

INSTRUCTIONS

Purpose — Reports on this form are required in order to provide reliable and up-to-date information on foreign direct investment in the United States.

Authority — Reports on Form BE-606B are mandatory under Section 5(b)(2) of the International Investment Survey Act of 1976 (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3104 — hereinafter "the Act"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Federal Reports Act (Public Law No. 813, 77th Congress).

Penalties — Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both. (See Section 6 of the Act, 22 U.S.C. 3105.)

Confidentiality — The information filed in this report may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

DEFINITIONS

United States, when used in a geographic sense, means the several states, the District of Columbia, the Commonwealth of Puerto Rico, and all territories and possessions of the United States.

Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

Person means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency).

Foreign person means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

Foreign direct investment in the United States means the ownership or control, directly or indirectly, by one foreign person of 10 per centum or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise, including a branch.

Branch means the operations or activities conducted by a person in a different location in its own name rather than through an incorporated entity.

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

U.S. affiliate means an affiliate located in the United States in which a foreign person has a direct investment.

Foreign parent means the first foreign person in the ownership chain of the U.S. affiliate.

Affiliated foreign group means (i) the foreign parent, (ii) any foreign person, proceeding up the foreign parent's ownership chain, which owns more than 50 per centum of the person below it up to and including that person which is not owned more than 50 per centum by another foreign person, and (iii) any foreign person, proceeding down the ownership chain(s) of each of these members, which is owned more than 50 per centum by the person above it.

Foreign affiliate of foreign parent means, with reference to a given U.S. affiliate, any member of the affiliated foreign group owning the affiliate that is not a foreign parent of the affiliate.

U.S. corporation means a business enterprise incorporated in the United States.

Business enterprise means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate.

Banking includes business enterprises engaged in deposit banking, Edge Act corporations engaged in international or foreign banking, U.S. branches and agencies of foreign banks whether or not they accept domestic deposits, and bank holding companies, i.e., holding companies for which over 50 percent of their total income is from banks which they hold.

Who must report — Except as exempted below, Form BE-606B is required from every unincorporated U.S. banking branch or agency in which a foreign person had a direct and/or indirect ownership interest of 10 percent or more at any time during the reporting period. The report is to cover direct transactions and positions between the unincorporated U.S. banking branch or agency (U.S. affiliate) and the foreign parent. Related forms for reporting foreign direct investment in the U.S. are:

BE-605 Transactions of U.S. Affiliate, Except an Unincorporated Bank, with Foreign Parent

BE-607 Industry Classification Questionnaire

Reports are required even though the foreign person's equity interest in the U.S. business enterprise may have been established, acquired, liquidated, sold, or inactivated during reporting period.

NOTE: Each unincorporated U.S. banking affiliate must file a Form BE-606B. Two or more unincorporated U.S. banking affiliates owned by the same foreign person may file a single Form BE-606B combining their reportable transactions provided written permission has been requested from and granted by BEA.

Multiple foreign parents — Where two or more foreign persons hold reportable equity interests in an unincorporated U.S. banking affiliate, a separate report should be filed to report the transactions or accounts with each foreign parent.

Exemption — A U.S. affiliate is not required to file a report if each of the following three items for the U.S. affiliate (not the foreign parent's share) is less than \$10,000,000.

- (1) Total assets,
- (2) Annual sales or gross operating revenues, excluding sales taxes (not gross margin), and
- (3) Annual net income (loss) after provision for U.S. income taxes.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a U.S. affiliate's total assets, sales or net income exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

NOTE: If any one of the three items above exceeds the exemption level, either positive or negative, the U.S. affiliate must report. Since these items are not reported on Form BE-606B, a U.S. affiliate claiming exemption from filing a given report must furnish a certification as to the levels of these three items.

Filing of report — Form BE-606B is a quarterly report. A single copy of each report should be sent to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-50 (IN), Washington, D.C. 20230, within 30 days after the close of each calendar (or fiscal) quarter, except for the report following the end of the calendar (or fiscal) year, when reports may be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions should be directed to the above address.

