

**Supporting Statement for the
Country Exposure Report (FFIEC 009; OMB No. 7100-0035) and
Country Exposure Information Report (FFIEC 009a; OMB No. 7100-0035)**

Summary

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to extend, with revision, the Federal Financial Institutions Examination Council (FFIEC) Country Exposure Report (FFIEC 009; OMB No. 7100-0035) and the Country Exposure Information Report (FFIEC 009a; OMB No. 7100-0035).

The reporting and disclosure provisions of the International Lending Supervision Act of 1983 (the Act) authorize the Federal Reserve to require these reports. The FFIEC mandates both reports and the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) collect identical reports from institutions under their supervision. The FDIC and the OCC also are submitting a similar request for OMB review for banks under their supervision.

U.S. commercial banks, savings associations and bank holding companies that meet certain criteria file quarterly the Country Exposure Report (FFIEC 009) with the Federal Reserve, the FDIC, and the OCC (collectively the agencies) and provide information on international claims of U.S. banks, savings associations, holding companies and savings and loan holding companies (SLHCs) that is used for supervisory and analytical purposes. The information is used to monitor country exposure of banks to determine the degree of country risk and transfer risk in their portfolios and the possible impact on U.S. banks of adverse developments in particular countries. The Country Exposure Information Report (FFIEC 009a) is a supplement to the FFIEC 009 and provides publicly available information on material foreign country exposures (all exposures to a country in excess of 1 percent of total assets or 20 percent of capital, whichever is less) of U.S. banks, savings associations and holding companies that file the FFIEC 009 report. As part of the Country Exposure Information Report, reporting institutions must also furnish a list of countries in which they have lending exposures above 0.75 percent of total assets or 15 percent of total capital, whichever is less. The annual reporting burden for the FFIEC 009 and the FFIEC 009a reports is currently 10,927 and is estimated to increase 11,849 hours, to 22,776 hours annually.

The banking agencies are proposing to implement a number of revisions to the FFIEC 009 and FFIEC 009a reports to be effective December 31, 2013, for current filers and March 31, 2014, for SLHC filers. The proposed revisions would assist in ensuring consistency of reporting across institutions for a number of important components of foreign country exposure and allow for improved analysis of the aggregate exposure of U.S. banks to foreign creditors. The proposed changes include: (1) increasing the number of counterparty categories, (2) adding additional information on the type of claim being reported, (3) providing details on a limited number of risk mitigants to help provide perspective to currently reported gross exposure numbers, (4) adding more detailed reporting of credit derivatives, (5) eliminating voluntary data items for net foreign office claims on local residents, (6) adding the United States as a country row to allow reconciliation between a reporting institution's FFIEC 009 report and its

Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128) or Consolidated Reports of Condition and Income (FFIEC 031 and FFIEC 041; OMB No. 7100-0036) (Call Report), as appropriate, (7) expanding the entities that must report to include savings and loan holding companies, (8) delaying the year-end due date by five days, and (9) updating the list of countries included on the report to be consistent with Treasury International Capital (TIC¹) reports. In addition, the proposed changes include modifying the FFIEC 009a reporting requirement for exposures to individual countries.

Background and Justification

The banking agencies use the FFIEC 009 report in carrying out their supervisory and regulatory responsibilities to collect information on overseas lending activities of U.S. banks to customers in individual countries. The information is used to monitor and analyze banks' country exposure in order to determine the possible impact on individual banks and on the entire U.S. banking system of adverse developments in particular countries. It is a basic source of information on the geographic distribution of bank claims that is provided to other U.S. government agencies and to the Bank for International Settlements (BIS). The information collected in the report is not available from any other source.

The FFIEC 009 report originated in 1977 in response to concerns about the lack of information on banks' country risk exposures, in view of the substantial growth in international lending by U.S. banks in the mid-1970s. In 1984 the FFIEC increased the frequency from semiannual to quarterly, implementing reporting requirements of the International Lending Supervision Act, to obtain more frequent and timely data on changes in the composition and maturity of banks' loan portfolios subject to transfer risk. The FFIEC revised the report in 1985 to provide greater sector detail on third-country guarantors for country redistribution of guaranteed claims and to obtain information on trade finance.

