

**Supporting Statement for the  
Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks  
(FFIEC 002; OMB No. 7100-0032)  
and the  
Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a  
U.S. Branch or Agency of a Foreign (Non-U.S.) Bank  
(FFIEC 002S; OMB No. 7100-0032)**

**1. Explain the circumstances that make the collection of information necessary.**

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to revise the Federal Financial Institutions Examination Council (FFIEC) Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) and Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S; OMB No. 7100-0032) under the emergency clearance provisions of OMB's regulations. The Board submits this request on behalf of itself, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) (collectively, the agencies). No separate submission will be made by the FDIC or OCC.

The FFIEC 002 must be submitted quarterly by U.S. branches and agencies of foreign banks.<sup>1</sup> The report requests detailed schedules of assets and liabilities as a condition report with a variety of supporting schedules. This information is used to fulfill the agencies' supervisory and regulatory requirements pursuant to the International Banking Act of 1978 (IBA).

The FFIEC 002S is a mandatory supplement to the FFIEC 002 and collects information on assets and liabilities of any non-U.S. branch that is managed or controlled by a U.S. branch or agency of a foreign bank.<sup>2</sup> A separate FFIEC 002S supplement is completed by the managing or controlling U.S. branch or agency for each applicable foreign branch. The FFIEC 002S collection improves data on U.S. deposits, credit, and international indebtedness, and assists U.S. bank supervisors determine the assets managed or controlled by the U.S. agency or branch of the foreign bank.

The agencies propose to revise the FFIEC 002 effective beginning with reports for the September 30, 2020, report date. The proposed revision would collect data that would support the implementation of a final rule adopted by the FDIC on June 22, 2020, amending its deposit insurance assessment regulations in response to economic disruptions related to the coronavirus disease 2019 (COVID-19).<sup>3</sup> There are no proposed revisions to the FFIEC 002S at this time.

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<sup>1</sup> "Branch" means any office or any place of business of a foreign bank located in any State of the United States at which deposits are received (12 U.S.C. § 3101(3)). "Agency" means any office or any place of business of a foreign bank located in any State of the United States at which credit balances are maintained incidental to or arising out of the exercise of banking powers, checks are paid, or money is lent but at which deposits may not be accepted from citizens or residents of the United States (12 U.S.C. § 3101(1)).

<sup>2</sup> "Managed or controlled" means that a majority of the responsibility for business decisions, including, but not limited to, decisions with regard to lending, asset management, funding, liability management, or the responsibility for recordkeeping with respect to assets or liabilities for that foreign branch resides at the U.S. branch or agency.

<sup>3</sup> 85 FR 38282 (June 26, 2020).

The current estimated total annual burdens for the FFIEC 002 and FFIEC 002S are 20,791 hours and 912 hours, respectively. The estimated total annual burdens for the FFIEC 002 and the FFIEC 002S would remain unchanged with the proposed revision. The forms and instructions are available on the FFIEC's public website at [https://www.ffiec.gov/ffiec\\_report\\_forms.htm](https://www.ffiec.gov/ffiec_report_forms.htm).

**2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The reporting panel for the FFIEC 002 and FFIEC 002S consists of all U.S. branches and agencies (including their IBFs) of foreign banks, whether federally licensed or state chartered, insured or uninsured.

The FFIEC 002 consists of a summary schedule of assets and liabilities (Schedule RAL) and several supporting schedules. Each schedule requires information on balances of the entire reporting branch or agency. On the schedules for cash (Schedule A), loans (Schedule C), and deposits (Schedule E), separate details are reported on balances of International Banking Facilities (IBFs). Unlike the Call Report for domestic banks and thrifts, the FFIEC 002 collects no income data.

A separate FFIEC 002S must be completed by any U.S. branch or agency of a foreign bank for each non-U.S. banking branch of its parent bank that the U.S. branch or agency manages or controls. The FFIEC 002S covers all of the foreign branch's assets and liabilities, regardless of the currency in which they are payable. The supplement also covers transactions with all entities, both related and nonrelated, regardless of location. All due from/due to relationships with related institutions, both depository and nondepository, are reported on a gross basis, that is, without netting due from and due to data items against each other.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.**

All affected institutions must submit their completed reports electronically using the Federal Reserve's Reporting Central application.

**4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

The data collected through the FFIEC 002 and 002S are unique and cannot be replaced by data already collected by the federal government.

