Guidelines for Preparing an Error-Free Report of U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Forms SHC and SHCA) Common Reporting Errors

Introduction

The following guidelines serve as a supplemental source of information to help ensure data accuracy when preparing the Report of U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Forms SHC and SHCA). These guidelines are primarily based on common reporting errors and the edit process developed and used by the Federal Reserve Bank of New York. However, they should not be used as a substitute for the SHC and SHCA instructions.

<div align="right">

Federal Reserve Bank of New York
Statistics Function
Securities Reports Division
October 2003

</div>

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
1	Reporter Identification Number	Tax identification number reported.	The reporter identification number (also known as the RSSD ID) provided by the FRBNY should be reported. This number typically has three or more leading zeros, which should be included in the reported ID number.
2	Sequence Number	The same number is reported for all records.	Each record should be reported with a distinct sequence number, preferably in sequential order. Data submitted on multiple media for the same reporter identification number are not required to have distinct sequence numbers; however, distinct sequence numbers are useful when identifying and discussing problematic records.
3a and 3b	Reporting Unit and Name of Reporting Unit	Information not provided.	Each record should be reported with a code and description of the part of the organization that is the source of the reported information. Although not required, grouping reported data by reporting unit codes (e.g., by business line, distinct databases, organizational lines) assists in identifying problematic reporting and streamlines the revision process.
4	Security ID	Adjusted security ID reported.	The actual security identification number (e.g., ISIN, CUSIP, Common Code) should be reported without characters appended for internal purposes.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
4	Security ID	Internal security IDs reported for restricted securities.	Restricted securities should be reported using the security ID for the comparable unrestricted security (e.g., ISIN, CUSIP, Common Code)
4	Security ID	Excessive internal security IDs reported.	Internal IDs should be kept to a minimum. IDs from a numbering agency (e.g., ISIN, CUSIP, Common Code) should be reported for securities other than limited partnership shares, certain money market instruments, and possibly other securities not traded on exchanges.
5	Security Description	Information not provided or the information does not describe the security.	Whenever possible, information describing the type of security, dividends, and coupon rate information should be included.
6	Security ID System	IDs from numbering agencies are coded incorrectly, usually as internal IDs.	Security ID systems reported should be checked to ensure they coincide with the structure of the reported security ID (e.g., CUSIPs are nine characters long, ISINs are 12 characters long and the first two characters are alphabetic). In addition, internally generated security IDs should be reviewed to ensure they are coded correctly.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
7	Security Type	Debt securities are reported based on remaining maturity.	The original maturity must be properly determined in order to report the correct security type code. Short-term debt securities have an <u>original</u> maturity of one year or less while long-term debt securities have an <u>original</u> maturity of more than one year.
7	Security Type	Bond funds are reported as debt.	All funds, regardless of the type of securities they own, should be reported as equity (security type 3).
7	Security Type	Convertible debt is reported as equity.	Securities that have an embedded option to convert the security to equity should be reported as debt, security type 10 (if long-term), until the option has been exercised and the debt securities have been converted to equity. Embedded derivatives that are bifurcated under FAS 133 should be excluded from the report. However, if an embedded derivative is not bifurcated the derivative should be included in the value of the host contract.
8	Depositary Receipt/Share	Information not provided for equity securities.	All equity securities should be identified as a depositary receipt/share or the actual foreign equity security (i.e., not a depositary receipt/share).
8	Depositary Receipt/Share	Debt securities are reported as depositary receipts/shares.	For debt securities, this item should be left blank or defaulted to not a depositary receipt/share.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
9	Name of Issuer	Information not provided or the information does not indicate the issuer's name.	Whenever possible, the full legal name of the issuer should be included. Names of bank branches should include the location of the issuing branch.
11	Country of Issuer	Incorrect codes reported, e.g., IRS codes.	The country codes listed in Appendix D of the instructions must be used. These codes are the same as the country codes used on the Treasury International Capital (TIC) reports.
11	Country of Issuer	Securities issued by international and regional organizations are classified based on where the headquarters are located.	International and regional organizations should always be classified as foreign organizations, even if the headquarters are located in the United States (e.g., the World Bank/IBRD). In addition, country code 79995 should be used to identify securities issued by any international and regional organization. For example, country code 79995 should be used to identify securities issued by the European Investment Bank and not the country code for Luxembourg where the headquarters are located. A list of all international and regional organizations is in Appendix E of the instructions.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
11	Country of Issuer	Securities issued by organizations that have recently incorporated outside of the United States and by organizations located in Canada are classified as U.S. securities.	All organizations that are incorporated outside of the United States on the report as-of date should be classified as foreign organizations.
11	Country of Issuer	United States is reported as the country of issuer for depositary receipts/shares.	When reporting depositary receipts/shares, the country of issuer should be the country where the issuer of the underlying foreign security is incorporated (located). (This exception only applies to depositary receipt/share reporting.)
11	Country of Issuer	Securities issued by Puerto Rican organizations are classified as foreign securities.	For purposes of this report, securities issued by organizations incorporated (located) in Puerto Rico and the U.S. territories should be classified as U.S. securities and excluded from this report. A complete list of U.S. territories is in the definition of United States in Appendix H of the instructions.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
