

**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 extend for three years, with revision, 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). 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. 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. 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 to determine the assets managed or controlled by the U.S. agency or branch of the foreign bank.

The agencies, under the auspices of the FFIEC, propose to eliminate one item from the FFIEC 002 effective for the September 30, 2023, report date. The revision would be consistent with a proposed revision to the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036) resulting from the statutorily mandated full review of the Call Reports as required under Section 604 of the Financial Services Regulatory Relief Act of 2006 (Statutorily Mandated Review).¹ The agencies are not proposing any revisions to the FFIEC 002S.

The current estimated total annual burden for the FFIEC 002 and FFIEC 002S is 18,637 hours, and would decrease to 18,490 hours. The proposed revisions would result in a decrease of 147 hours. The form and instructions are available at the FFIEC's public website at https://www.ffiec.gov/ffiec_report_forms.htm.

¹ 12 U.S.C. § 1817(a)(11).

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 these respondents, 58 for the FFIEC 002 and 3 for the FFIEC 002S are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 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.

On February 21, 2023, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (88 FR 10644) requesting public comment for 60 days on the extension, with revision, of the FFIEC 002 and FFIEC 002S, as well as the Call Reports. The comment period for this notice expired on April 24, 2023. The agencies received four comment letters on the February notice; however, the comment letters received did not pertain to the proposed revision to the FFIEC 002. Therefore, the agencies are proceeding with the removal of the item described in the February notice. While the agencies had originally proposed removing Schedule O, Other Data for Deposit Insurance Assessments, Memorandum item 7, as of June 30, 2023, the agencies instead now propose to remove this item effective as of the September 30, 2023, report date, due to the time needed to update systems for the Call Report and FFIEC 002. One commenter offered suggestions in order to address what the commenter believes to be inconsistencies between the forms and their accompanying instructions. At this time, the agencies are not taking any action on this suggestion. However, the agencies will continue to consider them in the future.

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 pursuant to exemption 4 of the Freedom of Information Act (FOIA), which applies to commercial or financial information that is both customarily and actually treated as private (5 U.S.C. § 552(b)(4)).² If a respondent believes that any of the public portions of its FFIEC 002 report would be exempt from disclosure under exemption 4 of the FOIA, the respondent may request confidential treatment for such information.

The FFIEC 002S report is treated as confidential in its entirety pursuant to exemption 4 of the FOIA because it may contain intracompany business information and because home country data collected on the FFIEC 002S could reveal information about individual customers. 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 estimated annual burden for the FFIEC 002 and FFIEC 002S is 18,637 hours, and would decrease to 18,490 hours with the proposed revision. This burden estimate accounts 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.

| FFIEC 002 and FFIEC 002S | <i>Estimated number of respondents³</i> | <i>Estimated annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|---------------------------------|------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------|----------------------------------------------|
| Current | | | | |
| FFIEC 002 | 183 | 4 | 24.87 | 18,205 |
| FFIEC 002S | 18 | 4 | 6 | <u>432</u> |
| <i>Current Total</i> | | | | 18,637 |
| Proposed | | | | |
| FFIEC 002 | 183 | 4 | 24.67 | 18,058 |
| FFIEC 002S | 18 | 4 | 6 | <u>432</u> |
| <i>Proposed Total</i> | | | | 18,490 |
| <i>Change</i> | | | | (147) |

² Although Schedule M of the FFIEC 002 report is withheld from the public, the Instructions to the FFIEC 002 report indicate that these reports are made available to the relevant state supervisory authority in their entirety.

³ Of these respondents, 58 for the FFIEC 002 and 3 for the FFIEC 002S are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets), <https://www.sba.gov/document/support-table-size-standards>.

The estimated total annual cost to the public for the FFIEC 002 and FFIEC 002S is \$1,234,701, and would decrease to \$1,224,963 with the proposed revision.

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 \$22, 45% Financial Managers at \$80, 15% Lawyers at \$79, and 10% Chief Executives at \$118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2022*, published April 25, 2023, <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 \$296,300. 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.

To enhance the functioning of money markets in response to the outbreak of the coronavirus disease 2019 and to bolster the effectiveness of the Small Business Administration's Paycheck Protection Program (PPP),⁴ the Board, with the approval of the Secretary of the Treasury, established in 2020 the Money Market Mutual Fund Liquidity Facility (MMLF).⁵ Under the MMLF, the Federal Reserve Bank of Boston extended loans to eligible borrowers to purchase assets from money market mutual funds, which were posted as collateral to the facility. In March 2020, the agencies published an interim final rule (subsequently finalized in October 2020), which permits banking organizations to exclude from regulatory capital requirements exposures related to the MMLF.⁶ On June 26, 2020, the FDIC adopted a final rule modifying the deposit insurance assessment regulations to mitigate the assessment effects of participation in the MMLF and PPP, as reported on the Call Reports.⁷ Starting with the June 30, 2020, report date, banking organizations reported amounts related to the MMLF on Schedule O of the FFIEC 002. When adding this item, the agencies noted that the item was expected to be time-limited and would be reviewed in connection with the Statutorily Mandated Review.

⁴ See <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program>.

⁵ This facility was established pursuant to section 13(3) of the Federal Reserve Act (12 U.S.C. § 343(3)). See <https://www.federalreserve.gov/monetarypolicy/mmlf.htm>.

⁶ 85 FR 16232 (March 23, 2020) and 85 FR 68243 (October 28, 2020).

⁷ 85 FR 38282 (June 26, 2020).

The MMLF ceased extending credit on March 31, 2021, and as of April 30, 2021, the outstanding amount of loans under the facility was zero dollars.⁸ The agencies are therefore proposing to remove Schedule O, Other Data for Deposit Insurance Assessments, Memorandum item 7, “Quarterly average amount of holdings of assets purchased from money market funds under the Money Market Mutual Fund Liquidity Facility”. This revision would be consistent with a revision to the Call Reports that the agencies have proposed in connection with the Statutorily Mandated Review.

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.

⁸ See <https://www.federalreserve.gov/monetarypolicy/mmlf.htm>.