Data to be reported on this form and relationship to Treasury International Capital Reporting Forms BQ-1, BQ-2, BL-1, BL-2, and BC — Only positions and transactions relating to the foreign parent's permanent invested capital in the U.S. affiliate are to be reported on this form in items 6, 7, 9, 10, and 12, and these amounts must not be reported on Treasury International Capital Reporting Forms.

SPECIFIC INSTRUCTIONS

Currency amounts should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between \pm \$500 enter "0". Use parentheses to indicate negative numbers.

Estimates may be provided where necessary in order to file a timely report.

Item 5. Industry classification refers to the BEA 3-digit industry codes given in the Industry Classification Questionnaire, Form BE-607.

Item 8. The amount entered should represent the foreign parent's equity in the U.S. affiliate's net income (loss) for the quarter after provision for U.S. income taxes. (Do not report net income on a cumulative basis.) The income statement underlying this and related items should be on the "all inclusive" basis.

Items 13 and 14. Net unrealized and realized capital gains (losses) include net capital gains (losses) resulting from changes in U.S. affiliate's foreign currency denominated assets and liabilities due to changes in foreign exchange rates during the period, net unrealized capital gains (losses), which are recognized, resulting from revaluations of assets, and net realized capital gains (losses) resulting from disposition of assets such as the sale of investment securities or property, plant, or equipment items. All gains (losses) should be included in net income, item 8, and therefore, should be shown in item 13; if, for some reason, they were not included in net income but were included in item 9 or item 10, enter the amount in item 14.

FORM BE-606B
(REV. 2-84)

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

**TRANSACTIONS OF U.S. BANKING BRANCH
OR AGENCY WITH FOREIGN PARENT**

**MANDATORY
CONFIDENTIAL QUARTERLY REPORT**

This report is required by law - Section 5(b)(2), P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3104. Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both.

RETURN TO

U.S. Department of Commerce
Bureau of Economic Analysis, BE-50 (IN)
Washington, D.C. 20230

IMPORTANT - Report data according to books of U.S. affiliate. Read instructions on reverse side before completing this form. REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS.

I. IDENTIFICATION

1. Report for quarter ending			If revised, mark here	BEA USE ONLY												
MONTH	DAY	YEAR		<input type="checkbox"/>												
			<input type="checkbox"/>	3												
2. Name and address of U.S. affiliate																
3. Name of foreign parent																
4. Country of location of foreign parent														BEA USE ONLY		
														004	1	
5. If U.S. affiliate's industry classification has changed, mark here and complete Form BE-607, Industry Classification Questionnaire.																
														05	1	

II. TRANSACTIONS WITH FOREIGN PARENT

Note: Only positions and transactions relating to the foreign parent's permanent invested capital in the U.S. affiliate are to be reported on this form in items 6, 7, 9, 10, and 12, and these amounts must not be reported on Treasury International Capital Reporting Forms BQ-1, BQ-2, BL-1, BL-2, and BC.

		Amount					
		Bil.	Mil. Thou.	Dols.			
6. Foreign parent's permanent invested capital in the U.S. banking affiliate at beginning of quarter. This would normally consist of capital allocated to the U.S. affiliate, special reserves out of net income, and net income not yet distributed.	06	1					
7. Transfer of permanent invested capital to U.S. affiliate by the foreign parent during quarter	07	1					
8. Foreign parent's equity in U.S. affiliate's quarterly net income (loss) after provision for U.S. income taxes. Amounts shown in items 16 through 19 should already be included as reductions to income.	08	1					
9. Other additions to permanent invested capital	09	1					
Less:							
10. Return of permanent invested capital to foreign parent by U.S. affiliate and other deductions from permanent invested capital	10	1					
11. Income remitted to the foreign parent	11	1					
12. Foreign parent's permanent invested capital in the U.S. banking affiliate at end of quarter. This would normally consist of capital allocated to the U.S. affiliate, special reserves out of net income, and net income not distributed. (Equals items 6 + 7 + 8 + 9 - 10 - 11)	12	1					
Foreign parent's equity in U.S. affiliate's net unrealized and realized capital gains (losses)							
13. Included in income, item 8. Show losses in parentheses ().	13	1					
14. Excluded from income, item 8, but included in investment in item 9 or 10. Show losses in parentheses ().	14	1					
15. Gain (loss) on sale or liquidation of U.S. affiliate. Specify whether gain or (loss). Foreign parent's charges to U.S. affiliate, less U.S. affiliate's charges to the foreign parent, during quarter. Report net negative charges in parentheses ().	15	1					
16. Interest on permanent invested capital reported in items 6 and/or 12	16	1					
17. Royalties, license fees, and other fees for use or sale of intangible property	17	1					
18. Charges for use of tangible property	18	1					
19. Fees for services rendered including fees for management, professional, or technical services, and allocated expenses	19	1					
				BEA USE ONLY →	20	1	

