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## INSTRUCTIONS FOR PREPARATION OF

# Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks FR 2502q

## Part I—General Instructions

### A. Introduction

This report obtains data on the geographical distribution of the assets and liabilities of large foreign branches and subsidiaries of U.S. commercial banks and of Edge and agreement corporations (“banks”). All assets and liabilities are to be reported gross, except where otherwise noted in these instructions, in U.S. dollar equivalents as shown on the books of the reporting branch or subsidiary, not on the books of the “parent bank.” The reporting standards for this report should be the same as those for the Consolidated Reports of Condition and Income (FFIEC 031) unless explicitly stated otherwise in these instructions.

### B. Who Files Reports

U.S. bank holding companies, including financial holding companies, commercial banks and banking Edge and agreement corporations file quarterly reports for certain branches and subsidiaries located outside the United States, excluding branches on U.S. military facilities wherever located.

### C. For Which Offices Reports Are Filed

Reports are to be filed for all branches and subsidiaries that are located in the United Kingdom or the Caribbean (listed below), that are not located in a U.S. military facility, and that meet the following criteria:

- branches filing the Foreign Branch Report of Condition (FFIEC 030) whose total assets, item 11, amount to \$2 billion or more on a report date,
- subsidiaries filing the quarterly Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314) that have a banking charter and

engage in banking business, and that report \$2 billion or more in total assets in Schedule BS, item 10, and \$10 million or more in total deposits in Schedule BS-M, item 6.

An office is located in the Caribbean if it is located in any of the following: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Cuba, Curacao, Dominica, Dominican Republic, Grenada, Guadeloupe (including Marie-Galante, La Desirade, Iles des Saintes, St. Barthelemy, and northern St. Martin), Haiti, Jamaica, Martinique, Montserrat, Saba, St. Eustatius, St. Kitts and Nevis, St. Lucia, St. Maarten, St. Vincent and the Grenadines, Trinidad and Tobago, and the Turks and Caicos Islands.

Reports need not be filed for offices that are not located in the United Kingdom or the Caribbean.

A reporter should begin filing the report for a branch or subsidiary as of the report date (i.e., quarter-end) on which the branch or subsidiary meets the criteria specified above. Once a report has been filed for a branch or subsidiary, reports should continue to be filed for that branch or subsidiary for each remaining quarter in the calendar year regardless of whether the amount falls below the reporting threshold on subsequent report dates during the calendar year. A branch or subsidiary that is above the reporting threshold as of the end of December should report for the following calendar year.

The total assets test defined above applies to the total of the foreign branch’s or subsidiary’s international and local assets, regardless of the currency in which the assets are payable. The test does not apply separately to off-shore banking units, foreign currency units, or any other administrative division within a branch or subsidiary. Similarly, the assets and liabilities reported should be those of the entire branch or subsidiary and

those not booked only in an administrative or regulatory subdivision of the branch or subsidiary.

As an alternative to filing separate reports for several individual branches in the same country or dependency, a bank may choose to file a consolidated report for all of its branches in a single country (or dependency) as long as the report is filed on schedule with the Federal Reserve Bank. Under this alternative **all** branches in that country must be included in the consolidated report, regardless of their individual sizes; and the number of branches in the country must be indicated in the appropriate place on the report. Changes in this reporting procedure—for example, changing from individual reports to a single consolidated report for all branches in the same country (and vice versa)—may be made only in the first quarter of a calendar year and must be approved by the Federal Reserve Bank with whom the reports are filed. When a bank has had a single branch in a country and that branch has been preparing a FR 2502q report, a de novo second branch of the parent bank may, without prior approval, file on a consolidated basis with the first branch provided that consolidated reports are begun as of the first reporting date after the second branch opens.

Similarly, a reporter may choose to file a consolidated report for all of its subsidiaries in a single country, under the same terms stipulated above for branches. Whether a reporter files separate reports for its subsidiaries in a given country or consolidates subsidiaries' data into a single report, the data filed for subsidiaries should be parent only (non-consolidated), as on the FR 2314 report.

Branches and subsidiaries, however, may not be consolidated on one report, regardless of where they are located.

