

SUPPORTING STATEMENT

Revision of Treasury International Capital (TIC) Form BL-1 (OMB No. 1505-0019)

A. JUSTIFICATION

1. Treasury International Capital (TIC) Form BL-1, "Report of U.S. Dollar Liabilities of Depository Institutions, Brokers and Dealers to Foreigners", is filed by banks, other depository institutions, bank holding companies, financial holding companies, and brokers and dealers in the U.S. to report their own portfolio liabilities (exclusive of long-term securities) *vis-a-vis* foreigners. These reports are required by E.O. Number 10033 of February 8, 1949 and implementing Treasury Regulations (31 C.F.R. 128), the International Investment and Trade in Services Survey Act (22 U.S.C. 3103), and the Bretton Woods Agreements Act (Sec. 8(a) 59 Stat. 515; 22 U.S.C. 286f). Attached is a reprint of the Treasury Regulations, as amended, pertaining to Form BL-1, and related TIC forms, as published in the November 2, 1993, edition of the *Federal Register*.
2. Data collected on TIC Form BL-1 constitute the most complete and readily available information on cross-border dollar liabilities of U.S. banks, brokers and dealers. The form and data it procures are necessary for compiling the U.S. international financial transactions accounts, for calculating the U.S. international investment position, and in formulating U.S. international financial and monetary policies. Treasury, the Department of Commerce, and the Board of Governors of the Federal Reserve System are the most significant users of the data for these purposes. Respondents covered by the reporting requirements of Form BL-1 report directly to the district Federal Reserve Banks, which act as fiscal agents of the Treasury. The data are centrally aggregated and processed by the Federal Reserve Bank of New York (FRBNY) and then transmitted to the Treasury to be used for the purposes outlined above. Further, the data are published regularly in aggregate statistical formats, for the benefit of private users, in the quarterly *Treasury Bulletin*, in the Board of Governors' monthly *Federal Reserve Bulletin*, and in the Commerce Department's quarterly *Survey of Current Business*. Additionally, the *Treasury Bulletin* information is posted to the Treasury website maintained by the Financial Management Service at <http://fms.treas.gov/bulletin/>. Historical time series data, by country, reported on Form BL-1 are also posted to the Treasury TIC website at www.ustreas.gov/tic/.
3. The general instructions for Form BL-1 inform respondents that, in lieu of reports on printed forms prescribed by the Secretary pursuant to §128.1, the required data may be submitted electronically in the approved file format or on computer printouts pursuant to specific agreement signed by a responsible officer of the reporting institution and the district Federal Reserve Bank with which the reports are filed. The option of filing Form BL-1 via the internet also is available to respondents.

As respondents' internal methods of maintaining and retrieving reportable information vary widely for Form BL-1, no single information technology can be prescribed to reduce burden on respondents.

4. There is no duplication in the collection of these data. Similar information does not exist. The Treasury is the sole U.S. Government collection authority for these international portfolio capital flow data.
5. The reporting threshold is \$50 million, EXCEPT that full reporting is also required when there is a position of \$25 million or more vis-a-vis all counterparties in any one country. The threshold, which is applied to total own dollar liabilities on Form BL-1 as of the end of a given month, effectively excludes smaller banks, other depository institutions, and brokers and dealers in the U.S. from the reporting population.
6. The data are collected on an ongoing basis. The submission date for Form BL-1 liabilities falls fifteen (15) calendar days (one month for the semiannual reports) following the month to which the reports apply. If the data were collected less frequently, valuable information on trends in international capital movements would not be observed and made available to the U.S. Government. The lack of timely information could seriously impair the formulation of U.S. financial and monetary policies. The primary legal obstacle to reducing burden is the statutory mandate to collect the information. (See Item 1 above.)
7. Frequency of reporting for Form BL-1: The circumstances that require those forms to be collected more often than quarterly are the U.S. government's need for timely and reliable information on trends in international financial markets. The likely consequences of collecting these data less frequently are outlined in Item 6 above.

Apart from the foregoing case, there are no special circumstances associated with Form BL-1 that are inconsistent with the conditions outlined in Item A.7 of the Specific Instructions for Supporting Statements for Paperwork Reduction Act Submissions.

8. Treasury's notice in the *Federal Register* soliciting public comment on Form BL-1 was published Tuesday, August 12, 2008, pages 46979 and 46980. The deadline for receiving pre-clearance comments was October 14, 2008. Because of usual ten day delays in mail delivery, Treasury waited until October 24 to receive mail. To bring attention to the Federal Register notices, the Federal Reserve Bank of New York (FRBNY) contacted all respondents reporting to FRBNY, and other district Federal Reserve Banks that process TIC data.

Although no changes were proposed in this data collection, we received one letter with comments, from the Bureau of Economic Analysis, Department of Commerce, dated September 12, 2008. The letter strongly supported the continued collection of TIC B-forms (i.e. BC, BL-1, BL-2, BQ-1, BQ-2, BQ-3), because the data collected on these forms are critical to key components of BEA's economic statistics.