The FFIEC 009a report was implemented in 1984 as a supplement to the FFIEC 009 report to provide public disclosure of information regarding material country risk exposure in accordance with the Act. Section 907 of the Act provides that the federal banking agencies shall require and publicly disclose certain reports from banking institutions with foreign country exposure. The FFIEC 009a is available to the public and requires respondents to report all exposures to a country in excess of 1 percent of the total assets or 20 percent of capital of the reporting institution, whichever is less. In addition, each institution furnishes a list of the countries in which exposures are between 0.75 percent and 1 percent of total assets or between 15 and 20 percent of capital, whichever is less. Data are reported net of adjustments for transfers of exposure, for example through guarantees. The FFIEC initially established this reporting basis, which is consistent with the approach taken by the Securities and Exchange Commission, following consultation with bankers.

¹ TIC Form BC, OMB No. 1505-0017; TIC Form BL-1, OMB No. 1505-0019; TIC Form BL-2, OMB No. 1505-0018; TIC Form BQ-1, OMB No. 1505-0016; TIC Form BQ-2, OMB No. 1505-0020; TIC Form BQ-3, OMB No. 1505-0189; TIC Form CQ-1 and CQ-2, OMB No. 1505-0024; TIC Form D, OMB No. 1505-0199; TIC Form S, OMB No. 1505-0001.

Effective with the March 31, 1997, report date, the FFIEC incorporated the following revisions to the FFIEC 009: added a new schedule to collect information on the respondent's country exposure resulting from revaluation gains on foreign exchange and derivative contracts held in the trading account; added a new item, Assets Held for Trading (new column 20); deleted an item, Amount of Claims that Represent Guarantees Issued by the U.S. Government and its Agencies (old column 13); combined three columns, Commercial Letters of Credit (old column 20), Standby Letters of Credit and Risk Participations Purchased (old column 21), and All Other Commitments (old column 22), into one column Commitments (new column 15); redefined the column Trade Financing to contain all items reported in column 9, Trade Financing and column 20, Commercial Letters of Credit and renumbered as column 21; combined columns for the breakdown of time remaining to maturity for total claims on foreign residents for Over One Year to Two Years and Over Two Years to Five Years into a single column for Over One Year to Five Years; and revised the instructions to require all claims consisting of available-for-sale securities to be reported at amortized cost rather than at fair value. In addition, minor instructional clarifications and a revision of the reporting form to reflect country code changes were changed. The revisions to the FFIEC 009a report included the addition of a new column to collect the Amount of Cross-border Claims Outstanding from Derivative Products after Mandated Adjustments for Transfer of Exposure and Amount of Net Local Country claims from Derivative Products (new column 3).

Effective with the March 31, 2003, report date, the FFIEC required electronic submission of all FFIEC 009 and FFIEC 009a reports.

Effective with the March 31, 2006, report date, the FFIEC revised the FFIEC 009 in order to harmonize U.S. data with data on cross-border exposures collected by other countries and disseminated by the BIS as their "consolidated banking statistics." The revisions provided additional information about U.S. banks' exposure to country risk, transfer risk, and foreign-exchange risk. The revisions collected additional detail on foreign-office claims of U.S. banks on local residents, including sector breakdowns and a currency split; a split between commitments and guarantees plus credit derivatives; additional detail on foreign-office liabilities; and trade finance after adjustments for collateral and guarantees. The definition of the public (i.e., government) sector was brought into agreement with the definition used in the Call Report that banks file quarterly. The instructions were changed to collect data on exposures arising from all derivatives contracts, not just those held in the trading account. There were no changes to the FFIEC 009a, although the change in the definition of the public sector on the FFIEC 009 changed the amounts reported in columns 6 and 7 on the FFIEC 009a by corresponding amounts. The instructions to the FFIEC 009a reporting form were changed to reflect column changes on the FFIEC 009.

