number

Each reporting entity has been assigned a "RSSD-ID" number by the Federal Reserve

System. To ensure proper processing, this ID must be entered in the space provided on each form. If you do not know your RSSD ID number, please call the Federal Reserve Bank to which you file.

6. Data Retention

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

7. Review of Data and Request for Revised Data

Data submitted on this Treasury International Capital (TIC) form are reviewed by the Federal Reserve Bank. As a result of this review, the respondent may be asked by the Federal Reserve Bank's staff to provide supplemental information, including reasons for significant data changes between reporting periods, or submit revisions as necessary.

III. PART A AND B INSTRUCTIONS

If a reporting entity is a U.S.-resident issuer and/or end-investor **and** a U.S.-resident custodian (as described in Section II.A), both Part A and Part B of the report form must be completed. Part A (custodian reporting) should include only those long-term securities held in custody by the reporting entity for unaffiliated U.S. investors. Part B (issuer and/or end-investor reporting) should include all other long-term securities positions, including U.S. securities that the reporting entity has issued and foreign securities the reporting entity holds as an end-investor. Part B should also include all long-term securities that the reporting entity has issued directly into the foreign market and are held directly by foreign residents, that is, where neither a U.S.-resident custodian nor U.S.-resident central securities depository is used by the reporting entity. If the reporting entity, or one of its consolidated U.S. subsidiaries, is the custodian for securities it is reporting as an end-investor or as an issuer, those securities should be reported only on Part B. If Part A or Part B is not applicable, place a check mark on the line next to "Not Applicable".

IV. COLUMN BY COLUMN INSTRUCTIONS (PARTS A AND B)

A. LONG-TERM U.S. SECURITIES OWNED BY FOREIGN RESIDENTS (COLUMNS 1 THROUGH 9)

The fair market value of long-term U.S. securities owned by foreign residents for portfolio investment purposes should be reported according to the type of security and type of foreign holder of record. Columns 1, 3, 5 and 7 should be used to report when the holders of record are foreign official institutions (FOIs) and Columns 2, 4, 6 and 8 should be used to report when the holders of record are not FOIs, i.e., all other foreigners.

B. BY TYPE OF FOREIGN HOLDER

1. Foreign Official Institutions (FOIs) (Columns 1, 3, 5 and 7)

Report the fair market value of long-term U.S. securities owned by Foreign Official Institutions, which include national governments, international and regional organizations, and sovereign wealth funds. Please refer to the Department of the Treasury document, “Partial List of Selected Foreign Institutions Classified as ‘Official’ For Purposes of Reporting on the Treasury International Capital (TIC) Forms” (See Appendix C). FOIs include foreign government embassies, consulates, and similar diplomatic offices that are located in the U.S. If you are unsure of the FOI status of an entity not on the list, please contact your TIC Form SLT report analyst.

2. All Other Foreigners (Columns 2, 4, 6 and 8)

Report the fair market value of long-term U.S. securities owned by all other foreign residents for portfolio investment purposes. All other foreigners (non-FOIs) are all foreign-resident entities that do not meet the definition of a Foreign Official Institution. These foreign-resident entities include banks, securities brokers and dealers, departments and agencies of foreign state, provincial, and local governments, foreign government-sponsored businesses, other foreign financial and non-financial businesses and foreign individuals (natural persons). Include in these

columns holdings of foreign affiliated banking offices and nonbanking offices and subsidiaries of the reporter.

C. BY TYPE OF SECURITY

1. U.S. Treasury and Federal Financing Bank Bonds and Notes (Columns 1 and 2) Report the fair value of long-term securities (bonds and notes) issued by the U.S. Department of the Treasury and the Federal Financing Bank held for the accounts of foreign residents. Include Separate Trading of Registered Interest and Principal Securities (STRIPS), 'teddy bears' (TBRs), 'tigers' (TIGRS), 'cats' (CATS) and 'cougars' (COUGRs) should also be classified as U.S. Treasury securities, and other instruments that are collateralized by the U.S. Treasury and Federal Financing Bank issues.
2. Bonds of U.S. Government Corporations and Federally Sponsored Agencies (Columns 3 and 4)
Report the fair value of long-term securities (bonds, notes, debentures and asset-backed securities) issued by or guaranteed by United States Government corporations or Federally-sponsored agencies. A list of U.S. Agencies is available the Glossary.
3. U.S. Corporate and Other Bonds (Columns 5 and 6)
Report the fair value of long-term debt obligations of U.S. states and local governments, including municipalities, and of private companies organized under the laws of the United States and all other issuers of U.S. debt securities. Examples of long-term debt securities are bonds, notes, debentures, asset-backed securities (mortgage-backed securities and all other asset-backed securities), covered bonds and perpetual bonds.
4. U.S. Equities (Columns 7 and 8)
Report the fair value of long-term equities, including common stock, preferred stock and fund shares, issued by entities resident in the United States.
5. Foreign Securities Owned by U.S. Residents (Columns 10 through 13)

