

## SUPPORTING STATEMENT

### Revision of Treasury International Capital (TIC) Form BQ-1 (OMB No. 1505-0016)

#### A. JUSTIFICATION

1. Treasury International Capital (TIC) Form BQ-1, "Report of Customers' U.S. Dollar Claims on Foreigners", is filed by banks, other depository institutions, bank holding companies, financial holding companies, and brokers and dealers in the United States to report their own and their domestic customers' portfolio claims (exclusive of long-term securities) on foreigners. This report is 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 BQ-1 and related TIC Forms, as published in the November 2, 1993, edition of the *Federal Register*.
2. Data collected on TIC Form BQ-1 constitute the most complete and readily available information on cross-border claims of U.S. banks, brokers, dealers and their domestic customers. The data are necessary for compiling the U.S. balance of payments, 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 BQ-1 report directly to the district Federal Reserve Banks, which act as fiscal agents for 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 *Treasury Bulletin*, in the Board of Governors' *Federal Reserve Bulletin*, and in the Commerce Department's *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/>.
3. The instructions for Form BQ-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 report is filed. The option of filing Form BQ-1 via the internet also is available to respondents.

As respondents' internal methods of maintaining and retrieving reportable information vary widely for Form BQ-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 separately to Part 1 and Part 2 of Form BQ-1 as of the end of a given quarter, 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 dates for Form BQ-1 filings are twenty calendar days following the quarter 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. There are no special circumstances associated with Form BQ-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 46980 and 46981. 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 BQ-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. Regarding Form BQ-1 or any other TIC forms, 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 68  
Frequency of Responses 4 per year  
Annual Burden 882 hours

The respondent population subject to Form BQ-1 is approximately 68 banks, other depository institutions, bank holding companies, financial holding companies, and brokers and dealers, based on the reporting threshold. We expect about 272 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 4.5 hours per filing by major respondents and 2.25 hours per filing by other respondents, based on information from several respondents, the estimated total reporting burden on the public is 882 hours per year.

Generally, completion and review of the form involves two persons. It is estimated that the average wage of persons completing the forms is \$29.23 per hour (corresponding to an annual salary of \$60,800), while that of supervisory or other more senior staff reviewing the forms is \$45.48 per hour (corresponding to an annual salary of \$94,600). For 38 respondents filing 4 times per year, and using an average of 1.5 hours per form completion plus three-fourths hour per review, and for 30 major respondents filing 4 times per year, and using an average of three hours per form completion plus 1.5 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$30,558.

13. Total annual cost burden:
  - (a) Total annualized capital and start-up costs associated with Form BQ-1 are estimated to be \$0 (zero dollars). In general, reporting on the form 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 form 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 BQ-1 is printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC reports, including Form BQ-1, are made available on the Treasury TIC website at [www.ustreas.gov/tic/forms.html](http://www.ustreas.gov/tic/forms.html).

The total annualized cost to the Federal government is estimated to be approximately \$77,704. 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 costs for reviewing, preparing reports, advisory services, etc.

Estimated Annual Federal Costs for Forms BQ-1

Salaries and Benefits:	\$32,464
Overhead and Support Costs on Salaries and benefits	\$27,595
Computer Systems and Programming Costs:	\$4,310
Other Treasury costs (mostly salary):	\$13,335
Totals	\$77,704

- 15. For Form BQ-1 there will be a reduction in burden hours to 882, as compared to the estimate of 909 currently carried in OMB's Information Collection Inventory. The total overall reduction is the result of an decrease of 27 hours due to the decrease in the number of respondents.
- 16. Form BQ-1 is needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, including breakdowns of bank's own claims on foreigners and bank's domestic customers' claims on 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 the Treasury website maintained by the Financial Management Service (<http://fms.treas.gov/bulletin/>). Selected historical time series data, by country, reported on Form BQ-1 are also posted to the Treasury TIC website ([www.ustreas.gov/tic](http://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 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