Description of Information Collection

The FFIEC 009 report is filed as of the last business day of each quarter by any state member bank, savings association or bank holding company (BHC) that (a) has at least one of the following: (1) a branch in a foreign country; (2) a subsidiary in a foreign country; (3) an Edge or Agreement subsidiary; (4) an International Banking Facility (IBF) subsidiary; or (5) a

branch in Puerto Rico or any U.S. territory or possession; and (b) has, on a fully consolidated basis, total outstanding claims of at least \$30 million on residents of foreign countries.

The FFIEC 009 report collects information, by country², on three schedules. Schedule 1 collects information on the respondent's country exposure excluding claims resulting from the positive fair value of derivatives contracts, which are reported in Schedule 2. Specifically, Schedule 1 collects information on the respondent's cross-border claims on residents of foreign countries and their foreign-office claims on local residents. These claims are reported on an immediate-counterparty basis and on an ultimate-risk basis (i.e., after adjustments for guarantees and collateral), and inward and outward risk transfers are also reported. The sector (bank, public, and other) of the borrower is broken out, as are claims with a remaining maturity up to and including one year. Cross-border and foreign-office commitments to and guarantees (including credit derivatives) on foreigners are reported on an ultimate-risk basis. Schedule 1.a collects information on the respondent's foreign-office liabilities in non-local currency and in local currency by country of the foreign office and total liabilities booked at the respondent's foreign offices by country of the liability-holder. Schedule 1.a also includes memorandum items for net liabilities due from own related offices in other countries, assets held for trading, and trade finance. Schedule 2 collects information on the respondent's cross-border claims on foreigners that result from the positive fair value of all the respondent's derivative contracts. This information includes the sector (bank, public, and other) of the obligor and optional information on the positive and negative fair value of derivatives contracts of foreign offices vis-à-vis local residents. In addition, claims on bank branches that are not formally guaranteed by the head offices of the branches are identified by country of the location of the branch.

The FFIEC 009a is a quarterly supplement to the FFIEC 009 report and implements public disclosure provisions of the Act. Respondents provide detail on all exposures to a country in excess of 1 percent of the total assets or 20 percent of capital of the reporting institution, whichever is less. Each FFIEC 009a respondent also furnishes a list of the countries in which exposures are between 0.75 percent and 1 percent of total assets or between 15 and 20 percent of capital, whichever is less. In addition, Section 910(a)(1) of the Act authorizes the federal banking agencies to interpret and define the terms used in the Act. Thus, the agencies have the right to order a banking institution to file the FFIEC 009 and FFIEC 009a quarterly, even if the specified reporting criteria are not met, if the agencies deem the institution's country exposure to be material in relation to its capital and assets.

Proposed Revisions to the FFIEC 009 and FFIEC 009a

It became evident during the recent financial crisis that the level of detail provided in the current report was insufficient to capture the evolving risks from U.S. institutions' foreign exposures. In response, banks increasingly provided additional information in other public disclosures, including filings with the Securities and Exchange Commission (e.g., in Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K), about exposure to a selected group

² Country names and country codes used for reporting FFIEC 009 data are based on the geographical classification published by the Department of the Treasury. The reporting form may be modified, from time to time, to reflect country consolidations or countries that have recently gained independence.

of countries. That information is drawn from banks' internal calculations of foreign exposure, and therefore differed from the amounts reported in the FFIEC 009 report, which is based on a single standardized methodology for calculating and reporting such foreign exposures across all institutions, and the amounts publicly disclosed in the FFIEC's Country Exposure Lending Survey statistical release and the FFIEC 009a report, which are extracted from the FFIEC 009 report.³

The FFIEC 009 report, as it is proposed to be revised, would serve an important purpose by ensuring consistency of reporting across institutions for a number of important components of foreign country exposure. These data would allow supervisors to compare the amount of one institution's exposures to those of its peers for a country or set of countries, to analyze the aggregate exposure of U.S. banks to foreign creditors, and to monitor trends in exposures. The revised FFIEC 009a data would allow market participants to analyze more detailed, aggregate exposure data. The FFIEC 009 report is not a substitute for other more detailed supervisory data or internal management information.

