



BE-10 Survey Requirements: What Private Funds Need to Know

July 16, 2015

Topics covered

- BE-10 Benchmark Survey of U.S. Direct Investment Abroad (USDIA)
 - What is it?
 - Who must report and how?
 - Legal authority and confidentiality
 - Consolidated reporting requirements for U.S. reporters
- Private funds FAQs
- Organizational charts

What is the BE-10?

- Surveys of USDIA collect economic data of U.S. parent companies and their foreign affiliates
 - BE-577 quarterly survey
 - BE-11 annual survey
 - BE-10 survey every 5 years

What is collected on the BE-10?

- Financial data, including:
 - Assets/Liabilities
 - Total Sales
 - Net income
- Operational data, including:
 - Ownership structure
 - Products and services
 - Employment

What does BEA do with the data collected?

- Produce comprehensive statistics on USDIA
- Statistics are available in considerable detail by country and by industry
- These statistics are needed to make informed business and policy decisions

Who must report on the BE-10?

- All U.S. persons that own a foreign affiliate must file a BE-10 survey
 - U.S. Reporter - any U.S. person that had a foreign affiliate during the 2014 fiscal year
 - Foreign affiliate - any business enterprise located outside the United States in which a U.S. person had 10% or more voting interest

Which BE-10 survey form do I file?

- Each U.S. Reporter files a BE-10A form for the fully consolidated U.S. domestic business enterprise
- Each U.S. Reporter files a BE-10 B, C, or D form for **each** of its foreign affiliates

Legal authority

- BEA surveys are conducted under the *International Investment and Trade in Services Survey Act*
 - Filing of surveys is mandatory
 - Some BEA surveys, including the BE-10, are required to be filed by persons meeting the reporting requirements whether or not contacted by BEA

Confidentiality

- BEA cannot publish or otherwise release data in a form that would allow an individual reporter to be identified
- Data may **only** be used for statistical and analytical purposes
- Data reported on BEA's surveys are **not** subject to Freedom of Information Act (FOIA) requests

Consolidated reporting requirements for U.S. reporters

- Consolidated **domestic** information is necessary to provide a comprehensive picture of an MNE
- BEA's data on U.S. MNEs are used to examine the effects these have on the U.S. economy
 - Includes all domestic business enterprises that are majority-owned by the U.S. reporter

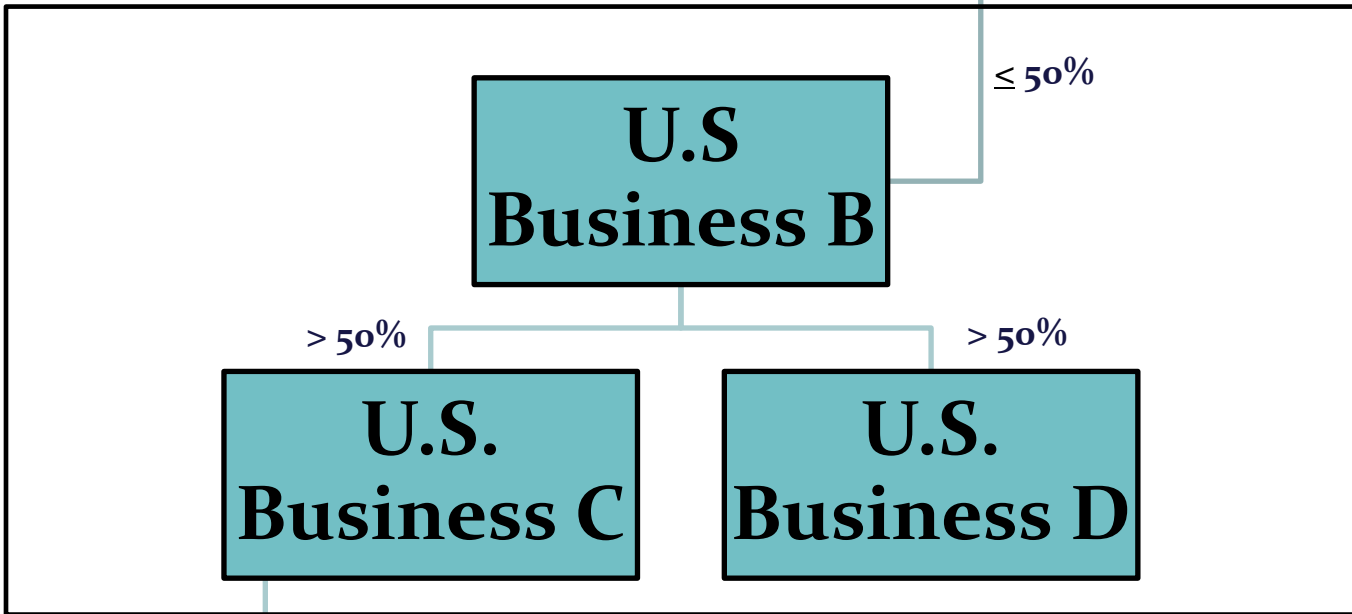
Consolidated reporting requirements for U.S. reporters

