
Report of Foreign Holdings of U.S. Securities, Including Selected Money Market Instruments (**SHLA**)

Training Seminar

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History and Use of Foreign Portfolio Investment Data



Patricia Selvaggi

Overview

- Part of an integrated system
- Used in conjunction with monthly flow data
- Annual data are detailed, but not timely
- Monthly data are very timely, but less precise
- Used together to create U.S. cross-border portfolio investment statistics

Increasingly Important

- Foreign ownership increasing

<i>Year</i>	<i>Overall</i>	<i>U.S. Treasuries</i>
➤ 1974	4.8%	14.7%
➤ 2003	13.5%	45.5%

- Securities flows now much greater than bank lending



History

- Security-level data first collected in 1974
- Measured foreign investment in U.S. securities
- Congressional concern over growing foreign influence
- Existing TIC data collected monthly and quarterly, but lacked detail

History

- Security-level collections of foreign holdings of U.S. securities data continued at 5-year intervals
- These were large, benchmark collections with hundreds of reporters

History

- Crisis of 1997-1998 caught most by surprise
- Lack of key data helped mask the problem
- Led to recognition that greater financial transparency was required
- Implies higher quality and faster data needed

Changes Required



- Lack of detailed, timely data on Reserve Assets and External Debt positions identified as major gaps

Changes Implemented

- Improved Reserve Asset reporting operational
- IMF's External Debt Reporting System (EDRS) operational
- Countries are expanding collections and accelerating publication of external debt data

EDRS



- U.S. Government strongly supports the system
- Greater transparency required in an integrated world financial system
- Hopefully an early warning system

EDRS

- Required many changes to the U.S. reporting system
- Annual security-by-security reporting implemented in 2002
 - Reporting in 4 out of every 5 years will be from the largest reporters only
 - Shorter submission periods

EDRS

- Quarterly reporting of external debt, with a one quarter lag, by sector (gov't, bank, other) and type of debt (bond, loan, etc.) required
- Forward debt repayment schedules strongly encouraged
- Currency composition of debt also encouraged

EDRS

- U.S. will augment reported data with estimated data
 - Precise measurement would require quarterly security-by-security collections
 - Too much burden on reporter and compilers, therefore annual data will be combined with monthly flow data
- Result = credible estimates

Institute of International Finance Recommendations

- IIF strongly urged changes
- IIF recommended a more rigorous system than will be implemented
- “...private sector participants in these markets bear a responsibility for full and timely disclosure of information on their activities.”

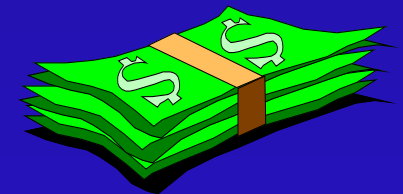
Users

A decorative horizontal line consisting of a red line on top and a white line on the bottom, both with arrowheads at both ends.

- Financial industry analysts
- International organizations
- U.S. Government
- Academic research

Uses

- U.S. Government - BoP, IIP, country exposure
 - Reduced net debtor position
 - Current account sustainability
- Help to explain \$US strength?



Uses

- Annual data provide more precise geography
 - Monthly long-term securities report is based on location of purchaser/seller
 - Results in heavy bias towards financial centers such as the United Kingdom

Uses

- Security-level collection allows for greater data editing
- June 2002 data decreased estimated level of foreign holdings by \$130 billion
 - Shows investment by Industry

Summary

- Changes have increased the burden on both reporters and compilers
- By combining estimates with reported data we are attempting to limit the burden
- Timely, accurate data from reporters is the key

Who Must Report



Philip Papaelias

Who Must Report

- Why is my organization on the panel?
 - Panel determined after 2004 SHL, which was full Benchmark filing.
 - FRBNY looks at all filings and determined who must file in non-Benchmark years.
 - If selected, must file until 2009, when panel will be re-determined based on 2009 full Benchmark filings.

Who Must Report

- Exemption Level
 - U.S.-resident entities must report detailed Schedule 2 information if the total fair market value of all reportable U.S. securities owned by foreign residents meets or exceeds \$100 million.
 - If, during “Non-Benchmark” years, your institution falls under the exemption level, you must still report until 2009 when new panel will be determined.

Who Must Report

- Exemption Level
 - The exemption level is determined on a consolidated basis
 - All U.S. units of an organization must be taken into consideration and their holdings aggregated
 - U.S. subsidiaries and U.S. affiliates (including U.S. custodians)
 - U.S. offices
 - Securities issued by U.S. subsidiaries, affiliates, and offices (including securities issued abroad)

Who Must Report

- Proper classification of U.S. and foreign
 - Reporting organization
 - Owners of securities
- Categories of reporters
 - U.S.-resident custodians
 - U.S.-resident central securities depositories
 - U.S.-resident issuers

Proper Classification of U.S. and Foreign

- Definition of United States
 - The fifty states of the United States
 - The District of Columbia
 - The Commonwealth of Puerto Rico
 - American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Island, Navassa Island, Northern Mariana Islands, Palmyra Atoll, U.S. Virgin Islands, and Wake Island

Proper Classification of U.S. and Foreign

- Definition of U.S. resident
 - Any individual, corporation, or other entity legally established in the United States, including :
 - U.S. established subsidiaries or affiliates of foreign entities.
 - Branches/offices located in the U.S.

Proper Classification of U.S. and Foreign

- International and regional organizations are foreign residents, even if located in the United States
 - IBRD; World Bank
 - Inter-American Development Bank (IDB)
 - International Finance Corporation (IFC)
 - Refer to Appendix D of instructions and www.treas.gov for list of international organizations.

Proper Classification of U.S. and Foreign

- Corporations legally established in the United States are U.S. residents even if they have no “physical presence” in the United States.
- Country where legally incorporated, otherwise legally organized, or licensed determines residency.

Proper Classification of U.S. and Foreign

- How to determine residency
 - Citizenship does not determine residency
 - Tax forms
 - W-8 forms are filed by foreign residents
 - W-9 forms are filed by U.S. residents
 - Mailing address

Proper Classification of U.S. and Foreign

➤ Examples of U.S. residents

- UBS AG, NY Branch
- BP America Inc.
- Ford Motor Company
- Toyota Motor Credit Corp.

➤ Examples of non-U.S. residents

- Bank of New York Tokyo Branch
- Vodafone Group, p.l.c.
- Wal-Mart Canada
- International Monetary Fund (IMF)
- European Investment Bank

Proper Classification of U.S. and Foreign

- Reporting organization
 - Report all U.S. securities issued directly to foreigners (that is, no U.S.-resident custodian is used) by all U.S.-resident parts of your organization
 - U.S.-resident branches
 - U.S.-resident offices
 - U.S.-resident subsidiaries

Proper Classification of U.S. and Foreign

➤ Holders of securities

- Non-U.S.-resident clients
- Non-U.S.-resident custodians
- Non-U.S.-resident central securities depositories
- Non-U.S.-resident parts of your organization

Categories of Reporters

- U.S.-resident custodians
 - U.S.-resident entities that hold in custody or manage the safekeeping of U.S. securities for foreign individuals or organizations, including foreign-resident custodians and foreign central securities depositories.

Categories of Reporters

- U.S.-resident sub-custodians
 - If a U.S. resident custodian uses a U.S. resident sub-custodian, the custodian should report if (and only if), it does not disclose the identity of the client to the sub-custodian.

Categories of Reporters

- Entity is both a U.S.- resident custodian and issuer of securities.
 - Files one consolidated report for:
 - The custody accounts for which safekeeping services are provided
 - Its own U.S. securities held directly by foreign residents

Categories of Reporters

- U.S.-resident custodians should exclude securities held in custody by their foreign-resident affiliates or subsidiaries.
- U.S.-resident affiliates or subsidiaries of foreign-resident custodians should exclude securities held by their foreign parent.

Categories of Reporters

- Schedule 2 reporting:
 - U.S.-resident custodians should report all U.S. securities held in custody for foreign residents and securities they are managing the safekeeping of for foreign-resident custodians and foreign central securities depositories (e.g. Euroclear)

Categories of Reporters

- U.S.-resident central securities depositories
 - U.S.-resident central securities depositories should report all U.S. securities they hold in custody or manage the safekeeping of directly on behalf of foreign-resident entities.

Categories of Reporters

- U.S.-resident issuers
 - Entities whose securities are held directly by foreign residents, with no U.S.-resident custodian or central securities depository involved.

Categories of Reporters

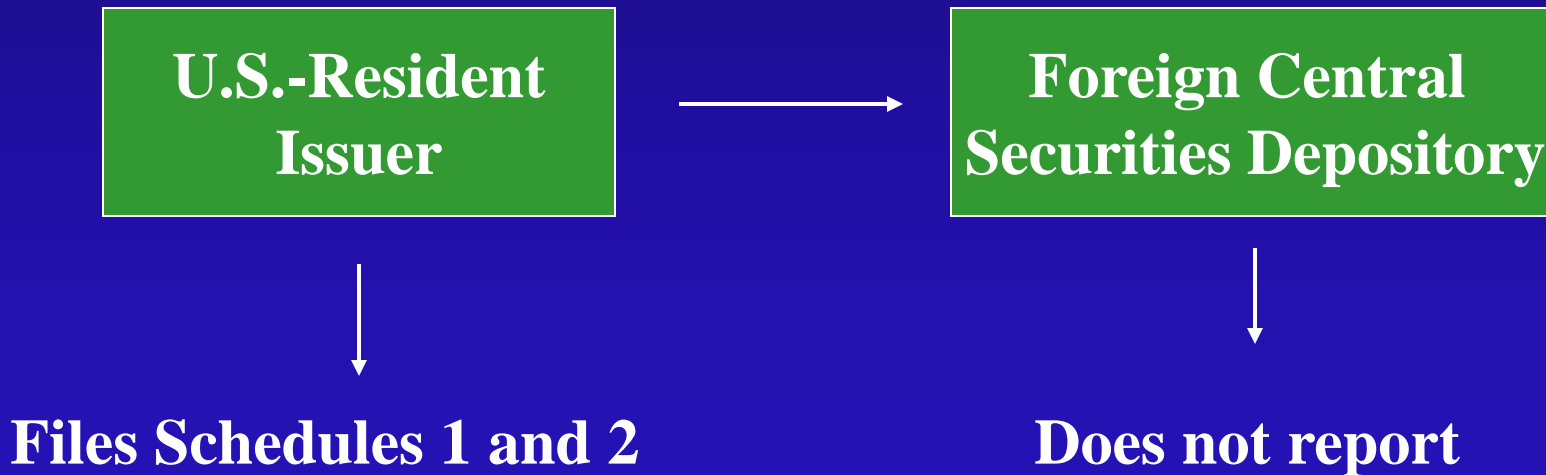
- Each U.S.-resident issuer should file one consolidated report for:
 - Securities issued by the reporter's U.S.-resident subsidiaries, branches, and affiliates
 - Their custody holdings for foreign residents

Categories of Reporters

- U.S.-resident issuers should exclude securities issued by foreign affiliates or subsidiaries.

