

Maureen Peratino and Audrey Spivack
at (202) 418-0500.

Federal Communications Commission.

William F. Caton,

Acting Secretary.

[FR Doc. 95-30230 Filed 12-8-95; 8:45 am]

BILLING CODE 6712-01-M

FEDERAL MARITIME COMMISSION

Security for the Protection of the Public Financial Responsibility to Meet Liability Incurred for Death or Injury to Passengers or Other Persons on Voyages; Notice of Issuance of Certificate (Casualty)

Notice is hereby given that the following have been issued a Certificate of Financial Responsibility to Meet Liability Incurred for Death or Injury to Passengers or Other Persons on Voyages pursuant to the provisions of Section 2, Public Law 89-777 (46 U.S.C. 817(d)) and the Federal Maritime Commission's implementing regulations at 46 C.F.R. Part 540, as amended:

Star Clippers Ltd., Luxembourg Shipping Services S.A., Star Flyer N.V. and Star Clipper N.V., 4101 Salzedo Street, Coral Gables, Florida 33146

Vessel: STAR FLYER

Dated: December 5, 1995.

Joseph C. Polking,

Secretary.

[FR Doc. 95-30021 Filed 12-8-95; 8:45 am]

BILLING CODE 6730-01-M

Security for the Protection of the Public Indemnification of Passengers for Nonperformance of Transportation; Notice of Issuance of Certificate (Performance)

Notice is hereby given that the following have been issued a Certificate of Financial Responsibility for Indemnification of Passengers for Nonperformance of Transportation pursuant to the provisions of Section 3, Public Law 89-777 (46 U.S.C. § 817(e)) and the Federal Maritime Commission's implementing regulations at 46 C.F.R. part 540, as amended:

Star Clippers Ltd. and Luxembourg Shipping Services S.A., 4101 Salzedo Street, Coral Gables, Florida 33146

Vessel: STAR FLYER

Dated: December 5, 1995.

Joseph C. Polking,

Secretary.

[FR Doc. 95-30021 Filed 12-8-95; 8:45 am]

BILLING CODE 6730-01-M

FEDERAL RESERVE SYSTEM

Agency Forms Under Review

Background

Notice is hereby given of the final approval of proposed information collections by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 C.F.R. 1320.9 (OMB Regulations on Controlling Paperwork Burdens on the Public). 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.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance

Officer—Mary M. McLaughlin—

Division of Research and Statistics,
Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202-452-3829)

OMB Desk Officer—Milo Sunderhauf—
Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, D.C. 20503 (202-395-7340)

Final approval under OMB delegated authority of the extension, with revisions, of the following reports:

1. *Report title:* Annual Report of Foreign Banking Organizations; Foreign Banking Organization Structure Report on U.S. Banking and Nonbanking Activities; and Foreign Banking Organization Confidential Report of Operations
Agency form number: FR Y-7, FR Y-7A, and FR 2068

OMB Docket number: 7100-0125

Frequency: Annual

Reporters: Foreign banking organizations

Annual reporting hours: 13,243

Estimated average hours per response: 41

Number of respondents: 323

Small businesses are not affected.

General description of report: This information collection is mandatory [12 U.S.C. §§1844(c), 3106, and 3108(a)]. Upon request from a respondent, certain information in the FR Y-7 and FR Y-7A may be deemed confidential pursuant to sections b(4) and (b)(6) of the Freedom of Information Act [5 U.S.C. §552]. All information provided in the FR 2068 is confidential [5 U.S.C. §552(b)(8)] and is subject to special handling procedures [12 CFR §261.11(h)].

These reports are required from all foreign banking organizations (FBOs) engaged in the business of banking in the United States. Respondents must

report, on the FR Y-7, information on the structure of their activities in the United States as well as financial statements prepared in accordance with home country accounting practices, separate financial statements for U.S. nonbanking subsidiaries, an organization chart reflecting investments in U.S. companies and foreign companies that do business in the United States, disclosure of large shareholders, and a list of officers and directors.

The FR 2068 requires FBOs to report revenues and expenses, loan losses, asset quality, hidden reserves not disclosed on the FR Y-7, an organization chart, and financial data on non-U.S. subsidiaries that the FBO controls. Respondents will continue to submit the FR 2068 directly with the Federal Reserve Board.

