

## SUPPORTING STATEMENT

### Revision of Treasury International Capital (TIC) Form S (OMB No. 1505-0001)

#### A. JUSTIFICATION

##### 1. Circumstances necessitating the collection of information

Treasury International Capital (TIC) Form S, “Purchases and Sales of Long-Term Securities by Foreigners”, is filed by banks, other depository institutions, brokers, dealers, nonbanking business enterprises, and other specified U.S. persons to report their international portfolio capital transactions with 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 S and related TIC Forms, as published in the November 2, 1993, edition of the *Federal Register*.

The purpose of this revision of the form is simply to update the column titles, which have not changed in many years, so they better describe the data being collected; there is no change in the reporting requirements. In particular, the word “stocks” is changed to “equities” to clarify that columns 7, 8, 11 and 12 collect data on all U.S. equities, not just stocks traded on exchanges. There is no change in the reporting requirements; for example, the column-by-column instructions for those four columns already use the term “equity”. This updating will not affect the reporting burden of the Form S on individual data reporters. This action also makes the terms on the Form S more consistent with the terms on other TIC forms that report data on securities, including the annual reports. The instructions are also clarified in some sections in response to questions on securities received in the past from data reporters.

##### 2. Use of data

Data collected on TIC Form S constitute the most complete and readily available information on cross-border purchases and sales of long-term domestic and foreign securities by foreigners in transactions with U.S. persons. The data 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 S 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 *Treasury Bulletin*, the Board of Governors' *Federal Reserve Bulletin*, and 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/>. Historical time series data, by country, reported on Form S are also posted to the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>, under the link "U.S. Transactions with Foreigners in Long-Term Securities".

3. Use of information technology

The instructions for Form S inform respondents that, in lieu of reports on printed forms prescribed by the Secretary pursuant to 31 C.F.R.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 by the district Federal Reserve Bank with which the report is filed. The option of filing Form S via the internet has been available to respondents since January 2001.

As respondents' internal methods of maintaining and retrieving reportable information vary widely and are not dependent upon Form S reporting requirements, no single information technology can be prescribed to reduce burden on respondents.

4. Efforts to identify duplication

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. Impact on small entities

The reporting threshold of \$50 million, which is applied to total purchases during the reporting month or to total sales during the reporting month of long-term securities in transactions directly with foreigners, effectively excludes small depository institutions, securities firms, and other entities from the reporting population.

6. Consequences of less frequent collection and obstacles to burden reduction

The data are collected on an ongoing basis. The monthly submission date for filing Form S is fifteen calendar days following the month to which the report applies. 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. Circumstances requiring special information collection

Frequency of reporting: The circumstances that require Form S to be collected more often than quarterly are the unpredictable qualities and magnitudes of the data due to the rapidly changing factors influencing the securities industry, and the U.S. government's need for timely and reliable information on trends in international securities markets. The likely consequences of collecting this information less frequently are outlined in Item 6 above.

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

8. Solicitation of comments on information collection

Treasury's notice in the *Federal Register* soliciting public comment on Form S was published Friday, October 8, 2010, vol. 75, page 62447. The deadline for receiving pre-clearance comments was December 7, 2010. 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.

The Federal Register notice invited comments on six changes in the information collection: (a) In the title for columns 7 and 8, the word STOCKS will be replaced by U.S. EQUITY; and in the title for columns 11 and 12, the words FOREIGN STOCKS will be replaced by FOREIGN EQUITY. The purpose of this action is to clarify the type of data collected in columns 7, 8, 11 and 12 of the form. There is no change in the reporting requirements; for example the column-by-column instructions for those four columns already use the term "equity". This action also makes the terms on the Form S more consistent with the terms on other TIC forms that report data on securities, including the annual reports. This action will not affect the reporting burden of the Form S; (b) In the title of columns 5 and 6, "U.S." will be inserted at the beginning so the title reads "U.S. CORPORATE AND OTHER BONDS". This action will clarify the type of data collected and will neither change the reporting requirements nor affect the reporting burden; (c) The unnecessary word "foreign" will be deleted from the titles of columns 7 and 8 in the Memorandum section on the last page of the form. That action will bring those two titles into conformity with the other column-pairs in the form; (d) The instructions will be revised by expanding and clarifying the old section called Determining Residency. The revised section is called "Reporting the Location of Foreign Counterparties" in the General Instructions. The revised language is consistent with the same guidance in other TIC reports; (e) The instructions will be revised by expanding and clarifying the section on REPORTING OF FUND SHARES (in the Reportable Items section of the General Instructions). The revised language includes examples and is consistent with the same guidance in other TIC reports; (f) The instructions (the