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Of the respondents, 89 for the FFIEC 002 and 11 for the FFIEC 002S are considered

small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>. There are no special accommodations given to mitigate the burden on small entities.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The FFIEC 002 must be submitted quarterly by U.S. branches and agencies of foreign banks. The report requests detailed schedules of assets and liabilities as a condition report with a variety of supporting schedules. This information is used to fulfill the agencies' supervisory and regulatory requirements pursuant to the International Banking Act of 1978 (IBA). Less frequent reporting would diminish the agencies' capacity to carry out the supervisory and regulatory responsibilities imposed by the IBA.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2).**

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

**8. Describe comments in response to the *Federal Register* notice and efforts to consult outside the agency.**

The Board, FDIC, and OCC coordinated in developing these revisions. The agencies will follow this request for emergency processing with a request under normal clearance procedures, during which comments will be solicited for the typical 60 day and 30 day periods. All comments received on paperwork burden, whether during the 60 day or 30 day comment periods, will be considered in finalizing the collection.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There are no payments or gifts provided to respondents.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.**

In general, the information collected in the FFIEC 002 report is made available to the public, except that the data collected from a U.S. branch or agency of a foreign bank in Schedule M of the FFIEC 002 report is withheld as confidential commercial and financial information. Schedule M requires respondents to report the amounts due to/due from related institutions in the U.S. and in foreign countries; however, U.S. banking organizations, which are direct competitors of the FFIEC 002 respondents, are not required to disclose financial information involving transactions with related institutions. Accordingly, disclosure of this confidential financial

information on the FFIEC 002 report would put respondents at a distinct competitive disadvantage relative to their U.S. banking organization counterparts. Schedule M, therefore, is considered exempt from public disclosure pursuant to exemption 4 of the Freedom of Information Act (FOIA), which protects “trade secrets and commercial or financial information obtained from a person and privileged or confidential” (5 U.S.C. § 552(b)(4)). If a respondent believes that disclosure of any of the public portions of its FFIEC 002 report would be reasonably likely to result in substantial harm to its competitive position under exemption 4 of the FOIA, the respondent may request confidential treatment for such information as set forth in the Board’s Rules Regarding the Availability of Information (12 CFR 261.15) and in the Instructions to the FFIEC 002 report.

The FFIEC 002S report collects data on transactions with all entities, both related and nonrelated, and similar to Confidential Schedule M of the FFIEC 002 report, also collects data on the amount due to/from transactions with related institutions (both depository and non-depository). The data collected on the FFIEC 002S report has been deemed confidential since the inception of the report. The primary rationale for confidential treatment of the FFIEC 002S report in its entirety is because the report may contain intracompany business information and because home country data collected on the FFIEC 002S could reveal information about individual customers. U.S. banking organizations, which are direct competitors of the FFIEC 002S respondents, are not required to publicly disclose such financial information involving transactions with related institutions. Accordingly, disclosure of the confidential financial information submitted on the FFIEC 002S report, would put respondents at a distinct competitive disadvantage relative to their U.S. banking organization counterparts. The FFIEC 002S report, therefore, is considered exempt from disclosure in its entirety pursuant to exemption 4 of the FOIA. Aggregate data from the FFIEC 002S report for multiple respondents, which does not reveal the identity of any individual respondent, may be released.

**11. Provide additional justification for any questions of a sensitive nature.**

There are no questions of a sensitive nature.

**12. Provide estimates of the annual hourly burden of the collection of information.**

As shown in the table below, the current estimated total annual burden hours for the FFIEC 002 and FFIEC 002S are 20,791 hours and 912 hours, respectively. The estimated total annual burden hours for the FFIEC 002 would remain unchanged with the proposed revision due to adding the collection of the outstanding balance of PPP loans at quarter-end and discontinuing the collection of the quarterly average amount of loans pledged to the PPPLF, which will result in a net zero change in burden. Because there are no proposed revisions to the FFIEC 002S at this time, the estimated total annual burden hours for the FFIEC 002S also would remain unchanged. These burden estimates account for all filers of the FFIEC 002 and FFIEC 002S, including those supervised by the FDIC or OCC. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FFIEC 002 and FFIEC 002S</b>	<i>Estimated number of respondents<sup>4</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FFIEC 002	209	4	24.87	20,791
FFIEC 002S	38	4	6	<u>912</u>
<i>Total</i>				21,703

The estimated total annual cost to the public for the FFIEC 002 and FFIEC 002S is \$1,253,348.

Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

**13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.**

There are no annualized costs to the respondents.

**14. Provide estimates of annualized costs to the Federal government.**

The estimated cost to the Federal Reserve System for collecting and processing the FFIEC 002 and FFIEC 002S is \$62,700. The Federal Reserve System collects and processes the data for all three of the agencies.

**15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.**

The agencies propose, under the emergency clearance provisions of OMB’s regulations, to revise the FFIEC 002 effective beginning with the September 30, 2020, report date. The agencies have determined that the request meets the emergency processing requirements set forth in 5 CFR 1320.13. Specifically, (1) the collection of information within the scope of this request is needed prior to the expiration of time periods established under 5 CFR 1320.10, (2) this collection of information is essential to the mission of the agencies, and (3) the agencies cannot reasonably comply with the normal clearance procedures because an unanticipated event has occurred and the use of normal clearance procedures is reasonably likely to prevent or disrupt the collection of information.

