

CLIENT MEMORANDUM

U.S. Treasury International Capital Reporting Requirements for Investment Managers

March 9, 2015

AUTHORS

Scott A. Arenare | **Rita M. Molesworth** | **Russell L. Smith** | **Anne Choe**

U.S. investment managers, their parent companies and their investment advisory clients who engage in cross-border transactions may be subject to the U.S. Treasury Department's International Capital ("TIC") reporting requirements.

The purpose of the TIC reporting system is to collect data on cross-border portfolio investment flows and positions between U.S. and non-U.S. residents for various purposes, including U.S. international monetary policy development. Information reported on the TIC forms is shared among the Treasury Department (the "Treasury"), the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York (the "Federal Reserve"). Aggregate data derived from the TIC forms may be published or otherwise disclosed, but individual reports are protected by law from disclosure. Other federal agencies may receive individual report information under the same disclosure protections.

Investment managers that meet or exceed certain reporting thresholds must file the applicable TIC form with the Federal Reserve, which administers the collection of the forms on behalf of the Treasury. The attached chart provides an overview of the TIC forms an investment manager may be required to file on behalf of itself and the funds or accounts that it manages. The TIC forms may require reporting of transactions or internal operations that are recurring or in the ordinary course of business, so the requirements should be carefully reviewed with counsel in the context of an investment manager's activities and operations.

.....

U.S. Treasury International Capital Reporting Requirements for Investment Managers

Continued

Filing the applicable TIC form is mandatory, and there may be civil and criminal penalties for failing to file. To date, however, the Treasury has focused heavily on obtaining broad compliance, and we have not found any public record of the imposition of penalties under the law.

If you have any questions regarding this memorandum, please contact Scott A. Arenare (212-728-8252, sarenare@willkie.com), Rita M. Molesworth (212-728-8727, rmolesworth@willkie.com), Russell L. Smith (202-303-1116, rsmith@willkie.com), Anne Choe (202-303-1285, achoe@willkie.com) or the Willkie attorney with whom you regularly work.

Willkie Farr & Gallagher LLP is an international law firm with offices in New York, Washington, Houston, Paris, London, Frankfurt, Brussels, Milan and Rome. The firm is headquartered at 787 Seventh Avenue, New York, NY 10019-6099. Our telephone number is (212) 728-8000 and our fax number is (212) 728-8111. Our website is located at www.willkie.com.

March 9, 2015

Copyright © 2015 Willkie Farr & Gallagher LLP.

This memorandum is provided by Willkie Farr & Gallagher LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This memorandum may be considered advertising under applicable state laws.

U.S. Treasury International Capital Reporting Requirements for Investment Managers

Continued

Form	Reporting Entity	Data Reported	Filing Deadline	Thresholds
TIC B forms	U.S.-resident financial institutions (including investment advisers and managers, hedge funds, private equity funds, mutual funds and money market funds)	U.S. dollar and foreign currency claims and liabilities of short-term securities	Due monthly on the 15 th calendar day following the last day of the month, or quarterly on the 20 th calendar day following the last day of the calendar quarter	\$50 million total; \$25 million in any one country as of the reporting date (for most TIC B forms)
TIC form SLT	U.S.-resident custodians (including U.S.-resident central securities depositories), U.S.-resident issuers and U.S.-resident end-investors	Holdings of long-term securities by U.S. and non-U.S. residents	Due monthly on the 23 rd calendar day of the month following the reporting date	The total fair market value of reportable long-term securities meets or exceeds \$1 billion on the last business day of a reporting period
TIC form S	U.S.-resident entities that purchase (or sell) long-term securities directly from (or to) foreign residents	Purchases and sales of long-term securities directly from or to non-U.S. residents	Due monthly on the 15 th day following the last business day of the reporting month	The total value of its purchases and sales of (i) U.S. long-term securities by non-U.S. residents and (ii) non-U.S. long-term securities by U.S. residents exceeds \$350 million in any month ¹
TIC form D	U.S.-resident participants in derivatives markets	Holdings of, and transactions in, financial derivatives contracts	Due quarterly on the 50 th calendar day following the end of the reporting quarter	The total notional value of derivatives holdings exceeds \$400 billion as of the reporting date or the total value of net settlements during a quarter exceeds \$400 million

¹ The Treasury raised the exemption level for TIC Form S from \$50 million to \$350 million as of June 30, 2014.