Proskauer

Initial TIC B Forms Filing Deadline for Investment Managers on January 15, 2014

January 13, 2014

Beginning with the period ended December 31, 2013, the U.S. Department of the Treasury expanded the scope of the financial institutions required to report cross-border claims, liabilities and short-term securities holdings on Treasury International Capital (TIC) B Forms to include (i) a U.S. investment manager (on behalf of itself and any U.S. or non-U.S. funds that it manages) and (ii) U.S. resident funds managed by a non-U.S. resident investment manager, in each case if the reporting person is owed "reportable claims" or owes "reportable liabilities" in excess of certain monetary thresholds, as discussed below.

The TIC B Forms require reporting of current obligations (including loans, regardless of their maturity) and short term securities:

- that are owed by a U.S. resident entity to a non-U.S. resident, or by a non-U.S. resident entity to a U.S. resident,
- that are not held by a U.S. custodian or sub-custodian, and
- that are in excess of the relevant reporting thresholds (determined on an aggregated basis for the top-tier U.S. entity in an affiliated group, and separately for the funds that they manage).

TIC B Forms consist of a series of monthly and quarterly forms. Monthly TIC B filings are due no later than 15 days following the end of a month, with the first monthly filing due on January 15 with respect to the reporting period ending December 31, 2013, and the quarterly TIC B Filings are due no later than 20 days following the end of a quarter, with the first quarterly filing due on January 20 with respect to the reporting period ending December 31, 2013. Any financial institutions with "reportable claims" or "reportable liabilities" (as described below) exceeding the monetary thresholds and required to file for a reporting period are also required to file for all subsequent reporting periods in that year (regardless of whether the thresholds are exceeded in the subsequent periods).

"Reportable claims" generally include all claims not held by a U.S. resident custodian or sub-custodian, including deposit balances due from banks, negotiable certificates of deposit of any maturity, brokerage balances, customer overdrawn accounts, loans and loan participations, resale agreements and similar financing agreements, short-term (original maturity of one year or less) negotiable and non-negotiable securities, money-market instruments, reinsurance recoverables and accrued interest receivables. "Reportable claims" do not include long-term securities (including equities and any long-term notes, bonds and debentures), derivatives, credit commitments, contingent liabilities, and securities borrowing agreements in which one security is borrowed in return for another. For purposes of the TIC B Forms, a feeder fund's investment into a master fund is considered a non-reportable long-term security and is not a reportable claim.

"Reportable liabilities" generally include all liabilities not held by a U.S. resident custodian or sub-custodian, including non-negotiable deposits of any maturity, brokerage balances, overdrawn deposit accounts, loans of any maturity, short-term (original maturity of one year or less) non-negotiable securities, repurchase agreements and similar financing agreements, insurance technical reserves and accrued interest payables. "Reportable liabilities" do not include long-term securities (including equities and any long-term notes, bonds and debentures), derivatives, contingent liabilities, and securities lending agreements in which one security is lent in return for another. For purposes of the TIC B Forms, a feeder fund's investment into a master fund is considered a non-reportable long-term security and is not a reportable liability.

Representatives of the government agencies responsible for the TIC B Forms have indicated that any claims or liabilities held by a U.S. resident custodian or sub-custodian (such as a bank) or otherwise reportable by another U.S. financial institution should not be reported by investment managers or funds or used to calculate whether the threshold limits have been exceeded.

A U.S. resident investment manager should generally file consolidated reports on behalf of the funds it manages, including reportable claims and liabilities of non-U.S. resident funds. Non-U.S. investment managers do not have a reporting obligation, but any U.S. resident fund they manage may be required to make a TIC B filing.

The following chart briefly outlines the due dates and monetary thresholds for each of the TIC B Forms:

Name of Form	**Due Date**	**Threshold**
Form BC – Report of U.S. Dollar Claims of Financial Institutions on Foreign Residents	Monthly - Due no later than the 15th day of each month	$50 million total ($25 million in any one foreign country)
Form BL-1 - Report of U.S. Dollar Liabilities of Financial Institutions to Foreign Residents	Monthly - Due no later than the 15th day of each month	$50 million total ($25 million in any one foreign country)
Form BL-2 - Report of Customers' U.S. Dollar Liabilities to Foreign Residents	Monthly - Due no later than the 15th day of each month	$50 million total ($25 million in any one foreign country)
Form BQ-1 - Report of Customers' U.S. Dollar Claims on Foreign Residents	Quarterly – Due no later than the 20th day following the end of each calendar quarter.	$50 million total ($25 million in any one foreign country)
Form BQ-2 (Part 1) - : Report of Foreign Currency Liabilities and Claims of Financial Institutions and of their Domestic Customers' Foreign Currency Claims with Foreign Residents	Quarterly – Due no later than the 20th day following the end of each calendar quarter.	$50 million total ($25 million in any one foreign country)

Form BQ-2 (Part 2) - Report of Customers' Foreign Currency Liabilities to Foreign Residents	Quarterly – Due no later than the 20th day following the end of each calendar quarter.	$50 million total (No country limit)
Form BQ-3 - Report of Maturities of Selected Liabilities and Claims of Financial Institutions with Foreign Residents	Quarterly – Due no later than the 20th day following the end of each calendar quarter.	$4 billion total (No country limit)

The instructions for the TIC B Forms can be found here.

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