

**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)**

**Summary**

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to extend for three years, with revision, 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). 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.<sup>1</sup> 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>2</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 to determine the assets managed or controlled by the U.S. agency or branch of the foreign bank.

The agencies propose to revise the FFIEC 002 form and instructions effective for the September 30, 2021, report date related to the exclusion of sweep deposits and certain other deposits from reporting as brokered deposits, as discussed by the agencies in the Net Stable Funding Ratio (NSFR) final rule and by the FDIC in its Final Rule on Brokered Deposits and Interest Rate Restrictions (brokered deposits final rule), respectively. In addition, the agencies propose to revise the FFIEC 002 instructions addressing brokered deposits to align them with the brokered deposits final rule. These proposed revisions would be applicable to FDIC insured U.S. branches of foreign banks.

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<sup>1</sup> "Branch" means any office or any place of business of a foreign bank located in any State of the United States at which deposits are received (12 U.S.C. § 3101(3)). "Agency" means any office or any place of business of a foreign bank located in any State of the United States at which credit balances are maintained incidental to or arising out of the exercise of banking powers, checks are paid, or money is lent but at which deposits may not be accepted from citizens or residents of the United States (12 U.S.C. § 3101(1)).

<sup>2</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 estimated total annual burden for the FFIEC 002 and FFIEC 002S is 21,703 hours, and would remain unchanged with the proposed revision. The draft forms and instructions are available on the FFIEC's public website at [https://www.ffiec.gov/ffiec\\_report\\_forms.htm](https://www.ffiec.gov/ffiec_report_forms.htm).

## **Background and Justification**

### **Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002)**

The IBA specifies that foreign banks' branches and agencies in the United States are subject to the supervisory authority of the U.S. federal banking agencies and that responsibility for federal supervision is to be shared among the agencies. As one step in carrying out the supervisory and regulatory responsibilities imposed by the IBA, the agencies instituted the FFIEC 002 in June 1980. The report collects from the U.S. branches and agencies of foreign banks information that is similar to that collected by the Call Reports (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036) from U.S. commercial banks and savings associations, although the FFIEC 002 collects fewer data items.

In addition to its supervisory and regulatory uses, the Board uses the information collected by the FFIEC 002 to conduct monetary and financial analysis essential for the conduct of monetary policy. The data are used to analyze credit developments, identify sources and uses of funds in the banking sector, and assess financial developments within the U.S. banking system. The data help to interpret the bank credit and deposit information that the Board uses when making monetary policy decisions and assists the Board in gauging the response to those decisions.

### **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)**

Foreign banks often conduct business at branches that are domiciled in countries other than the United States, but which are largely run out of the banks' U.S. agency or branch office, with a separate set of books but often with overlapping management responsibilities. Such branches often engage in transactions with U.S. residents. The FFIEC 002S collects asset and liability data regarding each such branch.

The information reported on the FFIEC 002S is collected for several reasons: (1) to monitor deposit and credit transactions of U.S. residents, (2) to monitor the impact of policy changes such as changes in reserve requirements, (3) to analyze structural issues concerning foreign bank activities in U.S. markets, (4) to understand indebtedness and flows of banking funds in developing countries, in connection with data collected by the International Monetary Fund and the Bank for International Settlements that are used in economic analysis, and (5) to collect information helpful for the supervision of U.S. offices of foreign banks, which often are managed jointly with these branches.

The FFIEC 002S collects details on transactions with U.S. residents and with residents of the banks' home countries. In most cases, these data cover a large proportion of the subject

branches' total activities since most branches have heavy exposures to their home countries and deal largely with U.S. customers. This collection allows for the more complete data on U.S. deposits, credit, and international indebtedness and assists U.S. bank supervisors in determining the assets managed or controlled by the U.S. agency or branch of the foreign bank.

## **Description of Information Collection**

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 and balances due from depository institutions (Schedule A), loans (Schedule C), and deposit liabilities and credit balances (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.

### **Respondent Panel**

The reporting panel for the FFIEC 002 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 002S reporting panel consists of all non-U.S. branches managed or controlled by a U.S. branch or agency of a foreign bank.

