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Private Funds Reporting Change: Upcoming webinar and opportunity to provide feedback

The Bureau of Economic Analysis (BEA) and the Treasury Department are preparing to implement a change that will simplify how certain cross-border investments by or into private funds are reported on Treasury International Capital (TIC) surveys of portfolio investment and BEA surveys of direct investment. The change will align the U.S. *direct* investment and *portfolio* investment data – used to produce official U.S. economic statistics – more closely with the financial characteristics of each type of investment. In addition, it will reduce burden for reporters who include private funds in their reports, many of whom now report both to the TIC reporting system and to BEA’s direct investment reporting system.

The reporting change will apply to investments by U.S. entities of a 10 percent or more voting interest in a foreign private fund, and to investments by foreign entities of a 10 percent or more voting interest in a U.S. domiciled private fund. Current practice is to report to BEA these types of investments as *direct* investments because the purchases involve a 10 percent or more voting interest. However, some of these investments do not involve operating companies (companies that are not other private funds or holding companies) and therefore display the characteristics of *portfolio* investment rather than *direct* investment.

BEA, in cooperation with the Treasury Department, will instruct reporters with investments that display characteristics of *portfolio* investment to report in the future through the TIC reporting system, where other related portfolio investments are already being reported. This change will be effective with surveys conducted in 2017. Direct investment in operating companies, including investment by and through private funds into operating companies, will continue to be reported to BEA.

Please join us for a webinar on April 20, 2016, at 1 PM (eastern). BEA staff will explain the change in reporting requirements for private funds, share the timeline for implementing the change, and answer your questions. To register for the webinar, please go to www.bea.gov/privatefunds and click on the registration link.

In addition, BEA has prepared flowcharts to help survey reporters determine on which surveys a private fund investment should be reported. These flowcharts will form the basis for future survey instructions and for an online guidance tool that will guide private fund reporters, one question at a time, to determine their reporting obligation. These flow charts are available at www.bea.gov/privatefunds.

BEA would greatly appreciate any feedback private fund industry representatives can provide on the reporting change and the flowcharts. Any comments received will aid in developing a better tool to help private fund reporters. Please send comments and questions to privatefunds@bea.gov.