

FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: Background.

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act, as per 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the OMB 83-Is and supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

Request for comment on information collection proposals.

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. the accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. ways to enhance the quality, utility, and clarity of the information to be collected; and
- d. ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

DATES: Comments must be submitted on or before September 16, 2002

ADDRESSES: Comments may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W.,

Washington, DC 20551. However, because paper mail in the Washington area and at the Board of Governors is subject to delay, please consider submitting your comments by e-mail to: regs.comments@federalreserve.gov, or faxing them to the Office of the Secretary at 202-452-3819 or 202-452-3102. Comments addressed to Ms. Johnson may also be delivered to the Board's mail facility in the West Courtyard between 8:45 a.m. and 5:15 p.m., located on 21st Street between Constitution Avenue and C Street, N.W. Members of the public may inspect comments in Room MP-500 between 9:00 a.m. and 5:00 p.m. on weekdays pursuant to 261.12, except as provided in 261.14, of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

A copy of the comments may also be submitted to the OMB desk officer for the Board: Joseph F. Lackey, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: A copy of the proposed form and instructions, the Paperwork Reduction Act Submission (OMB 83-I), supporting statement, and other documents that will be placed into OMB's public docket files once approved may be requested from the agency clearance officer, whose name appears below.

Mary M. West, Federal Reserve Board Clearance Officer (202-452-3829), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may contact Capria Mitchell (202) 872-4984, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Proposal to approve under OMB delegated authority the extension for three years, without revision, of the following reports:

1. *Report title:* Consumer Satisfaction Questionnaire

Agency form number: FR 1379

OMB control number: 7100-0135

Frequency: Event-generated

Reporters: Consumers

Annual reporting hours: 195 hours

Estimated average hours per response: 20 minutes

Number of respondents: 592

Small businesses are affected.

General description of report: This information collection is voluntary (15 U.S.C. §57(a)(f)(1)). This information collection is not usually given confidential treatment under the Freedom of Information Act (FOIA). However, if a respondent provides information not specifically solicited on the form, that information may be exempt from

disclosure under FOIA (5 U.S.C. §§ (b)(4), (b)(6), or (b)(7)) upon specific request from the respondent.

Abstract: The questionnaire is sent to consumers who have filed complaints against state member banks. It is used to determine whether complainants are satisfied with the way the Federal Reserve System handled their complaints and to solicit suggestions for improving the complaint investigation process.

2. *Report title:* The Disclosure Requirements in Connection with Regulation CC to Implement the Expedited Funds Availability Act

Agency form number: Reg CC

OMB control number: 7100-0235

Frequency: Event-generated

Reporters: State member banks and uninsured state branches and agencies of foreign banks

Annual reporting hours: 331,630 hours

Estimated average hours per response: Initial notice or upon request, 1 minute; Case-by-case hold notice, 3 minutes; Notice of exceptions, 3 minutes; Notice posted where customers make deposits, 15 minutes; Annual notice of new ATMs, 5 hours; Notice of changes in policy, 20 hours; and Notice of nonpayment to depository bank, 1 minute.

Number of respondents: 1,271

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. 4008). Because the Federal Reserve does not collect any information, no issue of confidentiality arises.

Abstract: Regulation CC requires depository institutions to make funds deposited in transaction accounts available within specified time periods, disclose their availability policies to customers, and begin accruing interest on such deposits promptly. The disclosures are intended to alert customers that their ability to use deposited funds may be delayed, prevent unintentional (and costly) overdrafts, and allow customers to compare the policies of different institutions before deciding at which institution to deposit funds. The regulation also requires notice to the depository bank and to a customer of nonpayment of a check.

Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following reports:

1. *Report title:* Applications for Membership in the Federal Reserve System

Agency form number: FR 2083, 2083A, 2083B and 2083C

OMB control number: 7100-0046

Frequency: On occasion

Reporters: Commercial banks and certain mutual savings banks

Annual reporting hours: 280 hours

Estimated average hours per response: 4 hours

Number of respondents: 70

Small businesses are affected.

General description of report: This information collection is required to obtain or retain a benefit (12 U.S.C. §§ 321, 322, and 333). The information in the application is not confidential; however, parts may be given confidential treatment at the applicant's request (5 U.S.C. § 552(b)(4)).

