

FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: Background. On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), as per 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements, and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve 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 OMB control number.

Request for comment on information collection proposal

The following information collection, which is being handled under this delegated authority, has received initial Board approval and is hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;

b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, 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 the use of automated collection techniques or other forms of information technology.

DATES: Comments must be submitted on or before February 13, 2009.

ADDRESSES: You may submit comments, identified by FR 2644 (OMB No. 7100-0075) by any of the following methods:

- Agency Web Site: www.federalreserve.gov. Follow the instructions for submitting comments at www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.
- Federal eRulemaking Portal: www.regulations.gov. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include the OMB control number in the subject line of the message.
- FAX: 202-452-3819 or 202-452-3102.
- Mail: Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's web site at

www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or

contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, NW) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, those providing comments should send a copy by mail to the OMB Desk Officer at the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503 or by fax to 202-395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documents, will be placed into OMB's public docket files once approved. These documents will also be made available on the Federal Reserve Board's public web site at:

www.federalreserve.gov/boarddocs/reportforms/review.cfm or may be requested from the agency clearance officer, whose name appears below.

Michelle Shore, Federal Reserve Board Clearance Officer (202-452-3829), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may contact (202-263-4869), Board of Governors of the Federal Reserve System, Washington, DC 20551.

Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following report:

Report title: Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks

Agency form numbers: FR 2644

OMB control number: 7100-0075

Frequency: Weekly

Reporters: Domestically chartered commercial banks and U.S. branches and agencies of foreign banks

Annual reporting hours: 120,575 hours

Estimated average hours per response: 2.65 hours

Number of respondents: 875

General description of reports: The FR 2644 is authorized by section 2A and 11(a)(2) of the Federal Reserve Act [12 U.S.C. §§ 225(a) and 248(a)(2)] and by section 7(c)(2) of the International Banking Act [12 U.S.C. § 3105(c)(2)] and is voluntary. Individual respondent data are regarded as confidential under the Freedom of Information Act [5 U.S.C. § 552(b)(4)].

Abstract: The Weekly Report of Assets and Liabilities for Large U.S. Branches and Agencies of Foreign Banks (FR 2069; OMB No. 7100-0030), the Weekly Report of Assets and Liabilities for Large Banks (FR 2416; OMB No. 7100-0075), and the Weekly Report of Selected Assets (FR 2644; OMB No. 7100-0075) are referred to collectively as the bank credit reports. These three voluntary reports have been the primary source of high-frequency data used in the analysis of current banking developments. The FR 2416 data are used on a stand-alone basis to construct the large domestically chartered bank series. The other two reports collect sample data that are used to estimate universe levels using data from the quarterly commercial bank Consolidated Reports of Condition and Income (FFIEC 031 and 041; OMB No. 7100-0036) and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) (Call Reports). Data from all three bank credit reports, together with data from other sources, are used to construct weekly estimates of bank credit, balance sheet data for the U.S. banking industry, sources and uses of banks' funds, and to analyze banking developments.

The Federal Reserve publishes the data in aggregate form in the weekly H.8 statistical release, *Assets and Liabilities of Commercial Banks in the United States*, which is followed closely by other government agencies, the banking industry, the financial press, and other users. This release provides a balance sheet for the banking industry as a whole and data disaggregated by its large domestically chartered, small domestically chartered, and foreign-related components.

Current actions: The Federal Reserve proposes to combine the three bank credit reporting forms into one reporting form, the proposed Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks (FR 2644; OMB No. 7100-0075). This report would be collected from an authorized stratified sample of 875 domestically chartered commercial banks and U.S. branches and agencies of foreign banks. The new panel would be significantly smaller than the authorized sample of 1,220 respondents for the current family of reports. The proposed FR 2644 report would be filed by each institution selected for the reporting panel, regardless of its asset size or charter type, and would consist of 34 data items. Improvements to the reporting scheme would include increasing flexibility in analyzing weekly reported bank balance sheet data, adapting the report to fair value accounting as prescribed under the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities (FAS 159)*, improving the data detail on securities, and eliminating data items that are no longer needed at a weekly frequency. The first report for the proposed FR 2644 would be as of July 1, 2009.

Proposed Discontinuance of the FR 2416 and the FR 2069: The current FR 2416 and FR 2069 reporting forms would be discontinued. The current reporting panels for these reporting forms

would be shifted to the proposed FR 2644 reporting panel and notified that either the FR 2416 or FR 2069 reporting form had been replaced with the proposed FR 2644 reporting form.