PERSON TO CONSULT CONCERNING QUESTIONS ABOUT THIS REPORT

Name and Address

TELEPHONE NUMBER

Area code Number Extension

CERTIFICATION

The U.S. affiliate, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct to the best of their knowledge and belief.

Authorized official's signature	Title	Date

TRANSACTIONS OF U.S. AFFILIATE, EXCEPT AN UNINCORPORATED BANK, WITH FOREIGN PARENT

MANDATORY CONFIDENTIAL QUARTERLY REPORT

This report is required by law - Section 5(b)(2), P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3104. Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both.

RETURN TO U.S. Department of Commerce Bureau of Economic Analysis, BE-50(IN) Washington, D.C. 20230

NOTE: If item 7 is marked, only Parts III and IV should be completed (to report direct transactions of the U.S. affiliate with the foreign parent) and Parts VII and VIII, as applicable.

IMPORTANT: This report covers items received from, paid to, or entered into intercompany accounts with the foreign parent, and its foreign affiliates. Report items according to books of U.S. affiliate, except in Part V which is to be reported at transactions value, with a reconciliation to book value.

I. IDENTIFICATION
1. Report for quarter ending (Month, Day, Year)
2. Name and address of U.S. affiliate
3. U.S. affiliate named in item 2 is (Mark one)
4. Name of foreign parent of U.S. affiliate
5. Country of foreign parent of U.S. affiliate
6. Only a direct equity interest in the U.S. affiliate (as consolidated)
7. Only an indirect equity interest in the U.S. affiliate through another U.S. affiliate
8. Both a direct and an indirect equity interest in the U.S. affiliate
9. If either item 7 or 8 is marked, identify below the U.S. affiliate(s) directly owned by the foreign parent named in item 4 above.
10. If U.S. affiliate's industry classification has changed, mark here

V. CHANGE DURING THE QUARTER IN FOREIGN PARENT'S EQUITY IN U.S. AFFILIATE. Exclude changes caused by carrying net income to the equity account, the payment of stock or cash dividends (other than liquidating dividends), or the distribution of earnings during the period.

Table with columns: Item, Description, Amount (Bil. Mil. Thou. Dols.). Rows include: 27. Establishment of affiliate by foreign parent, 28. Purchase of capital stock by foreign parent, 29. Additional equity capital contributed by foreign parent, 30. Total liquidation of affiliate by foreign parent, 31. Sale of capital stock by foreign parent to incorporated affiliate, 32. Return of contributed equity capital to foreign parent, 33. U.S. persons other than the U.S. affiliate, 34. All other foreign persons, 35. U.S. persons other than the U.S. affiliate, 36. All other foreign persons, 37. Increase (decrease) at transactions value of changes in equity holdings, 38. Approximate book value on the date of the transaction(s).