Who Must Report

A U.S.-resident issuer clears and settles through a foreign central securities depository



Who Must Report

A foreign-resident investor employs a foreign-resident custodian

**U.S.-Resident
Issuer**



**Foreign-Resident
Custodian (on behalf
of foreign clients)**

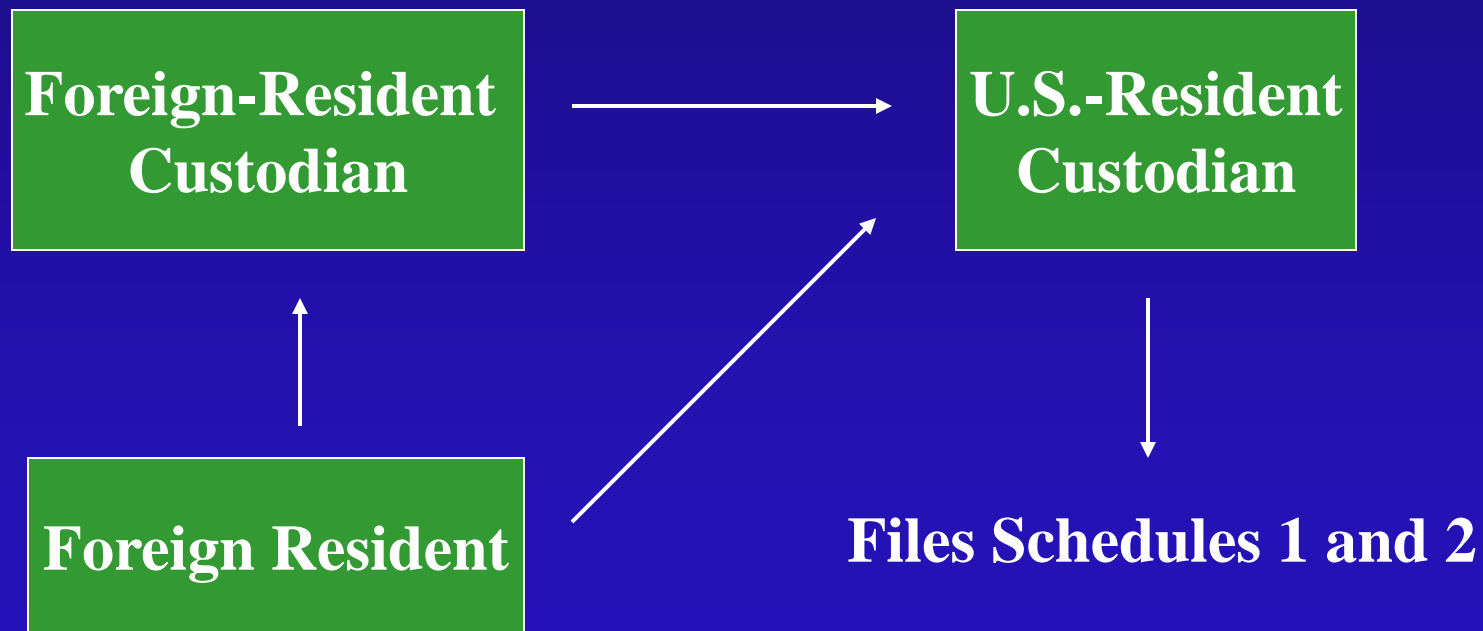


Files Schedules 1 and 2

Does not report

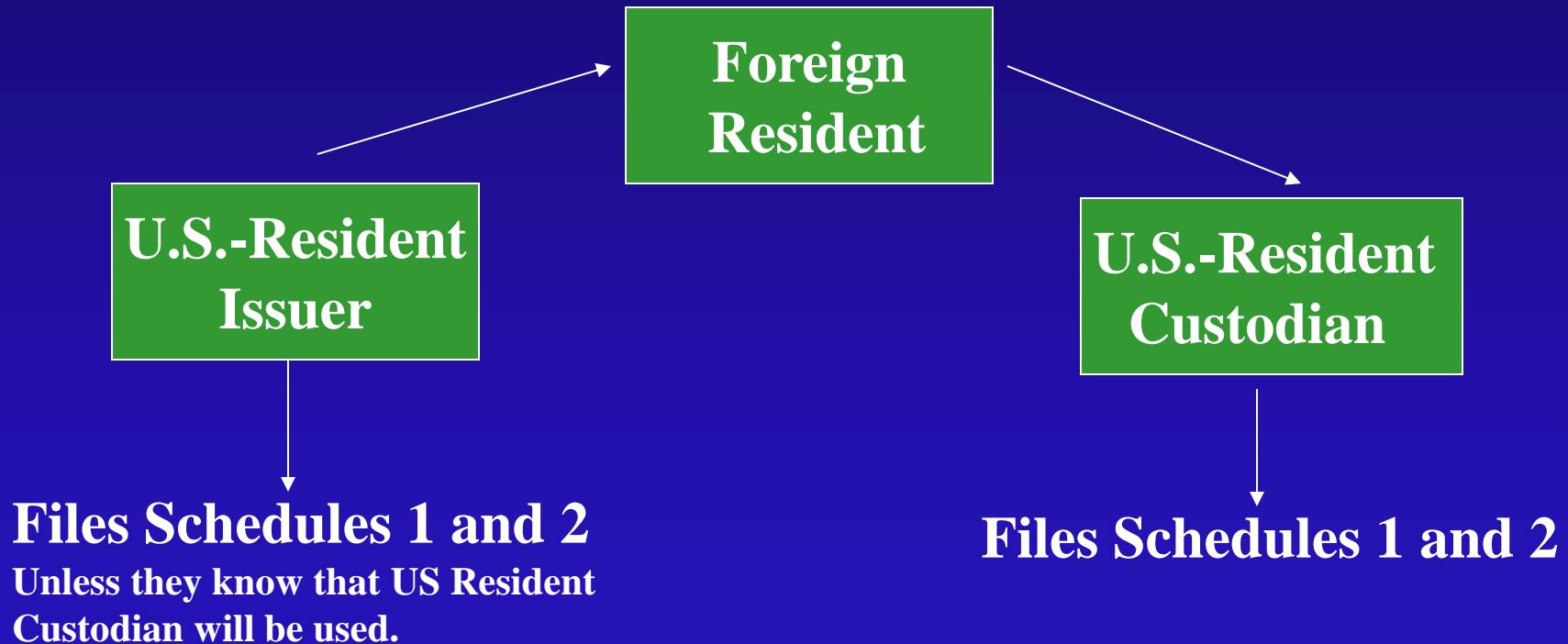
Who Must Report

A U.S.-resident custodian holds securities for a foreign resident



Who Must Report

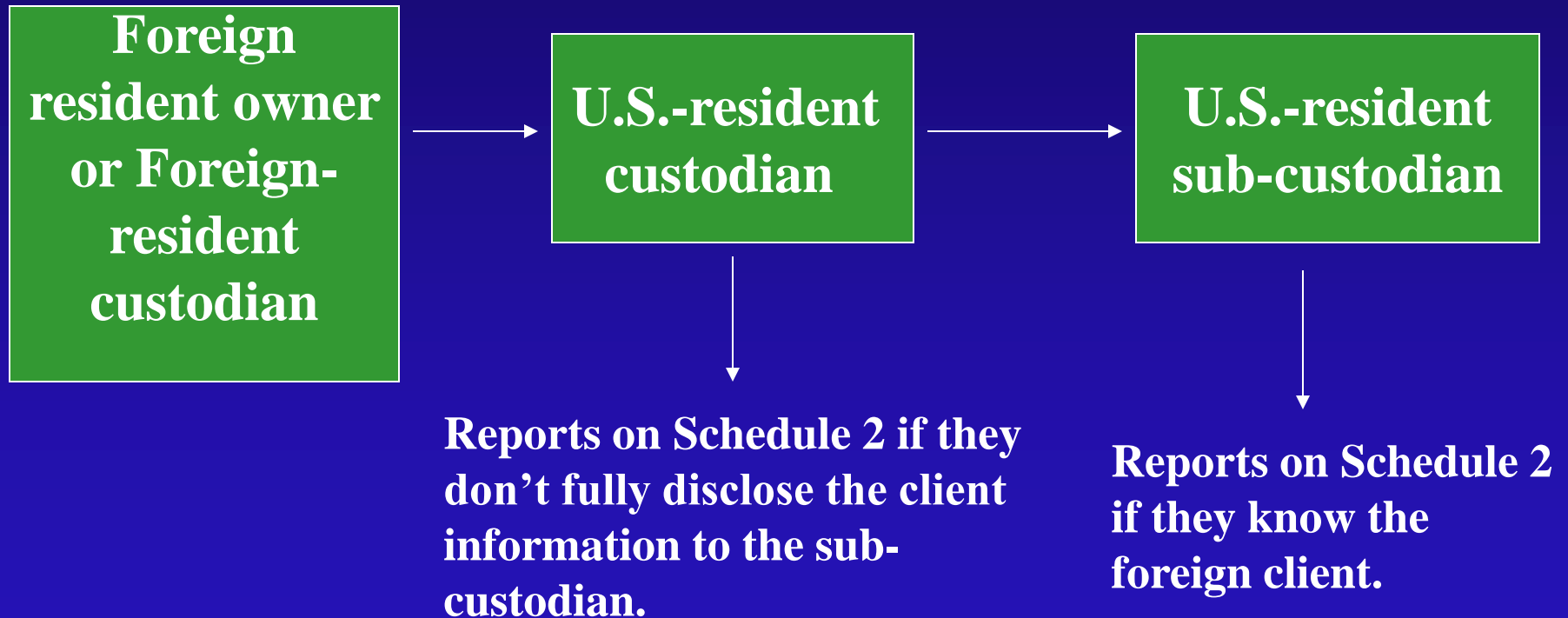
Flow chart for securities issued directly in a foreign market.