Proposed Revisions to the FR 2644: The new single reporting form would be filed by all selected weekly reporters of bank credit data (large domestically chartered commercial banks, small domestically chartered commercial banks, and U.S. branches and agencies of foreign banks). The Federal Reserve anticipates that having all reporters use the same reporting form would remove the report-related constraints that make it difficult to analyze bank behavior without significantly reducing the accuracy of the resulting bank credit aggregates.

In addition to combining the reporting panels, the Federal Reserve proposes to:

- adapt this family of reports to fair value accounting by asking banks to include loans and securities held in trading accounts in the appropriate loan or security component,
- include data items on securities by issuer and type of security instead of by account type (investment account versus trading account),
- include more detail on mortgage-backed securities (broken out by issuer and collected from all banks),
- include more data item detail for small domestically chartered banks and U.S. branches and agencies of foreign banks, and
- delete 10 data items, on net, currently collected on the FR 2416 reporting form that are no longer needed on a weekly basis.

The proposed FR 2644 reporting form would consist of 34 data items, an increase of 13 data items over the current FR 2644 reporting form. The 13 additional data items are:

- cash and balances due from depository institutions,
- mortgage-backed securities reported by issuer (U.S. Treasury and agency and other),

- federal funds sold and reverse repurchase agreements reported by counterparty (commercial banks and others),
- allowance for loan and lease losses,
- trading assets,
- derivatives with a positive fair value,
- all other assets (a residual),
- total deposits,
- time deposits of \$100,000 or more,
- trading liabilities,
- derivatives with a negative fair value,
- all other liabilities (a residual), and
- net unrealized gains (losses) on available-for-sale securities.

The proposed additions include several data items that are currently collected from large domestically chartered banks on the FR 2416 and from U.S. branches and agencies of foreign banks on the FR 2069. For the proposed FR 2644, the Federal Reserve revised the methodology for determining the estimated average hours per response based on the weighted average of data items submitted with values greater than zero. Since many smaller current FR 2644 reporters have zero balances on their Call Reports for some of the proposed items, these reporters would not be expected to incur large increases in reporting burden under this proposal.

The following is a discussion of each data item that would be collected on the proposed FR 2644 reporting form.

1. Cash and balances due from depository institutions. The proposed FR 2644 reporting form would include a new data item, Cash and balances due from depository institutions,

because these data would provide a useful measure of banks' liquidity positions. This data item is included on the current FR 2416 and FR 2069 reporting forms.

2. Securities (including securities reported as trading assets on the Call Report). As on the current FR 2644 reporting form, the securities data on the proposed FR 2644 reporting form would include securities held for both investment and trading purposes. Domestically chartered banks that do not report data on Call Report Schedule RC-D would continue to omit trading assets from the securities items on the proposed FR 2644 reporting form. These reporters would include all trading assets in new data item 5, Trading assets, other than loans and securities included above. In addition, the securities data items on the proposed reporting form would continue to be broken down by type of issuer, i.e., U.S. Treasury securities and U.S. Government agency obligations and Other securities. However, within-issuer, data would be further subdivided by type of security, i.e., Mortgage-backed securities and Other.

The increased detail on mortgage-backed securities is needed in order to better analyze banks' investment strategies and their exposure to mortgage-backed securities. Both the FR 2416 and FR 2644 reporting forms collect data on mortgage-backed securities in investment accounts only. The FR 2416 reporting form includes these data items broken out by Pass-through securities and Collateralized Mortgage Obligations and Real Estate Mortgage Investment Conduits. The FR 2069 reporting form does not collect any data on mortgage-backed securities. Under the proposed single reporting form, data on all mortgage-backed securities (whether held in investment or trading accounts) would be collected from all institutions.

The Federal Reserve proposes to continue collecting the securities items inclusive of securities held as trading assets and to implement the proper classification of other trading assets

in order to accurately measure bank credit. Currently, FR 2416 and FR 2069 respondents report all trading assets, including loans and other non-security items held as trading assets, in data item 2, Trading assets, and FR 2644 respondents report trading assets in either data item 1, U.S. Treasury securities and U.S. Government agency obligations, data item 2, Other securities, or data item 5, Total assets. On the proposed FR 2644 reporting form, trading assets would be reported in the appropriate security or loan component (data item 2 or 4, respectively) or be included in data item 5, Trading assets, other than securities and loans included above.