VI. FOREIGN PARENT'S SHARE IN ANNUAL INCOME AND EQUITY POSITION OF THE U.S. AFFILIATE - COMPLETE ONCE A YEAR

39. U.S. affiliate's calendar (or fiscal) year ending date
40. Foreign parent's percentage of equity ownership interest in the U.S. affiliate at end of year. Enter to tenth of one percent
41. Foreign parent's equity in U.S. affiliate's annual net income (loss) after provision for U.S. income taxes
42. Total investment - Sum of items 43 through 45
43. Common and preferred stock and additional paid-in capital of U.S. affiliate
44. Retained earnings - compute on a basis consistent with item 40 and the items in Part II
45. Other equity accounts - Specify
46. Foreign parent's share of total owners' equity at end of year

VII. Does the U.S. affiliate (as consolidated) have direct transactions or accounts with foreign affiliates of the foreign parent identified in item 4? Mark one:

047 1 1 Yes (If the answer is "Yes," complete page 2 of this form)
1 2 No

II. FOREIGN PARENT'S EQUITY IN U.S. AFFILIATE'S:
Table with columns: Item, Description, Current quarter (Bil. Mil. Thou. Dols.), Preceding quarter (Bil. Mil. Thou. Dols.). Rows include: 11. Quarterly net income (loss) after provision for U.S. income taxes - foreign parent's share only, 12. Included in item 11, 13. Taken directly to retained earnings or surplus account, 14. Dividends on common and preferred stock excluding stock dividends - gross amount, 15. Tax withheld on dividends, 16. Dividends on common and preferred stock - Net amount, 17. Earnings distributed, whether out of current earnings (items 11 and 13) or past earnings.

III. REPORT ALL DIRECT PAYMENTS TO AND RECEIPTS FROM FOREIGN PARENT IDENTIFIED IN ITEM 4 BY U.S. AFFILIATE (AS CONSOLIDATED). Report items 18 through 22 after any tax withheld
Table with columns: Item, Description, Payments by U.S. affiliate (Bil. Mil. Thou. Dols.), Receipts by U.S. affiliate (Bil. Mil. Thou. Dols.). Rows include: 18. Interest, including interest on capital leases, 19. Royalties, license fees, and other fees for the use or sale of intangible property, 20. Rentals for use of tangible property, 21. Film and television tape rentals, 22. Fees for services rendered, including fees for management, professional, or technical services, R&D assessments, and allocated expenses.

IV. DEBT AND OTHER INTERCOMPANY ACCOUNT BALANCES BETWEEN THE U.S. AFFILIATE AND THE FOREIGN PARENT. Report all direct transactions with the foreign parent identified in item 4.
Table with columns: Item, Description, End of quarter (Bil. Mil. Thou. Dols.), Beginning of quarter (Bil. Mil. Thou. Dols.). Rows include: 23. Owed by U.S. affiliate to foreign parent, 24. Due to U.S. affiliate from foreign parent, 25. Owed by U.S. affiliate to foreign parent, 26. Due to U.S. affiliate from foreign parent.

PERSON TO CONSULT CONCERNING QUESTIONS ABOUT THIS REPORT
Name and address for mailing purposes
TELEPHONE NUMBER (Area code, Number, Extension)

CERTIFICATION
The U.S. affiliate, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.
Authorized official's signature, Title, Date

INSTRUCTIONS

Purpose — Reports on this form are required in order to provide reliable and up-to-date information on foreign direct investment in the United States.

Authority — Reports on Form BE-605 are mandatory under Section 5(b)(2) of the International Survey Act of 1976 (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3104 — hereinafter "the Act"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Federal Reports Act (Public Law No. 831, 77th Congress).

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DEFINITIONS

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Foreign person means any person resident outside the United States or subject to the jurisdiction of a country other than the United States.

Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

Foreign direct investment in the United States means the ownership or control, directly or indirectly, by one foreign person of 10 per centum or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise, including a branch.

Branch means the operations or activities conducted by a person in a different location in its own name rather than through an incorporated entity.

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

U.S. affiliate means an affiliate located in the United States in which a foreign person has a direct investment.

Foreign parent means the first foreign person in the ownership chain of the U.S. affiliate.

