

**Supporting Statement for the
Foreign Branch Report of Condition (FFIEC 030; OMB No. 7100-0071) and the
Abbreviated Foreign Branch Report of Condition (FFIEC 030S; OMB No. 7100-0071)**

Summary

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to extend for three years, with revision, the Federal Financial Institutions Examination Council (FFIEC) Foreign Branch Report of Condition (FFIEC 030; OMB No. 7100-0071) and Abbreviated Foreign Branch Report of Condition (FFIEC 030S; OMB No. 7100-0071). Insured domestically chartered commercial banks (U.S. banks) are required to submit, to the appropriate Federal Reserve Bank, a limited balance sheet for all their foreign branches. This report is collected annually as of December 31 or quarterly for significant branches as of the last day of each calendar quarter. The Federal Reserve receives reports for all foreign branches of U.S. banks, regardless of charter type, on behalf of the U.S. banks' primary federal bank regulatory agency, which includes the Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively the agencies). The agencies use this report to fulfill their statutory obligation to supervise foreign operations of domestic banks. The FDIC and the OCC also are submitting a similar request for OMB review for banks under their supervision.

The agencies propose to revise the officer declaration requirement that applies to the FFIEC 030 and FFIEC 030S, reduce the information provided if the consolidation option is elected, and add a field on the cover page for an institution to indicate whether the branch meets the criteria for annual or quarterly filing. The proposed changes would be effective for the FFIEC 030 and FFIEC 030S reports as of the December 31, 2015, report date. The current annual reporting burden for the FFIEC 030 and FFIEC 030S is estimated to be 380 hours and would remain unchanged with the proposed revisions.

Background and Justification

The Federal Reserve and the OCC have collected some version of the Foreign Branch Report of Condition from member banks since 1965 and 1964, respectively. The FDIC began collecting this report in the early 1980s from a relatively small number of insured, state nonmember banks. In 1984, the FFIEC, of which the agencies are members, approved the proposal to give this report an FFIEC number under section 1006 of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA). Prior to 1984, the Federal Reserve collected these data on the FR 2105f reporting form.

The FFIEC 030 collects information on the structure and geographic distribution of foreign branch assets and liabilities. The agencies use this information to plan examinations and to analyze the foreign operations of domestic banks. Growth trends can be measured by bank, by country, and by bank within country. Aggregate data are a useful source of information on bank activities for the general public. This series is the oldest statistical series that exists for foreign branches of member banks and is an important source for measuring the growth of these offices.

The FFIEC 030 is the only report through which the agencies collect balance sheet information on foreign branches from insured domestically chartered commercial banks. The Federal Reserve uses another report, the Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks (FR 2502q; OMB No. 7100-0079), to collect less detailed balance sheet information from parent institutions of foreign branches or subsidiaries (specifically, those with total assets of \$500 million or more). This report only collects gross assets and liabilities by the country of the principal address of the customer, rather than the type of assets and liabilities of the branch. Although the FR 2502q does not provide comparable information, the Federal Reserve may check the FFIEC 030 to determine whether individual branches that report total assets greater than or equal to \$500 million, also report on the FR 2502q.

Effective with the December 2006 report date, the agencies (1) eliminated five data items on the FFIEC 030 for branches with total assets in excess of \$250 million, (2) created the abbreviated FFIEC 030S reporting form that branches with total assets between \$50 million and \$250 million file annually, and (3) exempted foreign branches with total assets below \$50 million from reporting requirements.

Pursuant to Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111–203, the Foreign Branch Report of Condition is applicable to foreign branches, if any, of insured U.S. savings associations beginning as of the December 31, 2012, report date.

Description of Information Collection

The FFIEC 030 is a two-page report that collects balance sheet information on all foreign branches from insured domestically chartered commercial banks, regardless of the size of the branch. Some reporters may choose to file one consolidated report for all their branches located in the same foreign country; however, reporters are not permitted to consolidate data for significant branches with data for any other branches.

Each data item of the FFIEC 030 relates directly to one or more data items on the Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (Call Report; FFIEC 031; OMB No. 7100-0036); no additional information is requested. As of June 30, 1997, the reporting instructions were revised to conform to the Generally Accepted Accounting Principles (GAAP). Banks must file quarterly for foreign branches with total assets of at least \$2 billion or commitments to purchase foreign currencies and U.S. dollar exchange of at least \$5 billion (significant branches) and annually for all other foreign branches with total assets of more than \$250 million.

The FFIEC 030S is an abbreviated reporting form containing five data items that branches with total assets between \$50 million and \$250 million file annually. The data items for this report are considered the minimum information needed to serve as indicators of higher business volume, risk, and complexity in small-sized foreign branches. The reported information is also used to monitor potential developments that may pose risks to the overall operations of the parent bank. Branches with total assets of less than \$50 million that do not meet the requirements to file the FFIEC 030 quarterly are exempt from filing.