3. Federal funds sold and securities purchased under agreements to resell. The proposed FR 2644 reporting form would break out this data item by counterparty, i.e., With commercial banks in the U.S. (including U.S. branches and agencies of foreign banks) and With others (including nonbank brokers and dealers in securities and Federal Home Loan Bank). The detail is needed to construct bank credit, which excludes federal funds sold to and reverse repurchase agreements with banks. The FR 2416 and FR 2069 reporting forms include this detail and also include Federal funds sold and securities purchased under agreements to resell with nonbank brokers and dealers in securities.

4. Loans and leases (including loans reported as trading assets on the Call Report). The proposed FR 2644 reporting form would include the components of core loans (real estate, commercial and industrial, and consumer loans) at the existing level of detail, but each component would be redefined to include loans held for trading purposes. Core loans form the bulk of bank credit and are studied closely by the Federal Reserve.

The proposed FR 2644 reporting form would redefine each loan item to include loans measured at fair value and reported as trading assets on Call Report Schedule RC-D (for domestically chartered banks) or on Schedule RAL (for U.S. branches and agencies of foreign

banks). This inclusion should not prove burdensome for most banks since most do not book loans in their trading accounts. Nonetheless, some large banks have taken up this practice, so including loans held as trading assets in the loan items is necessary to accurately measure bank credit. If a domestically chartered bank does not report data on Schedule RC-D of the Call Report but holds loans as trading assets, it would include those loans in data item 5, Trading assets, other than securities and loans included above.

The data item 4.b, Loans to, and acceptances of, commercial banks in the U.S. (including U.S. branches and agencies of foreign banks) would continue to be included as a separate data item, since interbank loans are excluded from bank credit. Data item 4.e, All other loans and leases, would be included to construct total loans and leases. The FR 2416 and FR 2069 include the data item, Loans for purchasing or carrying securities. The FR 2416 includes the data item, Lease financing receivables (net of unearned income). The proposed FR 2644 report would include these data items in All other loans and leases.

The proposed FR 2644 would define all loan components net of unearned income. The FR 2416 reporting form includes the data item Unearned income, if any, included in items (above). Under the proposed FR 2644 reporting form, this data item would not be reported separately, since all loan items would be reported net of unearned income.

The proposed FR 2644 would include new data item 4.f, Allowance for loan and lease losses. The FR 2416 reporting form includes this data item; however, the FR 2069 reporting form does not. This data item has grown dramatically over the past year, reflecting losses in the troubled credit markets, and is needed to aid the Federal Reserve in monitoring the health of banks' loan portfolios.

5. Trading assets, other than securities and loans included above. The proposed FR 2644

reporting form would include two new data items: Trading assets, other than securities and loans included above (which includes derivatives, gold bullion, and other trading assets) and its subcomponent, data item 5.a, Derivatives with a positive fair value (included in item 5 above). The FR 2416 and FR 2069 include the identical data item, Derivatives with a positive fair value held for trading purposes. Domestically chartered commercial banks that do not report on Schedule RC-D of the Call Report would report total trading assets in data item 5, Trading assets, other than securities and loans included above, and would not report any balances in data item 5.a. These data items are needed to monitor trading assets and to better understand how interest rates and market valuations affect the fair value of derivatives.

6. Other assets. Net due from related foreign offices (if FFIEC 002 respondent, include head office and other related depository institutions in the U.S.) would be reported on the proposed FR 2644 because it is used in the construction of managed liabilities, an aggregate that is tracked by the Federal Reserve in order to understand the composition of banks' marginal funding sources over time. The FR 2416 and FR 2644 include this data item as Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs. The FR 2069 includes this data item as Net due from head office and other related depository institutions in the U.S. and in foreign countries. The new data item 6.b, All other assets, is needed to complete the asset side of the balance sheet, thereby avoiding measurement problems inherent in collecting a partial balance sheet. All other assets includes premises and fixed assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, intangible assets (including goodwill), derivatives with a positive fair value held for purposes other than trading, and all remaining assets.

7. Total assets. This data item is reported net of any allowance for loan and lease losses. It equals the sum of data items 1 through 4.e, 5, 6.a, and 6.b minus data item 4.f. To avoid double counting, data item 5.a, Derivatives with a positive fair value (included in item 5 above), is ignored when constructing total assets.

