

**SUMMARY:** This final rule revises regulations for the quarterly survey of foreign direct investment in the United States, which is comprised of two forms—the BE–605, Transactions of U.S. Affiliate, Except a U.S. Banking Affiliate, With Foreign Parent, and BE–605 Bank, Transactions of U.S. Banking Affiliate With Foreign Parent. This final rule amends 15 CFR part 806.15 to set forth revised reporting requirements for the BE–605, Transactions of U.S. Affiliate, Except a U.S. Banking Affiliate, With Foreign Parent, and BE–605 Bank, Transactions of U.S. Banking Affiliate With Foreign Parent. BEA believes that these changes should result in no change in the overall respondent burden. Any increase in burden due to the addition of questions on the BE–605 Bank form will be offset by a reduction in burden for BHC's, because reporting for these entities will be more consistent with the filing of regulatory reports and annual reports to stockholders.

**DATES:** This final rule will be effective February 26, 2003.

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**SUPPLEMENTARY INFORMATION:** On October 16, 2002 the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, published in the *Federal Register*, (67 FR 63860–63861), a notice of proposed rulemaking setting forth revised reporting requirements for the BE–605, Transactions of U.S. Affiliate, Except a U.S. Banking Affiliate, With Foreign Parent, and BE–605 Bank, Transactions of U.S. Banking Affiliate With Foreign Parent. No comments on the proposed rule were received. Thus, this final rule is the same as the proposed rule.

### Description of Revisions

The BE–605 and BE–605 Bank are mandatory surveys and are conducted quarterly by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, under the International Investment and Trade in Services Survey Act. BEA will send survey forms to potential respondents each quarter; responses will be due within 30 days after the close of each fiscal quarter, except for the final quarter of the fiscal year, when reports will be due within 45 days. These surveys are cut-off sample surveys that cover all U.S. affiliates above a size-exemption level and seek to obtain data on transactions

and positions between U.S. affiliates and their affiliated foreign groups.

This final rule directs bank holding companies (BHC's) to file a fully consolidated report, including all banking and nonbanking operations, on the BE–605 Bank form. Previously, the banking and nonbanking operations of a BHC filed separate reports: the nonbank operations of the BHC filed on the BE–605 form, and the BHC itself and its banking operations filed on the BE–605 Bank form. To reduce respondent burden, BHC's are now directed to file a single, fully consolidated, report to include both the banking and nonbanking operations on the BE–605 Bank form. However, separate reports still must be filed in those special instances where a U.S. affiliate's primary line of business is not in banking (or related financial activities), such as a manufacturer or retailer, but the affiliate also has a direct or indirect ownership in a BHC (or other banking activities such as U.S. wholesale or limited purpose banks). In these instances, the BHC, including all of its subsidiaries or units, must file on the BE–605 Bank form and the nonbanking operations not owned by the BHC must file on the BE–605 form. Questions have been added to the BE–605 Bank form to collect data on loans from or to the foreign parent group by nonbanking subsidiaries, included in the consolidated report, with operations in insurance, real estate, and leasing, to maintain consistency of the U.S. international transactions accounts with international statistical standards and avoid gaps in coverage. In addition, questions have been added to the BE–605 Bank form to collect detail on intercompany premiums earned and claims payable for insurance companies included in the consolidated report.

### Survey Background

The Bureau of Economic Analysis (BEA), U.S. Department of Commerce, will conduct the survey under the International Investment and Trade in Services Survey Act (22 U.S.C. 3101–3108) hereinafter, “the Act.” Section 4(a) of the Act requires that with respect to foreign direct investment in the United States, the President shall, to the extent he deems necessary and feasible, conduct a regular data collection program to secure current information on international capital flows and other information related to international investment and trade in services, including (but not limited to) such information as may be necessary for computing and analyzing the United States balance of payments, the employment and taxes of United States

parents and affiliates, and the international investment and trade in services position of the United States.

In Section 3 of Executive Order 11961, the President delegated authority granted under the Act as concerns direct investment to the Secretary of Commerce, who has redelegated it to BEA.

The quarterly survey is a cut-off sample survey that covers all U.S. affiliates above a size-exemption level and obtains data on transactions and positions between U.S. affiliates and their affiliated foreign groups. (The affiliated foreign group is (i) the foreign parent, (ii) any foreign person, proceeding up the foreign parent's ownership chain, which owns more than 50 percent of the person below it up to and including that person which is not more than 50 percent owned by another foreign person, and (iii) any foreign person, proceeding down the ownership chain(s) of each of these members, which is owned more than 50 percent by the person above it.) The sample data are used to derive universe estimates in nonbenchmark years by extrapolating forward similar data reported in the BE–12, Benchmark Survey of Foreign Direct Investment in the United States, which is taken every five years. The data are used in the preparation of the U.S. international transactions accounts, the input-output accounts, and the national income and product accounts. The data are needed to measure the size and economic significance of foreign direct investment in the United States, measure changes in such investment, and assess its impact on the U.S. economy. The data are disaggregated by industry of U.S. affiliate, by country of foreign parent, and, for selected items, by country of each member of the affiliated foreign group.

### Executive Order 13132

This final rule does not contain policies with Federalism implications, as that term is defined in E.O. 13132.

### Executive Order 12866

This final rule has been determined to be not significant for purposes of E.O. 12866.

### Paperwork Reduction Act

Notwithstanding any other provisions of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act (PRA) unless that collection of information displays a currently valid Office of Management