Affiliated foreign group means (i) the foreign parent, (ii) any foreign person, proceeding up the foreign parent's ownership chain, which owns more than 50 per centum of the person below it up to and including that person which is not owned more than 50 per centum by another foreign person, and (iii) any foreign person, proceeding down the ownership chain(s) of each of these members, which is owned more than 50 per centum by the person above it.

Foreign affiliate of foreign parent means, with reference to a given U.S. affiliate, any member of the affiliated foreign group owning the affiliate that is not a foreign parent of the affiliate.

U.S. corporation means a business enterprise incorporated in the United States.

Business enterprise means any organization, association, branch, or venture which exists for profitmaking purposes or to otherwise secure economic advantage, and any ownership of any real estate.

Banking includes business enterprises engaged in deposit banking, Edge Act corporations engaged in international or foreign banking, U.S. branches and agencies of foreign banks whether or not they accept domestic deposits, and bank holding companies, i.e., holding companies for which over 50 percent of their total income is from banks which they hold. (U.S. branches of foreign banks are U.S. persons; conversely foreign branches of U.S. banks are foreign persons.)

GENERAL INSTRUCTIONS

Who must report — Except as exempted below, a Form BE-605 is required from every U.S. business enterprise, except an unincorporated bank, in which a foreign person had a direct and/or indirect ownership interest of 10 percent or more of the voting stock if an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise at any time during the reporting period. Note, however, that a U.S. affiliate that is indirectly foreign owned and has no direct transactions or positions with a foreign parent (or foreign affiliate of the foreign parent) at any time during the year is exempt from filing a Form BE-605 provided a claim for exemption from filing this report is (or has been) filed. Related forms for reporting foreign direct investment in the United States are:

- BE-606B Transactions of U.S. Banking Branch or Agency with Foreign Parent
- BE-607 Industry Classification Questionnaire

Reports are required even though the foreign person's equity interest in the U.S. affiliate may have been established, acquired, liquidated, sold, or inactivated during the reporting period.

Consolidated reporting by U.S. affiliate — A U.S. affiliate shall file on a fully consolidated basis, including in the consolidation all other U.S. affiliates in which it directly or indirectly owns more than 50 percent of the outstanding voting interest. (Foreign subsidiaries of the U.S. affiliate are not to be included in the consolidation, except as provided below under the equity method of accounting.) However, separate reports may be filed where a given U.S. affiliate is not normally consolidated due to unrelated operations or lack of control, provided written permission has been requested from and granted by BEA.

A listing of the names and addresses of the U.S. affiliates included in the consolidation must be provided with the first filing and then updated as changed on a quarterly basis. The list should indicate each U.S. affiliate's direct owner and the percentage of direct ownership interest held.

NOTE: If a U.S. affiliate in a consolidated group is both directly and indirectly owned by the same foreign parent, the foreign parent's indirect equity interest and any direct transactions or positions between the affiliate and its foreign parent should be included in the report for the consolidated group. A separate BE-605 must be filed to report the foreign parent's direct equity interest. However, items 18 through 26 and Parts VII and VIII should not be completed since those data should be included in the report for the consolidated group.

Equity method of accounting — Investments by the U.S. affiliate in business enterprises not included in the consolidation and which are 20 percent or more owned should be accounted for following the equity method of accounting when computing net income.

Multiple foreign parents — Where two or more foreign persons hold reportable equity interests in a U.S. affiliate, a separate report must be filed to report transactions or accounts with each foreign parent. Note, however, that transactions or accounts with foreign affiliates of a foreign parent, whether located in the same or in a different foreign country as the foreign parent, should not give rise to separate reports but should be entered in Part VIII (on page two) of the form for that foreign parent.

Exemption — A U.S. affiliate is not required to file a report if each of the following three items for the U.S. affiliate (not the foreign parent's share) is less than \$10,000,000.

- (1) Total assets,
- (2) Annual sales or gross operating revenues, excluding sales taxes (not gross margin), and
- (3) Annual net income (loss) after provision for U.S. income taxes.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a U.S. affiliate's total assets, sales or net income exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

NOTE: If any one of the three items above exceeds the exemption level, either positive or negative, the U.S. affiliate must report. Since these items are not reported on Form BE-605, a U.S. affiliate claiming exemption from filing a given report must furnish a certification as to the levels of these three items.