In reporting, a branch or subsidiary may elect to omit claims on and liabilities to residents of the United States if both total claims on and total liabilities to addressees in the United States are less than \$1 million (equivalent).

Amounts reported should be rounded to the nearest million dollars.

## D. Report Date

Reports are to be prepared as of the close of business on the last business day of the calendar quarter in the country (or dependency) in which the branch or subsidiary is located.

## E. When and Where Reports Are Filed

U.S. bank holding companies, including financial holding companies, commercial banks, and banking Edge and agreement corporations should file the reports required for its branches and subsidiaries with the Federal Reserve Bank of the District in which the head office is located, on the schedule stipulated by the Reserve Bank.

## F. Method of Submitting Data to Federal Reserve Bank

All holding companies must submit their completed reports electronically. Holding companies should contact their district Reserve Bank or go to <https://www.frbservices.org/central-bank/reporting-central/index.html> for procedures for electronic submission.

## G. Determination of Country of Customer

Assets and liabilities in the row for the United States should be reported if the United States is the country of the principal address of the customer (i.e. depositor, creditor, borrower, obligor, etc.). If the principal address is unclear, the branch or subsidiary may use as the principal address that address to which statements of the customer's account (or receipted notes) are sent. However the address of a bank "shell" branch is the country (or dependency) in which the branch is authorized to operate, even though statements may be sent to the head office in a different country. Care should be taken to ensure that accounts of foreign branches or subsidiaries of U.S. corporations are not reported as U.S. accounts, and that accounts of U.S. branches or subsidiaries of foreign corporations are reported as U.S. accounts, (that is, that domicile and not ownership determine the identification of the country of customer). U.S. accounts are those of customers domiciled in the fifty states, the District of Columbia, and on U.S. military facilities wherever located. All other persons or corporations are non-U.S.

addressees, which includes foreign governments and any of its subdivisions or agencies, including all foreign official non-banking institutions, even if located in the U.S. (for example, an embassy of a foreign country).

Securities and other assets, as well as claims and liabilities resulting from the fair value of derivatives contracts, should be reported according to the principal address of the obligor, **not** the address of a guarantor or parent company (i.e., do **not** report positions on an ultimate risk basis).

However, if the branch or subsidiary files regular reports with the authorities of its country (or dependency) of domicile which use a different basis than the above for determining the country of customer, the branch or subsidiary may employ that basis in completing this report but should note differences in this regard by indicating such on the report form.

The liability for the permanent investment of the parent bank in the branch should be shown as a liability to the United States. Assets and liabilities in accounts with customers in Puerto Rico and U.S. dependencies should not be reported on the line for the United States.

### H. Valuation

Assets and liabilities should be valued using U.S. GAAP. Assets or liabilities payable in foreign currencies should be converted into U.S. dollars at the exchange rate prevailing on the report date.

Claims and liabilities resulting from the fair value of derivatives contracts items should be reported on a gross basis, except such contracts with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet—Offsetting (formerly FASB Interpretation Number 39). Foreign currency translations should be reported net.

Claims and liabilities resulting from securities purchased and sold under resale and repurchase agreements can be netted if they meet the requirements outlined in ASC Subtopic 210-20, Balance Sheet—Offsetting (formerly FASB Interpretation Number 41).

### I. Total Assets Must Equal Total Liabilities

Components of column totals and subtotals must sum to their respective total or subtotal. Moreover, total assets must equal total liabilities (country code 99996).

### J. Negative Numbers

All amounts should be reported as positive balances. Items such as 1) undivided profits or accumulated operation losses, and 2) unremitted foreign currency translation adjustments should be reported as positive amounts due to or due from the parent.

## Part II—Specific Item Instructions

### Memoranda

#### **Item 1 Amounts included in “UNITED STATES” above (country code 01007) for claims on, and liabilities to, U.S. addressees as follows:**

Do not include negotiable CDs; they are reported in “TOTAL, all areas” (country code 99996) in the body of the report.

The term “United States” (U.S.) includes the fifty states, the District of Columbia, and U.S. military facilities wherever located. The term “U.S. addressee” includes any person or corporation whose principal address (i.e., domicile), according to the records of the reporting branch, is in the United States. (See Section G of General Instructions.)