Abstract: On December 16, 1994, the Federal Reserve Board approved earlier versions of these proposals for public comment and published notice in the FR [Vol. 60, FR 1779, January 6, 1995]. The initial comment period (30 days) expired on February 5, 1995. In light of the extensive changes proposed, commenters requested three successive 30-day extensions of the comment period in order to fully assess the effects of the changes. As a result of those extensions, the final comment period expired on May 31, 1995.

There were six commenters, four trade groups and two FBOs. The nature of the comments varied. Some addressed burden, some concerned confidentiality, and some suggested improvements to the reporting forms and instructions. Comments regarding burden focused on the accuracy of the overall burden estimate and on specific proposed revisions that commenters believed would increase burden significantly.

After considering the comments, the Federal Reserve Board has approved several modifications to the initial proposal.

Reporting Structure

FR Y-7

All FBOs engaged in the business of banking in the United States file the FR Y-7 annually, as of the end of the reporter's fiscal year. 323 FBOs file the FR Y-7: 55 foreign bank holding companies; 218 foreign banks with commercial lending companies, Edge corporations, or U.S. branches and agencies; and 50 foreign parent companies. Respondents report information on the structure of their activities in the United States, as well as the following financial and managerial information:

(1) Financial statements prepared in accordance with home country accounting practices.

(2) Separate financial statements for U.S. nonbanking subsidiaries.

(3) An organization chart reflecting investments in U.S. companies and foreign companies that do business in the United States.

(4) Disclosure of large shareholders of registered shares and disclosure of known large shareholders of bearer shares.

(5) A list of officers and directors.

(6) Information to determine continuing eligibility as a qualified foreign banking organization under sections 2(h) and 4(c)(9) of the Bank Holding Company Act.

FR 2068
FBOs that have a significant presence in the United States also file the FR 2068 annually. Prior to the latest revisions, FBOs with small U.S. banking operations were eligible for a filing exemption. While those exemptions were in effect there were 292 respondents. Elimination of the exemption adds 31 respondents. The FR 2068 collects information that enables the Federal Reserve to carry out its responsibilities by assessing the impact of an FBO's worldwide operations on its U.S. banking business. Prior to the latest revisions, this report required disclosure of revenues and expenses as calculated in accordance with local accounting practices and an explanation or general description of those accounting practices. The report still requires disclosure of loan losses, asset quality, gains and losses on securities, and hidden reserves not disclosed in the FR Y-7. The format calls for beginning balances, additions, deductions, and ending balances. The report provides flexibility that enables an FBO to submit the information in a manner that will minimize burden. Respondents may request permission to report substitute information when the specific reporting requirements would result in undue burden or expense or when the information is unavailable in the requested format.

The FR 2068 also collects financial data on non-U.S. subsidiaries. Financial statements are required on all majority-owned (more than 50 percent), unconsolidated, material foreign subsidiaries. FBOs also must report financial data detailing the total assets, total stockholders' equity, and net income of all material foreign companies in which it owns between 25 percent and 50 percent of the shares or which it otherwise controls.

The FR 2068 requires that reporters provide an organization chart that

details all foreign companies that the FBO directly or indirectly owns, controls, or holds with power to vote 25 percent or more of any class of voting stock. This requirement is broader than the organization chart required by the FR Y-7 in that the latter is limited to all related U.S. companies and foreign companies that engage in business in the United States.

Changes Proposed Initially

FR Y-7

Several revisions were initially proposed for the FR Y-7: adding the Nonbank Financial Information Summary (NFIS), financial statements for each of the FBO's U.S. nonbanking subsidiaries, replacing the free-form financial statements currently submitted; adding a new schedule to collect information on risk-based capital; requiring submission of documentation explaining differences in accounting standards in the FBO's home country from U.S. accounting standards; requiring submission of a copy of Securities and Exchange Commission (SEC) Form 20-F for those respondents that report to the SEC; and replacing part of the FR Y-7 with a new report, the FR Y-7A, to collect information on the structure and activities of FBOs.

FR 2068
Initial proposed revisions to the FR 2068 included eliminating the filing exemption for those FBOs with small U.S. operations; eliminating earnings information; filing with the appropriate Federal Reserve Bank rather than directly with the Board; and adding several items to collect information on past due loans to replace similar information previously submitted in a free format. For both the FR Y-7 and FR 2068 it was proposed that the organization chart be expanded to include U.S. and non-U.S. companies owned by individuals who own 25 percent or more of the FBO.

