

**Supporting Statement for the  
Annual Daylight Overdraft Capital Report for  
U.S. Branches and Agencies of Foreign Banks  
(FR 2225; OMB No. 7100-0216)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Annual Daylight Overdraft Capital Report for U.S. Branches and Agencies of Foreign Banks (FR 2225; OMB No. 7100-0216). The FR 2225 is required for foreign banking organizations (FBOs) that wish to, and are eligible to, establish a non-zero net debit cap for their U.S. branches and agencies under the Federal Reserve Policy on Payment System Risk (PSR policy).<sup>1</sup>

The Board proposes to revise the FR 2225 by making changes to the form and instructions that will help clarify ambiguities and requesting additional data fields that will assist staff at the Administrative Reserve Bank<sup>2</sup> with verifying the information submitted by FBOs. The Board also proposes to permit FBOs to submit the FR 2225 through Reporting Central, a platform used for submission of other Federal Reserve reports. The proposed effective date of the changes is March 2026.

The current estimated total annual burden for the FR 2225 is 39 hours and would increase to 45 hours with the proposed revisions. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/ReportingForms/>.

**Background and Justification**

Since 1985, the Board has published and periodically revised a series of policies encouraging the management of risks in payment and securities settlement systems.<sup>3</sup> In 1992, the Board first issued the "Policy Statement on Payments System Risk," which provided a comprehensive statement of its previously adopted policies regarding payment system risk reduction, including risk management in private large-dollar funds transfer networks, private delivery-against-payment securities settlement systems, offshore dollar clearing and netting systems, and private small-dollar clearing and settlement systems.<sup>4</sup> Over time, the Board has updated the PSR policy to reflect the evolution of payment, clearing, and settlement systems that participate in the financial system; incorporated relevant international risk-management

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<sup>1</sup> The Federal Reserve Policy on Payment System Risk is available at [https://www.federalreserve.gov/paymentsystems/files/psr\\_policy.pdf](https://www.federalreserve.gov/paymentsystems/files/psr_policy.pdf).

<sup>2</sup> The Administrative Reserve Bank is the Reserve Bank responsible for the administration of Federal Reserve credit, reserves, and risk-management policies for a given depository institution or other legal entity.

<sup>3</sup> See 50 FR 21120 (May 22, 1985); 51 FR 23829 (July 1, 1986); 52 FR 29255 (August 6, 1987); 55 FR 22087 (May 31, 1990).

<sup>4</sup> 57 FR 40455 (September 3, 1992).

standards developed by central banks and market regulators as the baseline for its expectations; and improved transparency in the systems that are subject to the Board’s authority.<sup>5</sup>

Under the PSR policy, all institutions that maintain a Federal Reserve account are assigned or may establish a net debit cap that represents an upper limit on uncollateralized daylight overdrafts incurred in that account. A daylight overdraft occurs when an institution’s Federal Reserve account is in a negative position during the business day. An institution’s net debit cap category and its capital measure determine the size of its net debit cap. Net debit caps for U.S. branches and agencies of foreign banks are calculated in the same manner as for domestic banks: by multiplying an institution’s cap multiple<sup>6</sup> by its capital measure.<sup>7</sup> An institution’s cap category and associated cap multiple are determined through a self-assessment and a board of directors’ resolution for self-assessed institutions, through a board of directors’ resolution for de minimis institutions, or by assignment by the Administrative Reserve Bank. Further, eligible institutions may pledge collateral to their Administrative Reserve Banks under the Maximum Daylight Overdraft program to secure daylight overdraft capacity in excess of the institution’s net debit caps. The resulting combination of uncollateralized and collateralized capacity is known as the maximum daylight overdraft capacity, or max cap.

Without the worldwide capital figures reported in the FR 2225, Administrative Reserve Banks would not be able to determine an FBO’s net debit cap for those FBOs requesting a positive net debit cap. Moreover, without at least an annual update of the worldwide capital figures, the net debit cap would be stale, especially when compared to domestic peers that must submit their capital figures on at least an annual basis. This information is not available from other sources.

## **Description of Information Collection**

The FR 2225 reporting form collects information needed to identify the respondent and its fiscal year-end, and collects four items to determine its year-end capital and assets for purposes of daylight overdraft monitoring. Four items, converted into U.S. dollars, are collected for the capital and assets determination: worldwide capital for the reporting FBO (item 1), an adjustment to avoid double counting of capital used by any direct or indirect subsidiary of the FBO that also has access to Federal Reserve payment systems such as Fedwire and has its own net debit cap (item 2), the FBO’s total daylight overdraft capital base for the U.S. branch and agency family (item 3), which is used to calculate the net debit cap, and the reporting FBO’s total worldwide assets (item 4). The Administrative Reserve Banks use items 1 and 2 as

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<sup>5</sup> See, e.g., 59 FR 25060 (May 13, 1994); 59 FR 67534, 67538 (December 29, 1994); 69 FR 69926 (December 1, 2004); 72 FR 2518 (January 19, 2007); 73 FR 79109 (December 24, 2008); 84 FR 12049 (April 1, 2019); 87 FR 75254 (December 8, 2022).

