

**Supporting Statement for the  
Recordkeeping Requirements Associated with Changes in Foreign Investments  
(Made Pursuant to Regulation K)  
(FR 2064; OMB No. 7100-0109)**

**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, without revision, the Recordkeeping Requirements Associated with Changes in Foreign Investments (Made Pursuant to Regulation K) (FR 2064; OMB No. 7100-0109). This collection concerns internal records that internationally active U.S. banking organizations (such as internationally active member banks, Edge Act and agreement corporations, and bank holding companies) should maintain to demonstrate compliance with the investment provisions contained in Subpart A of Regulation K - International Banking Operations.<sup>1</sup> There is no reporting form for this recordkeeping requirement.

The estimated total annual burden for the FR 2064 is 160 hours.

**Background and Justification**

U.S. banking organizations may make investments abroad pursuant to Subpart A of Regulation K.<sup>2</sup> In February 2002, the Board's Division of Supervision and Regulation issued SR Letter 02-2. Among other things, this SR Letter states that internationally active U.S. banking organizations should maintain adequate internal records regarding their investments abroad. These records are reviewed by examiners during examinations, allowing the examiners to determine a banking organization's compliance with the Federal Reserve Act and Subpart A of Regulation K. Monitoring banking organizations' international investments also permits the Federal Reserve to ensure that banking organizations do not expose themselves to undue risk.

Although internationally active U.S. banking organizations must report changes to their organizational structure in the Report of Changes in Organizational Structure (FR Y-10; OMB No. 7100-0297), and internationally active U.S. bank holding companies must provide organizational information in the Annual Report of Holding Companies (FR Y-6; OMB No. 7100-0297), the investment information described in SR Letter 02-2 is much more detailed, and is not available from other sources.

**Description of Information Collection**

For each investment made under Subpart A of Regulation K, a banking organization investor should maintain internal records regarding the type of investment, for example: equity (voting shares, nonvoting shares, partnerships, interests conferring ownership rights,

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<sup>1</sup> See SR Letter 02-2 published February 7, 2002.

<sup>2</sup> The Board has granted its general consent to U.S. banking organizations to make foreign investments without prior notice to the Board if the investment meets certain criteria. The criteria relate to the dollar amount of the investment, whether the investment is in a subsidiary or a joint venture, or is a portfolio investment, and whether the investor is a bank holding company, a member bank, or an Edge Act or agreement corporation that is well capitalized and well managed.

participating loans), binding commitments, capital contributions, and subordinated debt; the amount of the investment; the percentage ownership; activities conducted by the company and the legal authority for such activities; and whether the investment was made under general consent, prior notice, or specific consent authority. With respect to investments made under general consent authority, information also should be maintained that demonstrates compliance with the various limits set out in section 211.9 of Regulation K. The Board does not suggest that such information be maintained in a specific format.

### **Respondent Panel**

The FR 2064 panel comprises U.S. banking organizations that have made a foreign investment (internationally active member banks, Edge Act and agreement corporations, and bank holding companies).

### **Time Schedule for Information Collection**

The recordkeeping provisions in SR Letter 02-2 are ongoing.

### **Public Availability of Data**

No data collected by the Federal Reserve pursuant to this information collection are made available to the public.

### **Legal Status**

The FR 2064 is authorized pursuant to section 5(c) of the Bank Holding Company Act;<sup>3</sup> and sections 25(7) and 25A(17) of the Federal Reserve Act.<sup>4</sup> The institutions' obligation to retain the records is mandatory.

The records related to the FR 2064 are retained at banking organizations. However, in the event the records are obtained by the Board as part of an examination or supervision of a financial institution, this information would be considered confidential pursuant to exemption 8 of the Freedom of Information Act (FOIA), which protects information contained in "examination, operating, or condition reports" obtained in the bank supervisory process.<sup>5</sup> Additionally, to the extent that such information obtained by the Board constitutes nonpublic commercial or financial information, which is both customarily and actually treated as private by the financial institution, the financial institution may request confidential treatment pursuant to exemption 4 of FOIA.<sup>6</sup>

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<sup>3</sup> 12 U.S.C. § 1844(c).

<sup>4</sup> 12 U.S.C. §§ 602 and 625.

<sup>5</sup> 5 U.S.C. § 552(b)(8).

<sup>6</sup> 5 U.S.C. § 552(b)(4).

## **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

## **Public Comments**

On February 17, 2021, the Board published an initial notice in the *Federal Register* (86 FR 9938) requesting public comment for 60 days on the extension, without revision, of the FR 2064. The comment period for this notice expires on April 19, 2021.

## **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR 2064 is 160 hours. The Board estimates that the effort associated with the recordkeeping requirements will take an average of two hours per quarter. These recordkeeping requirements represent less than 1 percent of the Board's total paperwork burden.

	<i>Number of respondents<sup>7</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FR 2064	20	4	2	160

The estimated total annual cost to the public for this collection of information is \$9,240.<sup>8</sup>

## **Sensitive Questions**

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

## **Estimate of Cost to the Federal Reserve System**

Because the Federal Reserve does not collect these records, the estimated cost to the Federal Reserve System for collecting and processing this information collection is negligible.

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<sup>7</sup> Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), [www.sba.gov/document/support--table-size-standards](http://www.sba.gov/document/support--table-size-standards).

<sup>8</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages May 2019, published March 31, 2020, [www.bls.gov/news.release/ocwage.t01.htm](http://www.bls.gov/news.release/ocwage.t01.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/).