

SUPPORTING STATEMENT

Revision of Treasury International Capital (TIC) Form S (OMB No. 1505-0001)

A. JUSTIFICATION

1. Circumstances necessitating the collection of information

Treasury International Capital (TIC) Form S, “Purchases and Sales of Long-Term Securities by Foreign-Residents”, is filed by banks, other depository institutions, brokers, dealers, nonbanking business enterprises, and other specified U.S. persons to report their international portfolio capital transactions with foreign-residents. These reports are required by Executive Order (E.O.) 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). They improve the preparation of the U.S. international transactions (balance of payments) and the U.S. international investment position, as well as the formulation of U.S. international financial and monetary policies.

Along with this renewal, Treasury will not change either the S form or the instructions.

2. Use of data

Data collected on TIC Form S constitute the most complete and readily available information on cross-border purchases and sales of long-term domestic and foreign securities by foreign-residents in transactions with U.S. persons. The data are necessary for compiling the U.S. international transactions (balance of payments), for calculating the U.S. international investment position, and in formulating U.S. international financial and monetary policies. Treasury, the Department of Commerce, and the Board of Governors of the Federal Reserve System are the most significant users of the data for these purposes. There is public interest in the aggregate data and the news media report on the monthly Treasury press release of monthly TIC data.

Respondents covered by the reporting requirements of Form S report directly to the district Federal Reserve Banks, which act as fiscal agents of 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 users in the Board of Governors' *Financial Accounts of the United States* and the Commerce Department's *Survey of Current Business*. Historical time series data, both aggregate and by country, reported on Form S are also posted to the Treasury TIC website at <https://home.treasury.gov/data/treasury-international-capital-tic-system-homepage/tic-forms-instructions/securities-a-us-transactions-with-foreign-residents-in-long->

term-securities, under the title “U.S. Transactions with Foreign-Residents in Long-Term Securities”.

3. Use of information technology

The option of filing Form S via the internet has been available to respondents since January 2001. The TIC S Form reports may be submitted electronically using the Federal Reserve’s “Reporting Central” system. That online system is easy to use, secure, provides confirmation of the receipt of the data, and performs several validity checks of the file format of the report being filed. The instructions for Form S also inform respondents that the required data may be submitted by mail or FAX in the approved file format or on computer printouts pursuant to specific agreement signed by a responsible officer of the reporting institution and by the district Federal Reserve Bank with which the report is filed.

As respondents' internal methods of maintaining and retrieving reportable information vary widely and are not dependent upon Form S reporting requirements, no single information technology can be prescribed to reduce burden on respondents.

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 threshold of \$350 million (raised from \$50 million in 2014), which is applied to total purchases during the reporting month or to total sales during the reporting month of long-term securities in transactions directly with foreign-residents, effectively excludes small depository institutions, securities firms, and other entities from the reporting population.

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

The data are collected on an ongoing basis. The monthly submission date for filing Form S is fifteen calendar days following the month 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

Frequency of reporting: The circumstances that require Form S to be collected more often than quarterly are the unpredictable qualities and magnitudes of the data due to the

rapidly changing factors influencing the securities industry, and the U.S. government's need for timely and reliable information on trends in international securities markets. The likely consequences of collecting this information less frequently are outlined in Item 6 above.

Apart from the foregoing case, there are no special circumstances regarding Form S that are inconsistent with the conditions outlined in Item A.7 of the Specific Instructions for Supporting Statements for Paperwork Reduction Act Submissions.

8. Solicitation of comments on information collection

Treasury's notice in the *Federal Register* soliciting public comment on Form S was published Friday, March 19, 2021, vol. 86, pages 15022-15023. The deadline for receiving pre-clearance comments was May 18, 2021.

The *Federal Register* notice invited comments on the Treasury proposal to make no changes in the form or instructions.

We received one letter with comments, from the Bureau of Economic Analysis (BEA), Department of Commerce, dated March 30, 2021. In the letter, BEA strongly supported the continued collection of the TIC Form S, because the data collected on the form are important to key components of BEA's economic statistics.

Regarding the data collected, there is a plan to move this data collection on purchases and sales of long-term securities from TIC Form S to TIC Form SLT around the beginning of 2023. The plan is described in the *Current Actions* section, parts (1), (4), (5) and (10), of the Federal Register Notice for TIC Form SLT that was published Wednesday, June 2, 2021, vol. 86, pages 29628-29629. No comments were received by the deadline of July 2, 2021.