FRBNY eliminates duplicate reporting

Who Must Report

Flow Chart for sub-custodians



What Must be Reported



Lois Burns

What is a U.S. Security?

- Securities issued by U.S.-Resident entities, including:
 - Entities legally established in the U.S.
 - U.S. subsidiaries of offices of foreign entities
 - U.S. branches of foreign banks

What is a U.S. Security?

Depository receipts are the one exception.

- Whether or not a depository receipt is a U.S. security depends on the country of residence of the issuer of the underlying security,
 - not on the country of residence of the issuer of the depository receipt.

What is a U.S. Security?

- **Exclude** securities issued by International and Regional Organizations - Appendix D
- **Exclude** securities issued by companies reincorporated outside the United States
- **Exclude** securities issued by U.S. entities and re-issued as stripped securities by foreign-resident entities

See Foreign Entities Commonly Mistaken for U.S. Entities (Handout)

What is a U.S. Security?

- Information that does not contribute to determining if a security is U.S.:
 - place of issue or location of trades
 - currency of issue
 - country of residence of the parent organization
 - nationality or country of residence of the guarantor

What is a U.S. Security?

Example 1

- Euro denominated 2-year note issued by a Daimler Chrysler affiliate incorporated in the United States
- Is this a U.S. security?

What is a U.S. Security?

Example 1 Answer

- Euro denominated 2-year note issued by a Daimler Chrysler affiliate incorporated in the United States
- Is this a U.S. security?
- Yes. The security was issued by a U.S.-resident entity.

What is a U.S. Security?

Example 2

- U.S. dollar-denominated 30-year Yankee bond issued by the Inter-American Development Bank
- Is this a U.S. security?

What is a U.S. Security?

Example 2 Answer

- U.S. dollar-denominated 30-year Yankee bond issued by the Inter-American Development Bank
- Is this a U.S. security?
- No. This security was issued by a Regional Organization, which is considered to be a foreign-resident entity.

What is a U.S. Security?

Example 3

- U.S. dollar-denominated asset-backed security issued by Company B incorporated in Hong Kong and guaranteed by the parent, Company A, incorporated in the United States
- Is this a U.S. security?

What is a U.S. Security?

Example 3 Answer

- U.S. dollar-denominated asset-backed security issued by Company B incorporated in Hong Kong and guaranteed by the parent, Company A, incorporated in the United States
- Is this a U.S. security?
- No. This security was issued by a foreign-resident entity. The country of residence of the guarantor does not factor into the decision of whether the security is foreign or not.

Types of Reportable U.S. Securities

- Equity
- Short-Term Debt
- Long-Term Debt
- Asset-Backed Securities

Equity

- Instruments representing an ownership interest in U.S.-resident organizations
- However, ownership interests representing direct investment are not reported.

Equity

Direct Investment is not reportable

- Direct investment is defined as ownership or control of 10% or more of an organization's voting stock.

Equity

- Reportable equity securities include:
 - common stock
 - preferred stock
 - restricted stock
 - shares/units in U.S.-resident funds
 - shares/units in unincorporated business enterprises, such as limited partnerships

Equity

U.S.-Resident Funds

- Report foreign residents' ownership of shares/units/ interests in funds legally established in the United States as equity.
- Examples of funds:
 - closed-end and open-end mutual funds
 - real estate investment trusts
 - money market funds
 - index-linked funds
 - investment trusts
 - exchange traded funds

Equity

U.S.-Resident Funds

- Classification of the fund as “U.S.” is not based on the securities in which the fund invests.
- Examples:
 - A fund organized in New York that only purchases Japanese Treasury securities is a U.S.-resident fund.
 - A fund organized in Japan that only purchases U.S. Treasury securities is a foreign-resident fund.

Funds

- Report U.S. securities owned by foreign-resident funds.
- Do Not Report ownership of shares of foreign-resident funds.

Equity Exclusions

- Exclude from equity:
 - convertible debt - reported as debt instead
 - depositary receipts if the underlying security is issued by a foreign resident
 - ownership that represents general partner interests and other direct investments
 - rights and warrants

Term

- Term (short-term or long-term) is based on the original maturity of the security.
- Original maturities of one year or less are short-term.
- Original maturities of greater than one year are long-term.

Term

- Debt with multiple call options (multiple maturity dates) is long-term if any of the maturity dates is greater than one year from the date of issue.
- Perpetual debt is long-term.

Term Examples

- A U.S. Treasury bill issued on February 15, 2005 and maturing on November 15, 2005 is short-term.
- A U.S. 30-year bond that matures on March 26, 2006 is long-term.

Short-Term and Long-Term Debt (excluding asset-backed securities)

- Instruments that usually give the holder the unconditional right to financial assets
- Registered (including book entry) and Bearer debt

Short-Term Debt

- Reportable short-term debt includes the following instruments where the original maturity is one year or less:
 - commercial paper - including asset-backed commercial paper
 - negotiable certificates of deposit, bank notes and deposit notes
 - U.S. government securities (e.g., U.S. Treasury bills)
 - bankers' and trade acceptances

Long-Term Debt

- Reportable long-term debt includes the following instruments with an original maturity of greater than one year:
 - bonds
 - notes
 - debentures
 - negotiable certificates of deposit
 - convertible debt
 - zero coupon and stripped securities

Long-Term Debt Stripped Securities

- Stripped securities are reportable if the issuer of the stripped security is a U.S.-resident entity.
- Residency of the stripped security is **not** determined by the residency of the issuer of the underlying security.

Long-Term Debt Stripped Securities

Type of Issuer

- Based on the issuer of the underlying security
- All STRIPS, CATS, TIGRS, COUGARS, AND LIONS should be classified as U.S. Treasury securities.
 - Issuer type code should be 1.

Long-Term Debt Stripped Securities

- U.S. securities that are the underlying securities for stripped securities should be reported if held by a foreign resident.
- Stripped securities issued by a foreign-resident entity should not be reported, even if the underlying security is U.S.

Long-Term Debt Stripped Securities

- Security type code should be:
 - 10, for stripped, if the underlying security is not asset-backed
 - 12, for ABS, if the underlying security is asset-backed

Long-Term Debt

Stripped Securities Example

- U.K. Company A owns \$100 million of U.S. bonds. U.K. Company A issues stripped securities where these U.S. bonds are the underlying securities. U.S. Company B purchases these stripped securities.
- What should be reported by the U.S. custodians for Company A and Company B?

Long-Term Debt

Stripped Securities Example Answer

- U.K. Company A owns \$100 million of U.S. bonds. U.K. Company A issues stripped securities where these U.S. bonds are the underlying securities. U.S. Company B purchases these stripped securities.
- What should be reported by the U.S. custodians for Company A and Company B?
- Company A's U.S.-resident custodian reports the \$100 million of U.S. bonds. The stripped securities are not reported.

Debt Exclusions

- Exclude from short-term and long-term debt:
 - shares/units/interests in U.S.-resident funds, even if the U.S. fund invests in debt
 - Foreign investments in U.S.-resident funds are reported, but should be classified as equity on this report.
 - derivative contracts

Debt Exclusions

- Exclude from short-term and long-term debt:
 - loans
 - letters of credit
 - non-negotiable certificates of deposit
 - demand deposits
 - annuities, including variable rate annuities

Debt Exclusions

- Exclude from short-term and long-term debt:
 - asset-backed securities other than asset-backed commercial paper
 - These securities are reported, but should be classified as asset-backed securities on this report.

Asset-Backed Securities



- Securitized interests in a pool of assets, which give the purchaser a claim against the cash flows generated by the underlying assets

Asset-Backed Securities

- Reportable asset-backed securities are those where the entity securitizing the assets is a U.S. resident.
- The underlying asset is not a factor in determining whether the ABS is a U.S. security.

Asset-Backed Securities

- Reportable asset-backed securities include:
 - collateralized mortgage obligations (CMOs)
 - collateralized bond obligations (CBOs)
 - collateralized loan obligations (CLOs)
 - collateralized debt obligations (CDOs)

Asset-Backed Securities

- Reportable asset-backed securities include:
 - other securities backed by:
 - mortgages
 - credit card receivables
 - automobile loans
 - consumer and personal loans
 - commercial and industrial loans
 - other assets

Asset-Backed Securities Exclusions

- Exclude from asset-backed securities:
 - asset-backed commercial paper
 - securities backed by a sinking fund
 - Sinking fund securities are reportable but should be classified as short-term or long-term debt.

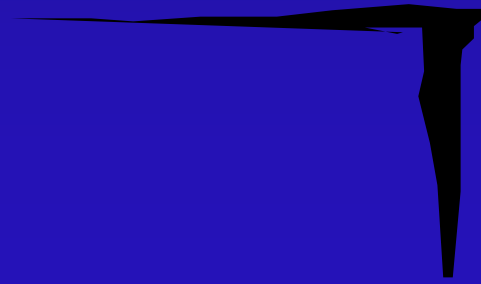
Repurchase Agreements Security Lending Arrangements

- Repurchase agreements/securities lending arrangements and reverse repurchase agreements/securities borrowing arrangements involve the temporary transfer of a security for cash or another security.
- Such agreements are not reportable.