## **Proposed Revisions to the FFIEC 002**

### *Net Stable Funding Ratio Rulemaking*

On October 20, 2020, the agencies announced the adoption of a final rule implementing the NSFR relevant for certain large U.S. banking institutions with \$100 billion or more in total consolidated assets and certain depository institution subsidiaries of such banking institutions.<sup>3</sup> The final rule assigned a 90 percent Available Stable Funding (ASF) factor to affiliate sweep deposits provided by a retail customer or counterparty. Also, a 95 percent ASF factor was assigned to affiliate sweep deposits provided by a retail customer or counterparty where the entire amount of the sweep deposit is covered by deposit insurance and where an institution subject to the NSFR final rule has demonstrated to the satisfaction of its appropriate Federal banking agency that withdrawal of the deposit is highly unlikely to occur during a liquidity stress event. Other sweep deposits (i.e., non-affiliate sweep deposits provided by a retail customer or counterparty and certain sweep deposits provided by wholesale, non-financial customers) were

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<sup>3</sup> See the NSFR final rule attached to OCC News Release 2020-138, Board Press Release, and FDIC Press Release 116-2020, all of which are dated October 20, 2020.

assigned a 50 percent ASF factor, irrespective of the level of deposit insurance. Additionally, in the Supplementary Information section to the NSFR final rule, the agencies indicated they will continue to review the treatment of sweep deposits under the Liquidity Coverage Ratio (LCR) and NSFR rules.<sup>4</sup> As part of this effort, the agencies are proposing to collect new data items in the Call Reports and FFIEC 002 report that would help evaluate the general funding stability of sweep deposits over time to determine their appropriate treatment under liquidity regulations applicable to certain banking institutions.

This proposal to capture new Call Report and FFIEC 002 data items for sweep deposits would provide the agencies with several benefits for its understanding of liquidity risks relevant to institutions of all sizes. First, the agencies would be able to better observe funding dynamics, between insured and partially insured sweep deposits, thereby providing data on the funding stability of partially insured sweep deposits. Second, by having institutions with \$100 billion or more in total assets report sweep deposits for different types of counterparties, any material differences in the stability of different types of counterparties that transact in sweep deposits would be more transparent for monitoring over time to determine their appropriate treatment under liquidity regulations.

Further, as noted in the NSFR final rule, sweep deposits received from affiliates have different stability characteristics than sweep deposits received from non-affiliates based on the varying priority and reliability of each affiliate and non-affiliate sweep deposits. The proposed new data items would provide the agencies with observations about the varying liquidity and other risk characteristics of these different types of sweep deposits.

### *Brokered Deposits Rulemaking*

On December 15, 2020, the FDIC issued the brokered deposits final rule.<sup>5</sup> This rule accomplished several objectives, including establishing a new framework for analyzing certain provisions of the “deposit broker” definition,<sup>6</sup> including “facilitating” and “primary purpose.”<sup>7</sup> The brokered deposits final rule also reaffirmed the intent stated in the interagency NSFR final rule to collect information related to sweep deposits.<sup>8</sup> The FDIC plans to monitor this data and could consider in the future whether modifications to deposit insurance assessment pricing are warranted, consistent with the statutory requirement that the assessments be risk-based.

Relevant for brokered deposits, section 29 of the FDI Act provides that an agent or nominee meets the primary purpose exception to the “deposit broker” definition when the primary purpose of the agent or nominee is not the placement of funds with depository institutions. In the brokered deposits final rule, the FDIC adopted revised criteria for the primary purpose exception based on the relationship between the agent or nominee and its customers.

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<sup>4</sup> 12 CFR Part 50 (OCC); 12 CFR Part 249 (Board); 12 CFR Part 329 (FDIC) (referred to as the liquidity regulations).

<sup>5</sup> 86 FR 6742 (January 22, 2021).

<sup>6</sup> See Section 29(g) of the Federal Deposit Insurance Act (FDI Act) (12 U.S.C. § 1831f(g)).

<sup>7</sup> The final rule also amended the FDIC’s methodology for calculating the national rate, the national rate cap, and the local market rate cap for the interest rate restrictions under section 29 that apply to less than well-capitalized institutions.

<sup>8</sup> 86 FR 6742 (January 22, 2021).

