

## SUPPORTING STATEMENT

Request for approval of U.S. Treasury International Capital (TIC)  
Recordkeeping Requirements Included in  
31 C.F.R. Part 128 -- Reporting of International  
Capital and Foreign-Currency Transactions  
And Positions (OMB No. 1505-0149)

### A. JUSTIFICATION

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

Treasury Regulations 31 C.F.R. Part 128 implement certain provisions of the International Investment and Trade in Services Survey Act (22 U.S.C. 3101 *et seq.*) concerning the reporting of international portfolio capital transactions and positions for purposes of compiling the balance of payments accounts and the international investment position of the United States. These regulations further implement the reporting requirements pursuant to 22 U.S.C. 286f and E.O. 10033, whereby the Treasury is directed to collect information with respect to capital movements between the United States and foreign countries and on the monetary reserves of the United States in order that the U.S. Government may comply with official data requests of the International Monetary Fund in accordance with section 8(a) of the Bretton Woods Agreements Act. In addition, the regulations implement the reporting requirements under 31 U.S.C. 5315 whereby the Secretary of the Treasury is authorized and directed to collect data on the nature and scope of capital flows of large U.S. business enterprises and of their foreign affiliates, including their foreign currency transactions.

The regulations include a recordkeeping requirement, §128.5, which is necessary to enable the Treasury to verify reported information and to secure additional information concerning reported amounts as may be necessary. The recordkeepers are U.S. persons required to file reports covered by these regulations.

#### 2. Use of Data

Data collected under authority of 31 C.F.R. Part 128 constitute the most complete and readily available information on U.S. claims on, and liabilities to, foreigners arising from international transactions and positions in portfolio capital instruments, securities, and foreign exchange. 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 recordkeeping requirements of 31 C.F.R. Part 128 must maintain all information necessary to make a complete report for at least three years from the date such a report is required to be filed.

This information may be required by the Treasury or by the Federal Reserve Bank of New York (FRBNY), acting as fiscal agent of the Treasury, to verify reported transactions or positions and to secure additional information regarding reported amounts as may be necessary.

3. Use of information technology

Respondents are informed in 31 C.F.R. §128.2(a)(2) that in lieu of reports on forms prescribed by the Secretary pursuant to §128.1, the required data may be filed on magnetic tape or other media that can be processed by data processing equipment and pursuant to specific agreement signed by a responsible officer of the reporting institution and the district Federal Reserve Bank with which the report is filed. These alternative methods of reporting include electronic submission of data.

Because respondents' internal methods of maintaining and retrieving reportable information vary widely and are not dependent upon the cited reporting requirements, including the recordkeeping requirement under §128.5, there is no single information technology that can be prescribed to reduce burden on respondents.

4. Efforts to identify duplication

There is no duplication with respect to the recordkeeping function.

5. Impact on small entities

The exemption thresholds of the reporting forms prescribed pursuant to §128.1 ensure that small depository institutions, securities firms, nonbank business enterprises, and other entities are excluded from the reporting populations.

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

The periodic reports for collecting information on international capital transactions and positions (Subpart B of 31 C.F.R. Part 128) and on foreign exchange positions (Subpart C) vary from weekly to quarterly submissions. These reporting frequencies were determined by balancing the needs of the U.S. Government for timely statistics and the abilities of respondents to compile reliable information. The lack of timely information could seriously impair the ability of the U.S. Government to respond to important developments in international capital and foreign exchange markets; the lack of accurate information could diminish the effectiveness of the Government's financial and monetary policies. The recordkeeping requirement prescribed under §128.5 is therefore necessary because it allows for validation of reported data and for revisions to the data series as may be necessary.

There are no legal obstacles to reducing the recordkeeping burden on respondents.

7. Circumstances requiring special information collection

Under 31 C.F.R. Part 128, Subpart C, Reports on Foreign Currency Positions, certain data are required to be reported by respondents in fewer than 30 days. Due to the rapid changes characteristic of foreign exchange markets, reporting delays of 30 days (as required in 5 C.F.R. 1320.6(b)) would make these data unusable for operational decisions in the foreign exchange markets. The mandate of P.L. 93-110 (31 C.F.R. 5315) was to provide the most current data feasible for such purposes.

Other than described in the preceding paragraph, there are no special circumstances with respect to 31 C.F.R. Part 128, or more specifically the recordkeeping requirement under §128.5, 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 31 C.F.R. §128.5 was published Tuesday, September 4, 2018, pages 45015 – 16. The deadline for receiving pre-clearance comments was November 5, 2018. Because of possible delays in mail delivery, Treasury waited until November 12 to receive mail.

One letter from the Bank Policy Institute (BPI) containing several comments was received regarding the extension of 31 C.F.R. Part 128. First, BPI recommended that responses to FAQs be shared across all reporting entities, in order to enhance the quality, usefulness and clarity of the information collected. FAQs are an important source of guidance to reporting entities, and the ability to review FAQs issued to other reporting entities would permit more accurate and timely reporting of the information required.