Repurchase Agreements Security Lending Arrangements

- The security lender should report the U.S. security as if no repo or security lending arrangement existed.
- The security borrower should exclude the U.S. security.

BREAK



Review of Schedules

-Key Data Items-

Aaron Gononsky

Review of Schedules

Schedule 1

- Schedule 1: Reporter Contact Identification and Summary Financial Information
- Contains basic information about the institution
- Contains summary financial information reported on Schedule 2

Review of Schedules

Schedule 1

- Reporter Identification Number (Line 1)
 - 10 digit number, including leading zeros, issued by FRBNY.
 - Contact FRBNY staff at (212) 720-6300 or at SHLA@ny.frb.org if you do not know your identification number.

Review of Schedules

Schedule 1

- Reporter Type (Line 4):
 - 8 categories
 - Choose the classification code that best describes your organization.
 - If two or more codes are appropriate, choose the one that represents the largest portion of your organization's day-to-day operations.

Review of Schedules

Schedule 1

- Name of Service Provider or Vendor Used (Line 10)
 - Service Provider/Vendor is an institution that provides your data or prepares the electronic submission of your report.

Review of Schedules

Schedule 1

- Technical Contact (Lines 11-14)
 - Provide the name of the person who can be contacted for technical issues regarding the electronic submission of your report.
 - This person should be familiar with the file formats used and how the data was extracted from your databases or applications.

Review of Schedules

Schedule 1

- Valuation Technique(s) Used to Calculate Market values (Line 15)
 - New for 2005 SHLA

Review of Schedules

Schedule 1

- Summary of Schedule 2 Information (Lines 16-20)
 - Total number of Schedule 2 records
 - Total US\$ fair (market) value of
 - Equity
 - Short-Term Debt
 - Long-Term Debt (non-ABS)
 - ABS

Review of Schedules

Schedule 1

- Certifier Information and Signature
 - Someone from within your organization must sign the Schedule 1 certifying its accuracy.

Review of Schedules

Schedule 2

- Schedule 2: Details of Securities
- Provides specific characteristics and measurement of the quantities of each U.S. security
- Total of all Schedule 2 US\$ fair (market) values should equal the summary financial information reported on Schedule 1

Review of Schedules

Schedule 2

- Reporting Unit Code and Name (Lines 3&3a)
 - If data are being collected from multiple reporting units, report the internal code used in your organization to identify those units.
 - Enter a description or name of the reporting unit or division that is reporting the information.

Review of Schedules

Schedule 2

- Type of Issuer (Line 9)
 - United States Department of the Treasury (code 1)
 - Other Federal agency or federally sponsored enterprise (code 2)
 - State or local government, including their subdivisions (code 3)
 - Other (code 4)

Review of Schedules

Schedule 2

- Security Type (Line 10)
 - Short and Long-term debt (excluding ABS) are broken out into seven categories:
 - Commercial Paper (code 5)
 - Negotiable CD (code 6)
 - Convertible Security (code 7)
 - Zero-Coupon (code 8)
 - Bond or Note, unstripped (code 9)
 - Bond or Note, stripped (code 10)
 - All Other Debt (code 11)

Review of Schedules

Schedule 2

- Security Type (Line 10)
 - Asset-Backed Securities have been broken out into their own separate code (code 12)

Review of Schedules

Schedule 2

- Registered/Bearer Indicator (Line 11)
 - Intentionally left blank
 - New for 2005 SHLA

Review of Schedules

Schedule 2

- Country of Foreign Holder (Line 14)
 - Identifies the country of residence of the beneficial owner of the security or the custodian.

Review of Schedules

Schedule 2

- Type of Foreign Holder
 - Foreign Official Institutions (Option 1)
 - Even if the account is held in the name of a foreign custodian
 - Appendix D and E of the instructions contains abbreviated list
 - Complete list can be found on the Treasury website

<http://www.ustreas.gov/tic/foi504.pdf>

Review of Schedules

Schedule 2

- Type of Foreign Holder
 - Individual (Option 2)
 - Only if the account is held in the name of one or more individuals (natural persons)
 - New for 2005 SHLA
 - Other (Option 3)

Review of Schedules

Schedule 2

- US\$ Fair (Market) Value of Foreign Held U.S. Security (Line 16)
 - Report the US\$ fair (market) value of securities as of close of business on June 30, 2005.
- Fair (Market) Value in Currency of Denomination of Foreign Held U.S. Security (Line 16a)
 - Enter the fair (market) value of the security in the currency of original issue.
 - If the currency is denominated in US\$ then enter the US\$ fair market value.

Review of Schedules

Schedule 2

- Zero Market Value Indicator (Line 17)
 - Intentionally left blank
 - New for 2005 SHLA

Review of Schedules

Schedule 2

- Reporting an Equity Security
 - Number of Shares (line 18) must be provided
 - Line items 19 through 25 pertain to debt securities and should be left blank or null

Review of Schedules

Schedule 2

- Reporting a Debt Security Other than ABS
 - Security type must be either 5, 6, 7, 8, 9, 10, or 11
 - The face value in the currency of denomination (line 19) must be reported
 - Face value should be rounded to the nearest whole currency unit
 - An issue date (line 20) and maturity date (line 21) must be provided

Review of Schedules

Schedule 2

- Reporting an Asset-Backed Security
 - Security type must be 12
 - The original face value in the currency of denomination (line 22) must be reported
 - Original face value is the amount that would still be outstanding if no principal had been repaid
 - Remaining principal outstanding in currency of denomination must be reported (line 23)
 - The remaining principal outstanding will only equal the original face value if no principal has been repaid

How We Review Your Data



Kenneth Aberbach

Three Levels of Review

➤ Reporter level

- Analyzing your data for reasonability
- Trend analysis

➤ Security level

- Comparing attributes of reported securities to one another, and to commercial data sources.

➤ Macro level

- Additional comparisons on a broader level

FRBNY Calculations

- Based on reported market value and quantity fields, FRBNY calculates:
 - **Implicit Prices**
 - **Factor Values**
 - **Exchange Rates**
- These calculations assist us in determining the quality of your reported market values and quantities.

FRBNY Price Calculations

(from Schedule 2)

- **Equity Example:** If the US\$ Fair (Market) value is \$10 million, and the number of shares is 100,000, what is the implicit price?

$$\text{Implicit Price} = \frac{\text{US\$ Fair (Market) Value (line 16)}}{\text{Number of Shares (line 18)}}$$

Implicit Price =

FRBNY Price Calculations

(from Schedule 2)

- **Equity Example:** If the US\$ Fair (Market) value is \$10 million, and the number of shares is 100,000, what is the implicit price?

$$\text{Implicit Price} = \frac{\text{US\$ Fair (Market) Value (line 16)}}{\text{Number of Shares (line 18)}}$$

$$\text{Implicit Price} = \frac{\$10,000,000 \text{ (Market Value)}}{100,000 \text{ shares}} =$$

FRBNY Price Calculations

(from Schedule 2)

- **Equity Example:** If the US\$ Fair (Market) value is \$10 million, and the number of shares is 100,000, what is the implicit price?

$$\text{Implicit Price} = \frac{\text{US\$ Fair (Market) Value (line 16)}}{\text{Number of Shares (line 18)}}$$

$$\text{Implicit Price} = \frac{\$10,000,000 \text{ (Market Value)}}{100,000 \text{ shares}} = \mathbf{\$100 \text{ per share}}$$

FRBNY Price Calculations

(from Schedule 2)

- **Non-ABS Debt Example:** If the Fair (Market) value in currency of denomination is \$1 million, and the face value in currency of denomination is \$900,000, what is the implicit price?

Implicit Price =

$$\frac{\text{Fair (Market) Value in Currency of Denomination (line 16a)}}{\text{Face Value in Currency of Denomination (line 19)}}$$

Implicit Price =

FRBNY Price Calculations

(from Schedule 2)

- **Non-ABS Debt Example:** If the Fair (Market) value in currency of denomination is \$1 million, and the face value in currency of denomination is \$900,000, what is the implicit price?

Implicit Price =

$$\frac{\text{Fair (Market) Value in Currency of Denomination (line 16a)}}{\text{Face Value in Currency of Denomination (line 19)}}$$

$$\text{Implicit Price} = \frac{\$1,000,000 \text{ (Market Value)}}{\$900,000 \text{ (Face Value)}} =$$

FRBNY Price Calculations

(from Schedule 2)

- **Non-ABS Debt Example:** If the Fair (Market) value in currency of denomination is \$1 million, and the face value in currency of denomination is \$900,000, what is the implicit price?

Implicit Price =

$$\frac{\text{Fair (Market) Value in Currency of Denomination (line 16a)}}{\text{Face Value in Currency of Denomination (line 19)}}$$

$$\text{Implicit Price} = \frac{\$1,000,000 \text{ (Market Value)}}{\$900,000 \text{ (Face Value)}} = \mathbf{1.11}$$

FRBNY Price Calculations

(from Schedule 2)

- **Asset-Backed Securities Example:** If the Fair (Market) value in currency of denomination is ¥100,000, and the remaining principal outstanding in currency of denomination is ¥110,000, what is the implicit price?

Implicit Price =

$$\frac{\text{Fair (Market) Value in Currency of Denomination (line 16a)}}{\text{Remaining Principal Outstanding in Currency of Denomination (line 23)}}$$

Implicit Price =

FRBNY Price Calculations

(from Schedule 2)

- **Asset-Backed Securities Example:** If the Fair (Market) value in currency of denomination is ¥100,000, and the remaining principal outstanding in currency of denomination is ¥110,000, what is the implicit price?

Implicit Price =

Fair (Market) Value in Currency of Denomination (line 16a)

Remaining Principal Outstanding in Currency of Denomination (line 23)

$$\text{Implicit Price} = \frac{\text{¥100,000 (Market Value)}}{\text{¥110,000 (Remaining Principal)}} =$$

FRBNY Price Calculations

(from Schedule 2)

- **Asset-Backed Securities Example:** If the Fair (Market) value in currency of denomination is ¥100,000, and the remaining principal outstanding in currency of denomination is ¥110,000, what is the implicit price?

