

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045-0001

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CHESTER B. FELDBERG
EXECUTIVE VICE PRESIDENT

AT-1082V
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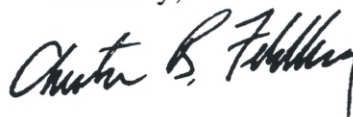
**TO THE OFFICER IN CHARGE OF EACH FOREIGN BANK BRANCH OR
AGENCY IN THE SECOND FEDERAL RESERVE DISTRICT:**

The Federal Financial Institutions Examination Council has approved certain revisions to the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002), for the March 31, 1996, report date. Enclosed is a notice, prepared for publication in the *Federal Register*, which describes the proposed revisions. This notice is provided to assist you in planning for these upcoming FFIEC 002 changes, which must be approved by the U.S. Office of Management and Budget before they can become final. More detailed information about the changes in reporting requirements for 1996, including related instructions, will be distributed to all branches and agencies within the coming weeks.

The changes to the FFIEC 002 reporting forms as of March 31, 1996, reflect new items that would be added for (1) the on-balance-sheet asset and liability amounts resulting from the marking to market of off-balance-sheet derivative contracts held for trading and (2) the book value, if any, and the positive replacement cost, if any, of derivatives that are past due 30 through 89 days, or 90 days or more. These new items would conform with items previously added to the Reports of Condition and Income (Call Reports) filed by domestic commercial banks. Other changes include revising the "trading account" Glossary entry and the instructions for reporting the remaining maturity of commercial and industrial loans in a manner that conforms to the corresponding Call Report instructions. Clarifications or other conforming changes would also be made to several other instructions.

Questions about these revisions may be directed at this Bank to Kenneth P. Lamar, Assistant Vice President, Statistics Function (Tel. No. 212-720-8590).

Sincerely,



Enclosure

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment

AGENCY: Board of Governors of the Federal Reserve System (Board)

ACTION: Notice and request for comment.

BACKGROUND: In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the Board may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid Office of Management and Budget (OMB) control number. Proposed revisions to the following currently approved collections of information have received approval from the Federal Financial Institutions Examination Council (FFIEC), of which the Board is a member, and are hereby published for comment. At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the proposed revisions should be modified prior to the agencies' submission of them to OMB for review and approval. Comments are invited on: (a) whether the proposed revisions to the following collections of information are necessary for the proper performance of the agencies' functions, including whether the information has practical utility; (b) the accuracy of the agencies' estimate of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the

burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

DATES: Comments must be submitted on or before [insert date 60 days from publication in the Federal Register].

ADDRESSES: Interested parties are invited to submit written comments the agency listed below. All comments should refer to the OMB control number.

Written comments should be addressed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551, or delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mail room and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments received may be inspected in room M-P-500 between 9:00 a.m. and 5:00 p.m., except as provided in section 261.8 of the Board's Rules Regarding Availability of Information, 12 CFR 261.8(a).

A copy of the comments may also be submitted to the OMB desk officer for the agencies: Milo Sunderhauf, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, D.C. 20503.

FOR FURTHER INFORMATION CONTACT: A copy of the proposed revisions to the collections of information may be requested from the agency clearance officers whose name

appears below.

Mary M. McLaughlin, Board Clearance Officer, (202) 452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551. For the hearing impaired *only*, Telecommunications Device for the Deaf (TDD), Dorothea Thompson, (202) 452-3544, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION:

Proposal to revise the following currently approved collection of information:

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: 557

Estimated Time per Response: 22.40 burden hours.

Estimated Total Annual Burden: 49,907 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 (i.e., 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 balance sheet 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 purposes. The report is collected and processed by the Federal Reserve on behalf of all three federal bank regulatory agencies (i.e., the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation).

Current Actions:

The proposed revisions to the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002) that are the subject of this notice have been approved by the FFIEC for implementation as of the March 31, 1996, report date. Nonetheless, as is customary for FFIEC 002 reporting changes, U.S. branches are advised that, for the March 31, 1996, report date, reasonable estimates may be provided for any new or revised item for which the requested information is not readily available.

The proposed revisions are summarized as follows:

New Items

FFIEC 002 items in the following areas would be added:

- (1) Trading Assets and Liabilities

When off-balance-sheet derivative contracts held by U.S. branches for trading purposes are periodically marked to market (or the lower of cost or market, as appropriate), this process results in the recording of the fair values of derivatives that are in gain and loss positions as on-balance-sheet assets and liabilities, respectively. In order to monitor the magnitude of these fair values and changes therein, new items would be added for the reporting of these two amounts in the Memoranda section of Schedule RAL, "Assets and Liabilities."

(2) Past Due Derivatives

The FFIEC 002 does not currently require disclosures about off-balance sheet derivative contracts where the counterparty is not performing in accordance with the contractual terms. Although the number of such contracts is believed to be limited, the disclosure of exposures associated with such contracts will highlight, for supervisory purposes, the most immediate risks faced by a U.S. branch from its involvement with off-balance-sheet derivatives. Information about these past due derivatives would be added to the Memoranda section of Schedule N, "Past Due, Nonaccrual, and Restructured Loans." Amounts would be separately reported for derivatives that are past due 30 through 89 days and for those past due 90 days or more. Reported amounts associated with derivatives that are past due 90 days or more would also include information about derivatives that, while not technically past due, are with counterparties that are not expected to pay the full amounts owed to the institution under the derivative contracts. As with the information U.S. branches currently report in Schedule N, individual U.S. branch information on derivatives for which payments are delinquent would be treated as confidential.

In these new items, U.S. branches would first report the book value of any amounts carried as assets on the balance sheet that are related to those off-balance sheet derivatives for which any required payment from the counterparty is either past due 30 through 89 days or past due 90 days or more. In addition, in order to indicate the relative size and volume of those contracts where the counterparty is not performing, separate Memoranda items would be provided for reporting the current replacement cost (if positive) for those contracts that are past due 30 through 89 days and for those that are past due 90 days or more.

Instructional Changes

Changes, which may affect how some banks report certain information on the FFIEC 002, would be made to the instructions as follows. (1) The FFIEC 002 Glossary entry for "Trading Account" would be revised to incorporate parallel changes to the FFIEC 031 instructions regarding report changes implemented since 1994 on trading assets and liabilities and the treatment of off-balance-sheet derivatives held for trading purposes. In addition, the Glossary entry's discussion of the accounting for transfers to or from a trading account would be brought into conformity with FASB Statement no. 115, "Accounting for Certain Investments in Debt and Equity Securities." (2) The instructions for the reporting of commercial and industrial loans with remaining maturity of (i) one year or less and (ii) of more than one year in the loan schedule (Schedule C), would be clarified to exclude nonaccrual status loans in a manner consistent with the reporting of maturity and repricing data for loans and leases on the FFIEC 031. Clarifications or other conforming changes would also be made to several other instructions.

Request for Comment

Comments submitted in response to this Notice will be summarized or included in the agencies' requests for OMB approval. All comments will become a matter of public record. Written comments should address the accuracy of the burden estimates and ways to minimize burden including the use of automated collection techniques or the use of other forms of information technology as well as other relevant aspects of the information collection request.

Board of Governors of the Federal Reserve System, December 4, 1995.

William W. Wiles

Secretary of the Board.

[FR Doc. 95-00000 Filed 00-00-95; 8:45AM]

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