Specifically, the primary purpose exception applies when the primary purpose of the agent's or nominee's business relationship with its customers is not the placement of funds with depository institutions. The following business relationships were identified in the brokered deposits final rule as "designated exceptions" from the deposit broker definition and are business relationships in which, with respect to a particular business line:

- (1) less than 25 percent of the total assets that the agent or nominee has under administration for its customers is placed at depository institutions (25 percent test),
- (2) 100 percent of depositors' funds that the agent or nominee places, or assists in placing, at depository institutions are placed into transactional accounts that do not pay any fees, interest, or other remuneration to the depositor,
- (3) a property management firm places, or assists in placing, customer funds into deposit accounts for the primary purpose of providing property management services,
- (4) the agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of providing cross-border clearing services to its customers,
- (5) the agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of providing mortgage servicing,
- (6) a title company places, or assists in placing, customer funds into deposit accounts for the primary purpose of facilitating real estate transactions,
- (7) a qualified intermediary places, or assists in placing, customer funds into deposit accounts for the primary purpose of facilitating exchanges of properties under section 1031 of the Internal Revenue Code,
- (8) a broker-dealer or futures commission merchant places, or assists in placing, customer funds into deposit accounts in compliance with 17 CFR 240.15c3-3(e) or 17 CFR 1.20(a),
- (9) the agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of posting collateral for customers to secure credit-card loans,
- (10) the agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of paying for or reimbursing qualified medical expenses under section 223 of the Internal Revenue Code,
- (11) the agent or nominee places, or assists in placing, customer funds into deposit accounts for the primary purpose of investing in qualified tuition programs under section 529 of the Internal Revenue Code,
- (12) the agent or nominee places, or assists in placing, customer funds into deposit accounts to enable participation in the following tax-advantaged programs: individual retirement accounts under section 408(a) of the Internal Revenue Code, Simple individual retirement accounts under section 408(p) of the Internal Revenue Code, and Roth individual retirement accounts under section 408A of the Internal Revenue Code,
- (13) a Federal, State, or local agency places, or assists in placing, customer funds into deposit accounts to deliver funds to the beneficiaries of government programs, and
- (14) the agent or nominee places, or assists in placing, customer funds into deposit accounts pursuant to such other relationships as the FDIC specifically identifies as a designated business relationship that meets the primary purpose exception.

The brokered deposits final rule discussed the FDIC's consideration, as part of the rulemaking process, for requiring reporting of deposits that are excluded from being reported as brokered deposits because of the application of the primary purpose exception, which may include sweep deposits placed at insured depository institutions. Supervision and deposit

insurance assessments evaluate risk, in part, based on data institutions report on the Call Reports and FFIEC 002. Institutions report total brokered deposits but generally do not distinguish between different types of deposits that are currently classified as brokered. As a result of the brokered deposits final rule, the FDIC expects that some sweep deposits that are currently brokered deposits placed by third parties will meet the revised primary purpose exception and therefore no longer be reported on the FFIEC 002 report as brokered. Sweep deposits placed by a third party that are not brokered deposits may, in some cases, still pose varying levels of funding risk as well as elevated risk of loss to the deposit insurance fund in the event of an insured depository institution's failure.<sup>9</sup> As such, FDIC plans to monitor sweep deposits that are not brokered over time to determine the supervisory and deposit insurance assessment implications of these deposits, if any.

*Proposed Data Items to Capture Sweep Deposits and Deposits That Are Not Brokered Deposits and Related Instructions*

Under the NSFR Final Rule and the brokered deposits final rule, the agencies stated their intent to obtain data that will assist in better evaluations of funding stability for sweep deposits over time to determine their appropriate treatment under applicable liquidity regulations and to assess the risk factors associated with sweep deposits for determining their deposit insurance assessment implications, if any. Accordingly, the agencies propose to add the following data items applicable quarterly to all insured U.S. branches of foreign banks of all sizes that file the FFIEC 002. Specifically, the following five data items would be added to Schedule O, Other Data for Deposit Insurance Assessments, of the FFIEC 002.