Public Comments and Federal Reserve Board Recommendations.

After considering the comments, the Federal Reserve Board made several modifications to the initial proposed changes. Changes and comments are discussed below in detail.

FR Y-7

Commenters addressed several matters regarding the FR Y-7, including confidentiality, accounting standards, the organization chart, bearer shareholdings, and the Nonbank Financial Information Summary (NFIS.) There were no comments on the proposed new schedule for risk-based capital.

Confidentiality procedures. Several commenters asked for advance guarantee of confidentiality for the FR Y-7. If this request were to be granted, commenters stated that certain affiliates may be more willing to disclose information. Other commenters suggested that, although they had no expectation that a request for confidential treatment would be denied, the Board's existing procedure places them in an awkward position when seeking information from affiliates. They also asked that confidentiality be granted "on request" for NFIS information. However, it is not possible to guarantee the confidentiality of this information in light of the Freedom of Information Act, since ultimately a court may be called on to decide the matter. Under the applicable statutes and regulations, a foreign banking organization can make a case for confidentiality by showing that disclosure is likely to result in competitive harm or an invasion of personal privacy. The Board will agree to grant a request for confidential treatment that is properly supported with the understanding that if a Board decision to deny a formal request for access to such information is challenged in court, the court will decide the matter. In view of these considerations, the Board decided to retain the current procedures regarding confidentiality.

Explanation of national accounting standards. The Federal Reserve Board initially recommended that a respondent include a detailed explanation of national accounting standards and terminology with the FR Y-7 in the first year it files and thereafter in every year ending in "5" or "0." This information would supplement the Board's understanding of the differences in accounting standards. Commenters requested that the Board clarify the scope of this proposed report item. Several commenters stated that they were not aware of any complete explanation of foreign accounting terminology and standards. Another commenter requested that the Federal Reserve accept explanations of the type filed with securities offerings statements with the Securities and Exchange Commission (SEC.) Another suggested that FBOs be permitted to submit a statement of material differences between Generally Accepted Accounting Principles (GAAP) and home country accounting requirements. After reviewing these comments, the Federal Reserve decided to drop the proposed report item, and will instead collect this information on an ad hoc

basis. Respondents that are SEC reporters must include a copy of SEC form 20-F (OMB No. 3235-0288) with the FR Y-7. The SEC form 20-F is similar to SEC form 10-K (Annual Report Pursuant to Sections 13 and 15(d) of the Securities and Exchange Act of 1934; OMB No. 3235-0063) and includes information on the differences between GAAP and the FBO's home country accounting standards.

Bearer shareholdings. Two commenters stated that they may be unable to identify bearer shareholders that have a greater than 5 percent interest in their organization. However, since Item 4 collects information on "known shareholders" there is no need to change this report item.

Risk-based capital schedule. No comments were received on this aspect of the proposal. This schedule breaks out details of an FBO's risk-based capital computations. If this information is confidential in the home country, the FBO would have the option of providing this information in the FR 2068. For banks from countries that do not follow a risk-based capital format, information on capital computations required by their home country banking supervisor(s) would be required.

Q and A checkboxes. No comments addressed the proposal to add several questions that require either a yes or no response, or a box to check, to assist the respondents in providing a complete report and to assist Federal Reserve Banks in their review and analysis. The checkboxes will reduce the need for follow-up correspondence with respondents.

Nonbank Financial Information Summary (NFIS). The Federal Reserve will collect summary financial information on U.S. nonbank subsidiaries of FBOs on the NFIS. The free-form financial statements for U.S. nonbank subsidiaries have been replaced by specific schedules of core financial information that will be processed electronically. The new reporting format includes a principal schedule of thirty-three balance sheet and income statement items (such as loans, securities, assets, capital, and income) and four supporting schedules with a total of forty-one items. Nonbanking subsidiaries with total assets of more than \$1 billion must complete the principal and supporting schedules; nonbanking subsidiaries with total assets between \$150 million and \$1 billion must complete only the principal schedule; and nonbanking subsidiaries with total assets of less than \$150 million must respond only to six core items on the principal schedule; these items are denoted by an asterisk

on the reporting form. This information will enable the Federal Reserve to better assess the condition of the U.S. nonbank financial activities of foreign banking organizations. Commenters made several suggestions regarding the NFIS including exempting various types of companies from reporting, clarifying the instructions, and eliminating one item from the schedule. Each of the comments is discussed below.