11	Country of Issuer	Country codes 01007 and 1007 are reported as country of issuer.	The country codes for United States are 01007 and 1007. These codes should not be reported as the country of issuer of foreign securities. These securities should be coded with the appropriate foreign country code or excluded from the report if they represent securities issued by U.S.-resident organizations.
11	Country of Issuer	Country where security trades or country where the guarantor resides is reported as country of issuer.	The country where the issuer of the foreign security is incorporated (located) determines the country to be reported in the country of issuer item. Where the security is issued, where the security trades, and where the guarantor is located do not factor into this determination.
12	Currency of Denomination	Information not provided when the currency is US$.	A currency must be provided for all securities. If denominated in US$ the code USD must be reported.
12	Currency of Denomination	The currency reported is defaulted to match the currency of the reported country of issuer.	Currency and country of issuer are independent fields. The actual currency of denomination of each security should be reported and not the currency of the reported country of issuer.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
13	Ownership Code	Securities that are in the reporting organizations own portfolio are reported with ownership code 6 (unknown).	All securities that are owned by the reporting organization should be reported with ownership code 1 (reporting as the owner of this security).
14a	US$ Fair (Market) Value of Security Held	The fair (market) value is calculated incorrectly.	Report the fair (market) value of securities as of close of business December 31. The fair (market) value follows the definition of FAS 115. If the fair (market) value or market price is not available as of December 31, use the fair (market) value or market price that is closest to December 31. If there is doubt as to whether to report the valuation available or to report zero, please contact FRBNY report staff.
14a	US$ Fair (Market) Value of Security Held	The fair (market) value is converted to US$ incorrectly.	If the exchange rate is quoted in units of foreign currency per US$, divide the fair (market) value in currency of denomination (line 14b) by the exchange rate to obtain the US$ value for line 14a. If the exchange rate is quoted in US$ per units of foreign currency, multiply the fair (market) value in currency of denomination (line 14b) by the exchange rate to obtain the US$ value for line 14a.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
14a	US$ Fair (Market) Value of Security Held	The fair (market) value is converted to US$ using the incorrect exchange rate.	The spot exchange rate as of close of business December 31 should be used to convert each foreign currency fair (market) value to the US$ equivalent.
14b	Fair (Market) Value of Security Held Denominated in the Currency of Issue	Information not provided when the currency is US$.	The fair (market) value of security held denominated in the currency of issue must be provided for all securities. If denominated in US$ the value in line 14b will be equal to the value reported in line 14a.
14b, 17, 20, 21	Fair (Market) Value, Face Value, Original Face Value, and Remaining Principal Outstanding Denominated in the Currency of Issue	The currency that the reported value is denominated in is different from the reported currency of denomination.	The foreign currency items should be reported consistently. For example, if a reporter always reports the currency code as US$ because it is believed that the organization's database only stores the US$ equivalent face value, then this would be incorrect if the reported face value is denominated in a currency other than US$.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
14b, 17, 20, 21	Fair (Market) Value, Face Value, Original Face Value, and Remaining Principal Outstanding Denominated in the Currency of Issue	The currency of the value reported (e.g., market value) is different from the currency used for other values reported (e.g., face value).	The foreign currency items should be reported consistently. For example, if the reported market value of a security originally denominated in a Euro legacy currency has been converted to Euros, the corresponding face value should also be reported denominated in Euros.
14b	Fair (Market) Value of Security Held Denominated in the Currency of Issue	The fair (market) value for asset-backed securities is overstated because the original face value is used in the computation rather than remaining principal outstanding.	The fair (market) value denominated in currency of issue for asset-backed securities is calculated by multiplying the remaining principal outstanding in currency of issue by its quoted December 31 market price.
15	Zero US$ Fair (Market) Value	Information not provided when the US$ Fair (Market) Value is zero.	A reason should be provided explaining why securities have been reported with a zero US$ fair (market) value.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
15	Zero US$ Fair (Market) Value	Securities with a reported US$ Fair (Market) Value greater than zero are reported as impaired or thinly traded.	This item should be left blank for all securities that have a reported US$ fair (market) value greater than zero.
17	Face Value in Currency of Denomination	Number of units held is reported rather than the face value held.	If a security is traded in units, calculate the total face value by multiplying the number of units held by the face value of each unit.
19	Maturity Date	The next call date is reported rather than the final maturity date.	The original, final maturity date should be reported rather than interim call or repricing dates.
20	Original Face Value in Currency of Denomination	Number of units held is reported rather than the original face value held.	If a security is traded in units, calculate the total face value by multiplying the number of units held by the face value of each unit.
21	Remaining Principal Outstanding in Currency of Denomination	Number of units held is reported rather than the remaining face value held.	If a security is traded in units, calculate the total remaining principal outstanding by multiplying the number of units held by the remaining value of each unit.

Schedule 2 Common Reporting Problems

Line Number	Item Description	Common Error	Correct Reporting
21	Remaining Principal Outstanding in Currency of Denomination	The remaining principal outstanding is calculated incorrectly.	Calculate the remaining principal outstanding by multiplying the original face value by the factor value as of close of business December 31.