

SUPPORTING STATEMENT

Request for revision of Treasury International Capital (TIC) Form SLT (OMB No. 1505-0235)

A. JUSTIFICATION

1. Circumstances necessitating the collection of information

Treasury International Capital (TIC) Form SLT, “Aggregate Holdings, Purchases and Sales, and Fair Value Changes of Long-Term Securities by U.S. and Foreign Residents”, is filed by U.S.-resident custodians, U.S.-resident issuers of long-term securities, and U.S.-resident end-investors (including endowments, foundations, pension funds, mutual funds, and other investment managers/advisors/sponsors) in long-term foreign securities. U.S.-resident holders, both banking and non-banking institutions, of foreign portfolio equity and/or debt may be required to report.

Form SLT is part of a series of reports to fulfill 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). They improve the preparation of the U.S. balance of payments accounts and the U.S. international investment position, as well as the formulation of U.S. international financial and monetary policies.

The global financial crisis of 2008-09 highlighted the importance of enhanced surveillance of the world and national economies, including more frequent and accurate data on external claims and liabilities. Securities constitute a large portion of U.S. external claims and liabilities. Before the crisis, the TIC data reporting system collected monthly aggregate data on purchases and sales of long-term securities, monthly aggregate data on holdings of short-term securities, and annual survey data on holdings of long-term securities. In response to the need the crisis showed for more frequent and accurate data, in 2011 the Department of the Treasury began collecting data on monthly holdings of long-term securities through Form SLT. It measures aggregate holdings of long-term securities by country.

To keep up with the evolution of financial markets and to further improve the accuracy of Form SLT data, as of January 2023 the Department of the Treasury created, for the first time, a collection of data on “changes in fair value.” The Treasury also changed to obtaining the three main data types (holdings, purchases and sales, and change in fair value) from the same source. To eliminate duplication, the Treasury discontinued TIC Form S, “Purchases and Sales of Long-Term Securities by Foreign-Residents”, after a brief overlap period ensuring that the new data meshed appropriately with the old data. These changes should improve data quality, contributing to better preparation of the U.S. balance of payments accounts and the U.S. international investment position, as well as to the formulation of U.S. international financial and monetary policies.

2. Use of data

Data collected on TIC Form SLT constitute the most complete and readily available information on cross-border holdings of long-term domestic and foreign securities by U.S. and foreign residents. With the proposed changes, they will also constitute the most complete and readily available

information on transactions and changes in valuation. The data are necessary for compiling the U.S. international financial transactions accounts, for calculating the U.S. international investment position, and in formulating U.S. international financial and monetary policies. Treasury, the Bureau of Economic Analysis of 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 SLT 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, on the Web sites of the Board of Governors and the Department of Commerce. Historical time series data, both aggregate and by country, reported on Form SLT also are posted to the Treasury TIC website at <http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>.

3. Use of information technology

Electronic filing of the TIC Form SLT report has been mandatory since reports as of June 30, 2014. Section II.H of the instructions, Submission of Reports, specifies that the TIC Form SLT report must be submitted electronically by using the Federal Reserve System's "Reporting Central" submission 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.

4. Efforts to identify duplication

As described above, there was duplication of the Purchase and Sales data with the TIC Form S data for three months after the revised Form SLT began. This period of overlap allowed TIC and the data filers to make any adjustments necessary so that the Purchases and Sales component of the new form was consistent with the Form S that it replaced.

Since the overlap period, there has been 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 positions and transactions data.

5. Impact on small entities

The reporting threshold of \$1 billion, which is applied to total portfolio holdings of long-term securities, effectively excludes small custodians, issuers, and end-investors from the reporting population. Data reporters will file one consolidated report for all U.S.-resident parts of their organizations, and the total will be the aggregate of holdings as issuer, end-investor, and custodian.

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 SLT is twenty-three 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 SLT 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 holdings of securities. 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 SLT 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 SLT was published Friday, February 16, 2024, vo. 89, page 12420. The deadline for receiving comments was Tuesday, April 16, 2024. To bring attention to the *Federal Register* notices, the Federal Reserve Bank of New York (FRBNY) contacted all respondents reporting data on securities to FRBNY, and other district Federal Reserve Banks that process TIC data.

The *Federal Register* notice of February 16 announced that no changes would be made in Form SLT or in the instructions for Form SLT.

A letter from the Commerce Department's Bureau of Economic Analysis (BEA), dated February 26, 2024, was the only response to the *Federal Register* notice. The letter strongly supported the continued collection of the TIC SLT form. It noted that "data collected on this form are critical to key components of BEA's economic statistics." It noted further that "The recent enhancement of the SLT to provide data on transactions and changes in value along with positions (holdings) has allowed BEA to improve its portfolio investment statistics for the international investment position and the international transactions accounts. Portfolio investment is an important segment of the U.S. international transactions accounts."