Exemptions from NFIS reporting. Two commenters requested exemptions for Regulation K, section 211.23(f)(3) (incidental activities) companies and another commenter suggested that the Board exempt section 4(c)(8) subsidiaries of section 2(h) (of the Bank Holding Company Act) companies from filing the NFIS because section 2(h) companies are themselves exempt. These commenters also requested that section 4(c)(9) companies be exempt from filing the NFIS. However, section 4(c)(8) and section 4(c)(9) companies are active financial entities in the United States and are subject to the same rules as U.S. subsidiaries operating under the Bank Holding Company Act. The incidental activities covered under section 211.23(f)(3) typically involve brokerage, investment advisory, and foreign exchange operations. The Federal Reserve believes that the NFIS information should be provided on these companies because they are engaged in financial activities in the United States and their parent FBOs are subject to supervision and regulation by the Federal Reserve. Thus, the Board believes that 4(c)(8), 4(c)(9), and incidental-activities companies should file the NFIS.

A commenter suggested that companies whose shares are held by the FBO as a result of debts previously contracted or in a fiduciary capacity should be exempt from filing the NFIS. The Board agrees that individual holdings should be exempt. However, DPC subsidiaries and companies formed specifically to hold fiduciary entities should file in the same manner as other companies.

Submitting a consolidated NFIS. A commenter stated that the Board proposed to significantly limit the conditions under which NFIS statements can be submitted on a consolidated basis, and asked that FBOs not be required to seek annual prior approval from Federal Reserve Banks. Rather, they favored gaining initial approval once those conditions were met and for as long as they remained in effect. This commenter further requested that Federal Reserve Banks be given the discretion to make exceptions to the consolidation rules. The Federal

Reserve concurred and has amended the NFIS instructions.

Book value of nonbank subsidiaries on the NFIS. Five commenters noted that the amount at which a nonbank subsidiary is carried on the books of the FBO is highly confidential in some countries and should be collected in the FR 2068. After review, the Board decided that this information is not critical, and deleted the item from the form.

Fiscal-year reporting on the NFIS. A commenter asked that the Board clarify in the instructions to the NFIS that financial information may be prepared as of the end of the fiscal year of the nonbank subsidiary and not as of the end of the fiscal year of the FBO. The instructions have been clarified. FR Y-7A

The FR Y-7A will collect structure information that was previously reported in Section II of the FR Y-7. Apart from making this a stand-alone report, two initially proposed revisions to the collection process were to collect the information on a flow basis and to implement exception reporting. Flow-basis reporting would have allowed the Federal Reserve to recommend eliminating the FR 4002. Commenters indicated that flow-basis reporting would be very burdensome. The Federal Reserve agreed that flow basis reporting would be burdensome and dropped this revision. However, this required dropping the proposal to discontinue the FR 4002. Annual exception reporting is designed to reduce burden and will be implemented. Annual exception reporting requires completing the entire FR Y-7A only once. In subsequent years, the Federal Reserve Bank will provide the FBO with a printout of its previously submitted structure information. The FBO will review the printout and annotate the information to indicate changes, instead of completing an entire report each year. This is helpful for those banks whose operations are not highly automated, and also may ease the burden of translating the report into English. Other comments included a request to modify Regulation K to exempt certain holdings from reporting, to refine the General Instructions of the FR Y-7A, and to clarify the instructions on reporting DPC shareholdings, fiduciary holdings, and dormant companies.

Flow-basis reporting. The Federal Reserve reviews the structure and activities of FBOs to determine if they are in compliance with applicable statutes and regulations. The Board initially proposed collecting information in Section II ("Activities Conducted in the United States") of the

old FR Y-7 in a stand-alone report, the FR Y-7A, which would consist of two items: "U.S. Banking Activities" and "U.S. Nonbanking Activities." The Board further proposed that existing reporters complete both items in the first year and that new reporters complete both items at the time of their first filing. Subsequent changes in the information originally provided would be reported to the appropriate Federal Reserve Bank on a flow basis; that is, within thirty calendar days of such changes.

