

SUPPORTING STATEMENT

Request for revision of Treasury International Capital (TIC)
Form SLT (OMB No. 1505-0235)

A. JUSTIFICATION

1. Circumstances necessitating the collection of information

Treasury International Capital (TIC) Form SLT, “Aggregate Holdings of Long-Term Securities by U.S. and Foreign Residents”, is filed by U.S.-resident custodians, U.S.-resident issuers of long-term securities, and U.S.-resident end-investors (including endowments, foundations, pension funds, mutual funds, and other investment managers/advisors/sponsors) in long-term foreign securities. U.S.-resident holders, both banking and non-banking institutions, of foreign portfolio equity and/or debt may be required to report.

The global financial crisis of 2008-09 highlighted the importance of enhanced surveillance of the world economy. As a consequence, the international financial community developed a heightened awareness of the importance of collecting economic and financial data, including more frequent and accurate data regarding each country’s external claims and liabilities. As a result, the United States needed to collect certain data on a frequent and accurate basis, including monthly holdings of long-term securities by country. Data on securities are important because they constitute a large portion of U.S. external claims and liabilities.

The Treasury International Capital (TIC) data reporting system collects monthly data on holdings of short-term securities and on purchases and sales of long-term securities. It also collects data annually, but not monthly, on holdings of long-term securities, but there is a lag of eight months between the as-of date of the survey and the release date of the preliminary data, and there is an additional two months of lag before the final data are released. Although the annual data currently collected on holdings of long-term securities, together with the monthly data on purchases and sales, can be used to roughly estimate aggregate monthly holdings of long-term securities by country, the time required to produce the estimates is lengthy and the estimates are usually revised substantially when the subsequent annual survey data are released.

Consequently, in 2011 the Department of the Treasury began the Form SLT collection of data on holdings of long-term securities on a monthly basis so as to ensure timely and accurate measurement of the aggregate holdings of long-term securities by country. That, in turn, improves the preparation of the U.S. balance of payments accounts and the U.S. international investment position, as well as the formulation of U.S. international financial and monetary policies. 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).

2. Use of data

Data collected on TIC Form SLT constitute the most complete and readily available information on cross-border holdings of long-term domestic and foreign securities by U.S. and foreign residents. 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 Bureau of Economic Analysis of 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. There is public interest in the aggregate data and the news media report on the monthly Treasury press release of monthly TIC data.

Respondents covered by the reporting requirements of Form SLT 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 Board of Governors' *Federal Reserve Bulletin* and in the Commerce Department's *Survey of Current Business*. Historical time series data, both aggregate and by country, reported on Form SLT also are posted to the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>.

3. Use of information technology

The instructions for Form SLT 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 TIC forms, such as Form SLT, 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 SLT 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 positions data.

5. Impact on small entities

The reporting threshold of \$1 billion, which is applied to total portfolio holdings of long-term securities, effectively excludes small custodians, issuers, and end-investors from the reporting population. Data reporters will file one consolidated report for all U.S.-resident parts of their organizations, and the total will be the aggregate of holdings as issuer, end-investor, and custodian.

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 SLT is twenty-three 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 SLT 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 holdings of securities. 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 SLT 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 SLT was published Wednesday, February 12, 2014, vol. 79, page 8538. The deadline for receiving comments was Monday, April 14, 2014. To bring attention to the *Federal Register* notices, the Federal Reserve Bank of New York (FRBNY) contacted all respondents reporting data on securities to FRBNY, and other district Federal Reserve Banks that process TIC data..

