

SUPPORTING STATEMENT

Extension of Treasury International Capital (TIC) Form BQ-3 (OMB No. 1505-0189)

A. JUSTIFICATION

1. Treasury International Capital (TIC) Form BQ-3, "Report of Maturities of Selected 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 United States to report the maturities of selected liabilities to foreigners denominated in U.S. dollars or in foreign currencies. 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-3 and related TIC Forms, as published in the November 2, 1993, edition of the *Federal Register*.
2. Data collected on TIC Form BQ-3 constitutes the most complete and readily available information on the remaining maturities of cross-border liabilities of U.S. banks, brokers, and dealers. The data are necessary for computing the repayment schedules for the gross external debt of the U.S.; for complying with international data reporting standards; and in formulating U.S. international financial and monetary policies. In addition, these data are elements of reporting on the U.S. economic and financial system consistent with international norms, such as laid out in the International Monetary Fund's Special Data Dissemination Standard. Timely disclosure of important economic data is part of the efforts by the international community, including the United States, to contribute to the pursuit of sound macroeconomic policies and to the improved functioning of financial markets. Treasury and the Board of Governors of the Federal Reserve System are the most significant users of the data for these purposes. Consistent with procedures for the TIC reporting forms, respondents covered by Form BQ-3 reporting requirements will 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. The table containing the repayment schedules for the gross external debt of the U.S. is published quarterly on the Treasury TIC website (www.ustreas.gov/tic/).
3. The instructions for Form BQ-3 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-3 via the internet also is available to respondents.

As respondents' internal methods of maintaining and retrieving reportable information vary widely for Form BQ-3, 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 \$4 billion at each quarter-end, and is applicable to the total of all of the reporter's own U.S. dollar and foreign currency-denominated liabilities, excluding securities, as reported on TIC Form BL-1 and on TIC Form BQ-2, Part 1 as of the end of the same quarter. This threshold effectively excludes smaller banks, other depository institutions, and brokers and dealers in the U.S. from the reporting population.
6. As is the case for all TIC reporting forms, the data are collected on an ongoing basis. The submission dates for Form BQ-3 filings are no later than the twentieth calendar day 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. In addition, these data are key elements of reporting on the U.S. economy and financial system consistent with international norms, such as laid out in the International Monetary Fund's Special Data Dissemination Standard (SDDS). 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-3 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 BQ-3 was published Tuesday, August 12, 2008, pages 46982. 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 form 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-3. The Board of Governors and the 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-3 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 98
Frequency of Responses 4 per year
Annual Burden 1,568 hours

The respondent population subject to Form BQ-3 is estimated at approximately 98 banks, other depository institutions, bank holding companies, financial holding companies, and brokers and dealers, based on the reporting threshold that will require reporting by only the larger respondents. We expect about 392 responses per year. With an estimated average reporting burden of four hours per filing, based on information from several respondents, the estimated total reporting burden on the public is 1,568 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 98 respondents filing 4 times per year, and using an average of three hours per form completion plus one hour per review, the total annualized cost to respondents for the burden hours is estimated to be \$52,203.

13. Total annual cost burden:

- (a) Total annualized capital and start-up costs 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-3 is printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC reports, including Form BQ-3, 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 \$89,912. 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-3

Salaries and Benefits:	\$43,286
Overhead and Support Costs on Salaries and benefits	\$36,793
Computer Systems and Programming Costs:	\$6,499
Other Treasury costs (mostly salary):	\$3,334
Totals	\$89,912

- 15. For Form BQ-3, there is an increase in burden hours to 1,568, as compared to the estimate of 1,312 currently carried in OMB's Information Collection Inventory. The total overall increase is the result of an increase of 256 hours due to the increase in the number of respondents.
- 16. Form BQ-3 is needed to collect the data on an ongoing basis. The detailed data is used in the computation of the repayment schedules for gross external debt of the U.S. The table containing the repayment schedules is published quarterly on Treasury's 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 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.

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