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# TIC S & SLT Report Merger

Expected changes and  
considerations

## Executive summary

The regulatory reporting landscape continues to face challenges as a result of new and evolving regulations and reporting requirements. Interestingly, the Treasury International Capital (TIC) Purchases and Sales of Long-Term Securities by Foreigners (TIC S) and the Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents (TIC SLT) reports have not experienced significant changes since their inception; however, regulators have recently identified a need to capture changes in fair value of long-term securities holdings.

**To address this, regulators are implementing two major changes:**

1. Create, for the first time, a data collection of “changes in fair value” for the TIC securities data.
2. Obtain the three main data types, i.e., 1) holdings, 2) purchases and sales and 3) change in fair value, from the same source.



The TIC SLT is a report collected by the Federal Reserve Bank of New York (FRBNY) on behalf of the U.S. Treasury, which gathers data from U.S.-resident reporters on foreign-resident holdings of long-term U.S. securities, and on U.S.-resident holdings of long-term foreign securities. Similarly, the TIC S is a report which collects information on cross-border purchases and sales of long-term domestic and foreign securities by foreigners in transactions with U.S.-residents.

As the industry braces for the impact of this change to reporting processes, there is a clear need to assess the effect of these changes to ensure consistent and reliable data quality and accuracy. In this brief, you will gain a better understanding of upcoming changes, reporting challenges and other key considerations where we can help develop strategies to handle what comes next.

## Changes

In May 2021, the Federal Register Notice announced the initiative to combine the TIC S and TIC SLT into a singular form TIC SLT for data collection to compile holdings, purchases and sales, and change in fair value data for reportable securities in one report. The changes to the TIC SLT report can be categorized into three main areas: 1) reporting responsibility, 2) reporting perspective and 3) report form structure.

### Reporting responsibility

Reporters are required to continue following current reporting instructions and file the existing TIC S and TIC SLT reports through the October 2022 as-of date, with submissions due in November 2022.

Once reports are merged and effective **as of November 2022**, the new TIC SLT report will be **due in December 2022**. Specifically, the new TIC SLT report will be due to the FRBNY on the 23rd calendar day following the as-of date, retaining the current TIC SLT reporting deadline. The TIC S report will still be required to be filed in parallel for three months until February 2023, pending possible adjustments from the FRBNY and the U.S. Treasury.

When the new TIC SLT report takes effect, purchases and sales data brought over from the TIC S report into the new TIC SLT report should be reported by the custodian, issuer, or end-investor on an aggregate level. When the overlap period ends, after the January 2023 as-of date, traders, including broker-dealers, prime brokers and principal trading firms, no longer have a reporting responsibility, thus effectively decommissioning the TIC S report.

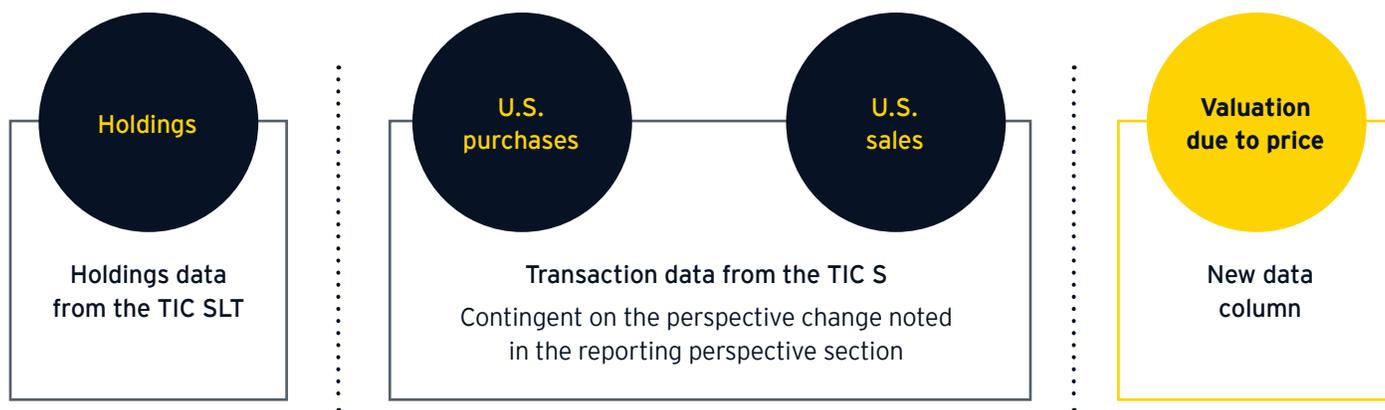
### Reporting perspective

While the TIC S data are being merged into the new TIC SLT report, an important change to note is that purchases and sales of U.S. and foreign securities data will be reported from the **U.S.-resident perspective on the new TIC SLT report**. This guidance is a change from previous TIC S guidance which required data to be reported from the foreign-resident perspective.

## Report form structure

The holdings data column, as well as the U.S. purchases and U.S. sales data columns collected in the new TIC SLT report will remain consistent with the existing TIC SLT and TIC S reports, respectively, contingent on the perspective change noted in the reporting perspective section. The newly added “valuation due

to price” data column, will capture fluctuations between the prior and current as-of dates for all reportable securities. The following visual depicts the new TIC SLT columns as they relate to the existing reports.



In addition, the new TIC SLT report is no longer divided into parts A and B, where previously a custodian reported data in part A and an issuer and/or end-investor reported data in part B. In the new TIC SLT report, the reporter must check one or both of the two new boxes in the top-center section of the cover page to specify the type of filer:

- Report filed as a U.S.-resident custodian
- Report filed as a U.S.-resident issuer and/or end-investor

## Challenges and considerations

With the implementation of this new TIC SLT report, there are multiple challenges that arise. Industry challenges include the newly added valuation due to price column interpreting reporting responsibility and consolidation rules, and data reconciliation/guidelines:

1. Reporters are looking to confirm their understanding on the newly added valuation due to price column. These data have not been previously collected by the FRBNY on any TIC reports; therefore, it is important for reporters to have a comprehensive understanding of reporting requirements for this new column including sourcing, timing and completeness.
2. Since the TIC S report will eventually be decommissioned, there is a need for reporters to understand how to correctly report transaction data on the new TIC SLT report. Currently, traders, including broker-dealers, prime brokers and principal trading firms, are responsible

for reporting transaction data in the TIC S report. Once the new TIC SLT report is effective, custodians, issuers, or end-investors will have the reporting responsibility. Given the change in reporting responsibility, there is a need to understand the impact on reporting separately managed accounts and U.S. sponsored accounts holding foreign securities before preparing data for submission.

3. Lastly, as the TIC S and TIC SLT reports are being combined, there is a need to evaluate and potentially implement new tools and processes to effectively reconcile data from both reports and ensure accurate reporting on the new TIC SLT report.

While the FRBNY may update reporting guidance following the three-month parallel TIC SLT and TIC S filing period, reporters should work to complete their understanding of all changes ahead of the first filing of the new TIC SLT report. Reporters should also evaluate their current reporting environment, including existing data sources, technology and reporting processes in order to ensure data quality. For any interpretative questions, EY subject-matter advisors can aid in completing understanding and implementing the TIC SLT reporting changes.

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To learn more about how the changing regulatory reporting environment might affect your organization and how Ernst & Young LLP can help, please contact one of our professionals:



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