

SUPPORTING STATEMENT

Revision of Treasury International Capital (TIC) Form S (OMB No. 1505-0001)

A. JUSTIFICATION

1. Circumstances necessitating the collection of information

Treasury International Capital (TIC) Form S, “Purchases and Sales of Long-Term Securities by Foreign-Residents”, is filed by banks, other depository institutions, brokers, dealers, nonbanking business enterprises, and other specified U.S. persons to report their international portfolio capital transactions with foreign-residents. These reports are required by Executive Order (E.O.) 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). Attached is a reprint of the Treasury Regulations, as amended, pertaining to Form S and related TIC Forms, as published in the November 2, 1993, edition of the *Federal Register*.

Along with this renewal, Treasury will not change the S form but will make changes in the instructions. There is an increase in the reporting burden partly because at the beginning of 2017 certain private funds ceased filing Bureau of Economic Analysis (BEA) reports and instead began filing TIC reports, with an expected effect of reducing the reporting burden of these certain private funds.

2. Use of data

Data collected on TIC Form S constitute the most complete and readily available information on cross-border purchases and sales of long-term domestic and foreign securities by foreign-residents in transactions with U.S. persons. 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 reporting requirements of Form S 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' *Financial Accounts of the United States* and the Commerce Department's *Survey of Current Business*. Historical time series data, both aggregate and by country, reported on Form S are also posted to the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/>

[ticsec.aspx](#), under the link “U.S. Transactions with Foreign-Residents in Long-Term Securities”.

3. Use of information technology

The instructions for Form S 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 Form S 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 S 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 flow data.

5. Impact on small entities

The reporting threshold of \$350 million (raised from \$50 million in 2014), which is applied to total purchases during the reporting month or to total sales during the reporting month of long-term securities in transactions directly with foreign-residents, effectively excludes small depository institutions, securities firms, and other entities from the reporting population.

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 S is fifteen 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 S 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 securities markets.

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 S 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 S was published Wednesday, February 22, 2017, vol. 82, pages 11399-11400. The deadline for receiving pre-clearance comments was April 24, 2017. 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 invited comments on the following changes in the information collection: (a) Revising the instructions to make them consistent with new reporting requirements established by the Bureau of Economic Analysis (BEA) and Treasury, effective January 1, 2017, for investments in and by certain private funds. The expected effect of this revision will be to reduce the reporting burden on the private funds concerned. (b) Updating the "Who Must Report" section of the instructions to list "principal trading firms" and "fund administrators" separately, effective for reports as of June 30, 2017. (c) Updating the "Who Must Report" and "Consolidation Rules" sections of the instructions to list separately Intermediate Holding Companies, effective January 1, 2015. (d) Clarifying reporting requirements concerning repurchase and similar agreements. (e) Clarifying instructions about reporting stripped U.S. Treasury securities. (f) Clarifying in the instructions what constitutes long-term Treasury securities.

We received one letter with comments, from the Bureau of Economic Analysis (BEA), Department of Commerce, dated April 21, 2017. In the letter, BEA strongly supported the continued collection of the TIC Form S, because the data collected on this form are important to key components of BEA's economic statistics. Furthermore, BEA strongly supported the proposed changes, including making the instructions consistent with new reporting requirements established by the BEA and Treasury for investments in and by certain private funds.

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, representing the nation's major financial center, is the processing center for the review and editing of information reported on Form S. 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. Provision of payments to recordkeepers

In respect of Form S 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 – 214
Frequency of Responses – 12 per year
Annual Burden – 17,346 hours

The respondent population subject to Form S is approximately 214 banks, brokers, and other financial and nonfinancial business enterprises, based on our efforts to enforce compliance with mandatory reporting requirements. We expect about 2,568 responses per year. We estimate there are about 31 major respondents that report relatively large amounts of data with an hourly burden that is double the burden of other respondents. Thus with an estimated average reporting burden of 11.8 hours per filing by major respondents and 5.9 hours per filing by other respondents, based on information from several respondents, the estimated total reporting burden on the public is 17,346 hours per year.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
214	12	2,568	6.755	17,346

Generally, completion and review of the forms involves two persons. It is estimated that the average wage of persons completing the forms is \$32.34 per hour (corresponding to an annual salary of \$67,264), while that of supervisory or other more senior staff reviewing the forms is \$50.04 per hour (corresponding to an annual salary of \$104,085). For 183 respondents filing 12 times per year, and using an average of 4.4 hours per form for completion plus 1.5 hours per review, and for 31 major respondents filing 12 times per year, and using an average of 8.8 hours per form for completion plus 3.0 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$639,027.

13. Estimated total annual cost burden to respondents

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with Form S 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 22, 2017 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 S is printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC forms, including Form S, are made available on the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms.aspx>.

The total annualized cost to the Federal government is estimated to be approximately \$654,812. 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 S

Salaries and Benefits:	\$341,512
Computer and other support and Overhead:	\$253,566
Other Treasury costs:	\$59,734
Total	\$654,812

15. Reason for change

There will be an increase in Form S burden hours to 17,346 as compared to the estimate of 13,452 currently carried in OMB's Information Collection Inventory. The total overall increase of 3,894 hours is the sum of two separate causes. An increase of 2,053 hours is due to an estimated 25 new respondents generated by the new reporting requirements established by the Bureau of Economic Analysis (BEA) and Treasury, effective January 1, 2017, for investments in and by certain private funds. The remainder increase of 1,841 hours is due to an estimated 29 new respondents that have occurred naturally since 2014.

16. Plans for tabulation, statistical analysis and publication

Form S is needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, including breakdowns of purchases and sales of domestic and foreign securities, are published quarterly in the *Survey of Current Business*. Historical time series data, both aggregate and by country, reported on Form S 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 electronic form available from the Treasury website includes the expiration date.

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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