As is done for all TIC forms, discussions regarding all aspects of the reporting forms are held on an ongoing basis with staff of the International Reports Division of the Federal Reserve Bank of New York (FRBNY); with staff of the Federal Reserve Board of Governors' Division of International Finance; and with staff of the Bureau of Economic Analysis (BEA) of the Department of Commerce. FRBNY, representing the nation's major financial center, is the processing center for the review and editing of information reported on Form BL-1. The Board of Governors and BEA are both major users of the data in aggregate form.

In addition, the staffs of FRBNY and other district Federal Reserve Banks maintain regular contact with the major respondents. These analysts are in a unique position with respect to advice on changes needed in the forms or reporting instructions for purposes of amending or clarifying data coverage.

9. In respect of Form BL-1 or any other TIC form, there has been no provision of payments or gifts to respondents for any purpose.
10. As is the case for all TIC forms, individual respondent data are considered confidential, and access to that information is strictly limited to selected staff of the Treasury, the Federal Reserve Board of Governors and the district Federal Reserve Banks. Compliance with the Privacy Act is assured.
11. There are no questions of a sensitive nature.
12. Total annual hour burden:

Number of respondents 349
Frequency of Responses 12 per year
Annual Burden 29,562 hours

The respondent population subject to Form BL-1 is approximately 349 banks, other depository institutions, bank holding companies, financial holding companies, brokers and dealers. We expect a total of about 4,188 responses per year. There are about 30 major respondents that report relatively large amounts of data with an hourly burden that is double the burden of other respondents. With an estimated average reporting burden of thirteen per filing by major respondents and 6.5 hours per filing by other respondents, based on information from several respondents, the estimated total reporting burden on the public is 29,562 hours per year.

Generally, completion and review of the form involves two persons. It is estimated that the average wage of persons completing the form is \$29.23 per hour (corresponding to an average salary of \$60,800), while that of supervisory or other more senior staff reviewing the form is \$45.48 per hour (corresponding to an average salary of \$94,600). For 319 respondents filing 12 times per year, and using an average 5 hours per form for completion plus 1.5 hours per review, and for 30 major respondents filing 12 times per

year, and using an average 10 hours per form for completion plus 3 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$974,955.

13. Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with Form BL-1 are estimated to be \$0 (zero dollars). In general, reporting on the forms requires neither specialized capital equipment, nor fixed or variable costs that are not already associated with the customary and usual business practices of respondents.
- (b) Total annualized operations, maintenance, and purchases of services costs are estimated to be \$0 (zero dollars). Reporting on the forms does not in general impose operations, maintenance, or specialized services costs that are not already associated with the customary and usual practices of respondents.

The above cost estimates are not expected to vary widely among respondents.

Note: As required by OMB, the *Federal Register* notice of August 12, 2008, included an explicit request for public comments on the estimates of cost burden that are not captured in the estimates of burden hours. No comments on cost estimates were received.

14. Consistent with procedures for all TIC reports, Form BL-1 is printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC reports, including Form BL-1, are made available on the Treasury TIC website at www.ustreas.gov/tic/forms.html.

The total annualized cost to the Federal government is estimated to be approximately \$529,914. The figures are best estimates by the staff of the Federal Reserve Bank of New York using their standard accounting and costing procedures and are based in part on experience gained by conducting other TIC surveys. Treasury Department staff has included additional expected costs for advisory services and dissemination of the information collected.

Estimated Annual Federal Costs for Form BL-1

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|---|-----------|
| Salaries and Benefits: | \$250,862 |
| Overhead and Support Costs on Salaries and benefits | \$213,233 |
| Computer Systems and Programming Costs: | \$22,480 |
| Other Treasury costs (mostly salary): | \$43,339 |
| Totals | \$529,914 |

15. For Form BL-1 there will be a reduction in burden hours to 29,562 as compared to the estimate of 31,278 currently carried in OMB's Information Collection Inventory. The total overall reduction is the result of a decrease of 1,716 hours due to the decrease in the number of respondents.

16. Form BL-1 is needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, including breakdowns of banks' own dollar claims and liabilities *vis-a-vis* foreigners, are published quarterly in the *Treasury Bulletin*, monthly in the *Federal Reserve Bulletin* and quarterly in the *Survey of Current Business*. The *Treasury Bulletin* data are also posted quarterly to a Treasury website maintained by the Financial Management Service (<http://fms.treas.gov/bulletin/>). Historical time series data, by country, reported on Form BL-1 are also posted to the Treasury TIC website (www.ustreas.gov/tic/). Data are published or otherwise made publicly available in aggregate form only, so as to avoid violating the confidentiality of any single respondent's submission. In addition, tabulations of these data frequently are made on an *ad hoc* basis for senior officials at the Treasury and the Board of Governors and other offices at Treasury and the Board.
17. Approval to not display the expiration date for OMB approval on the forms has previously been granted.
18. Regarding this request for OMB approval, there are no exceptions to the certification statement in item 19 of Form 83-I.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of this information does not employ statistical methods. Statistical methods are not appropriate for the type of information collected and would not reduce burden or improve accuracy of results.

November 2008