- Memorandum item 8.a for fully insured, affiliate sweep deposits to capture sweep deposits that are deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where the entire amount of the deposit is covered by deposit insurance,
- Memorandum item 8.b for not fully insured, affiliate sweep deposits to capture sweep deposits that are deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where less than the entire amount of the deposit is covered by deposit insurance,
- Memorandum item 8.c for fully insured, non-affiliate sweep deposits to capture sweep deposits that are not deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where the entire amount of the deposit is covered by deposit insurance,

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<sup>9</sup> As described in the preamble to the brokered deposits final rule, "Nothing in the final rule is intended to limit the FDIC's ability to review or take supervisory action with respect to funding-related matters, including funding concentrations, that may affect the safety and soundness of individual banks or the industry generally. FDIC examiners will continue to review funding as part of safety and soundness examinations, regardless of whether or not the deposits used by the [insured depository institution] IDI are brokered."

- Memorandum item 8.d for not fully insured, non-affiliate sweep deposits to capture sweep deposits that are not deposited in accordance with a contract between a customer or counterparty and the reporting institution, a controlled subsidiary of the reporting institution, or a company that is a controlled subsidiary of the same top-tier company of which the reporting institution is a controlled subsidiary, where less than the entire amount of the deposit is covered by deposit insurance, and
- Memorandum item 9 for total sweep deposits that are not brokered deposits.

### *Definitions*

The agencies propose to revise the FFIEC 002 instructions to add the following definition for “sweep deposit”: A sweep deposit means a deposit held at the reporting institution by a customer or counterparty through a contractual feature that automatically transfers to the reporting institution from another regulated financial company at the close of each business day amounts identified under the agreement governing the account from which the amount is being transferred.<sup>10</sup> Note: This definition would be distinctly separate from the description of “retail sweep programs” in the “Reporting of Retail Sweep Arrangements” section of the Glossary entry for “Deposits” in the FFIEC 002 instructions.

Furthermore, consistent with the discussion of the data items proposed to be collected in the FFIEC 002, “affiliate sweep deposits” would be defined as sweep deposits that are deposited in accordance with a contract between a customer or counterparty and a reporting institution, a reporting institution’s consolidated subsidiary, or a company that is a consolidated subsidiary of the same top-tier company of which the reporting institution is a consolidated subsidiary. “Non-affiliate sweep deposits” would be defined as sweep deposits that are not deposited in accordance with a contract between a customer or counterparty and a reporting institution, a reporting institution’s consolidated subsidiary, or a company that is a consolidated subsidiary of the same top-tier company of which the reporting institution is a consolidated subsidiary.

Beginning with the June 30, 2021, report date, the agencies proposed all insured U.S. branches of foreign banks would complete Schedule O, Memorandum items 8.a through 8.d and 9 quarterly.

### **Time Schedule for Information Collection**

The FFIEC 002 and FFIEC 002S are collected as of the last calendar day of the quarter (March, June, September, and December). U.S. branches and agencies of foreign banks must submit the FFIEC 002 and FFIEC 002S to the Federal Reserve Bank in the district in which the reporting branch or agency is located within 30 calendar days following the report date. After processing and editing respondent data, the Board sends the data to the FDIC and OCC for their use in monitoring the U.S. activities of foreign banks under their supervision.

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<sup>10</sup> See 79 FR 61524 for the LCR Rule’s definition of brokered sweep deposit which was renamed to “sweep deposit” when the NSFR rule was finalized in October 2020, <https://www.fdic.gov/news/board/2020/2020-10-20-notice-dis-b-fr.pdf>.

## Public Availability 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>.

## Legal Status

Section 11(a)(2) of the Federal Reserve Act (FRA) authorizes the Board to require depository institutions to submit reports of their liabilities and assets as the Board may determine to be necessary or desirable to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates (12 U.S.C. § 248(a)(2)). Section 7(c)(2) of the IBA, provides that Federal branches and agencies of foreign banks are subject to the reporting requirements in section 11(a) of the FRA “to the same extent and in the same manner as if the branch or agency were a state member bank” (12 U.S.C. § 3105(c)(2)). Section 7(c)(2) of the IBA also provides that state-licensed branches and agencies of foreign banks are subject to the requirement in section 9 of the FRA (12 U.S.C. § 324) that they file reports of condition with the appropriate Federal Reserve Bank (12 U.S.C. § 3105(c)(2)). In addition, section 4(b) of the IBA authorizes the OCC to collect such information from Federal branches and agencies of foreign banks (12 U.S.C. § 3102(b)). The Board, FDIC, and OCC also are authorized to collect reports of condition from insured branches of foreign banks pursuant to section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. § 1817(a)(1) and (3)). The obligation to respond is mandatory for reporting institutions.

