

## SUPPORTING STATEMENT

### Revision of Treasury International Capital (TIC) Form BC (OMB No. 1505-0017)

#### A. JUSTIFICATION

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

The Treasury International Capital (TIC) B forms comprise the following six forms:

- Form BC (monthly), “Report of U.S. Dollar Claims of Financial Institutions on Foreign Residents”, is filed by banks, other depository institutions, bank holding companies, financial holding companies, securities brokers and dealers, and all other financial institutions in the United States to report their own portfolio claims (exclusive of long-term securities) on foreign residents.
- Form BL-1 (monthly), “Report of U.S. Dollar Liabilities of Financial Institutions to Foreign Residents”, is filed by banks, other depository institutions, bank holding companies, financial holding companies, securities brokers and dealers, and all other financial institutions in the United States to report their own portfolio liabilities (exclusive of long-term securities) to foreign residents.
- Form BL-2 (monthly), “Report of Customers’ U.S. Dollar Liabilities to Foreign Residents”, is filed by banks, other depository institutions, bank holding companies, financial holding companies, securities brokers and dealers, and all other financial institutions in the United States to report the U.S. dollar liabilities (exclusive of long-term securities) of their domestic customers.
- Form BQ-1 (quarterly), “Report of Customers’ U.S. Dollar Claims on Foreign Residents”, is filed by banks, other depository institutions, bank holding companies, financial holding companies, securities brokers and dealers, and all other financial institutions in the United States to report their own and their domestic customers’ portfolio claims (exclusive of long-term securities) on foreign residents.
- BQ-2 (quarterly), “Part 1 - Report of Foreign Currency Liabilities and Claims of Financial Institutions and of their Domestic Customers’ Foreign Currency Claims with Foreign Residents; Part 2 - Report of Customers’ Foreign Currency Liabilities to Foreign Residents”, is filed by banks, other depository institutions, bank holding companies, financial holding companies, securities brokers and dealers, and all other financial institutions in the United States to report their own liabilities and claims (exclusive of long-term securities), and liabilities and claims (exclusive of long-term securities) of their domestic customers, denominated in foreign currencies.
- Form BQ-3 (quarterly), “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.

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 the TIC B-Forms constitute the most complete and readily available information on cross-border claims and liabilities of U.S. banks, other financial institutions, and their domestic customers. The data are necessary for compiling the U.S. balance of payments, for calculating the U.S. international investment position, and for 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. Consistent with the procedures for TIC reporting forms, respondents covered by the reporting requirements of the B-Forms report directly to a central portal jointly maintained by 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. 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 Department of Commerce's *Survey of Current Business*. Current and historical time series data, by country, reported on the B forms are also posted to the Treasury TIC website at <https://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>. In particular, data reported on Forms BC, BQ-1 and columns 3,4,5,6 of BQ-2 are posted at <https://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticclaim.aspx>; data reported on Forms BL-1, BL-2 and columns 1,2 of BQ-2 are posted at <https://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticliab.aspx>; and data reported on Form BQ-3 are posted at <https://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 the B-Forms inform respondents that they must file electronically via the Federal Reserve's Reporting Central portal on the Internet. Previously, respondents were also allowed to use other methods of filing, although most used the Internet. The ubiquity of the Internet and the ease of filing through Reporting Central have made other methods obsolete.

## 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 for Form BQ-3 is \$4 billion at each quarter-end, applied separately to Part 1 and Part 2, and is applicable to the total of all the rows in the Grand Total column of each Part.
- For the other B-Forms, the threshold is \$50 million, applied to the Grand Total, at the end of a given month or quarter, as the case may be, EXCEPT that full reporting is also required when there is a position of \$25 million or more vis-à-vis all counterparties in any one country. The threshold is applied separately to Part 1 and Part 2 of Form BQ-2 as of the end of a given quarter.

These thresholds effectively exclude 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 dates for the monthly Forms BC, BL-1, and BL-2 filings fall no later than twenty (15) calendar days following the month to which the report applies. The submission dates for Forms BQ-1, BQ-2, and BQ-3 filings fall 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. 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 the B-Forms 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 notices in the *Federal Register* soliciting public comment on the TIC B-Forms were published Wednesday, February 14, 2018, pages 6735-6737 and Wednesday, August 7, 2019, pages 38724-38725. Both notices proposed specific changes in instructions. The deadlines for receiving pre-clearance comments were April 16, 2018 and October 7, 2019, respectively. Because of delays in mail delivery, Treasury waited until April 19, 2018 and October 10, 2019 respectively, 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 of February 14, 2018 proposed no changes to the TIC B forms. It proposed the following changes, all affecting the instructions: (a) (No change to the forms.) (b)