If the plan proceeds without delays and as described in part (10), then the timeline would be as follows: (i) the reporting on the revised Form SLT (called SLT(2022)) would begin with the report as of November 2022; (ii) then both the S and SLT(2022) would collect data during the three-month overlap period beginning with the report as of November 2022 and ending with the report as of January 2023; and (iii) after the January report the Form S would be discontinued by a Federal Register Notice for Form S.

Regarding data-filers, some data-filers on the Form S will also file on the Form SLT(2022). In addition, firms that are custodians of securities will file more transaction data on the Form SLT(2022) than they do now on the Form S and the current Form SLT. So it is important that all data-filers on Form S find out their reporting requirements on the SLT(2022) by reviewing the Federal Register Notice of June 2, 2021 and the Form SLT(2022) and its instructions; both are available on the TIC webpage for Form SLT at: <https://home.treasury.gov/data/treasury-international-capital-tic-system-home-page/tic-forms-instructions/tic-slt-form-and-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 Data and Statistics 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, representing the nation's major financial center, is the processing center for the review and editing of information reported on Form S. The Board of Governors and the BEA are both major users of the data in aggregate form.

In addition, the staffs of FRBNY and other district Federal Reserve Banks maintain regular contact with the major respondents. These analysts are in a unique position with respect to advice on changes needed in the forms or reporting instructions for purposes of amending or clarifying data coverage.

9. Provision of payments to recordkeepers

In respect of Form S or any other TIC form, 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 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. Justification of sensitive questions

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

12. Total annual hour burden

Number of respondents – 185
Frequency of Responses – 12 per year
Annual Burden – 15,010 hours

The respondent population subject to Form S is approximately 185 banks, brokers, and other financial and nonfinancial business enterprises, based on our efforts to enforce compliance with mandatory reporting requirements. We expect about 2,220 responses per year. We estimate there are about 27 major respondents that report relatively large amounts of data with an hourly burden that is double the burden of other respondents. Thus with an estimated average reporting burden of 11.8 hours per filing by major respondents and 5.9 hours per filing by other respondents, based on information from several respondents, the estimated total reporting burden on the public is 15,010 hours per year.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
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185	12	2,220	6.761	15,010
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Generally, completion and review of the forms involves two persons. It is estimated that the average wage of persons completing the forms is \$36.53 per hour (corresponding to an annual salary of \$75,980), while that of supervisory or other more senior staff reviewing the forms is \$56.04 per hour (corresponding to an annual salary of \$116,566). For 158 respondents filing 12 times per year, and using an average of 4.4 hours per form for completion plus 1.5 hours per review, and for 27 major respondents filing 12 times per year, and using an average of 8.8 hours per form for completion plus 3.0 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$622,751.

13. Estimated total annual cost burden to respondents

Total annual cost burden:

- (a) Total annualized capital and start-up costs associated with Form S are estimated to be \$0 (zero dollars). In general, reporting on the forms 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 forms 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* notice of March 19, 2021 included an explicit request for public comments on the estimates of cost burdens 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, Form S is printed, circulated, collected and edited by the Federal Reserve Banks that process TIC data. All TIC forms with instructions, including Form S, are made available on the Treasury TIC website at <https://home.treasury.gov/data/treasury-international-capital-tic-system-home-page/tic-forms-instructions>.

The total annualized cost to the Federal government is estimated to be approximately \$654,812. 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 expected costs for advisory services and dissemination of the information collected.

Estimated Annual Federal Costs for Form S

Salaries and Benefits:	\$336,125
Computer systems and programming costs:	\$137,400
Overhead and support costs	\$318,578
Total	\$792,103

15. Reason for change

There will be a decrease in total Form S burden hours to 15,010 as compared to the estimate of 17,346 currently carried in OMB's Information Collection Inventory. There will be a decrease in the total number of responses to 2,220 as compared to the estimate of 2,568 currently carried in OMB's Information Collection Inventory. The total overall decrease of 2,336 burden hours and the total overall decrease of 348 responses is due solely to an estimated decrease of 29 respondents that has occurred naturally since 2018.

16. Plans for tabulation, statistical analysis and publication

Form S is needed to collect the data on an ongoing basis. Aggregate data, including breakdowns of purchases and sales of domestic and foreign securities, are published in monthly press releases of *Treasury International Capital Data* by the Treasury Department. Historical time series data, both aggregate and by country, reported on Form S are also posted to the Treasury TIC website (<https://home.treasury.gov/data/treasury-international-capital-tic-system-home-page/tic-forms-instructions/securities-a-us-transactions-with-foreign-residents-in-long-term-securities>). 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 frequently 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 date is inappropriate

Approval to not display the expiration date for OMB approval on the TIC forms has previously been granted. The electronic form available from the Treasury website includes the expiration date.

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.

September 2021