9. Provision of payments to recordkeepers

In respect of Form SLT 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 — 429
Frequency of Responses — 12 per year
Annual Burden — 74,882 hours

Burden estimates are calculated for two different classes of data reporters.

- The first group is comprised of U.S. resident custodians, who provide safekeeping services for their own firm as well as for others. This type of organization will provide most of the data collected on Form SLT, and thus will have the greatest burden.
- The second class of respondents is comprised of U.S. resident end investors in foreign securities, and U.S. resident issuers of U.S. securities. About 60 percent of these respondents report both as end investors and as issuers. (a) U.S. resident end investors either keep securities in custody at their own site or arrange for safekeeping abroad. In either case, no U.S. resident custodian is employed to hold these foreign securities in safekeeping. These investors report on all those holdings of foreign securities. (b) U.S. resident issuers of U.S. securities, who are not custodians, issue securities directly to foreigners and, in addition, those foreigners do not hold the securities with U.S. custodians. These issuers report on all those foreign holdings of U.S. securities.

The respondent population subject to Form SLT is approximately 429 banks, brokers, and nonbanking business enterprises that fall into the two classes of respondents described above. We expect about 5,148 responses per year. We estimate there will be about 92 custodians that report relatively large amounts of data. With an estimated average reporting burden of 26.3 hours per filing by custodians and 11.3 hours per filing by 337 other respondents, the estimated total reporting burden on the public will be 74,883 hours per year.

# Respondents	# Responses per Respondent	Total Annual Responses	Hours Per Response	Total Burden
429	12	5,148	14.546	74,882

Estimates of annualized cost to respondents: Generally, completion and review of the forms involves two persons. It is estimated that the average wage of persons completing the form is \$39.74 per hour (corresponding to an annual salary of \$82,654), while that of supervisory or other more senior staff reviewing the forms is \$59.12 per hour (corresponding to an annual salary of \$122,976). For 337 respondents filing 12 times per year and using an average of 10.328 hours per form for completion plus 1.0 hour per review, and for 92 custodians filing 12 times per year, and using an average of 24.333 hours per form for completion plus 2.0 hours per review, the total annualized cost to respondents for the burden hours is estimated to be \$3,096,977.

13. Estimated total annual cost burden to respondents

Total annual cost burden:

(a) Total annualized capital and start-up costs associated with Form SLT 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 February 16, 2024 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 SLT is printed, circulated, collected, and edited by the Federal Reserve Banks that process TIC data. All TIC forms, including Form SLT, are made available on the Treasury TIC website at <https://home.treasury.gov/data/treasury-international-capital-tic-system-home-page/tic-forms-instructions/tic-slt-form-and-instructions>.

The total annualized cost to the Federal government is estimated to be approximately \$2,355,363. The figures are the 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 SLT

Salaries and benefits:	\$ 733,597
Computer systems and programming costs:	\$ 283,509
Support costs and overhead:	\$1,149,858
Pensions:	188,399
Total	\$2,355,363

15. Reason for change

There is an increase in burden hours to 74,882 as compared to the estimate of 61,722 currently carried in OMB's Information Collection Inventory. The total overall increase of 13,160 hours is

due entirely to changes in the estimates: (a) an increase of 13,426 hours due to an increase in the estimate of hours/report; plus (b) a decrease of 266 hours from a decrease in the number of respondents. By type of respondent: for custodians the increase of 5,225 hours is comprised of (i) 3,929 hours from a higher estimate of hours/report, plus (ii) an increase of 1,296 hours from an increase of 5 in the number of respondents to 92; for issuers and end investors the increase of 8,201 hours is comprised of (i) 9,763 due to a higher estimate of hours/report, plus (ii) a decrease of 1,562 hours from a decrease of 14 in the number of respondents to 337.

16. Plans for tabulation, statistical analysis, and publication

Form SLT is needed to collect the data on an ongoing basis. Aggregate data in considerable detail by country, including breakdowns of holdings, transactions, and valuation changes of domestic and foreign long-term securities, are posted monthly to the Treasury TIC website (<https://home.treasury.gov/data/treasury-international-capital-tic-system>). Some of those data are also posted monthly on the Web site of the Board of Governors of the Federal Reserve System and quarterly on the Web site of the Department of Commerce. Historical time series data, both aggregate and by country, reported on Form SLT are also posted on the Treasury TIC website. Data are published or otherwise made publicly available in aggregate form only, 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 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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