<sup>6</sup> Under Section II.D.1 of the PSR policy, the cap multiple for the “high” category is 2.25, for the “above average” category is 1.875, for the “average” category is 1.125, for the “de minimis” category is 0.4, for the “exempt-from-filing” category is 0.2 or \$10 million, and for the “zero” category is 0. Note that the net debit cap for the exempt-from-filing category is equal to the lesser of \$10 million or 0.2 multiplied by the capital measure.

<sup>7</sup> U.S. branches and agencies of foreign banks are entities contained within and controlled by a foreign banking organization. For the definition of “branch” and “agency,” refer to 12 U.S.C. § 3101 and 12 CFR 211.21.

supplemental information to clarify the data reported in item 3. The Federal Reserve uses the assets data reported in item 4 for analytical purposes.

Respondents submit the FR 2225 to their Administrative Reserve Bank via electronic communications using a portable document format (PDF). The Board understands that respondents use information technology to comply with these provisions, including storing electronic copies of completed FR 2225 forms and any supporting documentation.

### **Respondent Panel**

The FR 2225 panel comprises FBOs with U.S. branches or agencies that wish to and are eligible to establish a non-zero net debit cap for their U.S. branches and agencies under the PSR policy. The U.S. office of the reporting FBO submits the data directly to the Administrative Reserve Bank via electronic communication as stated in the reporting instructions. If the reporting FBO has more than one U.S. office, the FBO designates one office as the reporting office and this office serves as the FBO's representative on all matters involving compliance with the PSR policy.<sup>8</sup>

### **Frequency and Time Schedule**

The FR 2225 is submitted at least annually, due 90 days after the respondent's fiscal year-end. In addition to the fiscal year-end filing, banks may complete the report at any time (whether or not it coincides with the annual reporting period) if their bank's capital figure has changed materially, or if they wish to change their reporting option.

### **Proposed Revisions to the FR 2225**

The Board proposes the following changes to the FR 2225 form and instructions that will help clarify ambiguities, and requests additional data fields that will assist staff at the Administrative Reserve Bank with verifying the information submitted by FBOs. In addition to electronic submission via electronic communication, FBOs will be permitted to submit the FR 2225 through Reporting Central<sup>9</sup>, a platform used for submission of other Federal Reserve reports. The proposed revisions are described below and are intended to be effective March 2026:

1. Adding institution identifiers— The Board is proposing to add the RSSD ID fields (for both the foreign bank and the U.S. branch or agency responding for the foreign bank) and the ABA Number (for the U.S. branch or agency only). The information will assist staff at the Administrative Reserve Bank to accurately process the submissions in cases such as where the foreign bank has a complex multi-tiered system with multiple U.S. branches or agencies.

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<sup>8</sup> The Board will determine the Federal Reserve District in which the institution is located after consultation with the institution and the relevant Federal Reserve Banks. See 12 CFR 204.3.

<sup>9</sup> <https://www.frb services.org/central-bank/reporting-central>

2. Clarifying reporting option 1.b – Currently, the reporting option in 1.b allows the respondents to select one of two options for reporting their worldwide capital “Equity only” or “Total qualifying capital.” The Board is proposing to relabel the reporting option in 1.b from “Equity only” to “Tier 1 capital.” The instructions to the form currently clarify that the “Equity only” option is the core capital under the Basel Capital Accords. Core capital is also known as the Tier 1 capital. The clarification in the form and instructions will help to ensure that respondents report the Tier 1 capital and not the Common Equity Tier 1 Capital (a component of Tier 1) given the reference to “Equity” in the reporting option.
3. Adding a request that institutions provide supporting documentation – The Board is proposing to add language requesting that the institution attach or provide links to supporting documentation for the figures reported in Items 1 and 2.
4. Adding a request that respondents identify legal entity reorganizations – The Board is proposing a new field requesting information on whether there have been reorganizations for the foreign banks that have impacted the worldwide capital and, if so, to provide an explanation. Requesting this information will assist staff at the Administrative Reserve Bank with verifying the values provided.
5. Clarifying the Authorized Officer signature requirement – The Board is clarifying that the Authorized Officer signing the FR 2225 must be listed on the Federal Reserve’s Official Authorization List (OAL) and must submit their name and title. Individuals on the OAL are authorized to execute agreements, transact business, and issue instructions on behalf of the respondents. Therefore, this clarification will ensure that an individual has the authority to submit the FR 2225.
6. Adding clarifying suggestions to fields – The Board is proposing adding suggestions to the response fields by referencing language from the instructions to the FR 2225. In addition, the full date for the fiscal year ending field is required. Further, the FR 2225 respondents are requested to provide full amounts of values without rounding. These clarifications and suggestions will assist the respondents with accurately filing the FR 2225 and will also result in fewer erroneous submissions of data.
7. Updating contact information fields – The Board is proposing to add an Email field for a contact at the responding entity who may be contacted in cases where staff at the Administrative Reserve Bank has a question about the submission.
8. Allowing submission of the form in Reporting Central – The Board is proposing that respondents will be able to submit the FR 2225 through Reporting Central in addition to the currently-available mechanism for submitting the form as a PDF through electronic mail. Reporting Central will provide an efficient method for submitting the form and any other supporting statements.
9. Removing address fields for physical submission of the form to the Administrative Reserve Bank – The Board is proposing to eliminate the address fields at the end of the form that correspond to the Administrative Reserve Bank receiving the form. The

fields are no longer required given that the FR 2225 will be submitted electronically either via email or through Reporting Central.

