

a.m. and 5 p.m. on weekdays pursuant to sections 261.12 and 261.14 of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

FOR FURTHER INFORMATION CONTACT: A draft copy of the proposed FFIEC 002 reporting form may be obtained at the FFIEC's Web site (<http://www.ffiec.gov>). A copy of the proposed revisions to the collection of information may also be requested from Cindy Ayouch, Board Clearance Officer, (202) 452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263-4869.

SUPPLEMENTARY INFORMATION: Proposal to revise the following currently approved collection of information:

Report Title: Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks.

Form Number: FFIEC 002.

OMB Number: 7100-0032.

Frequency of Response: Quarterly.

Affected Public: U.S. branches and agencies of foreign banks.

Estimated Number of Respondents: 295.

Estimated Total Annual Responses: 1,180.

Estimated Time per Response: 22.50 burden hours.

Estimated Total Annual Burden: 26,550 burden hours.

General Description of Report

This information collection is mandatory: 12 U.S.C. 3105(b)(2), 1817(a)(1) and (3), and 3102(b). Except for select sensitive items, this information collection is not given confidential treatment (5 U.S.C. 552(b)(8)). Small businesses (that is, small U.S. branches and agencies of foreign banks) are affected.

Abstract

On a quarterly basis, all U.S. branches and agencies of foreign banks (U.S. branches) are required to file detailed schedules of assets and liabilities in the form of a condition report and a variety of supporting schedules. This information is used to fulfill the supervisory and regulatory requirements of the International Banking Act of 1978. The data are also used to augment the bank credit, loan, and deposit information needed for monetary policy and other public policy purposes. The Federal Reserve System collects and processes this report on behalf of all three agencies.

Current Actions

The agencies did not receive any comments in response to the notice published in the **Federal Register** on December 9, 2002 (67 FR 72951) requesting public comment to revise this currently approved information collection.

The revisions to the FFIEC 002 summarized below have been approved by the FFIEC. The agencies will implement these changes as of the March 31, 2003, reporting date. The revisions will improve the agencies' ability to analyze the risks and activities of branches and agencies and achieve consistency with the Reports of Condition and Income (Call Report) (forms FFIEC 031 and 041) filed by insured commercial banks and FDIC-supervised savings banks.

Schedule RAL—Assets and Liabilities

1. Splitting item 1.c(2), "Mortgage-backed securities," into separate items 1.c(2)a "Issued or guaranteed by U.S. Government agencies" and 1.c(2)b "Other." The breakdown will provide information on the composition of mortgage-backed securities held by branches and agencies, which will enter into the derivation of weekly bank credit data used by the Board for monetary policy purposes.

2. Splitting item 1.d., "Federal funds sold and securities purchased under agreements to resell" into separate items 1.d.(1), "Federal funds sold," 1.d.(1)a, "With depository institutions in the U.S.," 1.d.(1)b, "With others," and 1.d.(2), "Securities purchased under agreements to resell," 1.d.(2)a, "With depository institutions in the U.S.," 1.d.(2)b, "With others." The breakdown will provide greater insight into the liquidity of branches and agencies. These institutions actively participate and often hold large positions in the federal funds and repurchase agreement market. The separation will also achieve consistency with the existing Reports of Condition and Income (Call Report) because insured commercial banks and FDIC-supervised savings banks currently report federal funds sold separately from securities purchased under agreements to resell.

3. Splitting item 4.b., "Federal funds purchased and securities sold under agreements to repurchase" into separate items 4.b.(1), "Federal funds purchased," 4.b.(1)a, "With depository institutions in the U.S.," 4.b.(1)b, "With others" and 4.b.(2), "Securities sold under agreements to repurchase," 4.b.(2)a, "With depository institutions in the U.S.," 4.b.(2)b, "With others." The rationale for this change, which

deals with a funding source for branches and agencies, is essentially the same as the justification above for splitting "Federal funds sold and securities purchased under agreements to resell".

4. Splitting item 1.f, "Trading Assets," into separate items 1.f(1), "U.S. Treasury and Agency Securities" and 1.f(2), "Other trading assets." The breakdown will provide information on the composition of the trading assets of branches and agencies, which will enter into the derivation of weekly bank credit data used by the Board for monetary policy purposes. On November 8, 2002, the agencies published a notice soliciting comments for 60 days on proposed revisions to the Reports of Condition and Income (Call Report) (67 FR 68234). The notice includes a proposed clarification to the "Trading Account" Glossary entry on when loans can be designated as trading assets. Accordingly, the agencies are proposing the same clarification for the FFIEC 002 "Trading Account" Glossary entry to achieve consistency with the changes to the Call Report.

Schedule L—Derivatives and Off-Balance-Sheet Items

1. Adding Memoranda items 1.a., "Gross positive fair value," and 1.b., "Gross negative fair value" to Memoranda item 1., "Notional amount of all credit derivatives on which the reporting branch or agency is the guarantor." The new items will provide a better measure of credit and market risk, particularly for branches and agencies with large positions in credit derivatives. These new items will also achieve consistency with the existing Reports of Condition and Income (Call Report) filed by insured commercial banks and FDIC-supervised savings banks.

2. Adding Memoranda items 2.a., "Gross positive fair value," and 2.b., "Gross negative fair value" to Memoranda item 2., "Notional amount of all credit derivatives on which the reporting branch or agency is the beneficiary." The rationale for the change is the same as the justification above for adding items to Memoranda item 1.

Schedule O—Other Data for Deposit Insurance Assessments

Modifying the captions for Memorandum items 1.a., "Deposit accounts of \$100,000 or less," and 1.b., "Deposit accounts of more than \$100,000," to reflect the deposit insurance limits in effect on the report date that are to be used as the basis for reporting the number and amount of deposit accounts in Memorandum item