Proposed Revisions

The agencies propose to revise the officer declaration requirement that applies to the FFIEC 030 and FFIEC 030S, reduce the information provided if the consolidation option is elected, and add a field on the cover page for an institution to indicate whether the branch meets the criteria for annual or quarterly filing.

At present, the FFIEC 030 and FFIEC 030S reports must be signed by an authorized officer who addresses the correctness of the information reported by stating only that the report is true and correct to the best of his or her knowledge and belief. The agencies propose to revise the language of this declaration requirement to make explicit that the authorized officer must be an officer of the parent U.S. institution who attests that the report, including any consolidated branches, has been prepared in conformance with the instructions issued by the Federal Financial Institutions Examination Council and is true and correct to the best of his or her knowledge and belief. In addition, this attestation language would be moved from page 3 to page 1 of the FFIEC 030.

At a U.S. institution's option, branches in a single country currently may report their year-end information on a consolidated basis. When this option is exercised, each branch that is consolidated into the report for the U.S. institution's principal branch in a country is instructed to state on the cover page of its report that no figures are shown for this branch in its report because its figures have been consolidated with those reported by the principal branch in that country. The branch that has been consolidated also must include its address on the cover page of its report, which it must file with the appropriate Federal Reserve District Bank. In turn, the principal branch is instructed to state the number of branches in the country that are consolidated into its report, and then list the address of each consolidated branch. The agencies propose to eliminate the requirement for a branch that is consolidated into the report for the U.S. institution's principal branch in a country to submit the cover page of the report containing the statement that the branch is consolidated into the report filed by the principal branch in that country, along with its address. This requirement is unnecessary given that this information is conveyed in the report for the U.S. institution's principal branch in that country.

The FFIEC 030 report for December 31 must be filed by both annual and quarterly respondents. To aid in identifying annual versus quarterly respondents, the agencies propose to add a field to the cover page of the FFIEC 030 report in which respondents would indicate whether the report is filed annually or quarterly. This field would only need to be completed annually on the December 31 report.

Time Schedule for Information Collection

The FFIEC 030 and FFIEC 030S are collected annually as of December 31 from insured commercial banks with one or more branch offices in a foreign country and quarterly from banks with significant branches as of the last calendar day of March, June, September, and December. The FFIEC 030 and FFIEC 030S must be submitted by qualifying banks regardless of charter type to the local Federal Reserve Bank within forty-five days of the report date. The Federal Reserve then compiles the reported information and makes it available to the FDIC and the OCC

four months after the as-of date for both quarterly and annual reporters. Aggregate data are published in the Federal Reserve Annual Report and the Department of Commerce's Annual Statistical Digest. The microdata are confidential.

Legal Status

The Board's Legal Division has determined that section 25(7) of the Federal Reserve Act (12 U.S.C. § 602) authorizes the Board to require the report. The FFIEC 030 and FFIEC 030S are mandatory. The disclosure of information collected on the FFIEC 030 and FFIEC 030S would likely cause substantial harm to the competitive position of the respondent institution. Therefore, the information is exempt from disclosure under exemption (b)(4) of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)). In addition, the information is exempt from disclosure under exemption 8, which protects information "contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions" (5 U.S.C. § 552(b)(8)).

Consultation outside the Agency

On July 29, 2015, the agencies jointly published a notice in the *Federal Register* (80 FR 45274) requesting public comment for 60 day on the extension, with revision, of the FFIEC 030 and the FFIEC 030S. The comment period for this notice expired on September 28, 2015. The agencies did not receive any comments addressing the proposed changes. On November 18, 2015, the agencies published a final notice in the *Federal Register* (FR 80 FR 72144). The comment period expires on December 18, 2015.

Estimate of Respondent Burden

The annual reporting burden associated with the Federal Reserve's share of the FFIEC 030 and FFIEC 030S is estimated to be 380 hours. The total annual burden represents less than 1 percent of the total Federal Reserve System paperwork burden.

	<i>Number of respondents¹</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FFIEC 030				
Annual (branches)	14	1	3.4	48
Quarterly (branches)	24	4	3.4	326
FFIEC 030S				
Annual (branches)	11	1	0.5	<u>6</u>
<i>Total</i>				380

The total cost to the public for the FFIEC 030 and FFIEC 030S is estimated to be \$19,665.²

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimated Cost to the Federal Reserve System

The annual cost to the Federal Reserve System for collecting and processing the FFIEC 030 is estimated to be \$30,300 and the FFIEC 030S is estimated to be \$4,900. The Federal Reserve System collects and processes the data for all three of the agencies.

¹ Of these respondents, 6 for the FFIEC 030 (annual), 1 for the FFIEC 030 (quarterly), and 11 for the FFIEC 030S are small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets) www.sba.gov/content/table-small-business-size-standards.

² Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$63, 15% Lawyers at \$64, and 10% Chief Executives at \$87). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2014*, published March 25, 2015, www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.