Reportable Items section of the General Instructions) will be revised in accordance with (a) above so that any instruction to record data in the columns for “stocks” is changed to an instruction to record data in the column for “equities”; (g) The instructions (the Other Statistical Reports section of the Introduction) will be revised by adding a paragraph on the proposed new SLT form; (h) The instructions will be revised so that the sections in the Introduction and the General Instructions are arranged to be more consistent with the organization of the instructions of other TIC reports; (i) These changes will be effective beginning with the reports as of June 30, 2011.

We have revised the last item (i), so that these changes will be effective beginning with the reports as of June 30, 2011, which is three months later than the date in the Federal Register Notice.

We received one letter with comments, from the Bureau of Economic Analysis (BEA), Department of Commerce, dated November 24, 2010. In the letter, BEA strongly supported the continued collection of the TIC Form S, because the data collected on this form are critical to key components of BEA’s economic statistics. Furthermore, BEA strongly supported the proposed changes.

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 S. 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. Provision of payments to recordkeepers

In respect of Form S or any other TIC form, there has been no provision of payments or gifts to respondents for any purpose.

10. Assurance of confidentiality

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. Justification of sensitive questions

There are no questions of a sensitive nature.

12. Total annual hour burden:

Number of respondents – 217

Frequency of Responses – 12 per year

Annual Burden – 17,488 hours when changes become effective (report as of June 2011)

The respondent population subject to Form S is approximately 217 banks, brokers, and nonbanking business enterprises, based on our efforts to enforce compliance with mandatory reporting requirements. We expect about 2,604 responses per year. We estimate 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. Thus with an estimated average reporting burden of 11.8 hours per filing by major respondents and 5.9 hours per filing by other respondents, based on information from several respondents, the estimated total reporting burden on the public is 17,488 hours per year when the changes become effective (report as of June 2011).

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
217	12	2,604	6.716	17,488

Generally, completion and review of the forms 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 187 respondents filing 12 times per year, and using an average of 4.4 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 of 8.8 hours per form for completion plus three hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$583,410 when the changes become effective (report as of June 2011/March 2009).

13. Estimated total annual cost burden to respondents

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with Form S 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 , October 8, 2010, included an explicit request for public comments on the estimates of cost burdens that are not captured in the estimates of burden hours. No comments on cost estimates were received.

14. Estimated cost to the Federal government

Consistent with procedures for all TIC reports, Form S is printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC forms, including Form S, are made available on the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms.aspx>.

The total annualized cost to the Federal government is estimated to be approximately \$918,330, when the changes become effective (report as of June 2011). 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 S

Salaries and Benefits:	\$435,475
Overhead and Support Costs on Salaries and benefits	\$370,154
Computer Systems and Programming Costs:	\$ 32,689
Other Treasury costs (mostly salary):	\$80,012
Totals	\$918,330

15. Reason for change

When the changes become effective (report as of June 2011), for Form S there will be a decrease in burden hours to 17,488 as compared to the estimate of 20,107 currently carried in OMB's Information Collection Inventory. The total overall decrease of 2,619 hours is due entirely to a decrease in the number of respondents.

16. Plans for tabulation, statistical analysis and publication

Form S is needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, including breakdowns of purchases and sales of domestic and foreign securities, 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 S are also posted to the Treasury TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>). 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. Reasons why displaying the OMB expiration date is inappropriate

Approval to not display the expiration date for OMB approval on the TIC forms has previously been granted. The electronic form available from the Treasury website includes the expiration date.

18. Exceptions to certification requirement of OMB Form 83-I

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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