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)).<sup>11</sup> In addition, Schedule C, Part, I, Loans and Leases, Memorandum item 5.a, “Number of Section

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<sup>11</sup> Although Schedule M of the FFIEC 002 report is withheld from the public, the instructions to the FFIEC 002 report indicate that these reports are made available to the relevant state supervisory authority in their entirety.



4013 loans outstanding,” and Memorandum item 5.b, “Outstanding balance of Section 4013 loans,” which have been added to the FFIEC 002 beginning as of the June 30, 2020, report date, are being collected at the U.S. branch and agency level on a confidential basis. Such information is permitted to be collected on a confidential basis, consistent with 5 U.S.C. § 552(b)(8).<sup>12</sup> 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.

### **Consultation outside the Agency**

The Board consulted with the FDIC and OCC concerning the proposed revision of this report.

### **Public Comments**

On February 5, 2021, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (86 FR 8480) requesting public comment for 60 days on the extension, with revision, of the FFIEC 002 and FFIEC 002S. The comment period for this notice expired on April 6, 2021.

The agencies received one comment letter from three trade associations to revise the Call Report forms and instructions related to sweep deposits. The agencies also took this comment letter into account regarding proposed revisions to the FFIEC 002. The commenters recommended that institutions that report sweep deposits on the Board’s Complex Institution Liquidity Monitoring Report (FR 2052a; OMB No. 7100-0361) should not be required to provide

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<sup>12</sup> Exemption 8 of FOIA, specifically exempts from disclosure information “contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions.”

comparable data on the Call Report. Additionally, the commenters requested that the proposed Call Report memorandum items receive confidential treatment consistent with the treatment of comparable data items provided on the FR 2052a. The commenters further requested that the proposed Call Report memorandum items be delayed until the March 2022 report date. The commenters requested that the agencies confirm whether institutions are permitted to incorporate the new brokered deposits regime for purposes of reporting beginning with the June 30, 2021 Call Report, even if such institutions are still in the primary purpose exception application process. Finally, the commenters requested clarification with respect to the definition of “not fully insured” as it would apply to the proposed Call Report memorandum items.

The FR 2052a is required to be filed on a consolidated basis by (1) certain top-tier bank holding companies and top-tier covered savings and loan holding companies that in each case have consolidated assets of \$100 billion or more, and (2) certain foreign banking organizations with combined U.S. assets of \$100 billion or more. The largest and most complex FR 2052a filers additionally submit data in respect to a limited number of subsidiaries, including large depository institution subsidiaries, and U.S. branches. The FR 2052a report is collected on a daily or monthly basis, depending on the size of the reporting organization.<sup>13</sup> In contrast, the proposed Call Report data collection would reflect deposit data from all depository institutions regardless of size. The Call Report data also would be collected on a quarterly or semiannual basis. Due to the differences in scope and frequency of the reporting, the agencies do not believe that there is material duplication between the data requested on the FFIEC 002 report.

Regarding the comment on confidential treatment, the Board notes that the information collected in the FR 2052a is collected as part of the agencies’ supervisory framework and is provided confidential treatment for several reasons. The FR 2052a collection is reported on a frequent basis and includes a wide range of financial exposures providing detailed information on the liquidity profile of reporting firms (e.g., financing of securities positions and prime brokerage activities). Additionally, FR 2052a data is used as a supervisory tool to monitor individual organizations’ overall liquidity profile, including during periods of stress, and may reflect risks and exposures between a respondent’s material legal entities. As a result, public availability of an individual banking organization’s detailed and frequent FR 2052a data could result in disclosure of proprietary business information.

By comparison, the proposed Call Report data items would be reported on a less frequent basis (quarterly or semiannually) by all individual depository institutions and do not include the same extensive scope of items reported under the FR 2052a collection. The agencies therefore do not believe public disclosure of the proposed Call Report data items would result in disclosure of proprietary business information which would harm a bank’s competitive position. For example, because the proposed Call Report data items would be reported on a quarterly or semiannual basis and constitute limited information about a bank’s liquidity risk or structural funding, it would not be possible for the public to determine an individual bank’s Liquidity Coverage Ratio

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<sup>13</sup> In general, banking organizations subject to the full liquidity coverage ratio requirements of the agencies’ Liquidity Coverage Ratio (LCR) rule, including all Category I and II banking organizations and certain Category III banking organizations (as such categories are defined in the rule), must submit the FR 2052a data on a daily basis while other banking organizations with total consolidated assets greater than \$100 billion, including certain Category III and all Category IV banking organizations, must submit FR 2052a data on a monthly basis.