The *Federal Register* notice invited comments on two changes in the information collection: (a) Electronic filing of the TIC Form SLT report will be mandatory. More specifically, the last part of Section II.H, Submission of Reports, in the instructions will say, in effect, that the TIC Form SLT report must be submitted electronically by using the Federal Reserve System's "Reporting Central" electronic submission system. It is easy to use, secure, provides confirmation of the receipt of the data, and performs a number of validity checks of your file format. The SLT report can no longer be filed by mail or Fax and can no longer be reported on computer or other paper. Because it usually takes at least

a month to set up a “Reporting Central” account, respondents may wish to obtain more information soon on “Reporting Central” by contacting the Federal Reserve Bank of New York at 212-720-6300. (b) The glossaries for all Treasury International Capital (“TIC”) reports will be consolidated into a single document which will provide more consistency across the TIC system. As a result, the TIC SLT reporting instructions will not include a glossary but will point to the separate consolidated Glossary document on the Treasury Web site. [Note: some other clarifications may be made in the instructions and glossary.] (c) These changes will be effective beginning with the reports as of June 30, 2014.

The letter from the Commerce Department’s Bureau of Economic Analysis (BEA), dated April 21, 2014, strongly supported the collection of data by the Form SLT, including more frequent collection of the data and the information in the addendum rows of the form.

9. Provision of payments to recordkeepers

In respect of Form SLT 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.
This collection does not gather personally identifiable information.

12. Total annual hour burden:

Number of respondents – 408
Frequency of Responses – 12 per year
Annual Burden – 42,912 hours (report as of June 2014)

Burden estimates are calculated for three different classes of data reporters.

- The first group is comprised of U.S.-resident custodians, who provide safekeeping services for their own firm as well as for others. This type of organization will provide the vast majority of the data collected on Form SLT, using both Part A and Part B of the form, and thus will have the greatest burden.
- The second class of respondents is U.S. resident end investors who either keep securities in custody at their own site or who arrange for safekeeping abroad. In either case, no U.S.-resident custodian is employed to hold these foreign securities in

safekeeping. These investors would report on all these holdings of foreign securities on Part B.

- The last class of reporters consists of U.S. resident issuers of securities, who are not custodians, that have issued securities directly to foreigners and, in addition, those foreigners do not hold the securities with U.S.-resident custodians. These issuers would report the foreign holdings of those securities on Part B.

The respondent population subject to Form SLT is approximately 408 banks, brokers, and nonbanking business enterprises that fall into the three classes of respondents described above. We expect about 4,896 responses per year. We estimate there will be about 88 custodians that report relatively large amounts of data. With an estimated average reporting burden of 17 hours per filing by custodians and 6.5 hours per filing by 320 other respondents, the estimated total reporting burden on the public will be 42,912 hours per year.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
408	12	4,896	8.765	42,912

Estimates of annualized cost to respondents: Generally, completion and review of the forms involves two persons. It is estimated that the average wage of persons completing the form is \$31.97 per hour (corresponding to an annual salary of \$66,500), while that of supervisory or other more senior staff reviewing the forms is \$48.32 per hour (corresponding to an annual salary of \$100,500). For 320 respondents filing 12 times per year, and using an average of 5.5 hours per form for completion plus 1.0 hours per review, and for 88 custodians filing 12 times per year, and using an average of 15 hours per form for completion plus two hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$1,469,212 (report as of June 2014).

13. Estimated total annual cost burden to respondents

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with Form SLT 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 February 12, 2014, 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 SLT is printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC forms, including Form SLT, are made available on the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms-slt.aspx>.

The total annualized cost to the Federal government is estimated to be approximately \$1,294,851. 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 SLT

Salaries and benefits:	\$553,118
Other direct operating expenses:	\$79,527
Computer and other support and Overhead:	\$591,360
Other Treasury costs (mostly salary):	\$70,846
Totals	\$1,294,851

15. Reason for change

When the changes become effective (report as of June 2014) for Form SLT, there will be an increase in burden hours to 42,912 as compared to the estimate of 20,520 currently carried in OMB's Information Collection Inventory. The total overall increase of 22,392 hours is entirely the result of an increase in the number of respondents.

16. Plans for tabulation, statistical analysis and publication

Form SLT is needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, including breakdowns of holdings of domestic and foreign long-term securities, are published monthly in the *Federal Reserve Bulletin* and quarterly in the *Survey of Current Business*. Historical time series data, both aggregate and by country, reported on Form SLT 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 forms on the website will have expiration dates.

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.

April 2014