

SUPPORTING STATEMENT

Revision of Treasury International Capital (TIC) Forms CQ-1 and CQ-2 (OMB No. 1505-0024)

A. JUSTIFICATION

1. Circumstances necessitating the collection of information

Treasury International Capital (TIC) Form CQ-1, "Report of Financial Liabilities to, and Financial Claims on, Unaffiliated Foreign Residents," and Form CQ-2, "Report of Commercial Liabilities to, and Commercial Claims on, Unaffiliated Foreign Residents," are filed by U.S. resident nonfinancial enterprises, nonprofit institutions, and other specified U.S. persons to report their international portfolio capital positions with unaffiliated foreigners (on a gross basis and exclusive of long-term securities, which are reported separately on TIC Form SLT and Form S). 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 Forms CQ-1 and CQ-2 constitute the most complete and readily available information on the international portfolio claims and liabilities of U.S. nonbanks. 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. Government international financial and monetary policies. The Department of the 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. Consistent with the procedures for TIC reporting forms, respondents covered by the reporting requirements of Forms CQ-1 or CQ-2 report directly to the Federal Reserve Bank of New York (FRBNY), which acts as fiscal agent for the Treasury. The data are processed by 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 sector users, in the Federal Reserve Board of Governors' *Federal Reserve Bulletin* and in the Commerce Department's *Survey of Current Business*. Current and historical time series data, by country, reported on Forms CQ-1 and CQ-2 are also posted to the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticnonbank.aspx>. Additionally, selected historical data are available in various issues of the *Treasury Bulletin* through December 2013.

3. Use of information technology

The instructions for Forms CQ-1 and CQ-2 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 Forms CQ-1 and CQ-2, 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. There is no other source of similar data covering international portfolio capital flows. The Treasury is the sole U.S. Government collection authority for these 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 \$50 million for Form CQ-1 and \$25 million for Form CQ-2. The threshold, which is applied separately on each form to total outstanding claims and to total outstanding liabilities as of the end of a given quarter, effectively excludes small nonbanking enterprises, nonprofit institutions, and other specified U.S. persons 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 both Forms CQ-1 and CQ-2 is thirty (30) calendar days following the last day of the quarter 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 policy. 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 regarding Forms CQ-1 and CQ-2 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 Forms CQ-1 and CQ-2 was published Thursday, May 27, 2016, page 33738. The deadline for receiving pre-clearance comments was July 26, 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 CQ-1 and CQ-2 respondents and other Federal Reserve Banks that process TIC data.

The notice proposed no changes to Forms CQ-1 and CQ-2 or to the instructions.

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 renewal of TIC Forms CQ-1 and CQ-2 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 Forms CQ-1 and CQ-2. The Board of Governors and the BEA are both major users of the data in aggregate form.

In addition, the staff of FRBNY 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

In respect of Forms CQ-1 and CQ-2, 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, Federal Reserve Board of Governors and Federal Reserve Bank of New York. 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: 143
Frequency of Responses: 4 per year
Annual Burden: 3,832 hours

The respondent population subject to Forms CQ-1 and CQ-2 is approximately 143 firms that are not financial institutions, based on the reporting threshold. We expect about 572 responses per year. There are currently no 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 13.4 hours per filing by major respondents and 6.7 hours per filing by other respondents, based on information from several respondents, the estimated total reporting burden on the public is 3,832 hours per year.

# Respondents	# Responses per	Total Annual	Hours Per	Total Burden
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	Respondent	Responses	Response	
143	4	572	6.7	3,832

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 143 respondents filing 4 times per year, and using an average 5.2 hours per form for completion plus 1.5 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$139,126.

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 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 May 27, 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 the cost estimates were received.

14. Estimated cost to the Federal government

Consistent with procedures for all TIC reports, Forms CQ-1 and CQ-2 are produced, circulated, collected and edited by the Federal Reserve Bank of New York. All TIC reports, including Forms CQ-1 and CQ-2, are made available on the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms-c.aspx>.

The total annualized cost to the Federal government is estimated to be approximately \$161,877. 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 CQ-1 and CQ-2

Salaries and Benefits	\$ 84,881
Overhead and Support Costs	\$ 62,324
Computer Systems and Programming Costs	\$ 14,672
Total	\$161,877

15. Reason for change

For Forms CQ-1 and CQ-2 there will be a decrease of 1,070 in burden hours to 3,832 as compared to the estimate of 4,904 currently carried in OMB's Information Collection Inventory. The decrease is entirely due to a decrease in the number of respondents.

16. Plans for tabulation, statistical analysis, and publication

Forms CQ-1 and CQ-2 are needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, and by type of liability or claim item, are published monthly in the *Federal Reserve Bulletin* and quarterly in the *Survey of Current Business*. Current and historical time series data, by country, reported on Forms CQ-1 and CQ-2 are also posted to the Treasury TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticnonbank.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 Treasury officials and other Treasury offices.

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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