

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 8672 ]  
November 2, 1979 ]

COMMENT INVITED ON  
PROPOSED NEW FOREIGN BANKING REPORTING FORMS

*To All Foreign Banking Organizations, and Others Concerned,  
in the Second Federal Reserve District:*

Two reporting forms for foreign banking organizations have been proposed by the Board of Governors of the Federal Reserve System. The forms are intended to meet Reserve Bank supervisory requirements of the Bank Holding Company Act and of the International Banking Act of 1978. In its announcement of the proposals, the Board stated:

The new forms are designed to implement the Board's national treatment concept of supervision of foreign banking organizations by requiring financial reporting equivalent to that required of domestic banking organizations.

The Board requested comment by January 4, 1980.

One was a revision of the Annual Report of Foreign Bank Holding Companies (F.R. Y-7). The revised form, to be called Annual Report of Foreign Bank Holding Companies, Foreign Banks and Foreign Parent Companies, would be filed with the Federal Reserve three months after the end of the foreign banking organization's fiscal year. The revised report would be filed initially by existing bank holding companies within three months after the end of fiscal years ending October 31, 1979 or later. However, these companies may delay filing until 120 days after the Board approves the revised report. Foreign banks that are not foreign bank holding companies, and their parent companies would initially file the revised report 120 days after it is approved by the Board.

The proposed report would require submission of a consolidated financial statement; discussion of accounting practices used in preparation of the consolidated report; disclosure of all reserves, of earnings and of loan loss experience; financial statements on all related material foreign companies and United States companies; a description of U.S. activities and U.S. investments adequate for use in determining compliance with the Bank Holding Company Act and the International Banking Act as well as information on shareholders, directors and executive officers of affected banking institutions.

The Board also requested comment on a new Report of Intercompany Transactions for Foreign Bank Holding Companies and Their U.S. Bank Subsidiaries (F.R. Y-8f). This report parallels the similar report (F.R. Y-8) required of domestic bank holding companies. The new foreign bank holding company report would be required quarterly, like that for domestic bank holding companies.

The Board recommended adoption of this report for a two-year period beginning in the first quarter of 1980. It would monitor intercompany transactions—such as transfers of assets and transfers associated with foreign exchange—that take place between the following two major groupings of bank holding companies:

- U.S. bank subsidiaries of foreign banks and their direct and indirect subsidiaries, and
- All other members of the foreign bank holding company group.

The Board asked specifically for comment whether U.S. branches and agencies of foreign bank holding companies should be included in this latter group.

The new form is designed to assist the Board in monitoring activities of foreign bank holding companies that may affect the safety and soundness of the U.S. bank subsidiaries of foreign bank holding companies and to help the Board determine whether such companies are serving as a source of financial strength to their bank subsidiaries in the United States.

Under separate cover, we are sending—to the institutions that would be required to report—a copy of the official notices containing the texts of the proposals, together with the proposed forms and instructions.

Inquiries or requests for copies of the proposed forms should be directed to Donald E. Schmid, Manager, Bank Analysis Department (Tel. No. 212-791-6611). Comments on the proposals should be submitted by January 4, 1980, and may be sent to that department.

THOMAS M. TIMLEN,  
*First Vice President.*