Ownership of long-term foreign securities by U.S. residents for portfolio investment purposes should be reported according to the type of security.

6. Foreign Government Bonds (Column 10)

Report the fair value of long-term debt securities (bond, notes, debentures and asset-backed securities) issued by foreign central governments, international and regional organizations, and foreign official institutions.

7. Foreign Corporate and Other Bonds (Column 11)

Report the fair value of long-term securities issued by public and private corporations and entities resident outside the United States. Include in this column securities issued by departments and agencies of foreign state, provincial and local governments, and foreign government-sponsored corporations.

8. Foreign Equities (Column 12)

Report fair value of long-term equities issued by public and private corporations and other entities resident outside the United States. Include in this column holdings of American Depositary Receipts (ADRs).

V. INSTRUCTIONS FOR THE OF WHICH ROWS

A. OF WHICH: BY TYPE OF SECURITY

1. Asset-Backed Securities (8999-1)

Report the portion of asset-backed securities (both mortgage-backed securities and all other asset-backed securities) reported in Columns 3, 4, 5, 6, 9, 10, 11 and 13.

2. Fund Shares (8401-8)

Report the portion of fund shares and other portfolio equity interest in funds reported in Columns 7, 8, 9, 12 and 13.

B. OF WHICH: BY TYPE OF U.S. ISSUER

Report the portion of "U.S. Corporate and Other Bonds" (Columns 5 and 6), "U.S.

Equities” (Columns 7 and 8) and the “Grand Total” (Column 9) that were issued by U.S.-resident depository institutions, other financial organizations, non-financial organizations, and state and local general governments and municipalities.

The type of issuer should be based on the primary business activities of the actual issuer of the securities, not on the activities of the top U.S. company in the consolidated organization.

1. Depository Institutions (8264-3)

Report the portion of U.S. securities issued by U.S.-resident commercial banks and other depository institutions that are held by or issued to foreign residents in columns 5, 6, 7, 8 and 9.

U.S.-resident depository institutions include: U.S. commercial banks (national banks; state-chartered commercial banks; trust companies that perform commercial banking business); U.S. branches and agencies of foreign banks; U.S. industrial banks; and banking Edge Act and Agreement Corporations.

Other U.S. depository institutions include: Building or savings and loan associations; homestead associations; cooperative banks; non-bank banks; credit unions; and mutual or stock savings banks. Include securities issued by credit unions sponsored by state and local governments, including municipalities.

2. Other Financial Organizations (8265-1)

Report the portion of U.S. securities issued by other U.S.-resident financial organizations in columns 5, 6, 7, 8 and 9. This category covers U.S. securities issued by U.S.-resident financial organizations, other than depository institutions, that are held by or issued to foreign residents. Examples of other financial organizations include, but are not limited to, broker/dealers, bank holding companies (BHCs), insurance corporations, financial holding companies (FHCs), intermediate holding companies (IHCs), money market funds, pension funds, investment banks, private equity companies, credit card issuers, hedge funds and trusts. Include securities

issued by state, local and municipal pension, retirement and insurance funds.

3. Non-Financial Organizations (8267-8)

Report the portion of U.S. securities issued by U.S.-resident non-financial organizations, households, and nonprofit institutions serving households (NPISHs) that are held by or issued to foreign residents in columns 5, 6, 7, 8 and 9. Non-financial organizations are organizations whose principal activity is the production of goods or non-financial services. Examples include, but are not limited to corporations, partnerships, enterprises and nonprofit institutions that produce goods or non-financial services. Include securities issued by agencies and instrumentalities of state, local and municipal governments, such as government-owned utilities, hospitals, and parking authorities, that provide goods or non-financial services that are not strictly governmental in nature in exchange for money.