Electronic filing of all TIC B reports will be mandatory. More specifically in the instructions, Section I.F.1, "Submission of Reports", now indicates that the TIC B reports must be submitted electronically by using the Federal Reserve System's "Reporting Central" electronic submission system. (c) The "Who Must Report" section of the instructions is updated to list out separately Trustees of Collateralized Loan Obligations (CLOs). (d) Sections IV.A and VII.A, "What to Report", have been updated to indicate that liabilities of U.S. residents to foreign residents from loan syndications or from loans and loan participations that are pooled into foreign Collateralized Loan Obligations (CLOs) should be reported by the U.S. Trustee of the foreign CLOs on the TIC BL-2 and TIC BQ-2 reports. (e) Sections IV.B and VII.B, "Column Definitions", have been updated to indicate that liabilities of U.S. residents to foreign residents from loan syndications or from loans and loan participations that are pooled into foreign Collateralized Loan Obligations (CLOs) should be reported by the U.S. Trustee of the foreign CLOs as "Other Custody Liabilities" on the BL-2 and BQ-2 reports. (f) The glossaries for all Treasury International Capital ("TIC") reports are consolidated into a single document for consistency, so the TIC B reporting instructions will not include a glossary. (g) A new glossary entry provides a definition for "U.S. CLO Trustee". In addition, the glossary entries for "Administrative Agent" and "Loan Servicing Arrangements, Loan Servicer" now include information on the reporting requirements of U.S. CLO Trustees. (h) A new flowchart in Section IX "Appendix" clarifies the reporting treatment for loans to U.S. residents when the loans are pooled into foreign CLOs. (i) These changes will be effective beginning with the TIC B reports as of June 30, 2018, and afterwards.

The *Federal Register* notice of August 7, 2019 proposed changes to Form BQ-1 (parts (a) and (e)) and to Form BC (parts (b), (c), and (d)). (a) In Form BQ-1 a new line is added, titled "Brokerage Balances" in the "Of Which" Items section. This change is needed to implement new estimates that will help bring the U.S. balance of payments into better compliance with the international reporting standards. (e) Section V.C.4 is added to the instructions for reporting the new "Of Which" row called "Brokerage Balances" in the TIC BQ-1 form.

For each of the two *Federal Register* notices, we received one communication with comments. They were letters from the Department of Commerce's Bureau of Economic Analysis (BEA) and they strongly supported continued collection of the TIC B-series forms because the data collected on these forms are critical to key components of BEA's economic statistics. The BEA letter dated April 25, 2018 supported all the proposed changes to the instructions: making electronic filing mandatory; consolidating the various glossaries into a single reference file; requiring U.S. trustees to report U.S. liabilities related to foreign Collateralized Loan Obligations (CLOs); and making the other changes related to CLOs. The BEA letter dated August 27, 2019 strongly supported the changes to the BQ-1 form and to the related parts of the instructions.

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 the B forms. 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 the B-Forms 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 reporting 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. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

There are no questions of a sensitive nature. No personally identifiable information (PII) is collected.

12. Total annual hour burden

Number of Respondents: 1,218  
 Frequency of Responses: 4-12 per year  
 Annual Burden: 103,702 hours

The respondent population subject to the B-Forms is approximately 1200 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. Most of these institutions file multiple B-forms. We expect about 11,288 responses per year. The estimated total reporting burden on the public is 103,702 hours per year. The table below shows details for each form.

| Form | # Respondents | # Responses per Respondent | Total Annual Responses | Hours Per Response | Total Burden (Hours) |
|------|---------------|----------------------------|------------------------|--------------------|----------------------|
| BC   | 350           | 12                         | 4,200                  | 11.16              | 46,863               |

|              |              |             |               |             |                |
|--------------|--------------|-------------|---------------|-------------|----------------|
| BL-1         | 352          | 12          | 4,224         | 7.75        | 32,746         |
| BL-2         | 100          | 12          | 1,200         | 8.99        | 10,789         |
| BQ-1         | 80           | 4           | 320           | 3.92        | 1,254          |
| BQ-2         | 193          | 4           | 772           | 7.83        | 6,044          |
| BQ-3         | 143          | 4           | 572           | 10.50       | 6,006          |
| <b>TOTAL</b> | <b>1,218</b> | <b>4-12</b> | <b>11,288</b> | <b>9.19</b> | <b>103,702</b> |

Generally, completion and review of the form involves two persons. It is estimated that the average wage of persons completing the form is \$36.70 per hour (corresponding to an average salary of \$76,338), while that of supervisory or other more senior staff reviewing the form is \$54.34 per hour (corresponding to an average salary of \$113,028). The estimated total annual cost to the public is \$4,221,397. The table below shows details for each form.