Filing of report — Form BE-605 is a quarterly report. A single copy of each report should be sent to: U.S. Department of Commerce, Bureau of Economic Analysis, BE-50 (IN), Washington, D.C. 20230, within 30 days after the close of each calendar (or fiscal) quarter, except for the final quarter of the calendar (or fiscal) year, when reports may be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification to the reporting requirements or instructions should be directed to the above address.

Special note for U.S. affiliates that are incorporated banks: Data to be reported on this form and relationship to Treasury International Capital Reporting Forms BQ-1, BQ-2, BL-1, BL-2, and BC — For U.S. affiliates that are incorporated banks, items 23, 24, and 26 should be blank, item 25 should reflect only those amounts that the U.S. affiliate considers to be permanent invested debt capital by the foreign parent, and item 18, column 1, should include only interest payments that relate to this capital. Parts VII and VIII are not applicable. The permanent invested debt capital and the foreign parent's equity investment in the U.S. affiliate (Parts IV and V) must not be reported on the Treasury International Capital Reporting Forms.

INSTRUCTIONS - Continued

SPECIFIC INSTRUCTIONS

Currency amounts should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between \pm \$500 enter "0". Use parentheses to indicate negative numbers.

Estimates may be provided where necessary in order to file a timely report.

A U.S. affiliate that is only indirectly foreign owned (item 7 must be marked), and that is required to file a separate report on Form BE-605 because it has direct transactions or positions with the foreign parent or foreign affiliates of the foreign parent, should complete only the following Parts as applicable:

PART I; PART III; PART IV; PART VII; and PART VIII.

All U.S. affiliates (except banks), whether directly or indirectly foreign owned, must complete Part VIII, page 2, if the U.S. affiliate has direct transactions with foreign affiliates of the foreign parent. A U.S. affiliate which is a bank should not complete Part VIII.

Item 10. Industry classification refers to the BEA 3-digit industry codes as given in the Industry Classification Questionnaire, Form BE-607.

Item 11. Net income should be reported on a quarterly basis, not on a cumulative basis. Net income for the period shown in item 1 should be entered in column 1. Column 2 should be used to correct data that were incorrect or were not given in the preceding report. Do not delay filing because current quarter data are not available. Estimates may be used where necessary.

The amount entered should represent the foreign parent's equity; based on its directly held equity interest, in the U.S. affiliate's net income (loss) for the quarter, before provision for common and preferred dividends and before any deduction for U.S. withholding taxes on dividends, but after provision for U.S. income taxes. The income statement underlying this and related items should be on the "all inclusive" basis. U.S. affiliates in extractive industries should report net income before depletion charges, except charges representing the amortization of the actual cost of capital assets.

Net income should include, on an equity basis, the U.S. affiliate's share in the net income of all business enterprises owned by it to the extent of 20 percent or more.

If this report is for the U.S. affiliate's direct transactions or accounts with a foreign parent which does not hold a direct equity interest, the foreign parent's share in net income should be zero. If the foreign parent holds both a direct and an indirect equity interest, only the share representing the direct equity interest should be given in this item.

Items 12-13. Net unrealized and realized capital gains (losses) include net capital gains (losses) resulting from changes in the U.S. affiliate's foreign currency denominated assets and liabilities due to changes in foreign exchange rates during the period, net unrealized capital gains (losses), which are recognized, resulting from revaluation of assets, and net realized capital gains (losses) resulting from disposition of assets such as the sale of investment securities or property, plant, or equipment items. All gains (losses) should be included in net income, item 11, and therefore, should be shown in item 12; if for some reason, they were not included in net income, but were taken directly to retained earnings or a surplus account, enter the amount in item 13.

