

SUPPORTING STATEMENT

Revision of Treasury International Capital (TIC) Form BC (OMB No. 1505-0017)

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary.

Treasury International Capital (TIC) Form BC, "Report of U.S. Dollar Claims of Depository Institutions, Brokers and Dealers on 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 claims (exclusive of long-term securities) *vis-a-vis* 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).

2. How, by whom, and for what purpose is the information to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

Data collected on TIC Form BC constitute the most complete and readily available information on cross-border dollar claims of U.S. banks, brokers and dealers. The form and data it procures is 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 BC 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 all private sector 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 at <http://www.fms.treas.gov/bulletin/index.html>. Historical time series data, by country, reported on Form BC are also posted to the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticclaim.aspx>.

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, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden. Explain how you will provide a fully electronic reporting option (meaning no paper from the respondent is required) by October 2003, or an

explanation of why this is not practicable.

The general instructions for Form BC 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 BC via the internet also is available to respondents.

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

4. Describe 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. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

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 claims on Form BC 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. Describe the consequences to Federal program or policy activities if the collection were not conducted or was conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The data are collected on an ongoing basis. The submission date for Form BC claims falls fifteen (15) calendar days 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. Explain any special circumstances that would cause an information collection to be conducted in a manner: (a) requiring respondents to prepare information to the agency more often than quarterly; (b) requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; (c) requiring respondents to submit more than an original and two copies of any document; (d) requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three

years; (e) in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study; (f) requiring the use of a statistical data classification that has not been reviewed and approved by OMB; (g) that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or (h) requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

Frequency of reporting for Form BC: 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 BC that are inconsistent with the conditions outlined in Item A.7 of the Specific Instructions for Supporting Statements for Paperwork Reduction Act Submissions.

8. Summarize public comments received in response to the Federal Register Notice requesting public comments and describe actions taken by the agency in response to these comments, particularly comments on cost and hour burden. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, clarity of instructions and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Treasury's notice in the *Federal Register* soliciting public comment on Form BC was published Monday, September 19, 2011, page 58085. The deadline for receiving pre-clearance comments was November 18, 2011. Because of delays in mail delivery, Treasury waited until November 23 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 Department of Commerce's Bureau of Economic Analysis (BEA), dated October 31, 2011. 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 BC. 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. Explain any decision to provide any payment or gift to respondents.

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

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

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. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. Also provide estimates of annualized cost to respondents for the hour burdens.

Total annual hour burden:

Number of respondents 302
Frequency of Responses 12 per year
Annual Burden 35,856 hours

The respondent population subject to Form BC is approximately 302 banks, other depository institutions, bank holding companies, financial holding companies, brokers and dealers, based on the reporting threshold. We expect a total of about 3,624 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 eighteen hours per filing by major respondents and nine hours per filing by other respondents, based on information from several respondents, the estimated total reporting burden on the public is 35,856 hours per year.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
302	12	3,624	9.9	35,856

Generally, completion and review of the form involves two persons. It is estimated that the average wage of persons completing the form is \$31.06 per hour (corresponding to an average salary of \$64,600), while that of supervisory or other more senior staff reviewing the form is \$40.05 per hour (corresponding to an average salary of \$83,300). For 272 respondents filing 12 times per year, and using an average 7.5 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 15 hours per form for completion plus 3 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$1,167,412.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers not included in Item 12 and Item 14.

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with Form BC 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 September 19, 2011, 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. Provide estimates of annualized costs to the Federal government.

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

The total annualized cost to the Federal government is estimated to be approximately \$1,583,758. 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 BC

Salaries and Benefits:	\$663,817
Overhead and Support Costs	\$768,057
Computer Systems and Programming Costs:	\$ 151,885
Totals	\$1,583,758

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of OMB Form 83-I.

For Form BC there will be an increase in burden hours to 35,856 as compared to the estimate of 33,804 currently carried in OMB's Information Collection Inventory. The total overall increase is the result of an increase of 2,052 hours due to the increase in the number of respondents.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Provide the time schedule for the entire project.

Form BC 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 (<http://www.fms.treas.gov/bulletin/index.html>). Historical time series data, by country, reported on Form BC are also posted to the Treasury TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticclaim.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. If seeking approval to not display the expiration date for OMB approval, explain the reasons that display would be inappropriate.

Approval to not display the expiration date for OMB approval on the forms has previously been granted.

18. Explain each exception to the certification statement identified in Item 19 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.

November 2011