Abstract: The application for membership is a required one-time submission, pursuant to Section 9 of the Federal Reserve Act, that collects the information necessary for the Federal Reserve to evaluate the statutory criteria for admission of a new or existing bank to membership in the Federal Reserve System. This application provides managerial, financial, and structural data.

Current Actions: The Federal Reserve proposes to revise the application by replacing a majority of Section I of the application, which applies to de novo banks, with a reference to the new Interagency Charter and Federal Deposit Insurance application form (ICDIA form), recently developed by the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS). Two existing items and a footnote in this section would be retained and slightly clarified. One item in Section II of the membership application would be revised slightly, and Section III would remain unchanged. The proposed revisions should improve consistency and make filing of the application more expeditious and less burdensome.

2. *Report title:* Domestic Finance Company Report of Consolidated Assets and Liabilities

Agency form number: FR 2248

OMB control number: 7100-0005

Frequency: Monthly, Quarterly, and Semi-annual

Reporters: Domestic finance companies

Annual reporting hours: 352 hours

Estimated average hours per response: Monthly, 18 minutes; Quarterly, 25 minutes; and Semi-annual, 10 minutes.

Number of respondents: 80

Small businesses are not affected.

General description of report: This information collection is voluntary (12 U.S.C. §225(a)). Individual respondent data are confidential under section (b)(4) of the Freedom of Information Act (5 U.S.C. §552).

Abstract: Each monthly report collects balance sheet data on major categories of consumer and business credit receivables and on major short-term liabilities. For quarter-end months (March, June, September, and December), additional asset and liability items are collected to provide a full balance sheet. The supplemental section collects data on asset-backed securities. These data are used to construct universe estimates of finance company holdings, which are published in the monthly statistical releases Finance Companies (G.20) and Consumer Credit (G.19), in the quarterly statistical release Flow of Funds Accounts of the United States (Z.1), and in the *Federal Reserve Bulletin* (Tables 1.51, 1.52, and 1.55).

Current Actions: The agency staff proposes three changes to the report. First, because the number of finance companies participating in the monthly survey has declined, the staff proposes to reduce the authorized panel size from 100 finance companies to 80 finance companies. Second, the staff proposes to add four questions about the breakdown of 1-4 family real estate loans. These questions would be answered only for quarter-end months. Third, the staff proposes to add a special addendum section to the report, which would on occasion include additional questions pertaining to financial topics of interest. These addendum questions would be asked up to twice a year. To help ease the reporting burden, these addendum questions would be sent in advance to the respondents.

3. *Report title:* Notifications Related to Community Development and Public Welfare Investments of State Member Banks

Agency form number: FR H-6

OMB control number: 7100-0278

Frequency: Event-generated

Reporters: State member banks

Annual reporting hours: 80 hours

Estimated average hours per response: Investment notice, 2 hours; Application, 5 hours; and Extension of divestiture period, 5 hours.

Number of respondents: Investment notice, 25; Application, 5; and Extension of divestiture period, 1.

Small businesses are not affected.

General description of report: This information collection is required to obtain a benefit (12 USC 338a, and 12 CFR 208.22). Individual respondent data generally are not regarded as confidential, but information that is proprietary or concerns examination ratings would be considered confidential.

Abstract: Regulation H requires state member banks that want to make community development or public welfare investments to comply with the Regulation H notification requirements: (1) if the investment does not require prior Board approval, a written notice must be sent to the appropriate Federal Reserve Bank; (2) if certain criteria are not met, a request for approval must be sent to the appropriate Federal Reserve Bank; and, (3) if the Board orders divestiture but the bank cannot divest within the established time limit, a request or requests for extension of the divestiture period must be submitted to the appropriate Federal Reserve Bank.

Current Actions: The proposed revision would create a form and checklist that banks could use, at their option, to report the information required by Regulation H for investments that do not require prior Board approval. To the extent that this voluntary form were used by banks, it would potentially ease their reporting burden by allowing the banks to fill in the form rather than typing a letter containing the required information. The form will also potentially help the Board staff to collect uniform and thorough information about community development and public welfare investments. The checklist would help banks determine whether they must submit a request for prior approval.