4. State and Local General Government (8268-6)

Report the portion of U.S. securities issued by U.S.-resident state and local general governments and municipalities that are held by or issued to foreign residents in columns 5, 6 and 9. These securities include revenue, general obligation, and other debts that are their direct liabilities. Exclude securities issued by state, local, or municipal agencies and instrumentalities that perform functions that are not strictly governmental in nature. For example, exclude securities issued by government-sponsored credit unions, utilities, hospitals and parking authorities that provide financial or non-financial services in exchange for money. Also exclude securities issued by state, local, or municipal pension, retirement and insurance funds.

C. OF WHICH: BY TYPE OF U.S. HOLDER

Report the portion of foreign securities (Columns 10 through 13) that are owned by U.S. - resident depository institutions, other financial organizations and non-financial

organizations. For Part B reporting, the reporting entity should provide the “By type of U.S. holder” information for the parts of its consolidated entity that own foreign securities.

1. Depository Institutions (8166-3)

Report the portion of foreign securities owned by commercial banks and other depository institutions organized under the laws of the United States in columns 10, 11, 12 and 13.

Commercial banks in the United States include: U.S. branches and agencies of foreign banks; national banks; state-chartered commercial banks; trust companies that perform commercial banking business; industrial banks; and banking Edge Act and Agreement Corporations.

Other depository institutions in the United States include: Building or savings and loan associations; homestead associations; cooperative banks; non-bank banks; credit unions; and mutual or stock savings banks. Include foreign securities owned by credit unions sponsored by state and local governments and municipalities.

2. Other Financial Organizations (8164-7)

Report the portion of foreign securities owned by other U.S.-resident financial organizations in columns 10, 11, 12 and 13. This category covers foreign securities held by U.S.-resident financial organizations other than U.S. depository institutions. Examples of other financial organizations include, but are not limited to, broker/dealers, bank holding companies (BHCs), insurance corporations, financial holding companies (FHCs), intermediate holding companies (IHCs), money market funds, public and private pension funds, investment banks, private equity companies, credit card issuers, hedge funds and trusts. Include foreign securities owned by state, local and municipal pension, retirement and insurance funds.

3. Non-Financial Organizations (8165-5)

Report the portion of foreign securities owned by U.S.-resident non-financial organizations, households, and nonprofit institutions serving households (NPISHs) in

columns 10, 11, 12 and 13. Non-financial organizations are organizations whose principal activity is the production of goods or non-financial services. Examples include, but are not limited to corporations, partnerships, enterprises and nonprofit institutions that produce goods or non-financial services. Include securities owned by agencies and instrumentalities of state, local and municipal governments, such as government-owned utilities, hospitals, and parking authorities, that provide goods or non-financial services that are not strictly governmental in nature in exchange for money. Exclude foreign securities owned by general government (U.S. federal, state and local governments and municipalities) from "non-financial organizations."

5. **APPENDIX A**

DEPARTMENT OF THE TREASURY

SAMPLE REPORTING TIC FORM SLT

6. **This form is available at the following TIC website:**

<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms-slt.aspx>

7. APPENDIX B

DEPARTMENT OF THE TREASURY

**GEOGRAPHICAL CLASSIFICATION
CODES FOR COUNTRIES, AREAS & INTERNATIONAL/REGIONAL ORGANIZATIONS
TO BE USED FOR PURPOSES OF REPORTING ON
TREASURY INTERNATIONAL CAPITAL FORMS**

8. **The most recent version of this appendix is now a separate document.
A copy is on the TIC website at:**

<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/foihome.aspx>

9. **APPENDIX C**

DEPARTMENT OF THE TREASURY

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

10. **The most recent version of this appendix is now a separate document.
A copy is on the TIC website at:**

<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/foihome.aspx>

11. APPENDIX D

DEPARTMENT OF THE TREASURY

C. GLOSSARY

12. **The most recent version of this appendix is now a separate document.
A copy is on the TIC website at:**

<http://www.treasury.gov/ticdata/Publish/ticglossary-june2014.pdf>