(LCR) or NSFR at any point within a quarter.<sup>14</sup> Therefore, the agencies are not proposing to adopt confidential treatment for the proposed Call Report or FFIEC 002 memorandum items.

With regard to the implementation date of the revisions to the FFIEC 002, the agencies acknowledge that institutions may need additional time to make system changes to capture the relevant data. Accordingly, in response to comments, the agencies are proposing to delay the implementation date for the new memorandum items in the FFIEC 002 form and instructions until the September 30, 2021, reporting date rather than for June 30, 2021, as originally proposed. This delay should provide institutions with sufficient additional time to put in place systems to begin reporting on the proposed memorandum items.

The agencies will provide clarifications in the Call Reports and FFIEC 002 Glossaries, Call Reports Schedule RC-E, Deposit Liabilities instructions and FFIEC 002 Schedule O, Other Data for Deposit Insurance Assessments instructions, as applicable, in response to comments related to reporting deposits as brokered in instances where a primary purpose application is pending or where an institution wishes to rely upon a previous staff advisory opinion or interpretation through December 31, 2021.

With respect to pending applications for a primary purpose exception, an IDI that receives deposits from a third party that is a “deposit broker” where an application for a primary purpose exception is pending, would report such deposits as brokered deposits if and until the FDIC approves such application. This is because the deposits being placed by or through a third party that is a deposit broker are brokered deposits unless the third party meets an exception to the definition.

The brokered deposits final rule included clarifications to the definition of “deposit broker” in section 29(g) of the Federal Deposit Insurance Act and section 337.6(a)(5) of the FDIC’s regulations. The meaning of the term “brokered deposit” depends on the meaning of the term “deposit broker.” The term “Brokered Deposits” is defined in the FFIEC 002 Glossary. Consistent with the agencies’ proposal to revise the FFIEC 002 instructions in the February 2021 notice, the agencies plan to update the Glossary to align with the clarifications to the definition of “deposit broker” in the brokered deposits final rule.

After considering the comments, the agencies are clarifying the proposed instructions as described above and proceeding with the clarifications in the FFIEC 002 Glossary related to the definition of “deposit broker.”

### *Timing*

The new deposit-related items would be effective starting with the September 30, 2021, FFIEC 002. These items are Schedule O, Memorandum items 8.a through 8.d and 9.

The agencies note that the brokered deposits final rule became effective April 1, 2021, with a mandatory compliance date of January 1, 2022. Therefore, for the September 30, 2021,

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<sup>14</sup> Holding companies subject to the agencies’ LCR and NSFR rules must publicly disclose their consolidated LCR and NSFR on a quarterly basis.

FFIEC 002 report dates, institutions may rely on either existing staff advisory opinions and interpretations or the new provisions in the brokered deposits final rule when assessing whether a sweep deposit is brokered for FFIEC 002 reporting purposes. The agencies will make available on the FFIEC website redline changes to the Glossary instructions for brokered deposits.

On May 24, 2021, the agencies, under the auspices of the FFIEC, published a final notice in the *Federal Register* (86 FR 27961) requesting public comment for 30 days on the extension, with revision, of the FFIEC 002. The comment period for this notice expires on June 23, 2021.

### Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FFIEC 002 and FFIEC 002S is 21,703 hours, would remain unchanged with the proposed revision. These burden estimates account for all filers of the FFIEC 002 and FFIEC 002S, including those supervised by the FDIC and 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<sup>15</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FFIEC 002	209	4	24.87	20,791
FFIEC 002S	38	4	6	<u>912</u>
<i>Total</i>				21,703

The estimated total annual cost to the public for the FFIEC 002 and FFIEC 002S is \$1,283,732.<sup>16</sup>

### Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

### Estimate of Cost to the Federal Reserve System

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.

<sup>15</sup> Of these 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.

<sup>16</sup> 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 \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). 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 2020*, published March 31, 2021, <http://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <http://www.bls.gov/soc/>.