

**Supporting Statement for the  
Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks  
(FFIEC 002; OMB No. 7100-0032)  
and the  
Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a  
U.S. Branch or Agency of a Foreign (Non-U.S.) Bank  
(FFIEC 002S; OMB No. 7100-0032)**

**1. Explain the circumstances that make the collection of information necessary.**

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to revise the Federal Financial Institutions Examination Council (FFIEC) Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) and Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S; OMB No. 7100-0032) under the emergency clearance provisions of OMB's regulations. The Board submits this request on behalf of itself, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) (collectively, the agencies). No separate submission will be made by the FDIC or OCC.

The FFIEC 002 must be submitted quarterly by U.S. branches and agencies of foreign banks. The report requests detailed schedules of assets and liabilities as a condition report with a variety of supporting schedules. This information is used to fulfill the agencies' supervisory and regulatory requirements pursuant to the International Banking Act of 1978 (IBA).

The FFIEC 002S is a mandatory supplement to the FFIEC 002 and collects information on assets and liabilities of any non-U.S. branch that is managed or controlled by a U.S. branch or agency of a foreign bank.<sup>1</sup> A separate FFIEC 002S supplement is completed by the managing or controlling U.S. branch or agency for each applicable foreign branch. The FFIEC 002S collection improves data on U.S. deposits, credit, and international indebtedness, and assists U.S. bank supervisors determine the assets managed or controlled by the U.S. agency or branch of the foreign bank.

The Board proposes to revise the FFIEC 002 effective beginning with reports for the June 30, 2020, report date. The proposed revisions would account for regulatory amendments made by the Board through an interim final rule and a proposal by the FDIC in response to economic disruptions related to the coronavirus disease 2019 (COVID-19). There are no proposed revisions to the FFIEC 002S at this time.

**2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

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<sup>1</sup> "Managed or controlled" means that a majority of the responsibility for business decisions, including, but not limited to, decisions with regard to lending, asset management, funding, liability management, or the responsibility for recordkeeping with respect to assets or liabilities for that foreign branch resides at the U.S. branch or agency.

The reporting panel for the FFIEC 002 and FFIEC 002S consists of all U.S. branches and agencies (including their IBFs) of foreign banks, whether federally licensed or state chartered, insured or uninsured.

The FFIEC 002 consists of a summary schedule of assets and liabilities (Schedule RAL) and several supporting schedules. Each schedule requires information on balances of the entire reporting branch or agency. On the schedules for cash (Schedule A), loans (Schedule C), and deposits (Schedule E), separate details are reported on balances of International Banking Facilities (IBFs). Unlike the Call Report for domestic banks and thrifts, the FFIEC 002 collects no income data.

A separate FFIEC 002S must be completed by any U.S. branch or agency of a foreign bank for each non-U.S. banking branch of its parent bank that the U.S. branch or agency manages or controls. The FFIEC 002S covers all of the foreign branch's assets and liabilities, regardless of the currency in which they are payable. The supplement also covers transactions with all entities, both related and nonrelated, regardless of location. All due from/due to relationships with related institutions, both depository and nondepository, are reported on a gross basis, that is, without netting due from and due to data items against each other.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.**

All affected institutions must submit their completed reports electronically using the Federal Reserve's Reporting Central application.

**4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

The data collected through the FFIEC 002 and 002S are unique and cannot be replaced by data already collected by the federal government.

**5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

Of the respondents, 89 for the FFIEC 002 and 11 for the FFIEC 002S are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small entities.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The FFIEC 002 must be submitted quarterly by U.S. branches and agencies of foreign

banks. The report requests detailed schedules of assets and liabilities as a condition report with a variety of supporting schedules. This information is used to fulfill the agencies' supervisory and regulatory requirements pursuant to the International Banking Act of 1978 (IBA). Less frequent reporting would diminish the agencies' capacity to carry out the supervisory and regulatory responsibilities imposed by the IBA.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2).**

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

**8. Describe comments in response to the *Federal Register* notice and efforts to consult outside the agency.**

The Board, FDIC, and OCC coordinated in developing these revisions. The agencies will follow this request for emergency processing with a request under normal clearance procedures, during which comments will be solicited for the typical 60 day and 30 day periods. All comments received on paperwork burden, whether during the 60 day or 30 day comment periods, will be considered in finalizing the collection.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There are no payments or gifts provided to respondents.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.**

In general, the information collected in the FFIEC 002 report is made available to the public, except that the data collected from a U.S. branch or agency of a foreign bank in Schedule M of the FFIEC 002 report is withheld as confidential commercial and financial information. Schedule M requires respondents to report the amounts due to/due from related institutions in the U.S. and in foreign countries; however, U.S. banking organizations, which are direct competitors of the FFIEC 002 respondents, are not required to disclose financial information involving transactions with related institutions. Accordingly, disclosure of this confidential financial information on the FFIEC 002 report would put respondents at a distinct competitive disadvantage relative to their U.S. banking organization counterparts. Schedule M, therefore, is considered exempt from public disclosure pursuant to exemption 4 of the Freedom of Information Act (FOIA), which protects "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (5 U.S.C. § 552(b)(4)). If a respondent believes that disclosure of any of the public portions of its FFIEC 002 report would be reasonably likely to result in substantial harm to its competitive position under exemption 4 of the FOIA, the respondent may request confidential treatment for such information as set forth in

the Board's Rules Regarding the Availability of Information (12 CFR 261.15) and in the Instructions to the FFIEC 002 report.