Implicit Price =

$$\frac{\text{Fair (Market) Value in Currency of Denomination (line 16a)}}{\text{Remaining Principal Outstanding in Currency of Denomination (line 23)}}$$

$$\text{Implicit Price} = \frac{\text{¥100,000 (Market Value)}}{\text{¥110,000 (Remaining Principal)}} = .90$$

FRBNY Price Calculations

(from Schedule 2)

- **Equity:**
$$\frac{\text{US\$ Fair (Market) Value (line 16)}}{\text{Number of Shares (line 18)}}$$
- **Debt (Non-ABS):**
$$\frac{\text{Fair (Market) Value in Currency of Denomination (line 16a)}}{\text{Face Value in Currency of Denomination (line 19)}}$$
- **ABS :**
$$\frac{\text{Fair (Market) Value in Currency of Denomination (line 16a)}}{\text{Remaining Principal Outstanding in Currency of Denomination (line 23)}}$$

FRBNY Factor Calculations

(from Schedule 2)

- **Factor Value Example:** If the original face value in currency of denomination is £900,000, and the remaining principal outstanding in currency of denomination is £700,000, what is the implicit factor value?

Factor Value =

Remaining Principal Outstanding in Currency of Denomination (line 23)

Original Face Value in Currency of Denomination (line 22)

Factor Value =

FRBNY Factor Calculations

(from Schedule 2)

- **Factor Value Example:** If the original face value in currency of denomination is £900,000, and the remaining principal outstanding in currency of denomination is £700,000, what is the implicit factor value?

Factor Value =

$$\frac{\text{Remaining Principal Outstanding in Currency of Denomination (line 23)}}{\text{Original Face Value in Currency of Denomination (line 22)}}$$

$$\text{Factor Value} = \frac{\text{£ 700,000}}{\text{£ 900,000}}$$

FRBNY Factor Calculations

(from Schedule 2)

- **Factor Value Example:** If the original face value in currency of denomination is £900,000, and the remaining principal outstanding in currency of denomination is £700,000, what is the implicit factor value?

Factor Value =

Remaining Principal Outstanding in Currency of Denomination (line 23)

Original Face Value in Currency of Denomination (line 22)

$$\text{Factor Value} = \frac{\text{£ 700,000}}{\text{£ 900,000}} = \mathbf{0.78}$$

FRBNY Exchange Rate Calculations

(from Schedule 2)

- **Exchange Rate Example:** If the US\$ Fair (Market) value is \$100,000 and the Fair (Market) value in currency of denomination is £85,000, what is the exchange rate?

Exchange Rate =

US\$ Fair (Market) Value (line 16)

Fair (Market) Value in Currency of Denomination (line 16a)

Exchange Rate =

FRBNY Exchange Rate Calculations

(from Schedule 2)

- **Exchange Rate Example:** If the US\$ Fair (Market) value is \$100,000 and the Fair (Market) value in currency of denomination is £85,000, what is the exchange rate?

Exchange Rate =

US\$ Fair (Market) Value (line 16)

Fair (Market) Value in Currency of Denomination (line 16a)

$$\text{Exchange Rate} = \frac{\$100,000}{£85,000} =$$

FRBNY Exchange Rate Calculations

(from Schedule 2)

- **Exchange Rate Example:** If the US\$ Fair (Market) value is \$100,000 and the Fair (Market) value in currency of denomination is £85,000, what is the exchange rate?

Exchange Rate =

US\$ Fair (Market) Value (line 16)

Fair (Market) Value in Currency of Denomination (line 16a)

$$\text{Exchange Rate} = \frac{\$100,000}{£85,000} = \mathbf{1.18}$$

Reporter Level Review

Reasonability Comparisons

- Schedule 1 -vs- Schedule 2 comparison
- Schedules 1 and 2, comparison to prior year (reporting trends, if you've reported in prior years)

Reporter Level Review

Reasonability Analysis

- Ensuring all Schedule 2 data fields were reported. These data must include:
 - Security ID
 - Country of foreign-resident holder
 - Type of foreign holder (Official, Individual or Other)
 - Number of shares held by foreign residents (equity)
 - Face Value held by foreign residents (non-ABS debt)
 - Remaining principal outstanding held by foreign residents (ABS)

Reporter Level Review

Reasonability

- Currency/Exchange Rate Analysis
 - Currency is US\$ but US\$ Fair (Market) Value (item 16) does not equal the Fair (Market) Value in currency of denomination (item 16a).
 - Currency is not US\$ and the exchange rate is not 1, but the US\$ Fair (Market) Value equals the Fair (Market) value in currency of denomination.
 - For each security, an implicit exchange rate is calculated.

Reporter Level Review

Reasonability

- Country of foreign holder
- Country of foreign holder is U.S.
 - Are these coded incorrectly or should these have been excluded from your report?
 - Are securities held by international and regional organizations reported with the U.S. as the country of foreign holder? If so, the the Country of Foreign Holder code should be revised.
 - Are securities held in a U.S. protectorate (Puerto Rico, etc.)? If so, exclude from report.

Reporter Level Review

Reasonability

- Country of foreign holder
- Country of foreign holder is Canada
 - Has the amount of U.S. securities held by Canadian investors changed substantially since the last reporting cycle?
 - Were Canadian-held securities coded as U.S.-held securities on your system and so were incorrectly excluded from your report?

Reporter Level Review

Reasonability

➤ Bearer Bonds

- Does your institution issue any bearer bonds?
- All bearer bonds outstanding should be reported.
- Country of foreign holder code 88862 (country unknown) should be reported for bearer bonds if the country of foreign holder cannot be determined.
- We compare your reported bearer bonds to a list of known outstanding bearer bonds provided to the Federal Reserve Bank of New York by the Bank for International Settlements (BIS).

Reporter Level Review

Reasonability

- Key Securities Analysis
 - Largest foreign-held securities by US\$ Fair (Market) value
 - Implicit exchange rates, implicit prices, country of foreign holder, etc.
 - Securities reported with zero quantities
 - If reported correctly, these securities do not need to be reported, and should be excluded from future reports.

Reporter Level Review

Reasonability

➤ Reporter Queries

We focus on areas that were reporting problems in prior data submissions, such as:

- keywords in descriptions, such as “rights,” “warrants,” “repurchase,” “repo,” etc. (should not be reported)
- debt prices far above par
- invalid countries of foreign holder
- issue dates after as-of date
- additional comparisons to other reporters’ data (e.g., implicit prices)

Reporter Level Review

Reasonability

- Consistency of data reported throughout the reporter's submission
- Example: You report data for Stock A with two different implicit prices, which is correct?
- Stock A reported with implicit price of \$55.00
- Stock A reported with implicit price of \$65.00

Security Level Review

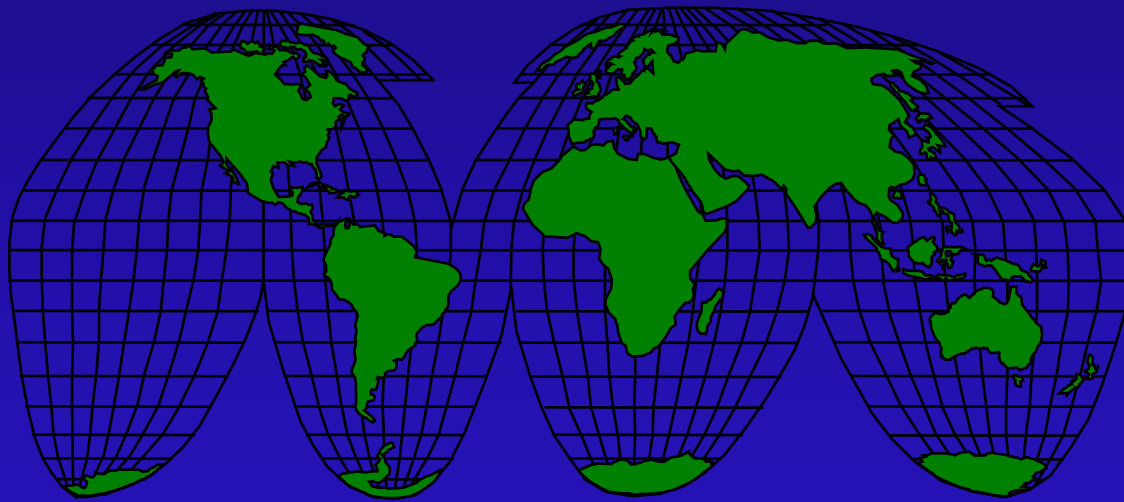
- Data embedded in the security description, e.g., security type or maturity date, are compared to data in the relevant fields.
- Term of debt is calculated using issue and maturity dates and compared to the reported term and the security description.
- Issuer should not be a foreign resident.
- Reincorporated organizations' issued securities should not be reported.
- Total quantity reported across all reporters is compared to the total amount outstanding for a given security.

Macro Level Review

Comparisons of various “cuts” of the aggregate data.

- Equity by country and security type
- Long-term debt by country and currency
- Short-term debt by country and currency
- Long-term debt by country and type of security
- Short-term debt by country and type of security
- Debt by maturity date

TIC SHLA & TIC B Comparison



Reports Used for Comparison

- TIC SHLA
- TIC B Reports
 - TIC BL-2 Customer Liabilities
 - TIC BQ-2 Customer Liabilities denominated in foreign currency
 - <http://www.ustreas.gov/tic/>

Differences

- TIC B - Face Value
 - TIC SHLA - Face Value and Market Value.

- TIC B - Aggregate per country
 - TIC SHLA - Detailed information on each security

Differences

- TIC B - USD or USD equivalent
 - TIC SHLA - Market Value in both USD and currency of denomination. Face value in currency of denomination that FRBNY converts to USD.

Differences

- There may be more than one TIC B report filed per institution.
- One consolidated TIC SHLA report filed per institution
 - For example: A U.S. entity sends in separate TIC B reports for the Bank Holding Company, Bank, and Broker/Dealer but would send in one consolidated TIC SHLA report.