#### **Item 1.a Claims on, and liabilities to, U.S. parent bank (as defined below).**

Include as **assets** all advances to the U.S. parent bank, balances due from the parent bank, and acceptances created for the parent bank as well as all loans, securities, or other assets purchased from the U.S. parent bank under a specific repurchase agreement. Exclude all assets acquired from the parent bank without repurchase agreements.

Include as **liabilities** advances from the U.S. parent bank or balances due to the parent bank, including the liability of the branch or subsidiary to the parent bank resulting from acceptances confirmed, endorsed, or created by the parent bank for the branch or subsidiary. If this report is being filed for a branch or

branches, also include as a liability the permanent investment of the parent bank in the branch(es). If this report is being filed for a subsidiary or subsidiaries, include subsidiary equity in this item.

Unremitted profits/losses are balances due to or due from the parent bank and should be reported as assets (for net losses) or liabilities (for net profits).

**Parent bank.** The term “parent bank” includes all U.S. offices and branches of the “bank” of which the reporting branch or subsidiary is a part. It includes the parent bank’s International Banking Facility. In addition, it includes such bank’s Edge and agreement subsidiaries and other subsidiaries in the fifty states and the District of Columbia that are consolidated with the parent bank for purposes of reporting on the FFIEC 031. Branches at U.S. military facilities wherever located are also to be included with the parent bank. “Parent bank” excludes the bank holding company owning the bank filing these reports and other U.S. subsidiaries, branches or agencies of that holding company, *unless* they are consolidated with the bank when it files condition reports with banking authorities in the United States. If the bank holding company is not consolidated, it is reported in memorandum Item 1.c., “U.S. addressees other than depository institutions.” Trust departments are to be excluded from the parent bank and included in “U.S. addressees other than depository institutions.”

**Item 1.b Claims on, and liabilities to, other depository institutions in the United States.**

Report claims on, and liabilities, other than negotiable CDs, to other depository institutions in the United States.

**Other depository institutions in the United States.** The term “other depository institutions in the United States” (i.e., other than the parent bank) includes commercial banks, unaffiliated Edge and agreement corporations, branches and agencies of foreign banks, building or savings and loan associations, mutual or stock savings banks, cooperative banks, credit unions, and homestead associations, located in the fifty states of the United States, the District of Columbia, and on U.S. military facilities wherever located. This term also

includes International Banking Facilities of the above-mentioned institutions. It excludes trust departments (included in item 1.c. below), all banking offices in Puerto Rico and U.S. territories and possessions, and U.S. government and international financial institutions.

**Item 1.c Claims on, and liabilities to, U.S. addressees other than depository institutions.**

Report claims on, and liabilities, other than negotiable CDs, to U.S. addressees other than the parent bank and other depository institutions. Include balances of trust departments. Include balances of the parent bank’s holding company, if not consolidated and reported in Item 1.a. above. Note: The amounts reported for “UNITED STATES” (country code 01007) must equal the sum of memorandum items 1.a., 1.b., and 1.c.

**Item 2 Amounts included in “TOTAL, all areas” above (country code 99996) that represent claims and liabilities from the fair value of derivatives contracts, if any.**

Report the claims and liabilities reported anywhere on this form that are attributable to the fair value of derivatives contracts, if any.

**Item 3 Amounts included in “TOTAL, all areas” above (country code 99996) that represent claims on, and liabilities to, other non-U.S. offices of the parent bank.**

Report claims on, and liabilities to, other non-U.S. branches or subsidiaries of the parent bank that are located either within or outside the country of domicile of the reporting branch or subsidiary. Include such claims and liabilities whether or not the particular branches or subsidiaries against which the claims and liabilities exist are exempt from reporting on the FR 2502q. Non-U.S. branches or subsidiaries are those located outside the fifty states of the United States and the District of Columbia, excluding those on U.S. military facilities, wherever located. Note: The amounts reported in memorandum item 3 must not exceed the amounts reported in “TOTAL, all areas,” (country code 99996).