

It's Time Once Again: SHC Report of US Ownership of Foreign Securities Due March 4

February 3, 2022

Every five years, the Department of the Treasury conducts a benchmark survey on the ownership of foreign securities by US residents. Data is collected on Form SHC. Reporting is mandatory for all US resident custodians and US resident end-investors (e.g., funds and investment advisers) who:

- own or manage \$200 million in reportable foreign securities (such as securities issued by a non-US master fund);
- manage, as custodians, the safekeeping of \$200 million in reportable foreign securities for US persons; and
- receive a letter from the Federal Reserve Bank of New York requiring them to report.

Who Is Required to Report?

US resident end-investors include private investment funds, venture capital companies, ETFs, collective investment trusts, mutual funds and other pooled investment funds; foundations; university endowments; public and private pension funds; and insurance companies.

Generally, reporting is the responsibility of the manager or investment adviser of a fund (or other US resident end-investor) it manages. US investment advisers should aggregate the amount of reportable securities they manage across all US clients for determining whether they meet the \$200 million threshold.

What Is the Purpose of This Report?

The purpose of the SHC report is to gather timely and reliable information on the levels and changes in US international portfolio capital positions for the preparation of the official US balance of payments as well as for statistical series compiled and maintained by the International Monetary Fund.

What Is the Deadline to Report?

Data as of December 31, 2021 should be submitted to the Federal Reserve Bank of New York no later than March 4, 2022.

What Are Reportable Foreign Securities?

Only foreign securities are reportable. For these purposes, designation as a foreign security is based on the issuer's country of organization. Securities issued by entities that are established under the laws of a non-US country and all securities issued by international organizations are considered foreign securities.

Reportable foreign securities may be traded in the US or in non-US countries, and may be denominated in any currency, including US dollars. Neither the country in which the securities are traded, nor the currency in

which the securities are denominated, is relevant in determining whether the securities are reportable foreign securities.

What Types of Instruments Are Included and Excluded?

Reportable securities include equities (e.g., common stock, limited partnership interests, LLC interests and equity interests in funds), long-term debt, short-term debt and asset-backed securities.

Certain holdings are exempt from reporting on Form SHC. These include derivative contracts (including futures, forwards, swaps, options and warrants), loans and loan participation certificates, non-negotiable certificates of deposit, bank deposits, and “direct investments.” A “direct investment” includes the ownership of 10 percent or more of the voting equity securities of an incorporated foreign business or an equivalent interest in an unincorporated business enterprise. (However, most 10 percent or more investments in a private fund must be reported based on recent amendments to the Treasury’s definition of a “direct investment.”)

What Is Form SHC?

Treasury International Capital System (TIC) Form SHC is a three-part report:

- Schedule 1 requires basic identifying information about the reporter and summary information about the contents of Schedule 2 and Schedule 3 of Form SHC.
- Schedule 2 of Form SHC requires detailed information regarding foreign securities and is required if the fair value of reportable foreign securities equals or exceeds \$200 million. (US resident end-investors that hold reportable foreign securities through unaffiliated US resident custodians are not required to report those securities on Schedule 2.)
- Schedule 3 requires information regarding the US-resident custodian(s) holding the reportable foreign securities. (A separate Schedule 3 is required for each US custodian holding \$200 million or more in reportable foreign securities.)

Where to Find Additional Information?

Form SHC and related filing instructions are available [here](#).

CONTACTS

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