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<sup>4</sup> Of these respondents, 89 for the FFIEC 002 and 11 for the FFIEC 002S are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

Recent events have suddenly and significantly impacted financial markets. The spread of the COVID-19 has disrupted economic activity in many countries. In addition, financial markets have experienced significant volatility. The magnitude and persistence of the overall effects on the economy remain highly uncertain. Small businesses are facing severe liquidity constraints and a collapse in revenue streams. In addition, financial disruptions arising in connection with the COVID-19 situation have caused many depositors to have a more urgent need for access to their funds by remote means, particularly in light of the closure of many depository institution branches and other in person facilities. The agencies request emergency processing of the proposed revision discussed below because it is essential for the agencies to collect information that would allow the agencies to calculate assessment amounts for deposit insurance in light of recent amendments to the FDIC's rule regarding deposit insurance assessments, which were immediately effective and were meant to more fully mitigate the deposit insurance assessment of participation in the Paycheck Protection Program and minimize additional reporting burden from the economic impacts of the unanticipated COVID-19 pandemic.

Pursuant to Section 7 of the Federal Deposit Insurance Act, the FDIC has established a risk-based assessment system through which it charges all IDIs an assessment amount for deposit insurance. On May 12, 2020, the FDIC approved a proposed rule modifying its deposit insurance assessment rules to mitigate the effects of participation in the Paycheck Protection Program (PPP), the PPP Liquidity Facility (PPPLF), and the Money Market Mutual Fund Liquidity Facility (MMLF) on Insured Depository Institutions (IDIs), including insured U.S. branches of foreign banks.<sup>5</sup> Among other changes in the FDIC's assessment rules, the proposal would have provided an offset to an IDI's assessment amount for the increase to its assessment base attributable to participation in the PPPLF and the MMLF. The Board, on behalf of the three federal banking agencies, requested and received emergency approval on May 27, 2020, from OMB to implement revisions to the FFIEC 002 beginning as of the June 30, 2020, report date. More specifically, the Board received approval to collect two additional items from insured U.S. branches of foreign banks on the FFIEC 002: the quarterly average amount of PPP loans pledged to the PPPLF and the quarterly average amount of assets purchased from money market mutual funds under the MMLF in Schedule O, Memorandum items 6 and 7, respectively. On June 22, 2020, the FDIC adopted a final rule amending its deposit insurance assessment rules to mitigate the effects of participation in the PPP, the PPPLF, and the MMLF on IDIs, including insured U.S. branches of foreign banks.<sup>6</sup> The final rule is effective June 26, 2020, and will apply as of April 1, 2020.

As a consequence of the change the FDIC made in its final rule to mitigate the effect of an IDI's participation in the PPP, the Board, on behalf of the agencies, requests emergency clearance from OMB to permit the revision of the PPP information reported by insured U.S. branches of foreign banks in Schedule O, Memorandum item 6, of the FFIEC 002 beginning with the September 30, 2020, report date. The Board would discontinue the previously approved reporting by insured U.S. branches of the quarterly average amount of loans pledged to the PPPLF effective as of that report date and instead such branches would begin to report the

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<sup>5</sup> <https://www.fdic.gov/news/press-releases/2020/pr20059.html>; *see also* 85 FR 30649 (May 20, 2020).

<sup>6</sup> <https://www.fdic.gov/news/press-releases/2020/pr20071.html>; *see also* 85 FR 38282 (June 26, 2020).

outstanding balance of PPP loans at quarter-end.<sup>7</sup> The collection of this revised item would be time-limited. The Board, on behalf of the agencies, would expect to propose to discontinue the collection of this item once individual branch information is no longer needed for deposit insurance assessment purposes.

**16. Provide information regarding plans for publication of data.**

Aggregate data for all U.S. branches and agencies that file the FFIEC 002 are published in the *Federal Reserve Bulletin* and are also used in developing flow of funds estimates and the estimates published in the Federal Reserve weekly H.8 statistical release, *Assets and Liabilities of Commercial Banks in the United States*. Aggregate data for the FFIEC 002S are available to the public upon request.

Individual respondent data, excluding confidential information, are available to the public from the National Technical Information Service in Springfield, Virginia, upon request. In addition, individual respondent data are also available on the FFIEC public website at <https://www.ffiec.gov/NPW>.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

No such approval is sought.

**18. Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”**

There are no exceptions.

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<sup>7</sup> Section 327.17(d)(1)(ii) of the FDIC’s assessment regulations, as added by the FDIC’s final rule, provides that “[t]o the extent that an institution does not report the outstanding balance of loans provided under the Paycheck Protection Program, such as in an insured branch’s Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks, the FDIC will take the sum of either the quarterly average amount of loans pledged to the Paycheck Protection Program Liquidity Facility as reported in the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks, or the outstanding balance of loans provided under the Paycheck Protection Program, as such certified data is provided to the FDIC.” See 85 FR 38282, 38294.