

## SUPPORTING STATEMENT

### Revision of Treasury International Capital (TIC) Form BQ-3 (OMB No. 1505-0189)

#### A. JUSTIFICATION

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

Treasury International Capital (TIC) Form BQ-3, “Report of Maturities of Selected Liabilities and Claims of Financial Institutions with Foreign Residents”, is filed by banks, other depository institutions, bank holding companies, financial holding companies, brokers and dealers, and all other financial institutions in the United States to report the maturities of selected liabilities and claims with foreign residents denominated in U.S. dollars or in foreign currencies. 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. Use of data

Data collected on TIC Form BQ-3 constitutes the most complete and readily available information on the remaining maturities of cross-border liabilities of U.S. banks and other financial institutions. The data are necessary for computing the repayment schedules for the gross external debt of the U.S.; for complying with international data reporting standards; and in formulating U.S. international financial and monetary policies. In addition, these data are elements of reporting on the U.S. economic and financial system consistent with international norms, such as laid out in the International Monetary Fund’s Special Data Dissemination Standard. Timely disclosure of important economic data is part of the efforts by the international community, including the United States, to contribute to the pursuit of sound macroeconomic policies and to the improved functioning of financial markets. Treasury and the Board of Governors of the Federal Reserve System are the most significant users of the data for these purposes. Consistent with procedures for the TIC reporting forms, respondents covered by Form BQ-3 reporting requirements will report directly to the district Federal Reserve Banks, which act as fiscal agents for 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. The Table C containing the repayment schedules for the gross external debt of the U.S. is published quarterly on the Treasury TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/external-debt.aspx>). Additionally, selected historical data are available in various issues of the *Treasury Bulletin* through December 2013.

##### 3. Use of information technology

The general instructions for Form BQ-3 inform respondents that they may file electronically via the Federal Reserve’s Reporting Central portal on the Internet; use computer printouts pursuant

to specific agreement signed by a responsible officer of the reporting institution and the Federal Reserve Bank of New York with which the report is filed; or on paper in the approved file format that is available on the website. As respondents' internal methods of maintaining and retrieving reportable information vary widely for Form BQ-3, 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 thresholds have been designed to reduce the overall reporting burden, especially on small entities. The reporting threshold is \$4 billion at each quarter-end, and is applicable to the total of all of the reporter's own U.S. dollar and foreign currency-denominated liabilities, excluding securities, as reported on TIC Form BL-1 and on TIC Form BQ-2, Part 1 as of the end of the same quarter. This threshold effectively excludes smaller financial institutions in the United States from the reporting population.

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

As is the case for all TIC reporting forms, the data are collected on an ongoing basis. The submission date for Form BQ-3 filing is no later than twenty (20) calendar days following the quarter 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. In addition, these data are key elements of reporting on the U.S. economy and financial system consistent with international norms, such as laid out in the International Monetary Fund's Special Data Dissemination Standard (SDDS). 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

There are no special circumstances associated with Form BQ-3 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 BQ-3 was published Thursday, May 26, 2016, pages 33579-33580. The deadline for receiving pre-clearance comments was July 25, 2016. Because of delays in mail delivery, Treasury waited until July 28 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.

The *Federal Register* notice proposed no changes to the TIC B forms, including Form BQ-3. It proposed one change to the instructions: Beginning with the monthly TIC B reports as of July 29, 2016 and the quarterly TIC B reports as of September 30, 2016, the “Who Must Report” section of the instructions is revised to list out separately Intermediate Holding Companies (IHCs), as defined by Regulation YY, 12 CFR 252 (which became effective July 1, 2016), and to clarify that IHCs should follow the same consolidation rules that are applicable to Bank Holding Companies (BHCs), Financial Holding Companies (FHCs), and Savings and Loan Holding Companies.

We received one communication with comments. It was a letter from the Department of Commerce’s Bureau of Economic Analysis (BEA), dated July 18, 2016. The letter supported proposed changes to the TIC B-form instructions, including those for form 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, located in 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. Provision of payments to record keepers

Regarding Form BQ-3 or any other TIC forms, 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. No personally identifiable information (PII) is collected.

## 12. Total annual hour burden

Number of Respondents: 155  
Frequency of Responses: 4 per year  
Annual Burden: 6,510 hours

The respondent population subject to Form BQ-3 is estimated at approximately 155 financial institutions (including, but not limited to banks, other depository institutions, securities brokers/dealers, bank/financial holding companies, investment banks, insurance companies, credit card issuers, money market funds, pension funds, private equity funds, hedge funds, trusts, finance companies, mortgage companies, commodity brokers and dealers, investment advisors and managers, loan brokers), based on the reporting threshold that will require reporting by only the larger respondents. We expect about 620 responses per year. With an estimated average reporting burden of 10.5 hours per filing, based on information from several respondents, the estimated total reporting burden on the public is 6,510 hours per year.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
155	4	620	10.5	6,510

Generally, completion and review of the form involves two persons. It is estimated that the average wage of persons completing the form is \$32.34 per hour (corresponding to an average salary of \$67,264), while that of supervisory or other more senior staff reviewing the form is \$50.04 per hour (corresponding to an average salary of \$104,085). For 155 major respondents filing 4 times per year, and using an average 8.5 hours per form for completion plus 2 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$232,481. (All respondents currently are major respondents.)

## 13. Estimated total annual cost burden to respondents

All cost figures are provided in Item 12 above. No special equipment is required to respond to this survey.

Total annual cost burden:

(a) Total annualized capital and start-up costs are estimated to be \$0 (zero dollars). In general, reporting on the form 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 form 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 May 26, 2016 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. Estimated cost to the Federal government

Consistent with procedures for all TIC reports, Form BQ-3 is produced, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC reports, including Form BQ-3, 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 \$241,017. 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 costs for reviewing, preparing reports, advisory services, etc.

#### Estimated Annual Federal Costs for Forms BQ-3

Salaries and Benefits	\$ 99,200
Overhead and Support Costs on Salaries and Benefits	\$125,564
Computer Systems and Programming Costs	\$16,253
Total	\$241,017

#### 15. Reason for change

For Form BQ-3, there will be an increase of 1,596 in burden hours to 6,510 as compared to the estimate of 4,914 currently carried in OMB's Information Collection Inventory. The increase is entirely due to an increase in the number of respondents.

#### 16. Plans for tabulation, statistical analysis, and publication

Form BQ-3 is needed to collect the data on an ongoing basis. The detailed data are used in computing the repayment schedules for gross external debt of the United States. The Table C, containing the repayment schedules, is published quarterly on Treasury's TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/external-debt.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 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 is inappropriate

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

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