In response to these issues, the agencies have developed recommended improvements to the reporting of foreign country exposure data by U.S. reporting institutions on the FFIEC 009 and FFIEC 009a reports. The changes are designed to improve the utility of the data for policy makers, bank supervisors, and market participants. The revised FFIEC 009 and FFIEC 009a reports are proposed to be effective December 31, 2013, for current filers and March 31, 2014, for SLHC filers.

In broad terms, the proposed revisions to the FFIEC 009 report would increase the number of counterparty categories, add additional information on the type of claim being reported, provide details on a limited number of risk mitigants to help provide perspective to currently reported gross exposure numbers, add more detailed reporting of credit derivatives, eliminate voluntary data items for net foreign office claims on local residents, add the United States as a country row to allow reconciliation between a reporting institution's FFIEC 009 report and its Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128) or Call Report, as appropriate, expand the entities that must report to include savings and loan holding companies (SLHCs), delay the year-end due date by five days and update the list of reportable countries to be consistent with TIC reports. The specific proposed changes are discussed in more detail below.

First, the number of exposure categories would be increased. The FFIEC 009 report currently has three categories for claims: "bank," "public," and "other." The revised form would split the "other" category into "corporate," "household," and "non-bank financial institutions." This proposed disaggregation will allow supervisors and the public to better analyze risks by counterparty type.

Second, the revisions would include a memorandum item for the amount of claims held in the form of securities held-to-maturity (HTM) and available-for-sale (AFS), providing

³ The quarterly statistical release and individual institutions' FFIEC 009a reports can be accessed at www.ffiec.gov/E16.htm.

additional information on this type of foreign country exposure, which may perform differently under stressed conditions than loans or leases.

Third, the revisions would include memorandum information on collateral pledged against claims. Collateral pledged against a claim, for example in repurchase transactions, can reduce risk; with the proposed revisions, the FFIEC 009 would include information on such mitigants for the first time. Collateral held against claims would be reported on a gross basis, and would include additional information on the amount of such collateral that is in cash, that is held in the same country as the claim against which it is pledged, and that is in the form of repurchase or securities lending agreements. The proposed new data on collateral held against claims will provide information for users to better assess net risks based on their own assumptions about the benefits of the collateral, and also should produce greater insight into reporting institutions' own internal calculations of foreign country exposure, which typically take collateral into account.

Fourth, the revisions would modify the FFIEC 009a public reporting requirement for exposures to individual countries. The threshold triggering public disclosure would remain, as currently set, at 1 percent of total assets or 20 percent of total capital, whichever is less. However, in calculating claims for this purpose, institutions would no longer subtract local liabilities of foreign branches or subsidiaries, changing the basis of reporting claims from transfer risk to country risk. This proposed change could result in the disclosure of claims for additional individual countries for a given institution.

Fifth, data on gross credit derivatives purchased would be collected for the first time. Gross credit derivatives sold is already reported on the FFIEC 009 report. In addition, a conservatively netted (i.e., at the counterparty and reference entity level) version of credit derivatives purchased and sold would also be reported. The values reported would be notional amounts. These proposed additional data would provide a more complete view of credit derivative exposures.

Sixth, information on offsetting positions in the securities trading book would be reported. Trading books may contain closely related long and short positions that partially or fully offset one another, mitigating the risk inherent in a given level of gross exposure. This proposed memorandum item would provide the portion of trading assets that can be offset by short positions at the level of the issuer (legal entity basis) and the instrument (debt versus debt; equity versus equity).

Seventh, the United States would be added as a country for which exposures would be reported. Reporting institutions have indicated a strong preference for including the U.S. in the country rows so that amounts reported on an institution's FFIEC 009 report can be reconciled to those reported on its FR Y-9C report or Call Report (FFIEC 031), as appropriate, which includes exposures to the U.S.