- Form BE-10A must cover fully consolidated U.S. domestic enterprise:
 - The top U.S. business that is not majority-owned by another U.S. business
 - Proceeding down each ownership chain from that top U.S. business, any U.S. business enterprise that is majority-owned by the U.S. business above it

Consolidated reporting requirements for U.S. reporters

U.S. REPORTER

**U.S.
Business A**



border

$> 10\%$

**Foreign
Affiliate**



Private Funds

Frequently Asked Questions (FAQs)

Private funds FAQs

My company/client is a private fund that has foreign investment. Am I required to submit the 2014 BE-10 survey?

Private funds FAQs

- Yes
 - All U.S. persons, private funds included, that meet the BE-10 reporting requirements need to file
 - Requirement: 10% or more voting interest in a foreign business enterprise, regardless of any equity (financial) interest in the foreign enterprise

Private funds FAQs

If it is determined that a private fund must complete the 2014 BE-10 survey, which forms are required?

Private funds FAQs

- BE-10A form for the fully consolidated U.S. domestic business enterprise
- BE-10 B, C, or D form for each foreign affiliate

Private funds FAQs

Ownership U.S. \$ amount	MAJORITY-OWNED FOREIGN AFFILIATE	MINORITY-OWNED FOREIGN AFFILIATE
At least one of the three items* is greater than \$300 mil. (+ or -).	BE-10B, except Part III	BE-10C
At least one of the three items* is greater than \$80 mil. (+ or -), but no one is greater than \$300 mil. (+ or -),	BE-10B, except Part IV	
At least one of the three items* is greater than \$25 mil. (+ or -), but no one is greater than \$80 mil. (+ or -),	BE-10C**	
All three items* are less than \$25 mil. (+ or -).	BE-10D**	

*Assets/Sales/Net Income

Private funds FAQs

How do the filing requirements for the BE-10 apply if a private fund is structured as a limited partnership?

Private funds FAQs

- Limited partnerships are presumed to be controlled equally by each of the general partners
- Limited partners are presumed to have zero voting interest in a partnership

Private funds FAQs

How do I determine which U.S.-based private fund entity or manager would be the U.S. Reporter that is required to complete the 2014 BE-10A Report for U.S. Reporter?

Private funds FAQs

- Requirement: 10% or more of the voting stock of an incorporated foreign business enterprise
- Voting interest determines filing requirement, NOT equity (financial interest)
- If a U.S. investment manager has a majority voting interest in several U.S. funds, then these entities are consolidated on a single BE-10A form
- If the U.S. manager is a service provider rather than an owner of the fund, then it is not the U.S. Reporter, but another entity may be

Private funds FAQs

How do I complete a survey for a foreign affiliate entity if it is a private fund versus an operating company?

Private funds FAQs

- Use the same forms for both private funds and operating companies

- BE-10 survey forms are intended to cover many different types of entities

Private funds FAQs

The 2014 BE-10 survey forms appear to contain numerous questions that may not apply to my domestic and foreign funds/entities. How do I proceed?