| Form         | # Major Respondents | Major Respondents: Completion Time (Hrs.) | Major Respondents: Supervisory Time (Hrs.) | # Other Respondents | Other Respondents: Completion Time (Hrs.) | Other Respondents: Supervisory Time (Hrs.) | Weighted Average Hours Per Response | Annualized Cost    |
|--------------|---------------------|---|--|---------------------|---|--|-------------------------------------|--------------------|
| BC           | 31                  | 17.5                                      | 3  | 319                 | 8.75                                      | 1.5  | 11.16                               | \$1,840,847        |
| BL-1         | 27                  | 11.4                                      | 3  | 325                 | 5.7                                       | 1.5  | 7.75                                | \$1,412,802        |
| BL-2         | 11                  | 13.2                                      | 3  | 89                  | 6.6                                       | 1.5  | 8.99                                | \$431,208          |
| BQ-1         | 13                  | 5.24                                      | 1.5  | 67                  | 2.62                                      | 0.75                                       | 3.92                                | \$50,930           |
| BQ-2         | 26                  | 10.8                                      | 3  | 167                 | 5.4                                       | 1.5  | 7.83                                | \$245,008          |
| BQ-3         | 143                 | 8.5                                       | 2  | 0                   | 0   | 0  | 10.50                               | \$240,600          |
| <b>TOTAL</b> | <b>251</b>          | <b>Varies</b>                             | <b>Varies</b>                              | <b>967</b>          | <b>Varies</b>                             | <b>Varies</b>                              | <b>9.19</b>                         | <b>\$4,221,397</b> |

### 13. Estimated total annual cost burden to respondents

Total annual cost burden:

(a) Total annualized capital and start-up costs associated with the B-Forms 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* notices of February 14, 2018 and August 7, 2019 included explicit requests 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, the B-Forms are printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC reports, including the B-Forms, 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 \$8,374,572. 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 TIC B-Forms

| Form | Salaries and Benefits | Overhead and Support Costs | Computer Systems and Programming Costs | Total       |
|------|-----------------------|----------------------------|--|-------------|
| BC   | \$1,307,945           | \$1,411,109                | \$561,148                              | \$3,280,202 |
| BL-1 | \$1,342,258           | \$1,450,072                | \$576,844                              | \$3,369,174 |
| BL-2 | \$256,538             | \$263,659                  | \$104,262                              | \$624,458   |
| BQ-1 | \$95,655              | \$92,369                   | \$35,744                               | \$223,768   |
| BQ-2 | \$211,071             | \$223,424                  | \$88,542                               | \$523,037   |
| BQ-3 | \$138,970             | \$153,580                  | \$61,383                               | \$353,933   |

|              |                    |                    |                    |                    |
|--------------|--------------------|--------------------|--------------------|--------------------|
| <b>TOTAL</b> | <b>\$3,352,437</b> | <b>\$3,594,213</b> | <b>\$1,427,922</b> | <b>\$8,374,572</b> |
|--------------|--------------------|--------------------|--------------------|--------------------|

15. Reason for change

There is a program change in only Form BQ-1; the changes in the burden hours for all other B forms are due to decreases in the number of respondents. For Form BQ-1 there will be an overall decrease of 238 in burden hours to 1,254 as compared to the estimate of 1,492 currently carried in OMB's Information Collection Inventory. There is a slight increase of 26 hours resulting from the addition of one cell to the form. It is more than offset by a decrease of 264 hours resulting from a decrease in the number of smaller respondents from the 2016 level of 87 to the current level of 67. (The number of major respondents is constant, at 13.)

|              | Current OMB Inventory | Increase due to program changes | Increase due to other changes | Total Increase in Burden (Hours) | New Inventory        |
|--------------|-----------------------|---------------------------------|-------------------------------|----------------------------------|----------------------|
| Form Name    | Total Burden (Hours)  | Burden (Hours)                  | Burden (Hours)                | Burden (Hours)                   | Total Burden (Hours) |
| BC           | 51,660                | 0                               | -4,797                        | -4,797                           | 46,863               |
| BL-1         | 34,992                | 0                               | -2,246                        | -2,246                           | 32,746               |
| BL-2         | 11,081                | 0                               | -292                          | -292                             | 10,789               |
| BQ-1         | 1,492                 | 26                              | -264                          | -238                             | 1,254                |
| BQ-2         | 6,210                 | 0                               | -166                          | -166                             | 6,044                |
| BQ-3         | 6,510                 | 0                               | -504                          | -504                             | 6,006                |
| <b>TOTAL</b> | <b>111,945</b>        | <b>26</b>                       | <b>-8,269</b>                 | <b>-8,243</b>                    | <b>103,702</b>       |

Note: We are consolidating these forms to be under OMB number 1505-0016, and they are being submitted without change only for the purposes of extending the expiration date temporarily until the consolidated ICR is approved.

16. Plans for tabulation, statistical analysis, and publication

The TIC B-Forms are needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, including breakdowns of banks' own claims on foreigners and banks' domestic customers' claims on foreigners, 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 the B-Forms are also posted to the Treasury TIC website (<http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/ticclaim.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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