

**Supporting Statement for the
Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks
(FR 2502q; OMB No. 7100-0079)**

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 Quarterly Report of Assets and Liabilities of Large Foreign Offices of U.S. Banks (FR 2502q; OMB No. 7100-0079). U.S. commercial banks, bank holding companies, including financial holding companies, and Edge Act and agreement corporations (U.S. banks) are required to file the FR 2502q reporting form for their large branches and banking subsidiaries that are located in the United Kingdom or the Caribbean.

The current estimated total annual burden for the FR 2502q is 92 hours. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

Background and Justification

The FR 2502q collects, for each reporting office, claims on and liabilities to residents of the United States and of all countries as of each quarter-end. The Board, along with other agencies, has an interest in knowing the amounts of the claims and liabilities of U.S.-chartered banks with respect to residents of individual countries.

In recent years, the FR 2502q was revised to drop all country detail except for claims on and liabilities to U.S. residents. The FR 2502q continues to provide data about the nature and scope of activities in foreign offices by location and type of office that are unavailable from other reporting forms. For example, because banks' submissions that underlie the quarterly Federal Financial Institutions Examination Council (FFIEC) Country Exposure Report (FFIEC 009; OMB No. 7100-0035) are consolidated on a worldwide basis, they do not indicate which particular offices are involved in lending to or borrowing from U.S. or foreign residents.

In addition, the Bureau for Economic Analysis (BEA), an agency of the Department of Commerce, uses FR 2502q data from the Memoranda section on branches of U.S. banks in the Bahamas and the Cayman Islands. Together with data from the Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S; OMB No. 7100-0032), the data are used in its estimates of the U.S. International Transactions Accounts and the International Investment Position. Other sources of data that could be used in these estimates are available only with a lag of several months. The Board uses memoranda item 1.c., *Claims on, and liabilities to, U.S. addressees other than depository institutions*, as input to the Financial Accounts of the United States.

Description of Information Collection

The FR 2502q collects data quarterly on the geographic distribution of the assets and liabilities of large U.K. or Caribbean branches and subsidiaries of U.S. commercial banks, bank

holding companies (including financial holding companies), and Edge Act and agreement corporations. Detail on geography is limited to breaking out claims on and liabilities to U.S. residents from total claims and liabilities. Additional details are collected about positions vis-à-vis U.S. residents—specifically, whether the counterparty is the parent bank, another U.S. depository institution, or another type of counterparty. Positions vis-à-vis other non-U.S. offices of the parent bank and positions arising from derivatives contracts are also broken out.

FR 2502q respondents must submit the report electronically or submit paper reports to their respective Reserve Bank each quarter no later than the reporting deadline.

Respondent Panel

The FR 2502q panel comprises U.S. commercial banks, bank holding companies, and Edge Act and agreement corporations. These institutions are required to file the FR 2502q for their large foreign branches and large banking subsidiaries that are located in the Caribbean or the United Kingdom. Large foreign branches are currently defined as those that file the Foreign Branch Report of Condition (FFIEC 030; OMB No. 7100-0071) with total assets, Schedule BS, item 11, of \$2 billion or more. Large banking subsidiaries are defined as those that file the Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314; OMB No. 7100-0073) quarterly, have a banking charter, and have assets of \$2 billion or more *and* deposits of \$10 million or more, Schedule BS, item 10, and Schedule BS-M, item 6, respectively.

Time Schedule for Information Collection

Respondents file the FR 2502q reporting form quarterly, as of the last business day of March, June, September, and December.

Public Availability of Data

No data collected pursuant to this information collection is made available to the public by the Board.

Legal Status

The Board is authorized to collect the information in FR 2502q from (1) bank holding companies pursuant to section 5 of the Bank Holding Company Act,¹ which authorizes the Board to require a bank holding company and any subsidiary to submit reports; (2) Edge Act and agreement corporations pursuant to sections 25(4) and 25A(17) of the Federal Reserve Act (FRA),² which authorize the Board to require Edge and agreement corporations to make reports to the Board; and (3) depository institutions pursuant to sections 11(a)(1) and (2) of the FRA,³ which authorize the Board to require reports from each member bank as it may deem necessary

¹ 12 U.S.C. § 1844(c).

² 12 U.S.C. §§ 602 and 625.

³ 12 U.S.C. § 248(a)(1) and (2).

and to require reports of liabilities and assets from insured depository institutions to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates.

The FR 2502q report is mandatory. To the extent that the information from this collection 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 the Freedom of Information Act.⁴

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On February 3, 2021, the Board published an initial notice in the *Federal Register* (86 FR 8014) requesting public comment for 60 days on the extension, without revision, of FR 2502q. The comment period for this notice will expire on April 5, 2021.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2502q is 92 hours. The number of respondents is based on quarterly filing data as of June 2020.

The average hours per response, which is the same for data that are submitted on an individual and a consolidated basis, is currently estimated to be 1 hour. This reporting requirement represents less than 1 percent of the Board’s total paperwork burden.

FR 2502q	<i>Estimated number of respondents</i> ⁵	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Reporting	23	4	1	92
	<i>Total</i>			92

The estimated total annual cost to the public for this collection of information is \$5,313.⁶

⁴ 5 U.S.C. § 552(b)(4).

⁵ 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), <https://www.sba.gov/document/support--table-size-standards>.

⁶ 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, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

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 \$43,000.