

SUPPORTING STATEMENT
FOREIGN BANKS
(OMB CONTROL NO. 3064-0114)

INTRODUCTION

The FDIC is requesting OMB approval to extend, without change, the information collection entitled “Foreign Banks.” which has been cleared by OMB (Control No. 3064-0114) and currently expires on April 30, 2021.

This information collection consists of, among other things, internal recordkeeping by insured branches of foreign banks, and reporting requirements related to an insured branch's pledge of assets to the FDIC.

A. JUSTIFICATION

1. **Circumstances that make the collection necessary:**

A uniform standardized process is required to permit state-licensed branches of foreign banks to comply with, and seek exceptions to, various legal requirements and prohibitions relating to branches of foreign banks that operate in the U.S.

2. **Use of the information:**

The information is used by the FDIC to determine compliance with various provisions of the International Banking Act, the FDI Act, and the FDIC’s regulations implementing those laws.

Application for consent to move an insured branch of a foreign bank.

The FDIC’s regulations at 12 CFR 303.184 provide an administrative procedure for insured branches of foreign banks to apply to the FDIC for permission to move. The application constitutes an information collection under the PRA.

Application for consent to operate as a noninsured branch

The International Banking Act at 12 U.S.C. 3104 (c) prohibits a noninsured state-licensed branch of a foreign bank from receiving deposits of less than \$100,000 unless the FDIC determines by regulation or order that the branch is not engaged in domestic retail deposit activities requiring deposit insurance. FDIC rules at 12 CFR 303.186 set forth a procedure for a noninsured state-licensed branch of a foreign bank to apply for exceptions to the prohibition. The application constitutes an information collection under the PRA.

Approval to Conduct Activities Not Permissible for Federal Branches

The International Banking Act at 12 U.S.C. 3105(h) provides that such a branch may not engage in any activity which is not permissible for a federal branch of a foreign bank unless (i) the Board of Governors of the Federal Reserve System has determined that the activity is consistent with safe and sound banking practice, and (ii) the FDIC has determined that the activity would pose no significant risk to the deposit insurance fund. FDIC rules at 12 CFR 303.187 set out procedures to apply for permission to engage in, or continue to engage in, an activity which is not permissible for a federal branch of a foreign bank. The sections also provide for the submission of a plan to discontinue those activities determined to pose significant risk to the deposit insurance fund. The application and the plan constitute information collections under the PRA.

Recordkeeping by Insured Branches of Foreign Banks

In connection with granting insurance to such a branch, the FDI Act at 12 U.S.C. 1815(b) requires the FDIC to consider the probable adequacy and reliability of information to be supplied by the bank to the FDIC to enable the FDIC to carry out its functions. Since such a branch meets the definition of an “insured depository institution” and the FDIC is designated as its appropriate federal banking agency, the branch is subject to examination and supervision by the FDIC. Accordingly, the FDIC’s rules at 12 CFR 347.205 require such a branch to maintain a set of accounts and records in English, and to maintain its records as a separate entity with assets and liabilities separate from the foreign bank’s head office, other branches, etc. These record-keeping requirements constitute information collections under the PRA.

Pledge of Assets by Insured Branches of Foreign Banks

The FDI Act at 12 U.S.C. 1815(c) requires such branches to pledge assets to the FDIC, to protect the Bank Insurance Fund from the risk of insuring an entity whose assets are largely outside the United States. In its rules at 12 CFR 347.209(e)(4), the FDIC specifies procedures under which pledged assets are placed in the hands of a third party depository, and at 347.209(e)(6) requires the branch and the depository to make certain reports to the FDIC to verify that the pledge requirements are being carried out. The reports, and documentation for the pledges, constitute collections of information under the PRA.

3. **Consideration of the use of improved information technology:**
No special technology is required for these collections; banks may use any technology they find appropriate.
4. **Efforts to Identify Duplication**
The information cannot be obtained from other sources.

5. **Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:**

The requirement has been designed to impose the minimal burden consistent with the FDIC's supervisory obligations. The FDIC permits smaller institutions to utilize less formalized systems, if consistent with their activities.

6. **Consequences to the Federal program if the collection were conducted less frequently:**

Application for consent to move or to operate, approval to conduct activities, and recordkeeping: the information is collected only once.

Pledge of assets: Quarterly reporting of securities and liabilities is required; less frequent reporting would not permit the FDIC to exercise its insurance function prudentially, because the value of the securities pledged and the amount of the branch's liabilities fluctuate constantly. Concurrent reporting of documents conveyed by the insured branch to the depository in connection with pledging new assets is prudent because the form of such documentation determines the enforceability and validity of the pledge.

7. **Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):**

None. The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

8. **Efforts to consult with persons outside the agency:**

A notice seeking public comment for a 60-day period was published in the *Federal Register* on February 17, 2020 (86 FR 9935, February 17, 2021). No comments were received.

9. **Payment or gifts to respondents:**

None.

10. **Any assurance of confidentiality:**

The information reported is kept private to the extent allowed by law. Any information deemed to be of a confidential nature is exempt from public disclosure in accordance with the provisions of the Freedom of Information Act (5 U.S.C. 552).

11. **Justification for questions of a sensitive nature:**

No sensitive information is collected.

12. Estimate of hour burden including annualized hourly costs:

Summary of Annual Burden and Internal Cost (3064-0114)					
Information Collection (IC) Description	Type of Burden	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Total Estimated Annual Burden
Moving a Branch	Reporting	1	1	8 hours	8 hours
Consent to Operate	Reporting	1	1	8 hours	8 hours
Approval to Conduct Activities	Reporting	1	1	8 hours	8 hours
Pledge of Assets Documents	Reporting	10	4	.25 hours	10 hours
Pledge of Assets Reports	Reporting	10	4	2 hours	80 hours
<i>TOTAL REPORTING BURDEN</i>					<i>114 hours</i>
Recordkeeping	Recordkeeping	10	1	120 hours	1,200 hours
<i>TOTAL RECORDKEEPING BURDEN</i>					<i>1,200 hours</i>
TOTAL HOURLY BURDEN					1,314 hours

Total estimated annual burden: 1,314 hours

The total estimated annual cost for all respondents is:

1,314 hours x \$63.28 = \$83,152

Summary of Hourly Burden Cost Estimate (OMB No. 3064-0114)			
Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Estimated Total Weighted Labor Cost Component ⁺
Executives and Managers ⁺⁺	\$123.30	16%	\$19.71
Compliance Officer ⁺⁺⁺	\$67.35	46%	\$30.75
Clerical ⁺⁺⁺⁺	\$33.44	38%	\$12.83
Total Estimated Weighted Average Hourly Compensation Rate		100%	\$63.28

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 And 5223 only)" (May 2019), Employer Cost of Employee Compensation (December 2020), Consumer Price Index (December 2020).

+ The total weighted average hourly compensation rate does not equal the sum of its components due to rounding.

++ Occupation (SOC Code): Management Occupations (110000).

+++ Occupation (SOC Code): Compliance Officers (131040).

++++ Occupation (SOC Code): Office and Administrative Support Occupations (430000).

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. **Analysis of change in burden:**

There is no change in the method or substance of the information collection and no change in burden.

16. **Information regarding collections whose results are planned to be published for statistical use:**

The information collected will not be published.

17. **Exceptions to Display of Expiration Date**

Not applicable.

18. **Exceptions to Certification**

None.

B. **STATISTICAL METHODS**

Not applicable.