Eighth, the banking agencies propose adding SLHCs⁴ to the panel of entities that must file the FFIEC 009 and FFIEC 009a. The proposed revisions would provide data to analyze the foreign country exposures and overall financial condition of SLHCs.

Ninth, the year-end due date would be delayed by five days to be consistent with the difference in due dates between the FR Y-9C and FFIEC 009 reports in other quarters, and allow institutions the opportunity for further internal review between these reports.

Tenth, in order to reflect current country names, exclude obsolete countries, and reduce burden by eliminating inconsistencies between reports, the list of countries included on the FFIEC 009 report would be revised to include an up-to-date country list consistent with the TIC reports, with minor exceptions (the United States and Total Foreign Countries are reporting rows on the FFIEC 009).

Eleventh, after considering the limited benefit and voluntary nature of the data columns for “Net Foreign Office Claims on Local Residents,” columns 6 and 7 on proposed Schedule D, the agencies propose eliminating these columns.

Finally, the publicly available FFIEC 009a report would be expanded to include additional information for those individual countries for which the reporting threshold is triggered. This expansion would incorporate much of the new information proposed to be added to the FFIEC 009 report – the risk mitigants of collateral, offsetting positions for the trading book, and credit derivatives purchased; securities HTM and AFS; and claims on nonbank financial institutions – into the FFIEC 009a report. The proposed revisions to the FFIEC 009a report also include adding selected data currently reported on the FFIEC 009 report but not on the FFIEC 009a report – trading assets and unused commitments and guarantees – to properly inform the new information on offsetting positions for the trading book and off-balance-sheet items. The proposed enhancements to the FFIEC 009a report would provide market participants with more detailed aggregate exposure data for analytical purposes.

Time Schedule for Information Collection

The time schedule for filing both reports is quarterly as of the end of March, June, September, and December. Each report should be submitted within 45 days of the reporting date for the March, June, September and December quarters. As proposed, each report would be submitted within 45 days of the reporting date for the March, June, and September quarters, and within 50 days of the reporting date for the December quarter. The Federal Reserve is responsible for collecting, editing, and compiling the data on behalf of all three banking agencies.

The FFIEC publishes aggregate data from the FFIEC 009 in the quarterly E.16 statistical release, *Country Exposure Lending Survey*. In addition, the Federal Reserve makes aggregate

⁴ The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111–203) was enacted into law on July 21, 2010. Title III of the Dodd-Frank Act abolished the Office of Thrift Supervision (OTS) and transferred all former OTS authorities (including rulemaking) related to SLHCs to the Federal Reserve effective as of July 21, 2011.

data available to the BIS. The BIS then publishes statistical data on consolidated bank claims on foreign borrowers as its “consolidated international banking statistics” on its website and in its *Quarterly Review*. Data from the FFIEC 009a are published on the FFIEC website.

Legal Status

The Board’s Legal Division has determined that Section 11(a) of the Federal Reserve Act (12 U.S.C. § 248(a)(1) and (2)), Section 5(c) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1844(c)), and Section 907 of the International Lending Supervision Act of 1983 (12 U.S.C. § 3906) authorize the Federal Reserve to require the FFIEC 009 report. The Federal Reserve is authorized to collect the FFIEC 009a report pursuant to 12 U.S.C. § 3906. In addition, the Federal Reserve is authorized to collect information from savings and loan holding companies pursuant to 12 U.S.C. § 1467a(b)(3) and 5412. Individual respondent data reported on the FFIEC 009 are exempt from disclosure under the Freedom of Information Act (5 U.S.C. § 552(b)(4) and (b)(8)).