4. *Report title:* International Applications and Prior Notifications Under Subpart B of Regulation K

Agency form number: FR K-2

OMB control number: 7100-0284

Frequency: Event-generated

Reporters: Foreign banks

Annual reporting hours: 700 hours

Estimated average hours per response: 35 hours

Number of respondents: 20

Small businesses are not affected.

General description of report: This information collection is required to obtain or retain a benefit (12 U.S.C. 3105 and 3107). The applying organization has the opportunity to

request confidentiality for information that it believes will qualify for a Freedom of Information Act exemption (5 U.S.C. 552).

Abstract: Foreign banks are required to obtain the prior approval of the Federal Reserve to establish a branch, agency, or representative office, or to acquire ownership or control of a commercial lending company in the United States or to change the status of any existing office in the United States. The Federal Reserve uses the information, in part, to fulfill its statutory obligation to supervise foreign banking organizations with offices in the United States.

Current Actions: The application requirements currently are contained in Supervision and Regulation Letter dated March 5, 1992 (SR 92-6). A copy of this letter is available on the Board's public website at <http://www.federalreserve.gov/boarddocs/srletters/>. The proposed FR K-2 would consist of a reporting form with filing instructions in addition to the informational requirements currently contained in SR 92-6. The proposed modified and enhanced form FR K-2 would clarify and streamline the information required in international applications and prior notifications and reduce the need for repeated requests for additional information after the application or notification has been filed.

The current FR K-2 was developed in 1992 shortly after the passage of the Foreign Bank Supervision Enhancement Act. Since that time, the Federal Reserve has gained significant experience in processing these types of applications and has over time expanded and modified the list of standard information that should be required in these types of applications and notifications. This expanded list would include information regarding the home country laws and regulations designed to deter and prevent money laundering, terrorist financing and other illicit activities, as well as the policies and procedures in place at the foreign bank to detect and prevent money laundering, terrorist financing, and other illicit activities.

Also, Regulation K has been modified to allow for more proposals to be processed under the prior notification procedures. SR 92-6 currently contains two attachments: one attachment related to information collected in applications to establish a branch, agency, or commercial lending company, and one attachment related to information collected in applications to establish a representative office. The form does not currently contain separate attachments outlining informational requirements for prior notifications. In order to add clarity, the proposed FR K-2 would have separate attachments as follows indicating the required information depending on the type of application or notification.

- Attachment A – Information Requested in Connection with Applications by Foreign Banks to Establish Branches, Agencies, or Commercial Lending Companies in the United States (section 211.24(a)(1) of Regulation K)
- Attachment B – Information Requested in Connection with Applications by Foreign Banks to Establish Representative Offices in the United States (section 211.24(a)(1) of Regulation K)
- Attachment C – Information Requested in Connection with Notifications by Foreign Banks to Establish Branches, Agencies, or Commercial Lending

Companies in the United States (section 211.24(a)(2)(i)(A) of Regulation K)

Attachment D – Information Requested in Connection with Notifications by Foreign Banks to Establish Representative Offices in the United States (section 211.24(a)(2)(i)(B)(1) – (3) of Regulation K)

Attachment E – Commitments Required in Connection with Applications and Notifications by Foreign Banks to Establish Branches, Agencies, Commercial Lending Companies, or Representative Offices in the United States.

5. *Report title:* Application for a Foreign Organization to Become a Bank Holding Company

Agency form number: FR Y-1f

OMB control number: 7100-0119

Frequency: Event-generated

Reporters: Foreign Banking Organizations

Annual reporting hours: 360 hours

Estimated average hours per response: 90 hours

Number of respondents: 4

Small businesses are not affected.

General description of report: This information collection is mandatory (12 U.S.C. §§1842(a) and (c) and 1844(a) through (c)) and by the USA PATRIOT Act, §327). The applying organization has the opportunity to request confidentiality for information that it believes will qualify for a Freedom of Information Act exemption (5 U.S.C. 552).

Abstract: Under the Bank Holding Company Act (BHCA), submission of this application is mandatory for any company organized under the laws of a foreign country seeking initial entry into the United States through the establishment or acquisition of a U.S. subsidiary bank. Applicants must provide financial and managerial information, discuss the competitive effects of the proposed transaction, and discuss how the proposed transaction would enhance the convenience and needs of the community to be served.