Compare - Overview

- Treasury Securities
- Agency Securities
- Negotiable Securities
- Foreign Currencies
- Negotiable CDs
- Negotiable Securities Issued

Compare Treasury Securities

- **TIC SHLA (per country)** = ➤ **TIC BL-2 (per country)**
- Type of Issuer = 1 (Item 9)
 - Term Indicator = 1 (Item 12)
 - Currency = USD (Item 13)
 - Type of Foreign Holder = 1 (Item 15)
 - Sum of face value (Item 19)
- Short-Term U.S. Treasury Obligations to Foreign Official Institutions (column 1)

Compare Treasury Securities

- **TIC SHLA (per country)** = ➤ **TIC BL-2 (per country)**
- Type of Issuer = 1 (Item 9)
 - Term Indicator = 1 (Item 12)
 - Currency = USD (Item 13)
 - Type of Foreign Holder = 2 or 3 (Item 15)
 - Sum of face value (Item 19)
- Short-Term U.S. Treasury Obligations to Foreign Banks and all Other Foreigners (column 4 + 7)

Compare Negotiable Securities

- **TIC SHLA (per country) = ➤ TIC BL-2 (per country)**
- Type of Issuer = 2, 3, and 4 (Item 9)
 - Security Type 5, 6, 7, 8, 9, 10, 11, and 12 (Item 10)
 - Term Indicator = 1 (Item 12)
(Security Type 6 includes Term Indicator = 2)
 - Currency = USD (Item 13)
 - Type of Foreign Holder = 1 (Item 15)
 - Sum of face value (Item 19 or Item 23 for ABS)
- Negotiable CDs and Short-Term Negotiable Securities to Foreign Official Institutions (column 2)

Compare Negotiable Securities

➤ TIC SHLA (per country)

- Type of Issuer = 2, 3, and 4 (Item 9)
- Security Type 5, 6, 7, 8, 9, 10, 11, and 12 (Item 10)
- Term Indicator = 1 (Item 12) (Security Type 6 includes Term Indicator = 2)
- Currency = USD (Item 13)
- Type of Foreign Holder = 2 or 3 (Item 15)
- Sum of face value (Item 19 or Item 23 for ABS)

=

➤ TIC BL-2 (per country)

- Negotiable CDs and Short-Term Negotiable Securities to Foreign Banks and all Other Foreigners (column 5 + 8)

Compare Negotiable CDs

- **TIC SHLA**
(per country)
- Security Type 6
(Item 10)
 - Currency = USD
(Item 13)
 - Sum of face value
(Item 19)
- =
- **TIC BL-2**
(per country)
- Negotiable
Certificates of
Deposits (column 11)

Compare Negotiable Securities Issued

- **TIC SHLA (per country)** = ➤ **TIC BL-2 (per country)**
- Type of Issuer = 4 (Item 9)
 - Security Type 5, 7, 8, 9, 10, 11, and 12 (Item 10)
 - Term Indicator = 1 (Item 12)
 - Currency = USD (Item 13)
 - Sum of face value (Item 19 or Item 23 for ABS)
- Negotiable Securities Issued by Banks and Other Short-Term Negotiable Securities (Memo Lines 8142-6 + 8150-3)

Compare General Government

➤ TIC SHLA (per country)

- Type of Issuer = 1 and 3 (Item 9)
- Security Type 7, 8, 9, 10, 11, and 12 (Item 10)
- Term Indicator = 1 (Item 12)
- Currency = USD (Item 13)
- Sum of face value (Item 19 or Item 23 for ABS)

=

➤ TIC BL-2 (per country)

- Total General Government (Memo Line 8144-2)

Compare U.S. Agency

- **TIC SHLA (per country)** = ➤ **TIC BL-2 (per country)**
- Type of Issuer = 2 (Item 9)
 - Security Type 7, 8, 9, 10, 11, and 12 (Item 10)
 - Term Indicator = 1 (Item 12)
 - Currency = USD (Item 13)
 - Sum of face value (Item 19 or Item 23 for ABS)
- U.S. Agencies (Memo Line 8146-9)

Compare Negotiable CDs in Foreign Currency

- **TIC SHLA (per country)** = ➤ **TIC BQ-2 (per country)**
- Security Type 6 (Item 10)
 - Currency = not USD (Item 13)
 - Sum of face value (Item 19)
- Negotiable CDs (Part 2, Memo Line 9980-5, column 1)

Compare

Negotiable Securities in Foreign Currency

➤ **TIC SHLA (per country)**

- Security Type 5, 7, 8, 9, 10, 11, or 12 (Item 10)
- Currency = not USD (Item 13)
- Sum of face value (Item 19 or Item 23 for ABS)

=

➤ **TIC BQ-2 (per country)**

- All Short-Term Negotiable Securities (Part 2, Memo Line 9980-5, column 2)

Technical Topics

Submitting your Data



Melissa Harris

Technical Topics

Options for Filing

<u>Mail</u>		<u>Internet</u>	<u>Other</u>
<u>On Paper:</u> <ul style="list-style-type: none"> • Schedule 1 • Schedule 2 – Only if less than 200 records 	<u>On Media:</u> <ul style="list-style-type: none"> • Schedule 2 – No minimum record requirement 	<u>Via IESUB:</u> <ul style="list-style-type: none"> • Schedule 1 • Schedule 2 – No minimum record requirement 	<u>Via Fax or E-mail:</u> <ul style="list-style-type: none"> • Schedule 1

Technical Topics:

Media Requirements for Schedule 2 Data

- High Density IBM Compatible Diskette or Standard CD
- Standard Windows PC ASCII Text Files With a .txt extension
- Labeled With Reporter Name & ID
- Accompanied by a Dump of the First Ten Records
- Mainframe Users Only - Copy of Command Used to Create the Diskette/CD

Technical Topics:

Unacceptable Media & File Formats

- Unacceptable Media
 - IBM Mainframe Tapes/Cartridges - 3480/3490
 - Round (Reel) Tapes
- Unacceptable File Formats
 - EBCDIC Files
 - Compressed Files
 - Excel files (.xls)
 - COBOL packed decimal fields

Technical Topics: IESUB General Information

IESUB - Internet Electronic SUBmission

Data Submission

Schedule 1

- Data Entry Form
- Initial and Revised Data

Schedule 2

- File Transfer
- Initial and Revised Data
- Standard Windows PC ASCII Text Files With a .txt extension

Technical Topics:

IESUB General Information (continued)

- Data Review
- Complete Data & Format Validation for Schedule 1
- Limited Format Validation for Schedule 2
- Receipt
- Feedback

Technical Topics: IESUB Security Information

- Unique User-ID and Password
- Microsoft Internet Explorer 5.5 or higher
- 128 Bit Secure Sockets Layer (SSL) Encryption
- Server-side Certificate

Technical Topics:

IESUB User Comments

- User Friendly and Convenient
- Time Saver
- Eliminates Paper and Fax
- Confirmation of Receipt
- File Format Checking
- Submission of Multiple Reports

Technical Topics:

IESUB Additional Information

- User Request Forms and System Requirements can be found on the Internet at
<http://www.ustreas.gov/tic/forms.html#benchmark>

Technical Topics:

Schedule 2 File Formats

Use Either of Two File Formats for IESUB
or Media Submission:

- Positional
- Semi-colon Delimited

Technical Topics

Positional File Example - Correct

The screenshot shows a Notepad window titled "sample records.txt - Notepad" with a menu bar (File, Edit, Format, Help). The text content is as follows:

```
1           2           3           4           5           6
123456789012345678901234567890123456789012345678901234567890123456789
-----+-----+-----+-----+-----+-----+-----+-----+-----+
0000067890 0000001 010 CUSTODY SERVICES
0000067890 0000002 020 NY BRANCH
0000067890 0000003 020 NY BRANCH
```

Annotations with arrows point to the following fields in the first line of data:

- Reporter ID (points to "0000067890")
- Filler (space) (points to "0000001")
- Sequence Number (points to "010")
- Filler (space) (points to "010")
- Reporting Unit (points to "CUSTODY SERVICES")
- Filler (space) (points to "CUSTODY SERVICES")
- Name of Reporting Unit (points to "SERVICES")

Technical Topics

Positional File Example - Correct (continued)

The screenshot shows a Notepad window titled "sample records.txt - Notepad" with a menu bar (File, Edit, Format, Help). The text content is a positional file with columns of data. The first line contains column widths: 4, 4, 4, 4, 4, 4, 4, 4. The second line contains column indices: 1, 2, 3, 4, 5, 6, 7, 8. The main data area is separated from the header by a dashed line. The data is as follows:

1	2	3	4	5	6	7	8
0000000000000000000000009920	000000003200						
000000000000000000000002682400				000000000000000000002800000	12221999	12292049	
000000000000000000000003409734							

Annotations with arrows point to specific fields:

- Face Value (Non-ABS)**: Points to the field "000000000000000000002800000" in the second row.
- Debt Only - NULL**: Points to the field "12221999" in the second row.
- Filler (space)**: Points to the field "000000003200" in the second row.
- Number of Shares Held**: Points to the field "000000000000000000000003409734" in the third row.

An oval highlights the field "000000000000000000002800000" in the second row.

