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## DEPARTMENT OF THE TREASURY

### Proposed Collection; Comment Request

**AGENCY:** Departmental Offices, Treasury.

**ACTION:** Notice and request for comments.

**SUMMARY:** The Department of the Treasury, as part of its continuing effort to reduce paperwork burdens, invites the general public and other Federal agencies to comment on revisions for 2017 of a currently approved information collection that is proposed for approval by the Office of Management and Budget. The Office of International Affairs within the Department of the Treasury is soliciting comments concerning the revision of the Treasury International Capital (TIC) Form SHL/SHLA.

**DATES:** Written comments should be received on or before [insert 60 days after date of publication] to be assured of consideration.

**ADDRESSES:** Direct all written comments to Dwight Wolkow, International Portfolio Investment Data Systems, Department of the Treasury, Room 5422 MT, 1500 Pennsylvania Avenue NW., Washington, DC 20220. In view of possible delays in mail delivery, you may also wish to send a copy to Mr. Wolkow by email ([comments2TIC@do.treas.gov](mailto:comments2TIC@do.treas.gov)) or FAX (202-622-2009). Mr. Wolkow can also be reached by telephone (202-622-1276).

**FOR FURTHER INFORMATION CONTACT:** Copies of the proposed form and instructions are available at Part II of the Treasury International Capital (TIC) Forms Web page “Forms SHL/SHLA & SHC/SHCA”, at: <http://www.treasury.gov/resource-center/data-chart>

*center/tic/Pages/forms-sh.aspx*. Requests for additional information should be directed to Mr. Wolkow.

**SUPPLEMENTARY INFORMATION:**

*Title:* Treasury International Capital (TIC) Form SHL/SHLA, “Foreign-Residents’ Holdings of U.S. Securities, including Selected Money Market Instruments”.

*OMB Control Number:* 1505–0123.

*Abstract:* This form collects foreign-residents’ holdings of U.S. securities. These data are used by the U.S. Government in the formulation of international financial and monetary policies, and for the computation of the U.S. balance of payments accounts and of the U.S. international investment position. These data are also used to provide information to the public and to meet international reporting commitments. The data collection includes large benchmark surveys conducted every five years, and smaller annual surveys conducted in the non-benchmark years. The data collected under an annual survey are used in conjunction with the results of the preceding benchmark survey to make economy-wide estimates for that non-benchmark year. Currently, the determination of who must report in the annual surveys is based primarily on the data submitted during the preceding benchmark survey. The data requested in the annual survey will generally be the same as requested in the preceding benchmark report. Form SHL is used for the benchmark survey of all significant U.S.-resident custodians and U.S.-resident issuers of securities regarding foreign-residents’ holdings of U.S. securities. In non-benchmark years, Form SHLA is used for the annual surveys of primarily the largest U.S.-resident custodians and issuers.

*Current Actions:* No changes in the forms/schedules will be made from the previous survey that was conducted as of June 30, 2016. The proposed changes in the instructions are:

(1) In “Consolidation Rules” (section II.B in the instructions) the first sentence is expanded to list out separately “Intermediate Holding Companies” (IHCs), which are defined by Regulation YY, 12 CFR 252, to clarify that IHCs should follow the same consolidation rules that are applicable to Bank Holding Companies (BHCs), Financial Holding Companies (FHCs), and Savings and Loan Holding Companies.

(2) In “Funds and Related Equity Ownership” (section III.E in the instructions) the illustrative list of fund types in the second paragraph is expanded to list out separately “private funds”, where “private funds” refers to the same class of financial entities that must report to the Securities and Exchange Commission as private funds on Form PF.

(3) In “Funds and Related Equity Ownership” (section III.E in the instructions) the last section, “Direct Investment exception for private funds”, is new, to explain that in TIC reports as of 01 January 2017 and afterwards, investments in private funds, or between the entities of a private fund, are included in TIC surveys regardless of ownership share if they meet BOTH of the following two criteria: (i) 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 foreign parent owns at least 10 percent of the voting interest; and (ii) If the private fund is owned indirectly (through one or more other U.S. business enterprises), so there are no “operating companies” between the foreign parent and the indirectly owned private fund.

(4) In “Stripped Securities” (section III.G in the instructions) the next to last sentence in the second paragraph is revised and reads “In addition, all ‘teddy bears’ (TBRs), ‘tigers’ (TIGRs), ‘cats’ (CATS) and ‘cougars’ (COUGRs) should also be classified as U.S. Treasury securities.”

(5) In “DIRECT INVESTMENT” (section III.I in the instructions) the next to last sentence is

new, refers to proposed change (3) above, and reads “Also, certain cross-border investments by or into private funds where these investments do not involve operating companies (companies that are not other private funds or holding companies) should be reported as portfolio investment on TIC reports rather than on BEA reports as direct Investment (see section III.F).”