Private funds FAQs

- Respondents may leave these items blank if they do not apply to their entities and **provide explanations** in one of the “Remarks” areas on the forms

Private funds FAQs

Does the 2014 BE-10 reporting overlap with the Treasury International Capital (TIC) reporting for private funds?

Private funds FAQs

- No
 - BE-10 collects data on direct investment transactions and positions and the financial structure and operations of U.S. MNEs
 - TIC collects data on international portfolio flows and positions between U.S. residents and foreign residents

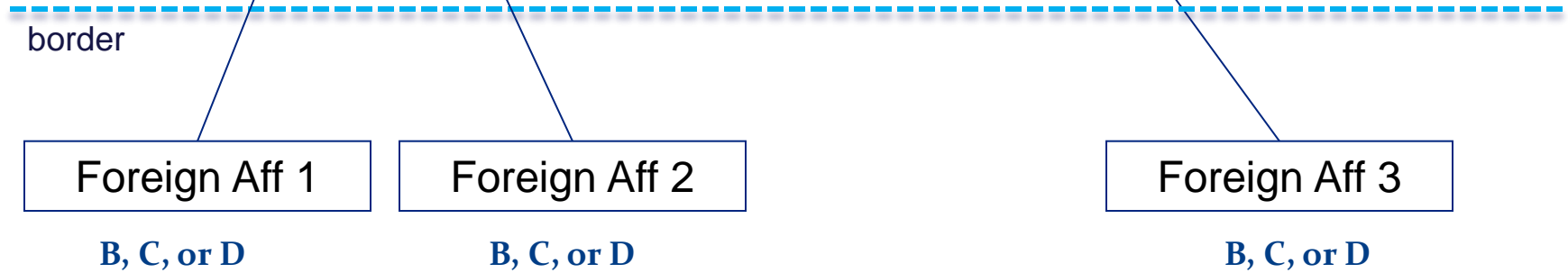
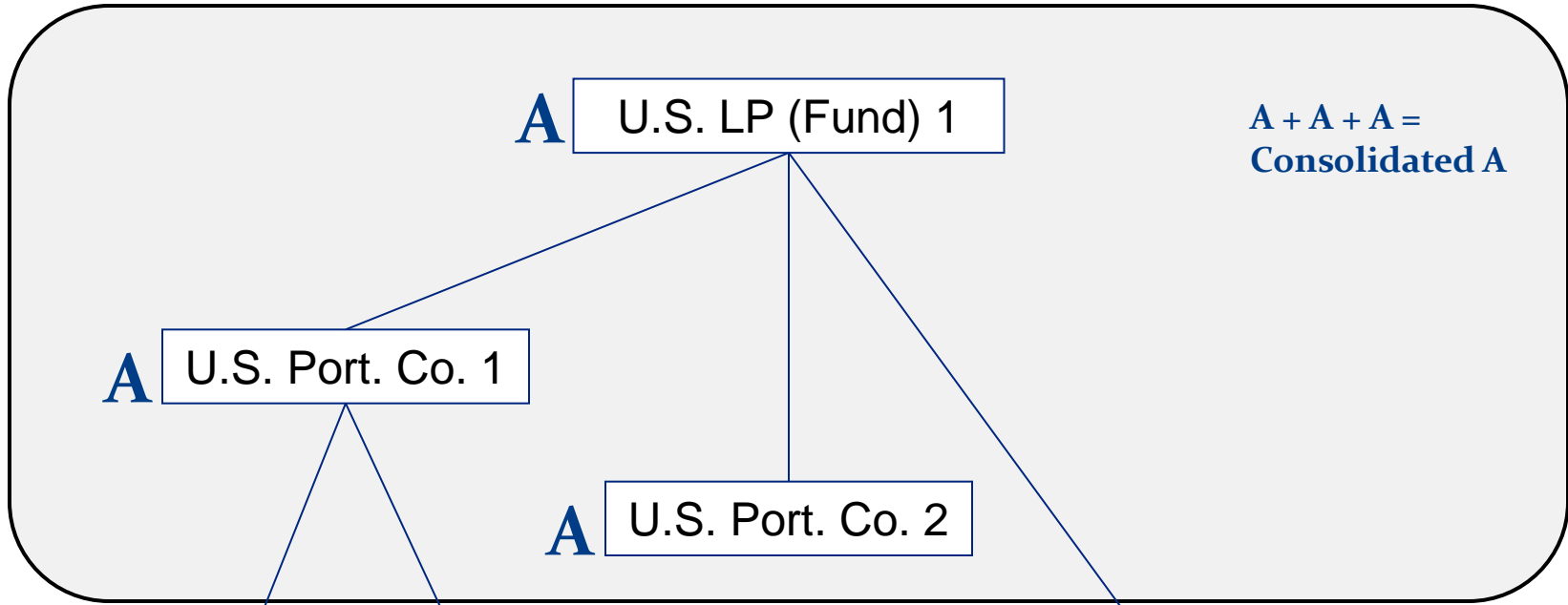
Private funds FAQs