However, commenters objected to the burden associated with flow-basis reporting and asked that current reporting requirements be continued. They stated that the proposed reporting requirements would be very burdensome, particularly since FBOs would need to poll their affiliates regularly to determine organizational changes. They stated that not every structure and activity change is regularly reported to the parent organization. In addition, although the statutory control threshold is 25 percent or more in the United States, the control threshold in many other nations is 50 percent. Under U.S. statutes, when ownership of an affiliate reaches 25 percent, the affiliate would normally be considered a subsidiary, but in other countries it might be considered an "investment". The FBO may not have the legal authority to require information from an affiliate in which its ownership is only 25 percent.

Although the Federal Reserve would prefer to have this information reported as changes occur, the burden on the reporters outweighs the benefits to the Federal Reserve of receiving it within thirty calendar days of each change. Accordingly, the Board dropped the proposal to require flow-basis reporting. However, structure changes that require monitoring for compliance with the Bank Holding Company Act must continue to be reported within thirty days of the end of each quarter on the FR 4002, as required by Regulation K; all other changes must be reported annually on the FR Y-7A.

Request to modify Regulation K. A commenter stated that the costs of flow basis reporting would exceed the benefits of discontinuing the FR 4002, and requested modification of section 211.23(h) of Regulation K. Section 211.23(h) requires reporting, within thirty days of the end of a quarter, of all newly acquired shares of companies engaging in activities in the United States or of any U.S. activities commenced by companies in which the FBO already owns shares. Thus, this section requires the FBO to report

information collected in the FR 4002. The requested modification would exempt respondents from reporting investments or activities permitted under section 211.23(f)(5), activities that are not incidental to international banking.

Reporting of non-voting equity interests in excess of 25 percent of any class of non-voting shares. The Federal Reserve initially recommended that FBOs report on the FR Y-7A investments of 25 percent or more of any class of non-voting equity of banks, bank holding companies, and other companies. Commenters said that reporting should not be required since the statutory control indicia normally do not apply to non-voting shares. The Board disagreed and remains concerned with foreign ownership of U.S. financial institutions of this magnitude, irrespective of the non-voting status of the shares. Several commenters indicated that reporting such non-voting interests in U.S. companies, other than banks and bank holding companies, would represent a significant increase in burden. In the interest of reducing burden, reporting will be limited to U.S. banks and bank holding companies, including all types of non-voting interests such as "equity kickers". This conforms to the reporting requirements of the Bank Holding Company Report of Changes in Investments and Activities (FR Y-6A; OMB No. 7100-0124) for domestic bank holding companies. One commenter requested that if non-voting equity interests must be reported then the requirement not be made retroactive. The Board decided to make the requirement retroactive so that the Federal Reserve will be cognizant of all such control situations. If an FBO cannot produce this information in a timely manner, a reasonable extension of time may be granted.

Reporting of shares held as a result of debts previously contracted. Comments were made on two revisions to how DPCs are reported. One commenter objected to the amount of information required about each DPC and proposed that the Board require only a listing of such holdings. The Board did not agree that a simple listing would provide sufficient information for monitoring these holdings. Another commenter stated that lowering the threshold for reporting DPCs, from ownership or control of 25 percent of any class of voting shares to ownership or control of 5 percent, is burdensome, especially when non-U.S. companies are involved, and asked that the 5 percent threshold be applied to only U.S. banking and nonbanking offices and subsidiaries. The commenters noted that in addition

to the increase in the number of reportable holdings, the information would be difficult to obtain because these companies may be located worldwide. Further, the FBO may not have the authority to require these companies to share information. The Board decided to lower the threshold to 5 percent to ensure consistent treatment of domestic and foreign banking organizations ("national treatment") and to maintain consistency with FR Y-6A reporting requirements.

General Instructions. A commenter recommended clarifying the General Instructions to the FR Y-7A to distinguish companies that do business in the United States from those that have no U.S. presence, suggesting that the reporting requirements apply only to all U.S. companies and those non-U.S. companies that engage in business in the United States. The Board agreed and made the clarification. Another commenter noted that the list of reportable companies on page 1 of the instructions to the FR Y-7A is confusing and asked that it be eliminated. The Board has clarified the instructions. Two other commenters asked that the term "manages" be deleted from the definition of control since the term's definition differs from the statutory definition. In considering this comment, the Board determined that the instruction was redundant and deleted it.