The FFIEC 002S report collects data on transactions with all entities, both related and nonrelated, and similar to Confidential Schedule M of the FFIEC 002 report, also collects data on the amount due to/from transactions with related institutions (both depository and non-depository). The data collected on the FFIEC 002S report has been deemed confidential since the inception of the report. The primary rationale for confidential treatment of the FFIEC 002S report in its entirety is because the report may contain intracompany business information and because home country data collected on the FFIEC 002S could reveal information about individual customers. U.S. banking organizations, which are direct competitors of the FFIEC 002S respondents, are not required to publicly disclose such financial information involving transactions with related institutions. Accordingly, disclosure of the confidential financial information submitted on the FFIEC 002S report, would put respondents at a distinct competitive disadvantage relative to their U.S. banking organization counterparts. The FFIEC 002S report, therefore, is considered exempt from disclosure in its entirety pursuant to exemption 4 of the FOIA. Aggregate data from the FFIEC 002S report for multiple respondents, which does not reveal the identity of any individual respondent, may be released.

**11. Provide additional justification for any questions of a sensitive nature.**

There are no questions of a sensitive nature.

**12. Provide estimates of the annual hourly burden of the collection of information.**

As shown in the table below, the current estimated total annual burden for the FFIEC 002 and FFIEC 002S are 19,955 hours and 912 hours respectively. The proposed revisions would result in an increase of 418 hours for the FFIEC 002, and the burden hours for the FFIEC 002S would remain unchanged. This burden estimate accounts for all filers of the FFIEC 002 and FFIEC 002S, including those supervised by the FDIC or OCC. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

<b>FFIEC 002 and FFIEC 002S</b>	<i>Estimated number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
FFIEC 002	209	4	23.87	19,955
FFIEC 002S	38	4	6	<u>912</u>
<i>Current Total</i>				20,867
<b>Proposed</b>				
FFIEC 002	209	4	24.37	20,373
FFIEC 002S	38	4	6	<u>912</u>
<i>Proposed Total</i>				21,285
<i>Change</i>				418

The estimated total annual cost to the public for the FFIEC 002 and FFIEC 002S is \$1,205,069 and would increase to \$1,229,209 with the proposed revisions.

Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

**13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.**

There are no annualized costs to the respondents.

**14. Provide estimates of annualized costs to the Federal government.**

The estimated cost to the Federal Reserve System for collecting and processing the FFIEC 002 and FFIEC 002S is \$62,700. The Federal Reserve System collects and processes the data for all three of the agencies.

**15. Explain the reasons for any program changes or adjustments reported on the burden worksheet.**

The agencies propose under the emergency clearance provisions of OMB's regulations to revise the FFIEC 002 effective beginning with the June 30, 2020, report date. The agencies have determined that (1) the collection of information within the scope of this request is needed prior to the expiration of time periods established under 5 CFR 1320.10, (2) this collection of information is essential to the mission of the agencies, and (3) the agencies cannot reasonably comply with the normal clearance procedures because an unanticipated event has occurred and the use of normal clearance procedures is reasonably likely to prevent or disrupt the collection of information.

Recent events have suddenly and significantly impacted financial markets. The spread of COVID-19 has disrupted economic activity in many countries. In addition, financial markets have experienced significant volatility. The magnitude and persistence of the overall effects on the economy remain highly uncertain. Small businesses are facing severe liquidity constraints and a collapse in revenue streams. In addition, financial disruptions arising in connection with the COVID-19 situation have caused many depositors to have a more urgent need for access to their funds by remote means, particularly in light of the closure of many depository institution branches and other in person facilities.

In March through May 2020, the Paycheck Protection Program (PPP)<sup>2</sup> implemented by the U.S. Small Business Administration (SBA), and the Paycheck Protection Program Liquidity

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<sup>2</sup> See 85 FR 20811 (April 15, 2020).