As a private equity fund, I don't have the information on our other U.S. portfolio companies that is needed to file the BE-10A report for the fully consolidated U.S. domestic business enterprise. What should I do?

Private funds FAQs

- Each U.S. portfolio company can provide their information on a BE-10A form and then add them up.
- The U.S. portfolio companies can help in filling out the BE-10B, C, or D forms for their foreign affiliates.

Private funds FAQs



Private funds FAQs

What if some of the data items requested on the BE-10 survey forms are difficult to obtain?

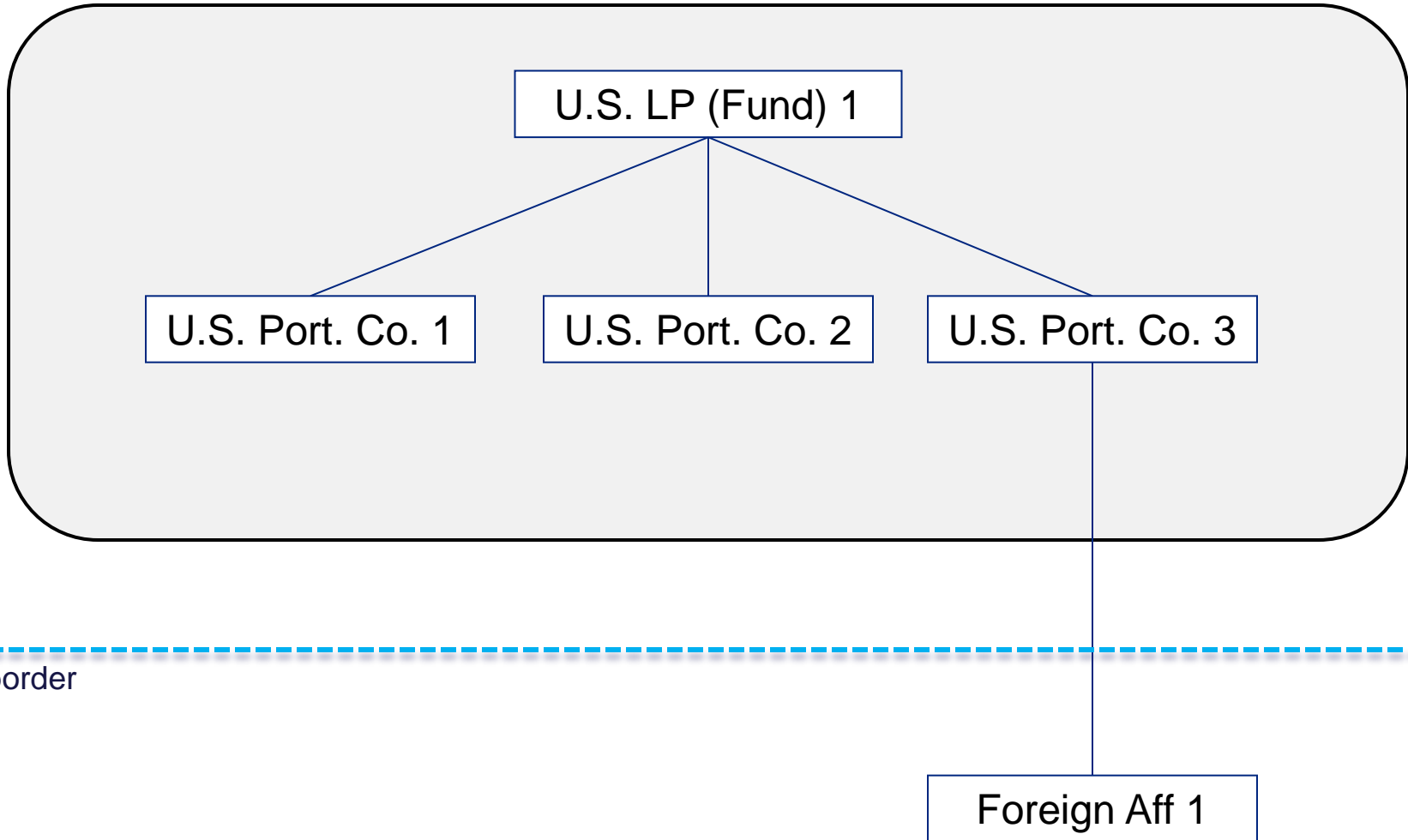
Private funds FAQs

- Provide estimates and label them as such
- When data items cannot be fully subdivided as required, provide totals and an estimated breakdown of the totals
- If other accounting standard used besides U.S. GAAP, you may provide data using the other standard if it is a reasonable approximation for GAAP and make adjustments for material differences

