

REGULATORY & COMPLIANCE ALERT

FEBRUARY 15, 2017

**TIC Form SHC Deadline Approaching - Form Deadline is
March 3, 2017**

The U.S. Department of the Treasury recently released a revised Form SHC. Form SHC, which is part of the Treasury International Capital ("TIC") data reporting system, is the mandatory five-year benchmark survey of the ownership of foreign securities by U.S. residents. Absent an announcement of a delay from the Trump administration, the report is due to the Federal Reserve Board of NY ("FRBNY") by March 3, 2017 for data reportable as of December 31, 2016.

All U.S. resident custodians and end-investors with holdings of foreign portfolio securities above the reporting thresholds must report. In addition, all U.S.-resident custodians and end-investors that are notified by the FRBNY are required to file a report.

The reporting threshold for Schedule 2 is \$200 million in total fair value of all foreign securities owned by the SHC Reporter and not held with a U.S.-resident custodian. The reporting threshold for Schedule 3 is \$200 million in total fair value of foreign securities held with any one unaffiliated U.S.-resident custodian that is not a central securities depository.

Custodians are all organizations that hold securities in safekeeping for other organizations. Most U.S.-resident custodians also invest in foreign securities for their own account. U.S.-resident custodians should report both the foreign portfolio securities held in safekeeping for other U.S. residents and their own foreign portfolio securities.

End-investors are U.S.-resident organizations that invest in foreign securities for their own portfolios or invest on behalf of others, such as investment managers/fund sponsors. This includes securities that are held-for-trading, available-for-sale, or held-to-maturity. U.S.-resident end-investors include, but are not limited to:

- Financial and non-financial organizations
- Managers of private and public pension funds
- Managers/sponsors of funds, country funds, unit-investment funds, exchange-traded funds, collective-investment trusts, hedge funds or any other similarly pooled, commingled funds. Also managers/sponsors of private equity companies, venture capital companies, hedge funds and other private investment vehicles
- Insurance companies
- Foundations
- Institutions of higher learning
- Trusts and estates
- Funds and similar entities that own shares or units of, or other portfolio equity interests in, a foreign related or non-related entity

Form SHC is comprised of three schedules:

Schedule 1 - Must be filed by all entities that 1) receive a copy of the SHC forms and instructions from the FRBNY, or 2) are notified by the FRBNY that they are required to file the SHC report. Schedule 1 requests information that identifies the reporter. It also provides contact information, indicates the reporting status, and summarizes the data, if any, reported on Schedule 2 and/or Schedule 3.

Schedule 2 - Used to report detailed information on foreign securities owned by U.S.-resident investors (1) that the reporter safe-keeps for itself or for its U.S.-resident clients or (2) for which the reporter directly employs foreign-resident sub-custodians or U.S.-resident or foreign-resident central securities depositories (CSDs) to manage the safekeeping of those securities (Foreign securities in safekeeping with U.S.-resident CSDs are reportable on Schedule 2.) or (3) that are instruments of the type that there is no U.S. custodian to manage the safekeeping of those securities.

Schedule 3 - Used to report summary amounts for all foreign securities entrusted to the safekeeping of a U.S.-resident custodian, excluding those entrusted to a U.S. - resident CSD.

Completed reports may be submitted to the FRBNY on paper or electronically through the Federal Reserve Reporting Central System. Additional information and a copy of the Form SCH are available [here](#).

If you have any questions regarding this Alert, please contact Dan Viola at dviola@sglawyers.com.

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Please feel free to discuss any aspect of this Alert with your regular Sadis & Goldberg contact whose names and contact information are provided below.

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