Second, BPI recommended that the weekly TFC-01 be eliminated since it requires reporting of the same information reported on the monthly TFC-02 except that TFC-01 requires the reporting of such information on a weekly basis. Its elimination would significantly reduce reporting burden on reporting entities. Specifically, Lines 1 and 2 of the TFC-01 and Lines 1-4 of the TFC-02, as well as Line 3 of the TFC-01 and Line 5 of the TFC-02, require reporting of the same data except that the TFC-01 requires weekly reporting and the TFC-02 requires monthly reporting. BPI believes the TFC-01 reporting should be consolidated into the TFC-02 reporting to significantly reduce the reporting burden on reporting entities.

Regarding the first comment, Treasury and the Federal Reserve Bank of New York (FRBNY) Data and Statistics staff will compile a list of frequently asked questions covering the three Treasury Foreign Currency Reports (TFC-01, TFC-02 and TFC-03) and publish a FAQ document on the New York Federal Reserve website at: [https://www.newyorkfed.org/banking/reportingforms/TFC\\_1.html](https://www.newyorkfed.org/banking/reportingforms/TFC_1.html).

The Treasury Department also welcomed the second comment, but after review decided not to make any changes. The aggregate data received from the FC-1 and FC-2 reports are

published on a quarterly basis by the Department of Treasury. In addition, the FC-1 and FC-2 data are used by the Federal Reserve Board of Governors and the Federal Reserve Bank of New York to closely monitor foreign exchange exposures of major U.S. market participants and to assist in formulating monetary policy. These users find value in the frequency of the data submitted on the FC-1 and FC-2 reports and have deemed both forms to be necessary. Therefore, the FC-1 and FC-2 forms will continue to be required on a weekly and monthly basis, respectively.

As for all TIC forms, Treasury holds discussions regarding all aspects of the reporting systems authorized under 31 C.F.R. Part 128 on an ongoing basis with staff of the Data and Statistics Division of the Federal Reserve Bank of New York (FRBNY); the Federal Reserve Board of Governors' Division of International Finance; and the Bureau of Economic Analysis (BEA) of the Department of Commerce. FRBNY and the other district Federal Reserve Banks collect, review and edit the data collected under authority of 31 C.F.R. Part 128. 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 respondents

There has been no provision of payments or gifts to respondents for any purpose.

10. Assurance of confidentiality

As is the case for all International Capital and Foreign Currency reporting forms, individual respondent data are considered confidential and access to them is strictly limited to selected staff of the Treasury and the Federal Reserve System and to other Federal agencies to the extent allowed by applicable law. Compliance with the Privacy Act is assured.

11. Justification of sensitive questions

There are no questions of a sensitive nature.  
This collection does not include personally identifiable information.

12. Total annual hour burden:

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Number of respondents (record keepers):	2,134
Frequency of Responses per respondent	10.107 per year
Estimated total annual recordkeeping burden:	7,189 hours

The respondent population is estimated at approximately 2,134 banks, brokers, and nonbanking business enterprises, based on the current reporting thresholds and on efforts to enforce compliance with mandatory reporting requirements. We expect respondents to file about 21,568 data reports per year, requiring the same number of recordkeeping actions per year. With an estimated average recordkeeping burden of about one-third hour per filing, the estimated total annual recordkeeping burden on the public is 7,189 hours per year. The estimated hour burden per filing of one-third hour is based on the estimated average time required to archive computer data files.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
2,134	10.107	21,568	0.3333	7,189

Generally, compliance with the recordkeeping requirements of §128.5 involves one person. It is estimated that the average wage of persons performing recordkeeping functions is \$33.51 per hour (corresponding to an annual salary of \$69,706). With 2,134 respondents each undertaking 10.107 recordkeeping actions per year, and using an average of about one-third hour per recordkeeping action, the total annualized cost to respondents for the burden hours is estimated to be \$240,890.

13. Estimated total annual cost burden to respondents

Total annual cost burden:

(a) Total annualized capital and start-up costs are estimated to be \$0 (zero dollars). In general, recordkeeping practices prescribed under 31 C.F.R. Part 128 require 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). Recordkeeping practices prescribed under 31 C.F.R. Part 128 do 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 recordkeepers.

Note: As required by OMB, the Federal Register notice of September 4, 2018, 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

There are no costs, direct or indirect, to the Federal Government in connection with the recordkeeping requirements under 31 C.F.R. Part 128.

15. Reason for change

For 31 C.F.R. Part 128 recordkeeping, there will be an increase in burden hours to 7,189, as compared to the estimate of 6,785 currently carried in OMB's Information Collection Inventory. The total overall increase of 404 hours is the result of an increase in the number of respondents.

16. Plans for tabulation, statistical analysis and publication

There are no publication plans associated with the recordkeeping requirement under 31 C.F.R. Part 128. However, aggregate data reported on periodic reports under this regulation are regularly published in the quarterly Treasury Bulletin, in the monthly Federal Reserve Bulletin, and in the Department of Commerce's monthly Survey of Current Business. The Treasury Bulletin data are also posted quarterly to a Treasury website (<http://www.fms.treas.gov/bulletin/index.html>). Historical time series of selected aggregate data are posted to the Treasury's TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>).

17. Reasons why displaying the OMB expiration date is inappropriate

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

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 that apply to 31 C.F.R. Part 128.

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