Items 14-22. Enter amounts as of the date they were either received, paid, or entered into intercompany accounts between the payor and payee, whichever occurred first. Include amounts for which payment was made in kind. For an item entered into intercompany account in, or prior to, the reporting period, in order to avoid duplication, any subsequent settlement of the account should not be reflected again in such item but should be reflected only as a reduction in intercompany account. Banks should exclude interest and fees relating to the items reportable on the Treasury International Capital Reporting Forms. Stock dividends should not be included in item 14.

Item 17. Enter foreign parent's share of an unincorporated U.S. affiliate's distributed earnings, whether out of current or past quarters.

Item 20. Receipts or payments for use of tangible property include rentals for operational leases of one year or less and net rent on operational leases of more than one year which have not been capitalized. Net rent is equivalent to the total lease payment less the return of capital (depreciation) component.

Items 23-26. Include all intercompany accounts or indebtedness of the U.S. affiliate with the foreign parent. Note that the current quarter's opening balance should be equal to the previous quarter's closing balance; therefore, if it is necessary to translate the balances to U.S. dollars, use the same exchange rate to translate the opening balance for the current quarter as was used to translate the closing balance on the previous quarter. If the closing balance on the preceding quarter's report was in error, note the correction. Entries in items 23-26 should be consistent with entries in items 18-22 insofar as they reflect the latter entries. For example, film rentals shown in item 21 and accrued but not paid by the U.S. affiliate in the current quarter should be included in Part IV. Banks should not include accounts reportable on Treasury International Capital Reporting Forms.

Items 23-24. Current items: Trade accounts and notes payable, current portion of long-term debt, overdrafts, and other current liabilities having an original maturity of one year or less, except debt with an original maturity of one year or less which has been renewed, or with respect to which there is the intention and the means to renew, extend, or refinance for more than one year.

SPECIFIC INSTRUCTIONS - Continued

Items 25-26. Long-term items: Debt with an original maturity of more than one year or with no stated maturity, and debt with an original maturity of one year or less which has been renewed, or with respect to which there is the intention and the means to renew, extend, or refinance for more than one year.

If leases between the U.S. affiliate and the foreign parent are capitalized (in the manner, or in a manner similar to that, prescribed in FASB Statement No. 13), then the outstanding capitalized value should be shown here as an intercompany balance. Lease payments should be disaggregated into the amount which is (a) a reduction in the intercompany balance, which would be reflected in one of these items, and (b) interest, which would be entered in item 18.

Items 27-38. Entries in Section V are necessary to identify the cause of any changes in equity holdings by the foreign parent in the U.S. affiliate during the quarter. When changes in the foreign parent's equity holdings in the U.S. affiliate occur during the quarter, the amount involved in the transaction that changed the capital account should be entered in the appropriate item at transactions value, except for item 38, which should be at book value.

Items 39-46. Complete once a year, not later than the second filing following the close of the calendar year (or fiscal year if calendar year data are not available). For example, following the end of the calendar year, this section must be completed on the report due within 30 days after the close of the first quarter, or April 30. Best estimates are permitted where necessary in order to file a timely report.

Item 41. Same instructions as for item 11, except that this refers to the annual figure for the year designated in item 39.

Items 42-45. Show the proportion of capital owned and equity in surplus accounts by the foreign parent as of the end of the year shown in item 39. The retained earnings account underlying the foreign parent's share of retained earnings, item 44, must be computed on the equity basis consistent with items 11 and 41.

Part VIII - Report direct transactions during the quarter with foreign affiliates of the foreign parent in accordance with column headings. Do not include transactions already reported in previous sections of this form. This Part is not applicable to banks. In Section A, report payments and liabilities to, and in Section B report receipts and receivables due from, foreign affiliates of foreign parent. In the country column, enter only one foreign country per line. If more lines than provided are needed in order to list all countries, use additional sheets as necessary. A copy of Part VIII may be used for this purpose. Note, however, only countries with an amount of \$250 thousand or more must be reported on separate lines. Countries for which all amounts are less than \$250 thousand may be combined on line 61, "Unallocated by country," for U.S. affiliate's payments and liabilities and on line 76, "Unallocated by country," for U.S. affiliate's receipts and receivables.