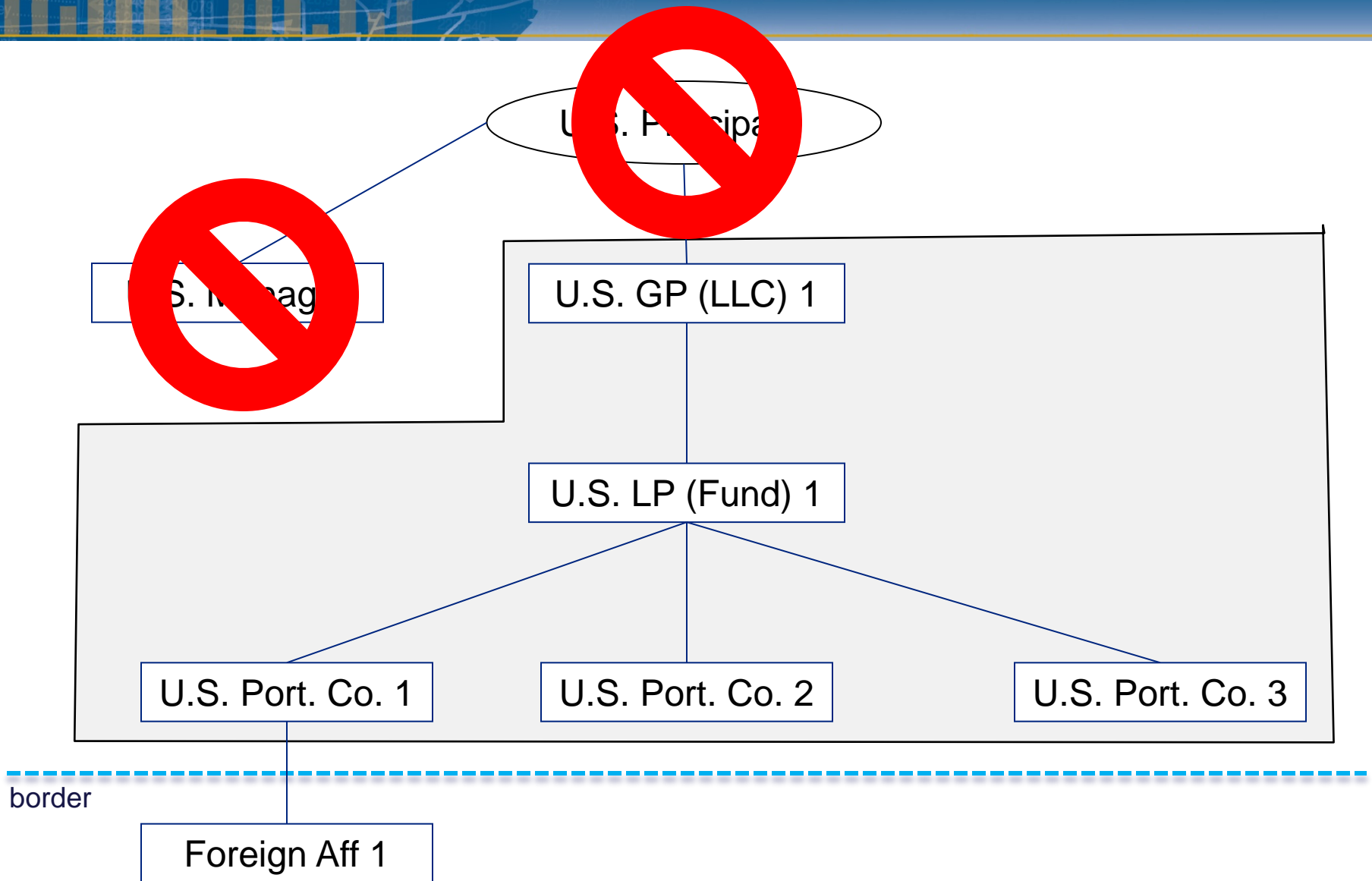


Organizational Charts

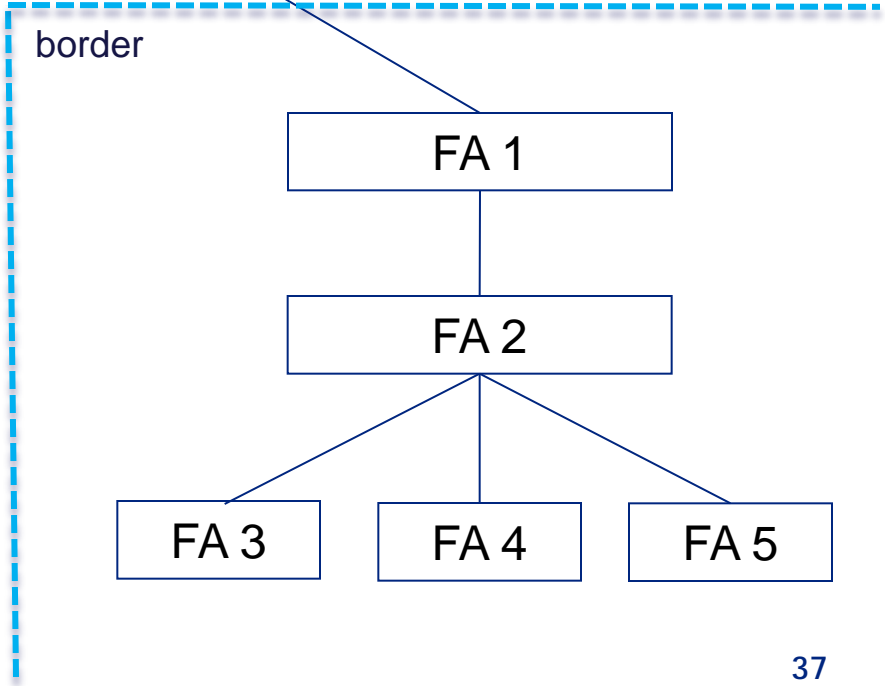
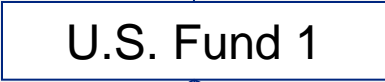
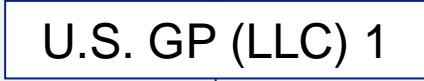
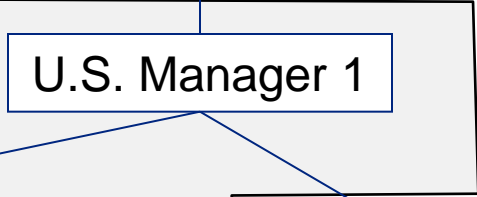
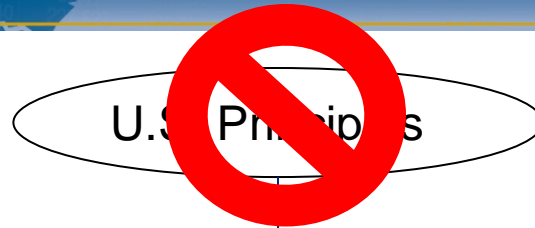
Organizational chart 1