Instructions on shares held in a fiduciary capacity. A commenter suggested that the Board modify the General Instructions to the FR Y-7A so the instructions state more explicitly the requirement that FBOs disclose fiduciary holdings of shares only under either of the following two conditions:

(1) More than 5 percent of the shares of a company are held in a fiduciary capacity for the benefit of the foreign banking organization, its shareholders, or its employees; or

(2) More than 5 percent of the shares in U.S. banks and bank holding companies are held in a fiduciary capacity by a subsidiary of the foreign banking organization that has the sole discretion to vote the shares. This commenter also asked that the Board revise the instructions so that fiduciary holdings held for the benefit of employees or shareholders are reported only if they are held for the employees or shareholders as a class. The Board believes that the instructions adequately address the statutory and regulatory factors regarding fiduciary holdings. These instructions are similar to those provided for bank holding company reporters and therefore are consistent with the policy of national treatment.

Instructions on reporting of shares held in dormant companies. A commenter requested that the Federal Reserve not require reporting of dormant companies in the FR Y-7A and suggested instead to require an FBO to report the cessation and re-commencement of a business activity. However, the disposition of such holdings would not be known if the FBO stopped reporting them. Such holdings need not be reported until the company becomes active, but once active, it must be reported until divested, even if it becomes dormant again.

FR 2068

Five revisions were proposed for the FR 2068. After reviewing comments, one change was dropped and another was modified.

Filing exemption. The Federal Reserve eliminated the filing exemption for small companies in light of financial problems that developed in financial institutions with a relatively small presence in the United States. This added thirty-one respondents to the panel.

Earnings item. The Federal Reserve eliminated earnings information from the FR 2068 because this information is reported in the FR Y-7.

Past due loans. FBOs now must report specified information on past due loans to replace similar information previously submitted on a free-form basis in the FR 2068. The initial proposal provided three alternative methods for reporting this information. This has been reduced to two alternatives, with no loss of flexibility for the respondent, by rewording the instructions. An FBO may submit either an abbreviated table of information which is similar to that collected from domestic banks, or it may submit the same type of information that is provided to its home country supervisor. Notwithstanding these alternatives, a commenter noted that certain banks do not routinely collect this information on a past-due basis, but on the basis of whether interest is accruing. The Federal Reserve believes that the instructions for the past-due loans item provide sufficient flexibility; furthermore, the General Instructions to the FR 2068 state that FBOs may request permission to provide substitute information when undue burden is imposed by a particular item.

Filing directly with the Board. A proposed revision to the filing procedures of the FR 2068 would have required the FBO to submit the information to the appropriate Federal Reserve Bank rather than directly to the Board. The procedure of filing directly

with the Board was developed because the FBOs desired strict confidentiality. Several commenters strongly advocated that this procedure be retained. One commenter, although not in objection to filing with Federal Reserve Banks, asked that the same security standards used by the Board be implemented at the Federal Reserve Banks. Specifically, the commenter requested that only one Federal Reserve Bank receive a copy of the FR 2068, that the Federal Reserve Banks not permit other regulators to have access to the information, and that secure areas be set up for storing the information. In response to these comments, the Board has decided that the procedure of filing with the Board be retained.

Expanded organization chart. The organization chart provides a listing of all corporate components of the foreign banking organization. The Federal Reserve initially proposed reporting both U.S. and non-U.S. interests of the principal shareholders of the FBO. Commenters noted that this requirement would significantly increase burden, and asked that the organization chart show only those foreign interests that are directly or indirectly engaged in business in the United States. Commenters also noted that a foreign banking organization normally cannot compel a shareholder to disclose personal information. In response to comments regarding burden and possible legal constraints with respect to collection of information on non-U.S. entities, the Federal Reserve dropped this reporting requirement with regard to strictly non-U.S. companies.

General Comments

Commenters addressed several matters regarding both the FR Y-7 and the FR 2068, including the reporting universe, implementation date, and glossary.