### **Public Availability of Data**

Unless a reporting FBO requests confidential treatment, the FR 2225 is a public report and is available through the Board's Freedom of Information Act Office.

### **Legal Status**

This information collection is authorized pursuant to section 7(a) of the International Banking Act,<sup>10</sup> which establishes reserve requirements for U.S. branches and agencies of foreign banks, and pursuant to section 13(14) of the Federal Reserve Act (FRA),<sup>11</sup> which provides that "each Federal Reserve bank may receive deposits from, discount paper endorsed by, and make advances to any branch or agency of a foreign bank in the same manner and to the same extent that it may exercise such powers with respect to a member bank if such branch or agency is maintaining reserves with such Reserve bank pursuant to section 7 of the International Banking Act of 1978." Sections 11 and 4 of the FRA permit the Board to issue guidelines in their capacity as general supervisor of Reserve Banks, as well as regulations to safeguard property in the hands of Reserve Banks.<sup>12</sup> Sections 16, and 19(f) of the FRA<sup>13</sup> permit Reserve Banks to provide payment services to member banks. Together, these sections allow the Board to issue guidelines for Reserve Bank provision of those payment services, which results in authority for the collection of the FR 2225 report when considered in conjunction with the provisions above providing that Federal Reserve banks may provide certain services to certain FBOs to the same extent that it may provide these services to a member bank.

The FR 2225 is required to obtain a benefit, specifically a non-zero net debit cap. Information collected on the FR 2225 report is generally not considered confidential and the completed version of this report generally is made available to the public upon request.<sup>14</sup> However, in certain instances, specific information collected on an individual FBO's FR 2225 report may be exempt from public disclosure. In particular, information which falls under exemption 4 because such information constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent of the Freedom of Information Act (FOIA) is protected from public disclosure."<sup>15</sup> To the extent a respondent includes additional information that is confidential, it may be exempt from disclosure

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<sup>10</sup> 12 U.S.C. § 3105(a).

<sup>11</sup> 12 U.S.C. § 347d.

<sup>12</sup> 12 U.S.C. §§ 248(i), 248(j), 301.

<sup>13</sup> 12 U.S.C. §§ 248(i), 248-1, and 464.

<sup>14</sup> The Board's Regulation H provides that any person filing any statement, report, or document under the Act may submit written objection to the public disclosure of the information when such information is filed in accordance with the procedures provided in 12 CFR 208.36(d). In addition, if a respondent believes that information disclosed on these forms constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent, the respondent may request confidential treatment pursuant to exemption 4 of the Freedom of Information Act (FOIA) pursuant to the Board's Rules Regarding the Availability of Information, 12 CFR 261.15.

<sup>15</sup> 5 U.S.C. § 552(b)(4).

by the Board, pursuant to exemptions 4 or 8 of the FOIA.<sup>16</sup> Exemption 8 covers matters 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. In order to obtain confidential treatment, a request for confidential treatment must be submitted by the FBO in writing concurrently with the submission of the FR 2225 report. This written request must identify the specific data for which confidential treatment is sought and must provide the legal justification for the confidentiality request, as provided in the Board’s Rules Regarding Availability of Information (12 CFR part 261). The Federal Reserve will review each confidential treatment request on a case-by-case basis to determine if confidential treatment is appropriate.

### Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

### Public Comments

On September 29, 2025, the Board published an initial notice in the *Federal Register* (90 FR 46597) requesting public comment for 60 days on the extension, with revision, of the FR 2225. The comment period for this notice expires on November 28, 2025.

### Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2225 is 39 hours and would increase to 45 hours with the proposed revisions. The number of respondents is based on the Board’s current count of FBOs that have submitted the FR 2225 and have been assigned a positive net debit cap from their Administrative Reserve Bank. The average hours per response is based on the estimate that the FR 2225 filing would require one person to spend 1 hour to complete. The burden estimate was confirmed using the standard Board burden calculation methodology. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR 2225</b>	<i>Estimated number of respondents<sup>17</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current	48	1	0.82	39
Proposed	48	1	0.94	45

<sup>16</sup> 5 U.S.C. §§ 552(b)(4), (b)(8).

<sup>17</sup> Of these respondents to this information collection, 48 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

The estimated total annual cost to the public for the FR 2225 is \$2,814 and would increase to \$3,247 with the proposed revisions.<sup>18</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 this report is \$69,696.

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<sup>18</sup> Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at \$24, 45% Financial Managers at \$87, 15% Lawyers at \$88, and 10% Chief Executives at \$126). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), Occupational Employment and Wages, May 2024, published April 2, 2025, <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.