Consultation Outside the Agency

Representatives of the OCC, Federal Reserve, and FDIC developed recommendations for improving the reporting of foreign country exposure data by U.S. banks on the FFIEC 009 and FFIEC 009a reports. The agencies conducted a conference call on February 20, 2013, with various interested outside parties (approximately 230 bank representatives and accountants), primarily those that would be subject to the proposed revisions to the country exposure reporting requirements. The purpose of the call was to provide clarification on certain elements of the initial Paperwork Reduction Act (PRA) notice and respond to questions from interested parties on procedures and technical issues arising from the proposed reporting changes. The agencies began by providing a summary of the initial PRA notice, which included identifying changes from the current FFIEC 009 reporting requirements. Following this background, the agencies addressed questions received from interested parties on the call. The questions received mostly concerned the technicalities of completing line items on the proposed FFIEC 009 and 009a reporting forms and definitions for terms included in the instructions for the forms.

On January 29, 2013, the agencies published an initial notice in the *Federal Register* (78 FR 6176) requesting public comment for 60 days on the extension, with revision, of the FFIEC 009 and FFIEC 009a. The comment period for this notice expired on April 1, 2013. The agencies collectively received comments from seven entities: three banking organizations, an SLHC, and three banking associations.

All seven commenters expressed concern over the proposed June 30, 2013, effective date for the implementation of the revised reports and requested a postponement of the effective date to allow more time to implement necessary system changes, update procedures, and train staff. In addition, two commenters indicated that because SLHCs will be required to file for the first time, the proposed effective date would not provide sufficient time to design and implement the systems to capture the needed data. In response to these concerns, the agencies would postpone the effective date for the revisions to the September 30, 2013, report date. In addition, for SLHCs that would be required to begin submitting the Country Exposure Reports as a result of

the proposed expansion in scope of entities that must file these reports, the initial report date would be March 31, 2014.

Two of the banking organizations commented that the inclusion of the United States country row would create a significant reporting burden and that guidance for how to properly reconcile the FFIEC 009 to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128) should be provided. In addition, the banking associations requested the agencies conduct further industry outreach because they asserted that the addition of the United States country row as a reconciliation tool would not enhance the analysis of cross-border exposures and that existing processes used by their member institutions are sufficient to ensure consistent reporting across regulatory reports. Although the agencies recognize the additional burden of reporting exposures for the United States, this information will enhance the agencies' ability to conduct effective analysis of foreign and domestic exposures. In addition, the inclusion of the United States will allow the agencies to comply with enhancements to International Banking Statistics proposed by the Bank for International Settlements. The reconciliation of the FFIEC 009 to the FR Y-9C report (or, if appropriate, to the Consolidated Reports of Condition and Income; OMB No. 1557-0081 for the OCC, OMB No. 7100-0036 for the Board, and OMB No. 3064-0052 for the FDIC) is not required; however, it is recommended as a best practice. Because the agencies' proposed inclusion of a country row for the United States was not primarily for reconciliation purposes, the agencies are not planning to publish guidance regarding reconciliation between these reports. After considering comments received and feedback from outreach conducted prior to the publication of the proposed revisions, the agencies plan to proceed with the addition of the United States as a country row.

The banking associations also recommended that the year-end due date for the Country Exposure Reports be delayed five days to provide an opportunity to reconcile data with the FR Y-9C report (for which the year-end due date is currently five days later than the due date for the report in the other three calendar quarters). After consideration of this comment, the agencies agree with this recommendation and plan to delay the year-end due date for the Country Exposure Reports by five days. This would make the difference between the year-end due dates of the Country Exposure Reports and the FR Y-9C report consistent with the difference between the due dates for these reports in the other quarters and would allow institutions the opportunity for further internal review between these reports.

A banking organization and the banking associations requested that clarification of definitions and instructions be provided for certain terms, such as the definitions of the "household" sector, "country of residence," "country of legal residence," and the "country of incorporation." In addition, the banking associations provided thirteen questions requesting reporting clarifications. The agencies have clarified the instructions to provide guidance on the reporting and definitional issues noted, and have posted a "Fact Sheet" on the FFIEC website outlining the reporting clarifications for the questions raised and referencing the updated instructions, as appropriate.