Facility (PPPLF)<sup>3</sup> and Money Market Mutual Fund Liquidity Facility (MMLF),<sup>4</sup> each established by the Board, were put in place to provide financing to small businesses and liquidity to small business lenders and the broader credit markets, and to help stabilize the financial system in a time of significant economic strain. On May 12, 2020, the FDIC issued a notice of proposed rulemaking (FDIC NPR) related to deposit insurance assessment that aims to mitigate the deposit insurance assessment effects of participating in these programs.<sup>5</sup>

On April, 28, 2020, the Board's issued an IFR (Board IFR) related to the Board's Regulation D that relieves depository institutions from regulatory burden and permits all customers, particularly those impacted by the coronavirus situation, to have immediate access to their funds.<sup>6</sup> The Board IFR was issued with an immediate effective date and the FDIC NPR was issued with a 7-day comment period, in order to allow sufficient time for the FDIC to consider comments and ensure publication of a final rule before June 30, 2020. The agencies propose to revise the FFIEC 002 to account for the provisions of the Board IFR and FDIC NPR. The agencies believe that, in light of current market uncertainty, and the urgent policy matter of these programs and facilities at issue, the public interest is best served by implementing these revisions as soon as possible. The agencies request emergency clearance from OMB to permit these revisions for the June 30, 2020, FFIEC 002.

#### *FDIC Assessment: PPP, PPPLF, and MMLF*

On May 12, 2020, the FDIC proposed a rule that would modify its deposit insurance assessment rules to mitigate the effects of participation in the PPP, PPPLF, and MMLF on insured depository institutions.<sup>7</sup> To effect these modifications, the FDIC would need information on the quarterly average amount of PPP loans pledged to the liquidity facility and the quarterly average amount of assets purchased under the MMLF. Therefore, the agencies are proposing two new FFIEC 002 data items to collect for assessment purposes, with collection of these items expected to be time-limited. The agencies will expect to propose to discontinue the collection of a specific item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

Starting with the FFIEC 002 report as of June 30, 2020, the quarterly average amount of loans pledged to the PPPLF and the quarterly average amount of assets purchased from money market mutual funds under the MMLF would be reported in Schedule O, Memoranda items 6 and 7 respectively.

#### *Regulation D Amendments - Interim Final Rule*

The Board published in the *Federal Register* on April 28, 2020, an interim final rule that amends the Board's Regulation D - Reserve Requirements of Depository Institutions (12 CFR Part 204). The interim final rule amends the six per month transfer limit in the "savings deposit"

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<sup>3</sup> See 85 FR 20387 (April 13, 2020).

<sup>4</sup> See 85 FR 16232 (March 23, 2020).

<sup>5</sup> See <https://www.fdic.gov/news/board/2020/2020-05-12-notational-fr.pdf>.

<sup>6</sup> 85 FR 23445 (April 28, 2020).

<sup>7</sup> See FDIC Press Release PR-59-2020 (May 12, 2020).

definition in Regulation D. This interim final rule deleted a provision in the “savings deposit” definition that required depository institutions either to prevent transfers and withdrawals in excess of the limit or to monitor savings deposits ex post for violations of the limit. The interim final rule also makes conforming changes to other definitions in Regulation D that refer to “savings deposit” as necessary.

The interim final rule allows depository institutions to immediately suspend enforcement of the six transfer limit and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits. The interim final rule permits, but does not require, depository institutions to suspend enforcement of the six transfer limit. The interim final rule also does not require any changes to the deposit reporting practices of depository institutions.

The agencies are revising the instructions to the FFIEC 002 to reflect the revised definition of “savings deposits” in accordance with the amendments to Regulation D in the interim final rule. Specifically, the agencies are revising the General Instructions for Schedule E, Deposit Liabilities and Credit Balances and the Glossary in the FFIEC 002 Instructions to remove references to the six transfer limit. As a result of the amendments to Regulation D, if a depository institution chooses to suspend enforcement of the six transfer limit on a “savings deposit” the depository institution may continue to report that account as a “savings deposit” or may instead choose to report that account as a “transaction account.”

In addition, certain reporting items on Schedule E differentiate between transaction accounts and nontransaction accounts, in part based on the definitions in Regulation D (including the previous six transfer limit distinction). Specifically, the revised definition would apply to classification of deposits in Schedule E, Items 1 through 7. Nevertheless, the agencies anticipate there will be no material change in burden resulting from these revisions to reporting of deposit accounts.

#### **16. Provide information regarding plans for publication of data.**

Aggregate data for all U.S. branches and agencies that file the FFIEC 002 are published in the *Federal Reserve Bulletin* and are also used in developing flow of funds estimates and the estimates published in the Federal Reserve weekly H.8 statistical release, *Assets and Liabilities of Commercial Banks in the United States*. Aggregate data for the FFIEC 002S are available to the public upon request.

Individual respondent data, excluding confidential information, are available to the public from the National Technical Information Service in Springfield, Virginia, upon request. In addition, individual respondent data are also available on the FFIEC public website at <https://www.ffiec.gov/NPW>.

#### **17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

No such approval is sought.

- 18. Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”**

There are no exceptions.