(6) In the “Line-by-Line Instructions for Schedule 1” (section IV in the instructions), the reporter type 5 in line 8 is expanded, refers to proposed change (1) above, and reads “5 = Other Financial Organizations (including BHC, FHC & IHC)”.

(7) In the “Line-by-Line Instructions for Schedule 1” (section IV in the instructions), the phrase in parentheses in line 20 is clarified and reads “(records with Schedule 2, Item 18 = security types 1, 2, 3, or 4)”.

(8) In the “Line-by-Line Instructions for Schedule 1” (section IV in the instructions), the phrase in parentheses in line 21 is clarified and reads “(records with Schedule 2, Item 19 = security types 5, 6, 7, 8, 9, 10, or 11)”.

(9) In the “Line-by-Line Instructions for Schedule 1” (section IV in the instructions), the phrase in parentheses in line 22 is clarified and reads “(records with Schedule 2, Item 19 = security type 5, 6, 7, 8, 9, 10, or 11)”.

(10) In the “Line-by-Line Instructions for Schedule 1” (section IV in the instructions), the phrase in parentheses in line 23 is clarified and reads “(records with Schedule 2, Item 20 = security type 12)”.

(11) In the “Line-by-Line Instructions for Schedule 2” (section V in the instructions), the fifth type of issuer in line 11 is expanded, refers to proposed change (1) above, and reads “Enter “5” if the security was issued by all other financial organizations (including BHC, FHC and IHC).”.

(12) In the “Line-by-Line Instructions for Schedule 2” (section V in the instructions), the note for “Type 11” in line 12 is expanded, refers to proposed change (4) above, and reads “Type 11 should include all debt other than asset-backed securities that is not covered in types 5-10, including U.S. Treasury bills, TBRs, TIGRs, CATS and COUGRs.”

(13) In “Appendix E: List of Currency Codes”, some names and/or symbols have been changed/updated, for example Romania, Serbia, Sudan, Turkey, Turkmenistan, Venezuela, and Zambia.

(14) In “Funds and Related Equity Ownership” (section III.E in the instructions), under the subsection “Reporting guidelines for Hedge Funds and other alternative investments”, the list of legal entities is expanded to include fund “administrators”.

(15) The exemption level (the threshold for reporting) for filing schedules 2 and 3 for a benchmark survey is increased from \$100 million to \$200 million.

(16) Some clarifications may be made in other parts of the instructions.

The changes will improve overall survey reporting.

*Type of Review:* Revision of a currently approved data collections.

*Affected Public:* Business/Financial Institutions.

*Form:* TIC SHL/SHLA, Schedules 1 and 2 (1505–0123).

*Estimated Number of Respondents:* An annual average (over five years) of 206, but this varies widely from about 590 in benchmark years (once every five years) to about 110 in other years (four out of every five years).

*Estimated Average Time per Respondent:* An annual average (over five years) of about 168 hours, but this will vary widely from respondent to respondent. (a) In the year of a benchmark survey, which is conducted once every five years, it is estimated that exempt respondents will

require an average of 17 hours; for custodians of securities, the estimate is a total of 321 hours on average, but this figure will vary widely for individual custodians; and for issuers of securities that have data to report and are not custodians, the estimate is 61 hours on average. (b) In a non-benchmark year, which occurs four years out of every five years, it is estimated that the largest custodians of securities will require a total of 486 hours on average; and for the largest issuers of securities that have data to report and are not custodians, the estimate is 110 hours on average. The exemption level for custodians and for end-investors is the holding of less than \$200 million in reportable U.S. securities owned by foreign residents. The exemption level applies only in benchmark years.

*Estimated Total Annual Burden Hours:* An annual average (over five years) of 33,720 hours.

*Frequency of Response:* Annual.

*Request for Comments:* Comments submitted in response to this notice will be summarized and/or included in the request for Office of Management and Budget approval. All comments will become a matter of public record. The public is invited to submit written comments concerning: (a) Whether the Survey is necessary for the proper performance of the functions of the Office of International Affairs within the Department of the Treasury, including whether the information collected will have practical uses; (b) the accuracy of the above estimate of the burdens; (c) ways to enhance the quality, usefulness and clarity of the information to be collected; (d) ways to minimize the reporting and/or record keeping burdens on respondents, including the use of information technologies to automate the collection of the data requested; and (e) estimates of capital or start-up costs of operation, maintenance and purchase of services to provide the information requested.

**Dwight Wolkow,**

*Administrator, International Portfolio Investment Data Systems.*

**Billing**

**Code**

**4810-25-P**

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