Instructions - Who Must Report. In response to a commenter, the following clarification has been added to the introduction to the General Instructions: "The Annual Report of foreign banking organizations is required to be filed by companies that are directly or indirectly engaged in the business of banking in the United States." Also, the term "organized under the laws of a foreign country" was deleted from the "Who Must Report" section, because an FBO could be organized, for example, under Delaware laws, and operate overseas and in the United States. The instructions thus revised will conform to the statutory definition of a required reporter.

Implementation date. A commenter requested that the NFIS section of the

FR Y-7 and the FR Y-7A be implemented as of December 31, 1995. This request will be accommodated because the Board intends to use this implementation date for all sections of the reports. FBOs whose fiscal years end prior to December 30, 1995, will use the existing FR Y-7 and FR 2068 forms.

Glossary. A glossary has been prepared as part of the instructions to clarify certain terms and to reduce the number of footnotes in the forms. In response to comments, the Federal Reserve expanded the glossary to provide information on applicable statutes and regulations, defined additional terms, and clarified several definitions.

Respondent Burden. Commenters provided various burden estimates, all of which were substantially higher than the Federal Reserve estimates. One commenter stated that the Federal Reserve's combined burden estimate for the FR Y-7 and FR 2068 of 41 hours was much lower than the actual time spent by some FBOs. However, this commenter's estimate represented the burden on some of the larger and more complex organizations. The Federal Reserve's burden estimates are an average across all sizes of institutions and incorporate the higher burdens of large institutions. The Federal Reserve believes that the original proposal, having been substantially modified in response to comments, does not significantly increase the burden averaged across all 323 respondents.

Apart from total burden estimates, there were three specific proposed changes that commenters stated would significantly increase burden. One of these proposed changes was dropped and one was scaled back.

(1) The proposal that structure changes be reported on the proposed FR Y-7A on a flow basis, that is, within thirty days of their occurrence, was considered quite burdensome by commenters. The Federal Reserve decided not to require flow-basis reporting and dropped the proposal to discontinue the FR 4002, in which structure changes are reported quarterly.

(2) The proposal that FBOs report, in the FR Y-7A, investments of 25 percent or more of any class of non-voting equity of any company was scaled back. Now respondents report only such investments in U.S. banks and bank holding companies.

(3) In the existing FR Y-7, an FBO must report each company in which it owns or controls 25 percent or more of any class of voting shares as a result of debts previously contracted. The Federal Reserve changed the threshold

at which these shares are reportable, from 25 percent to 5 percent.

The burden estimate for the existing FR Y-7 is 19.5 hours per response. Based on that estimate, along with net new burden, the Federal Reserve estimates that the collective burden for the FR Y-7 and FR Y-7A increased by one hour, to 20.5 hours per response. Considered separately, burden for the FR Y-7 is 12.0 hours and the FR Y-7A is 8.5 hours. The burden estimate for the FR 2068 is unchanged from 20.5 hours per response.

Final approval under OMB delegated authority of the extension, without revision, of the following report:

2. *Report title:* Notification Pursuant to Section 211.23(h) of Regulation K on Acquisitions by Foreign Banking Organizations

Agency form number: FR 4002

OMB Docket number: 7100-0110

Frequency: On occasion

Reporters: Foreign Banking Organizations

Annual reporting hours: 80

Estimated average hours per response: 0.5

Number of respondents: 160

Small businesses are not affected.

General description of report: This information collection is mandatory [12 U.S.C. §§1844(c), 3106, and 3108(a)].

This report is required within thirty days of the end of a quarter during which an FBO acquires shares of a company that engages, directly or indirectly, in business in the United States, or during which a foreign subsidiary of the FBO commences direct activity in the United States.

Abstract: The Federal Reserve, in its original proposal to revise the FR Y-7 and FR 2068, proposed to eliminate the FR 4002, because proposed changes to the FR Y-7 would have made the FR 4002 redundant. (See Vol. 60, FR 1779, January 5, 1995.) After review of public comments, the Federal Reserve modified the originally proposed revisions to the FR Y-7 such that it became necessary to retain the FR 4002.

Board of Governors of the Federal Reserve System, December 5, 1995.

William W. Wiles,

Secretary of the Board.

[FR Doc. 95-30036 Filed 12-8-95; 8:45 am]

Billing Code 6210-01-F

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 February 9, 1996.

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