The banking associations also suggested that the list of countries included on the FFIEC 009 report should be consistent with the TIC reports and the Quarterly Reports of Asset and Liabilities of Large Foreign Offices of U.S. Banks (FR 2502Q; OMB No. 7100-0079). The

banking associations specifically noted that the list of countries has not been revised since 2006 resulting in inconsistencies and the inclusion of obsolete countries. In addition, the banking associations noted that the proposed instructions indicated that the European Central Bank should be reported as “Other Europe” on the FFIEC 009, although a separate line for the European Central Bank currently exists on the form. The agencies agree with the suggestion and plan to revise the proposed FFIEC 009 form and instructions to include an up-to-date country listing consistent with the TIC reports, with minor exceptions (the United States and Total Foreign Countries are reporting rows on the FFIEC 009).

One banking organization commented that the data needed to report credit default swap (CDS) contracts on a basket, index, or portfolio of securities by component countries is not readily available and would require a significant effort to capture. The organization requested the ability to continue to report by geographic region. Although the agencies understand the effort required to report CDS contracts on a basket, index, or portfolio of securities by component country, they believe reporting CDS contracts in this way reflects industry practice related to country risk management and will enhance analysis of the data by the agencies and the public. The agencies plan to proceed with the revision as proposed.

Finally, a banking organization stated that the elimination of “Net Foreign Office Claims on Local Residents” on the FFIEC 009a will result in it no longer reporting the voluntary local-office claims and liabilities on derivative contracts items on the FFIEC 009 report. After consideration of this comment and the voluntary nature of these data items, the agencies plan to eliminate Columns 6 and 7 of proposed Schedule D⁵ for the reporting of such local office data.

On June 19, 2013, the agencies published a final notice in the *Federal Register* (78 FR 36823) announcing the modified proposed revisions outlined above. The comment period expired on July 19, 2013. In response, the agencies received two additional comments from the banking industry requesting that implementation for current respondents be further delayed from September 30, 2013, until December 31, 2013. The agencies have considered this request and decided to grant this further extension. The effective date of the proposed changes for SLHC respondents will remain March 31, 2014. The agencies will notify respondents through a letter from the FFIEC, which will also be posted on the FFIEC’s Web site.

Estimate of Respondent Burden

The reporting burden associated with the current FFIEC 009 is estimated to require an average of 70 hours per response and would increase to 131 hours per response with the proposed revisions, for a total burden of 22,008 hours annually. The reporting burden associated with the FFIEC 009a is estimated to require an average of 5.25 hours per response and would increase to an average 6.00 hours per response, with a total burden of 768 hours annually. The change in the number of respondent for the FFIEC 009 and FFIEC 009a reflects the addition of approximately five SLHCs to the respondent panel. The total burden represents less than 1 percent of the total Federal Reserve System paperwork burden.

⁵ Proposed Schedule D replaces Schedule 2 on the currently approved form.

	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FFIEC 009	37	4	70	10,360
FFIEC 009a	27	4	5.25	<u>567</u>
<i>Total</i>				10,927
Proposed				
FFIEC 009	42	4	131	22,008
FFIEC 009a	32	4	6.00	<u>768</u>
<i>Total</i>				22,776
<i>Change</i>				11,849

The current total cost to the public is estimated to be \$545,257 and with the proposed revisions would increase to \$1,136,522 for the FFIEC 009 and the FFIEC 009a.⁶

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The current cost to the Federal Reserve System for collecting and processing is \$84,000. The cost to the Federal Reserve System for collecting and processing the FFIEC 009 and FFIEC 009a as proposed is \$39,830. The cost to implement the proposed changes is estimated to be \$62,191. The total cost for collecting, processing and implementation of the proposed changes is \$102,021.

⁶ Total cost to the public was estimated using the following formula: Percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ \$18, 45% Financial Managers @ \$59, 15% Lawyers @ \$63, and 10% Chief Executives @ \$85). Hourly rate estimates for each occupational group are the (rounded) mean hourly wages using data from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2012, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.