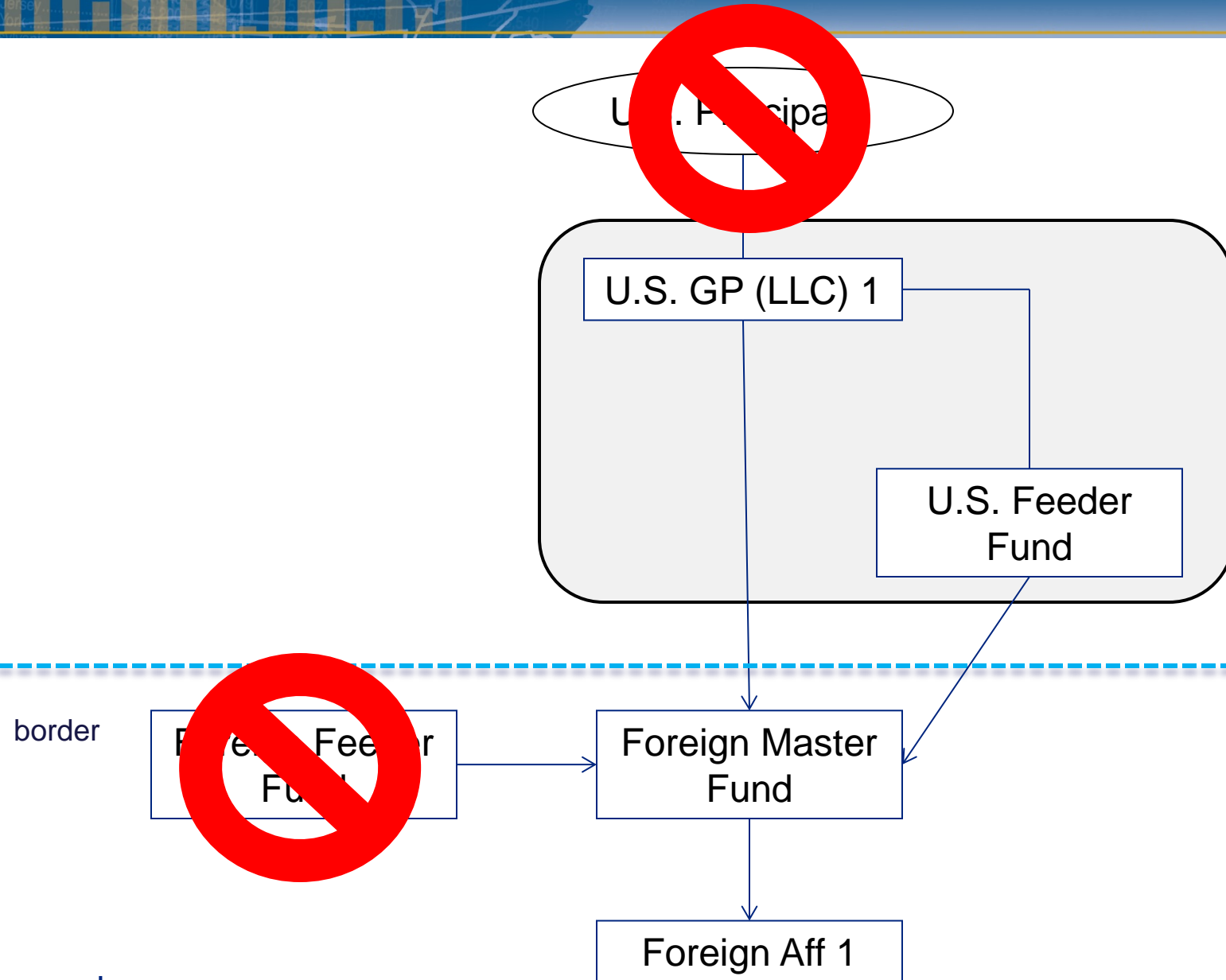
Organizational chart 2



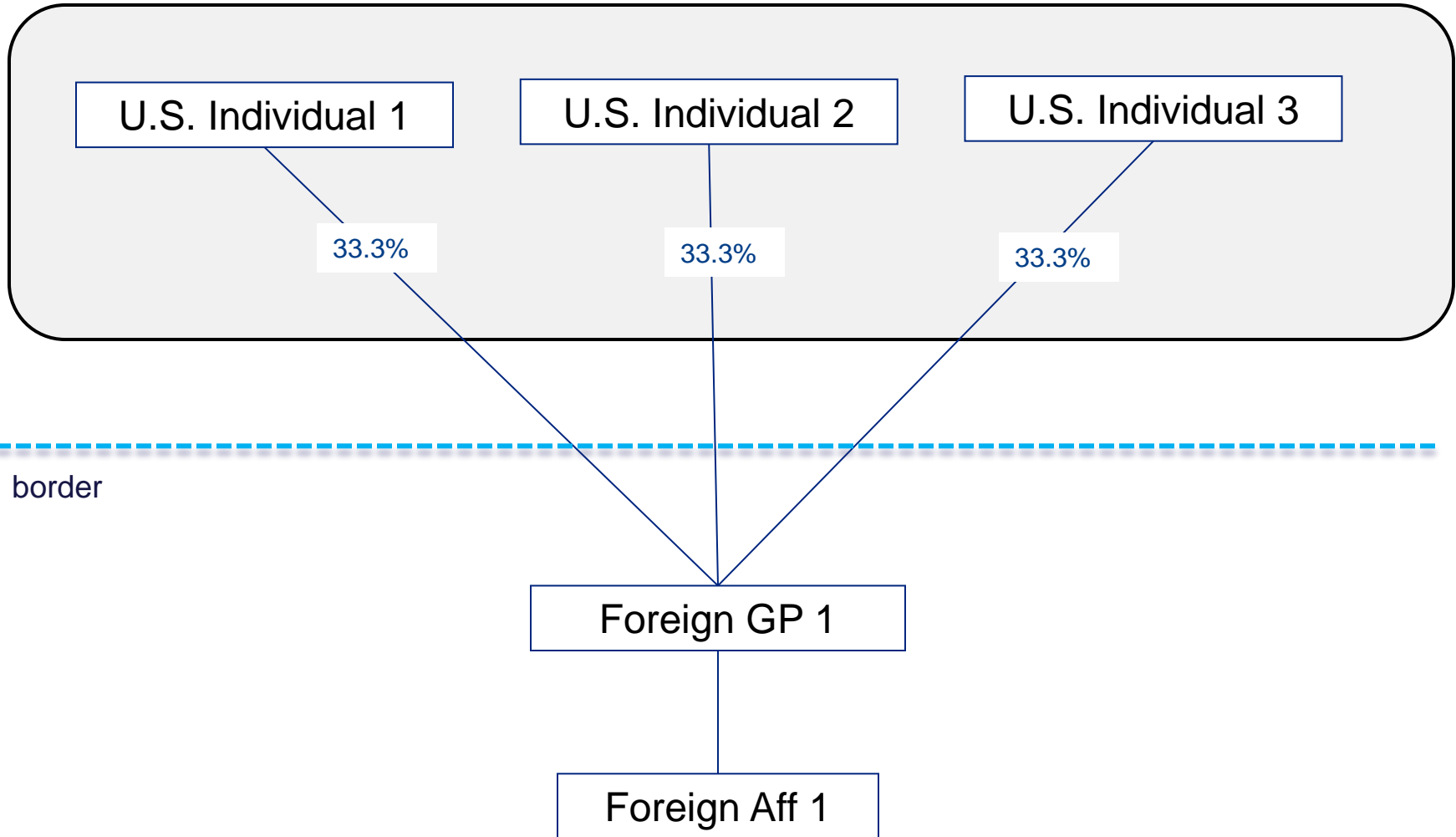
Organizational chart 3



Organizational chart 4



Organizational chart 5



Contact us

Call us: 202-606-5566

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Additional resources:

http://www.bea.gov/surveys/respondent_be10.htm