8. Total deposits. The proposed FR 2644 would include the new data item 8, Total deposits, because it is a major component of the liabilities side of the balance sheet. The FR 2416 includes the data items Transaction accounts and Nontransaction accounts. The FR 2069 includes the data items Transaction accounts and credit balances and Nontransaction accounts. The proposed FR 2644 would also include data item 8.a, Time deposits of \$100,000 or more (included in item 8 above), because it is an important component of managed liabilities. The Federal Reserve may adjust the cutoff for large time deposits if and when the definition of large time deposits changes on the Call Reports.

9. Borrowings. The proposed FR 2644 would include borrowings by counterparty, i.e., From commercial banks in the U.S. (including U.S. branches and agencies of foreign banks) and From others (including FRB and FHLB). These borrowings items are included on the current FR 2416, FR 2644, and FR 2069 reporting forms and are needed in order to construct managed liabilities.

10. Trading liabilities. The proposed FR 2644 would include two new data items: Trading liabilities and its subcomponent, data item 10.a, Derivatives with a negative fair value. The FR 2416 and FR 2069 include the identical data items. Domestically chartered commercial banks that do not report on Schedule RC-D of the Call Report would report total trading liabilities in data item 10, Trading liabilities, and would not report any balances in data item 10.a.

These data items are needed to construct banks' liability for short positions, which is a component of managed liabilities.

11. Other liabilities. Net due to related foreign offices (if FFIEC 002 respondent, include head office and other related depository institutions in the U.S.) would be included on the proposed FR 2644 because it is used to construct managed liabilities. The FR 2416 and FR 2644 include this data item as Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs. The FR 2069 reporting form includes this data item as Net due to head office and other related depository institutions in the U.S. and in foreign countries. The new data item, All other liabilities (including subordinated notes and debentures), is needed to complete the liabilities side of the balance sheet, thereby avoiding measurement problems inherent in collecting a partial balance sheet. In addition to subordinated notes and debentures, All other liabilities includes net deferred tax liabilities, interest and other expenses accrued and unpaid, and derivatives with a negative fair value held for purposes other than trading.

12. Total liabilities. This data item is the sum of data items 8, 9.a, 9.b, 10, 11.a, and 11.b (that is, the sum of data items 8 through 11 excluding items 8.a and 10.a, to avoid double counting).

M.1. Net unrealized gains (losses) on available-for-sale securities. The proposed FR 2644 would include this new data item to better understand how interest rates and market valuations affect the fair value of available-for-sale securities. The FR 2416 includes this data item while the FR 2069 reporting form does not.

M.2. Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements. The proposed FR 2644 would collect data for memorandum item M.2.a, Real estate loans,

memorandum item M.2.b, Credit card receivables and other revolving credit plans, and memorandum item M.2.c, Other consumer loans. These data items are currently included on the FR 2416 and FR 2644. The data items, Credit cards and related plans and Other consumer loans, were added to the FR 2416 and FR 2644 in June 2000 to replace items previously included on the (discontinued) monthly Commercial Bank Survey of Consumer Credit (FR 2571; OMB No. 7100-0080). These data items are published on the monthly G.19 release, *Consumer Credit*. The data item Real estate loans was added to the FR 2416 and FR 2644 reporting forms in July 2007 to improve the Federal Reserve's understanding of residential real estate loan originations. These data items are needed to aid the Federal Reserve's interpretation of credit flows even though they are reported by relatively few institutions.

Instructions: The instructions would be revised and clarified in accordance with changes made to the FR 2644 reporting form.

Proposal to approve under OMB delegated authority the discontinuance of the following reports:

Report title: The Weekly Report of Assets and Liabilities for Large U.S. Branches and Agencies of Foreign Banks; the Weekly Report of Assets and Liabilities for Large Banks

Agency form numbers: FR 2069; FR 2416

OMB control number: 7100-0030; 7100-0075

Frequency: Weekly

Reporters: U.S. branches and agencies of foreign banks; Domestically chartered commercial banks

Annual reporting hours: 14,560 hours; 22,386 hours

Estimated average hours per response: 4.00 hours; 8.61 hours

Number of respondents: 70; 50

Current actions: If the proposal to revise the FR 2644 is approved, then the current FR 2416 and FR 2069 reporting forms would be discontinued. The current reporting panels for these reporting forms would be shifted to the proposed FR 2644 reporting panel and notified that either the FR 2416 or FR 2069 reporting form had been replaced with the proposed FR 2644 reporting form.

Board of Governors of the Federal Reserve System, December 10, 2008.

(signed)

Jennifer J. Johnson,
Secretary of the Board.