Current Actions: Several changes would be made to the FR Y-1f, including: (1) clarifying the application to improve consistency with the FR Y-3 (OMB No. 7100-0121), where applicable; (2) adding language to the instructions for an organization seeking to become a financial holding company (FHC) in accordance with the Gramm-Leach-Bliley Act; (3) adding an item to collect information on the anti-money laundering measures taken by the Applicant and its home country to comply with the requirements of the USA PATRIOT Act; and (4) adding items to collect information regarding the manner in which a foreign bank applicant is supervised by its home country authority(ies) and whether it is able to provide adequate assurances of access to information on its

operations and activities, as required by the Foreign Bank Supervision Enhancement Act (FBSEA).

Proposal to approve under OMB delegated authority the extension for three years, with minor clarifications, of the following reports:

1. *Report title:* Applications for Subscription to, Adjustment in Holding of, and Cancellation of Federal Reserve Bank Stock

Agency form number: FR 2030, FR 2030a, FR 2056, FR 2086, FR 2086a, and FR 2087

OMB control number: 7100-0042

Frequency: On occasion

Reporters: National, State Member, and Nonmember Banks

Annual reporting hours: 881 hours

Estimated average hours per response: 0.5 hours

Number of respondents: 1,758

Small businesses are affected.

General description of report: This information collection is mandatory (12 U.S.C. §§ 222, 248, 282, 287, 288, and 321). Upon request from an applicant, certain information may be given confidential treatment pursuant to the Freedom of Information Act (5 U.S.C. 552).

Abstract: These applications are required by the Federal Reserve Act and Regulation I and must be submitted to Federal Reserve Banks by organizing and existing member commercial banks requesting the issuance, adjustment, or cancellation of Federal Reserve Bank stock. The applications are necessary in order to obtain account data on a bank's capital and surplus and to document its request to increase or decrease its holdings of Federal Reserve Bank stock.

Proposal to approve under OMB delegated authority the implementation of the following report:

1. *Report title:* The Quantitative Impact Study

Agency form number: FR 3045

OMB control number: to be assigned

Frequency: One-time

Reporters: Large domestic bank holding companies

Annual reporting hours: 8,000 hours

Estimated average hours per response: 400 hours

Number of respondents: 20

Small businesses are not affected.

General description of report: This information collection is voluntary (12 U.S.C. 1844) and is given confidential treatment (5 U.S.C. 552(b)(4)).

Abstract: The Federal Reserve, in conjunction with the Office of the Comptroller of the Currency (OCC), plan to survey twenty large bank holding companies (BHCs) as part of a worldwide effort by the Basel Committee on Banking Supervision (the Committee). The Committee plans to survey leading financial institutions from the thirteen countries participating on the Committee as well as many other countries in order to gauge the likely effects of proposed new capital standards for internationally active banking organizations.

The Committee is developing new regulatory capital standards for internationally active banks (the New Basel Capital Accord, or “Accord”) to replace the current standard that has been in place since 1988. The proposed new Accord would be more complex than the original 1988 Accord in order to address the advances and innovations in financial instruments and risk measurement practices that have occurred during the past decade. In designing new capital requirements, the Committee is seeking a standard that provides adequate safety and soundness to world financial markets and that is also far more sensitive to different levels of economic risk than is available with the current Accord. To do this, Committee members believe they must rely more heavily than before on an institution’s internal risk measurement systems and its own quantitative assessment of risk, particularly for the largest, most complex, and highly sophisticated banking organizations. For others, less complex capital standards could suffice.

The Committee has structured a proposed standard that entails two different approaches: a simple standard much like the current Accord and a more complex standard that relies on internal risk measurement systems of banks. The latter, in turn, has two variations, a “foundation” and an “advanced” approach. To ensure that each standard would perform sufficiently well, participants to the survey would be asked to calculate their capital requirements under the current rules and also under each of the proposed alternatives.

Board of Governors of the Federal Reserve System, July 10, 2002.

/signed/
Jennifer J. Johnson,
Secretary of the Board.