Technical Topics

Positional File Example - Correct (continued)

The screenshot shows a Notepad window titled "sample records.txt" with a menu bar (File, Edit, Format, Help). The text content is as follows:

```
      4      4      4      4      4      4      4      4
      1      2      3      4      5      6      7      8
-----+-----+-----+-----+-----+-----+-----+-----+
00000000000000000000000009920      000000003200
000000000000000000000002682400      0000000000000000000002800000 12221999 12292049
0000000000000000000000003409734
```

Annotations with arrows pointing to the data:

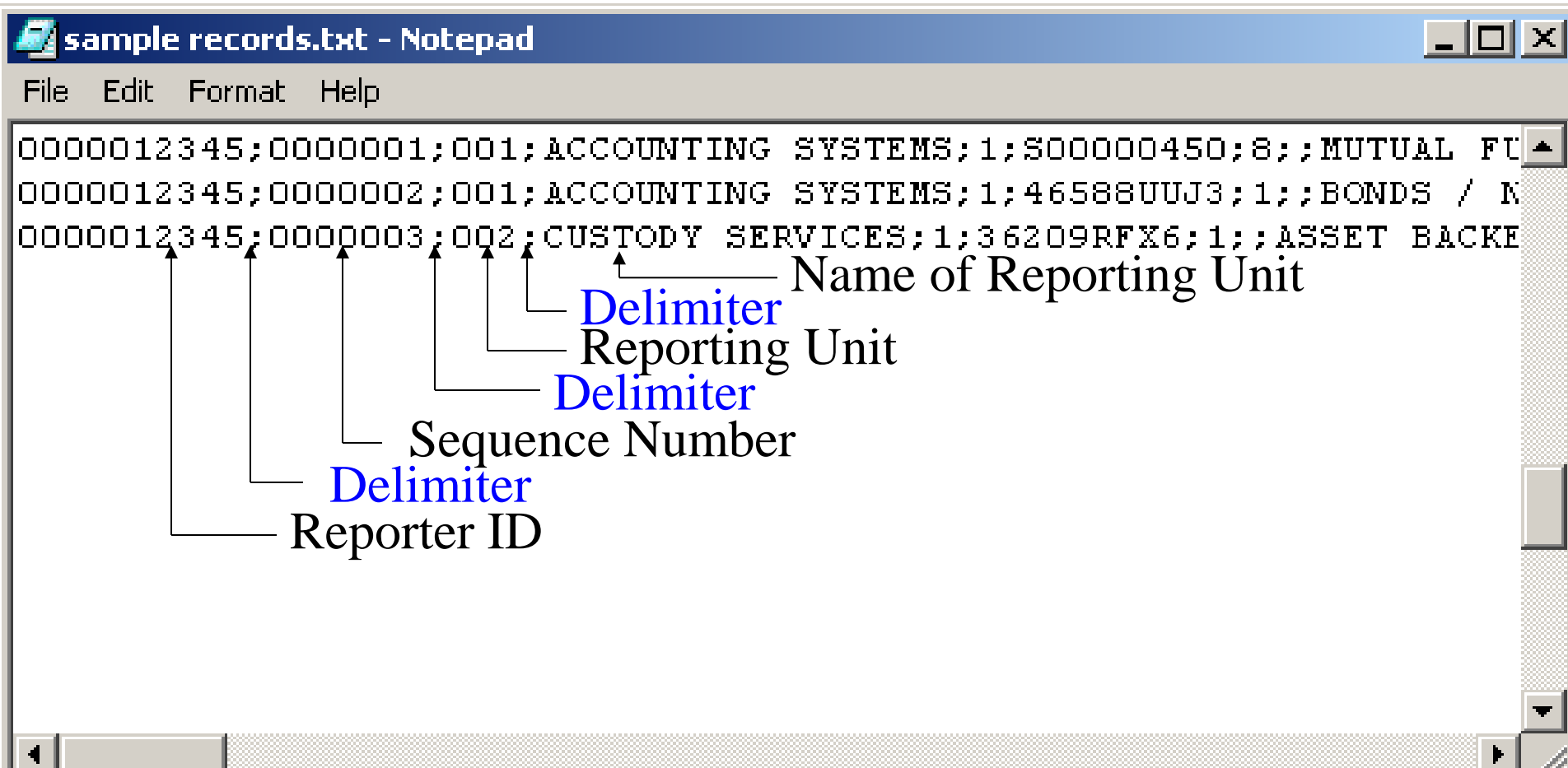
- Number of Shares Held -NULL**: Points to the first 12 characters of the second line (00000000000000000000000009920).
- Face Value (Non-ABS) Debt Only**: Points to the next 12 characters of the second line (000000003200).
- Filler (space)**: Points to the next 12 characters of the second line (00000000000000000000000002800000).
- Issue Date**: Points to the next 8 characters of the second line (12221999).
- Maturity Date**: Points to the last 8 characters of the second line (12292049).

Additional annotations:

- Filler (space)**: Points to the first 12 characters of the third line (00000000000000000000000002682400).
- Filler (space)**: Points to the first 12 characters of the fourth line (00000000000000000000000003409734).

Technical Topics

Delimited File Example - Correct



The screenshot shows a Notepad window titled "sample records.txt - Notepad" with a menu bar (File, Edit, Format, Help). The text content is as follows:

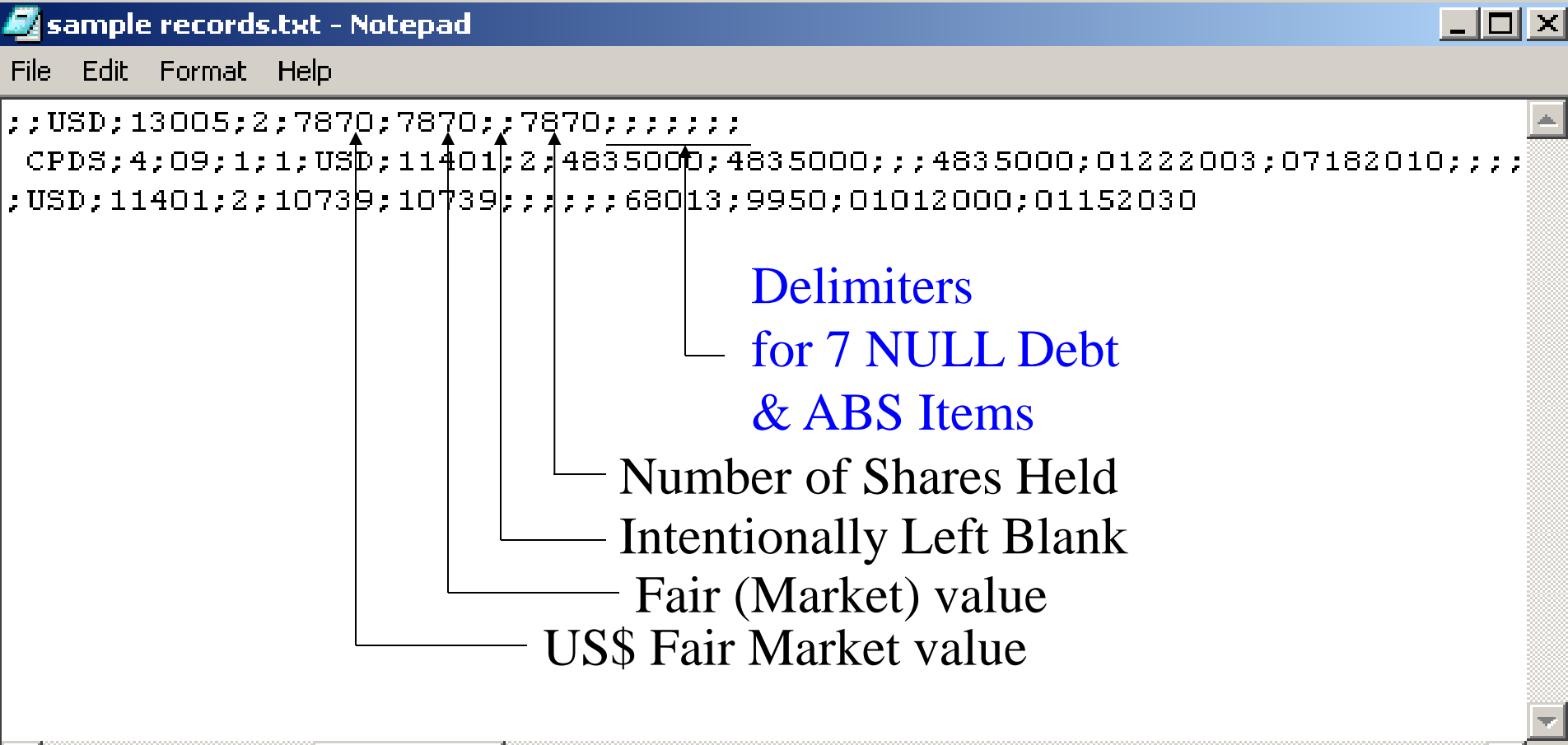
```
0000012345;0000001;001;ACCOUNTING SYSTEMS;1;S00000450;8;;MUTUAL FU
0000012345;0000002;001;ACCOUNTING SYSTEMS;1;46588UUJ3;1;;BONDS / N
0000012345;0000003;002;CUSTODY SERVICES;1;36209RFX6;1;;ASSET BACKE
```

Annotations with arrows point to the following fields in the first line:

- Reporter ID: 0000012345
- Delimiter: ;
- Sequence Number: 0000001
- Delimiter: ;
- Reporting Unit: 001
- Delimiter: ;
- Name of Reporting Unit: ACCOUNTING SYSTEMS
- Delimiter: ;
- Reporting Unit: 1
- Delimiter: ;
- Name of Reporting Unit: S00000450
- Delimiter: ;
- Reporting Unit: 8
- Delimiter: ;
- Name of Reporting Unit: MUTUAL FU

Technical Topics

Delimited File Example - Correct (continued)



The screenshot shows a Notepad window titled "sample records.txt - Notepad" with a menu bar (File, Edit, Format, Help). The text content is as follows:

