

SUPPORTING STATEMENT

Extension of Recordkeeping Requirements Included in 31 C.F.R. Part 128 (OMB No. 1505-0149)

A. JUSTIFICATION

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

Treasury Regulations 31 C.F.R. Part 128 implement certain provisions of the International Investment and Trade in Services Survey Act (22 U.S.C. 3101 *et seq.*) concerning the reporting of international portfolio capital transactions and positions for purposes of compiling the balance of payments accounts and the international investment position of the United States. These regulations further implement the reporting requirements pursuant to 22 U.S.C. 286f and E.O. 10033, whereby the Treasury is directed to collect information with respect to capital movements between the United States and foreign countries and on the monetary reserves of the United States in order that the U.S. Government may comply with official data requests of the International Monetary Fund in accordance with section 8(a) of the Bretton Woods Agreements Act. In addition, the regulations implement the reporting requirements under 31 U.S.C. 5315 whereby the Secretary of the Treasury is authorized and directed to collect data on the nature and scope of capital flows of large U.S. business enterprises and of their foreign affiliates, including their foreign currency transactions.

The regulations include a recordkeeping requirement, §128.5, which is necessary to enable the Treasury to verify reported information and to secure additional information concerning reported amounts as may be necessary. The recordkeepers are U.S. persons required to file reports covered by these regulations.

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 under authority of 31 C.F.R. Part 128 constitute the most complete and readily available information on U.S. claims on, and liabilities to, foreigners arising from international transactions and positions in portfolio capital instruments, securities, and foreign exchange. 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 recordkeeping requirements of 31 C.F.R. Part 128 must maintain all information necessary to make a complete report for at least three years from the date such a report is required to be filed. This information may be required by the Treasury or by the Federal Reserve Bank of New York (FRBNY), acting as fiscal agent of the Treasury, to verify reported transactions or positions and to secure additional information regarding reported

amounts as may be necessary.

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.

Respondents are informed in 31 C.F.R. §128.2(a)(2) that in lieu of reports on forms prescribed by the Secretary pursuant to §128.1, the required data may be filed on magnetic tape or other media that can be processed by data processing equipment and 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. These alternative methods of reporting include electronic submission of data.

Because respondents' internal methods of maintaining and retrieving reportable information vary widely and are not dependent upon the cited reporting requirements, including the recordkeeping requirement under §128.5, there is no single information technology that can be prescribed to reduce burden on respondents.

4. Describe efforts to identify duplication.

There is no duplication with respect to the recordkeeping function.

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

The exemption thresholds of the reporting forms prescribed pursuant to §128.1 ensure that small depository institutions, securities firms, nonbank business enterprises, and other entities are excluded from the reporting populations.

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 periodic reports for collecting information on international capital transactions and positions (Subpart B of 31 C.F.R. Part 128) and on foreign exchange positions (Subpart C) vary from weekly to quarterly submissions. These reporting frequencies were determined by balancing the needs of the U.S. Government for timely statistics and the abilities of respondents to compile reliable information. The lack of timely information could seriously impair the ability of the U.S. Government to respond to important developments in international capital and foreign exchange markets; the lack of accurate information could diminish the effectiveness of the Government's financial and monetary policies. The recordkeeping requirement prescribed under §128.5 is therefore necessary because it allows for validation of reported data and for revisions to the data series as may be necessary.

There are no legal obstacles to reducing the recordkeeping burden on respondents.

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.

Under 31 C.F.R. Part 128, Subpart C, Reports on Foreign Currency Positions, certain data are required to be reported by respondents in fewer than 30 days. Due to the rapid changes characteristic of foreign exchange markets, reporting delays of 30 days (as required in 5 C.F.R. 1320.6(b)) would make these data unusable for operational decisions in the foreign exchange markets. The mandate of P.L. 93-110 (31 C.F.R. 5315) was to provide the most current data feasible for such purposes.

Other than described in the preceding paragraph, there are no special circumstances with respect to 31 C.F.R. Part 128, or more specifically the recordkeeping requirement under §128.5, 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 31 C.F.R. §128.5 was published Wednesday, September 21, 2011, pages 58561 and 58562. The deadline for receiving pre-clearance comments was November 21, 2011. Because of delays in mail delivery, Treasury waited until November 25 to receive mail.

No comments were received regarding the extension of 31 C.F.R. Part 128.

As is done for all TIC forms, discussions regarding all aspects of the reporting systems authorized under 31 C.F.R. Part 128 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 and the other district Federal Reserve Banks collect, review and edit the data collected under authority of 31 C.F.R. Part 128. 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. Explain any decision to provide any payment or gift to respondents.

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 International Capital and Foreign Currency reporting forms, individual respondent data are considered confidential and access to them is strictly limited to selected staff of the Treasury and the Federal Reserve System and to other Federal agencies to the extent allowed by applicable law. 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 (record keepers):	1,761
Frequency of Responses	9.683 per year
Estimated total annual recordkeeping burden:	5,683 hours

The respondent population is estimated at approximately 1,761 banks, brokers, and nonbanking business enterprises, based on the current reporting thresholds and on efforts to enforce compliance with mandatory reporting requirements. We expect respondents to file about 17,052 data reports per year, requiring the same number of recordkeeping actions per year. With an estimated average recordkeeping burden of about one-third hour per filing, the estimated total annual recordkeeping burden on the public is 5,683 hours per year. The estimated hour burden per filing of one-third hour is based on the estimated average time required to archive computer data files.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
1,761	9.683	17,052	0.3333	5,683

Generally, compliance with the recordkeeping requirements of §128.5 involves one person. It is estimated that the average wage of persons performing recordkeeping functions is \$31.06 per hour (corresponding to an annual salary of \$64,600). With 1,761 respondents undertaking 9.683 recordkeeping actions per year, and using an average of about one-third hour per recordkeeping action, the total annualized cost to respondents for the burden hours is estimated to be \$176,527.

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

Total annual cost burden:

- (a) Total annualized capital and start-up costs are estimated to be \$0 (zero dollars). In general, recordkeeping practices prescribed under 31 C.F.R. Part 128 require 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). Recordkeeping practices prescribed under 31 C.F.R. Part 128 do 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 recordkeepers.

Note: As required by OMB, the Federal Register notice of September 21, 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 the cost estimates were received.

14. Provide estimates of annualized costs to the Federal government.

There are no costs, direct or indirect, to the Federal Government in connection with the recordkeeping requirements under 31 C.F.R. Part 128.

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

For 31 C.F.R. Part 128 recordkeeping, there will be an increase in burden hours to 5,683, as compared to the estimate of 4,950 currently carried in OMB's Information Collection Inventory. The total overall increase of 733 hours is the result of an increase in the number of respondents, together with an improved method of computing the burden.

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

There are no publication plans associated with the recordkeeping requirement under 31 C.F.R. Part 128. However, aggregate data reported on periodic reports under this regulation are regularly published in the quarterly Treasury Bulletin, in the monthly Federal Reserve Bulletin, and in the Department of Commerce's monthly 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 of selected aggregate data are posted to the Treasury's TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>).

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 that apply to 31 C.F.R. Part 128.

November 2011