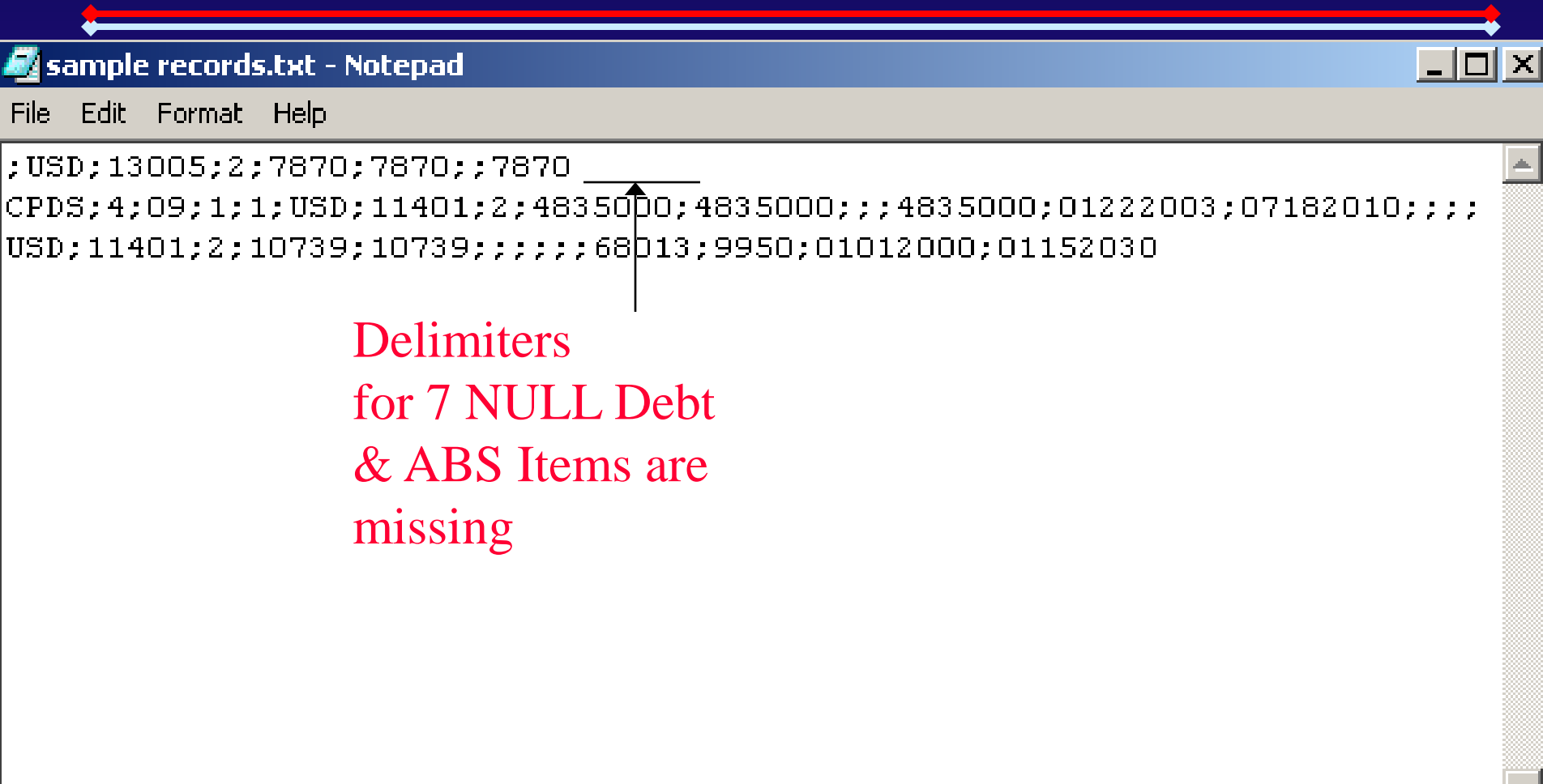
```
;;USD;13005;2;7870;7870;;7870;;;;;  
CPDS;4;09;1;1;USD;11401;2;4835000;4835000;;;4835000;01222003;07182010;;;;  
;USD;11401;2;10739;10739;;;68013;9950;01012000;01152030
```

Annotations with arrows point to specific fields in the text:

- Delimiters for 7 NULL Debt & ABS Items**: Points to the semicolon (;) delimiters.
- Number of Shares Held**: Points to the value "2" in the second record.
- Intentionally Left Blank**: Points to the blank space before the third record.
- Fair (Market) value**: Points to the value "4835000" in the second record.
- US\$ Fair Market value**: Points to the value "10739" in the third record.

Technical Topics

Delimited File Example - Incorrect



The screenshot shows a Notepad window titled "sample records.txt - Notepad". The menu bar includes "File", "Edit", "Format", and "Help". The text content is as follows:

```
;USD;13005;2;7870;7870;;7870  
CPDS;4;09;1;1;USD;11401;2;4835000;4835000;;;4835000;01222003;07182010;;;  
USD;11401;2;10739;10739;;;68013;9950;01012000;01152030
```

An annotation in red text is positioned below the text, with a vertical arrow pointing to the space between the second and third fields of the second line. The annotation reads:

Delimiters
for 7 NULL Debt
& ABS Items are
missing

Technical Topics

Tips & Traps

- Date Format
 - Correct format MMDDYYYY. For example, the date June 6, 2006 would be reported as 06062006
 - Examples of incorrect date formats MM/DD/YY, MM/DD/YYYY, MM-DD-YY, etc.
- Need to Have Leading Zeroes
 - Reporter ID
 - Date Fields

Technical Topics

Tips & Traps

- Invalid Characters in the File, such as □
- Semi-colon files - 28 fields and 27 semi-colons
- An extended list of tips & traps can be found on the Internet at <http://www.ustreas.gov/tic/forms.html#benchmark> , the document is titled “Key Issues for SHL Software Developers”

Technical Topics

Contact Information

- If you have questions about IESUB call your SRD contact at the Federal Reserve Bank of New York or call the SHL Helpline at (212)720-6300
- If you have questions about the file format call one of the people listed below

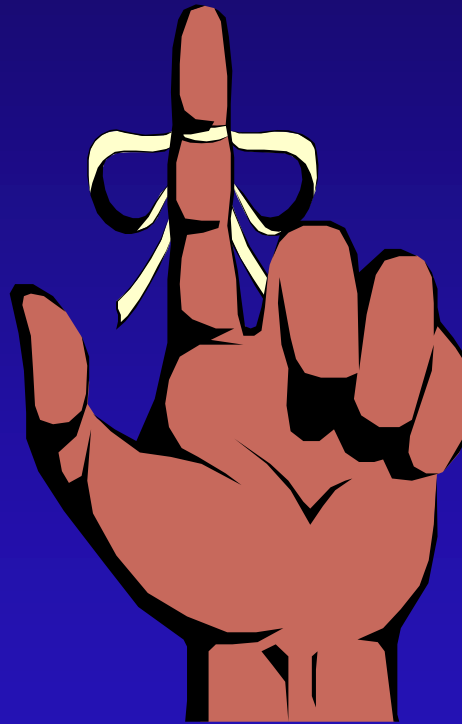
Melissa Harris (212) 720-7314
IT Support Analyst

Susan Ma (212) 720-1989
Team Leader

Amador Castelo (212) 720-8592
IT Support Analyst

Sharon McKenzie (212)720-8166
IT Support Analyst

Things to Remember



Kristina Ryan

Things to Remember

➤ Who Must Report

- U.S. - resident custodians
- U.S. - resident issuers
- U.S. - resident central securities depositories

Things to Remember

- What Must Be Reported
 - Reportable Securities
 - Securities issued by U.S. residents and held by foreign residents.
 - Bearer securities issued by U.S. residents.

Things To Remember

- What Must Be Reported
 - Do Not Report
 - Securities issued by foreign entities.
 - Securities issued by International and Regional Organizations.
 - Securities issued by companies that have reincorporated outside the United States.
 - Depositary Receipts
 - Derivative Contracts

Things to Remember

- Review of Schedules
 - Schedule 1
 - Be sure to complete the Certification section.
 - Schedule 2
 - Make sure to include:
 - Security IDs (line 5)
 - Country of Foreign Holder (line 14)
 - Type of Foreign Holder (line 15)
 - Quantity (line 18, 19, or 23)

Things to Remember

➤ Review of Schedules

➤ Properly report issuer types (line 9)

- United States Department of Treasury (code 1)
- Other federal agency and federally sponsored enterprise (code 2)
 - SLM Corporation (Sallie Mae) is no longer an FSE.
- State or local government, including their subdivisions (code 3)
- Other (code 4)

Things to Remember

- Review of Schedules
 - Properly report security types (line 10)
 - Equity Securities (codes 1, 2, 3, 4)
 - Debt Securities – excluding ABS (codes 5, 6, 7, 8, 9, 10, 11)
 - Asset-Backed Securities (code 12)

Things To Remember

➤ Quality Edits

- Properly report fair (market) values and quantities
 - Implicit debt and ABS prices should have an approximate value of 1.
- Review data for consistency
 - Compare Schedule 2 data for identical securities.
 - Prices
 - Exchange rates
 - Factor values (ABS only)
 - Currency (debt and ABS)
 - Issue and maturity dates (debt and ABS)

Things to Remember

➤ Quality Edits

- Ensure term of debt (line 12) is calculated based on original maturity
 - Short-term (less than or equal to one year)
 - Long-term (greater than one year)
- Report the proper codes on Schedule 2
 - Currency of Denomination (line 13)
 - Country of Foreign Holder (line 14)

Things to Remember

➤ Changes to the 2005 Schedules

- Valuation Technique has been added to Schedule 1.
- Schedule 2, Line 11 – Registered/Bearer Indicator is now intentionally left blank.
- Schedule 2, Line 15 – Choice “#2 = Individual” has been added to Type of Foreign Holder.
- Schedule 2, Line 17 – Zero US\$ Market Value question is now intentionally left blank.

Things To Remember

- Technical Issues
 - Ensure proper file layouts
 - Formatting Dates
 - INCORRECT - MM/DD/YY,
MM/DD/YYYY
 - CORRECT - MMDDYYYY
 - Reporting too few/too many semi-colons
(in a semi-colon delimited file)
 - Not reporting all columns

Things To Remember

➤ Technical Issues

➤ Submitting data via IESUB

➤ Obtaining access to IESUB

➤ Filling out the form after the seminar

➤ Accessing the form at:

<http://www.ustreas.gov/tic/forms.html#benchmark>

Want to Know More?

- Please contact the Securities Reports Division of the Federal Reserve Bank of New York
 - Phone: (212) 720-6300
 - Email: shla.help@ny.frb.org
- Published data can be found at:
<http://www.ustreas.gov/tic/fpis.html>

Q & A



END

