

**FEDERAL RESERVE SYSTEM****Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB****SUMMARY:****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 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the OMB 83-Is and supporting statements and approved collection of information instrument(s) 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.

**FOR FURTHER INFORMATION CONTACT:**

Chief, Financial Reports Section—Mary M. West—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202-452-3829)  
OMB Desk Officer—Alexander T. Hunt—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503 (202-395-7860)

**Final Approval Under OMB Delegated Authority of the Extension for Three Years, Without Revision, of the Following Report**

*Report title:* Survey of Terms of Bank Lending.

*Agency form number:* FR 2028A, FR 2028B, and FR 2028S.

*OMB control number:* 7100-0061.

*Frequency:* Quarterly.

*Reporters:* commercial banks (all three reports) and U.S. branches and agencies of foreign banks. (FR 2028A and FR 2028S)

*Annual reporting hours:* 8,100 burden hours.

*Estimated average hours per response:* FR 2028A: 4.0. FR 2028B: 1.5. FR 2028S: 0.1.

*Number of respondents:* FR 2028A: 398. FR 2028B: 250. FR 2028S: 580. Small businesses are affected.

*General description of report:* This information collection is voluntary (12

U.S.C. 248(a)(2)) and is given confidential treatment (5 U.S.C. 552(b)(4) and (8)).

*Abstract:* The Survey of Terms of Bank Lending provides unique information concerning the price and certain nonprice terms of loans made to businesses and farmers by commercial banks. The reports are completed for the first full business week of the mid-month of each quarter (February, May, August, and November). The FR 2028A and B collect detailed data on individual loans made during the survey week. The FR 2028S collects the prime interest rate for each day of the survey week. From these sample STBL data, estimates of the terms of business and farm loans extended during the reporting week at all insured U.S. commercial banks are constructed. The estimates for business loans are published in the quarterly E.2 release, "Survey of Terms of Bank Lending," and estimates for farm loans are published in the quarterly E.15 release, "Agricultural Finance Databook."

Board of Governors of the Federal Reserve System, January 6, 2000.

**Jennifer J. Johnson,**

*Secretary of the Board.*

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**Final Approval Under OMB Delegated Authority of the Extension for Three Years, With Minor Revisions of the Following Report**

1. *Report title:* Suspicious Activity Report.

*Agency form number:* FR 2230.

*OMB Control number:* 7100-0212.

*Frequency:* On occasion.

*Reporters:* State member banks, Edge and agreement corporations, branches, agencies, and representative offices of foreign banks, and entities subject to the Bank Holding Company Act.

*Annual reporting hours:* 7,000.

*Estimated average hours per response:* 30 minutes.

*Number of respondents:* 10,000.

Small businesses are affected.

*General description of report:* This information collection is mandatory: 12 CFR 208.20, state member banks; 12 CFR 211.8, Edge and agreement corporations; 12 CFR 211.24(f), branches, agencies, and representative offices of foreign banks; and 12 CFR 225.4(f), entities subject to the Bank Holding Company Act. The information collected on the Suspicious Activity Report (SAR) is confidential pursuant to exemption seven of the Freedom of Information Act (5 U.S.C. 552(b)(7)) and exemption two of the Privacy Act (5 U.S.C. 552a(k)(2)).

*Abstract:* In 1985, the federal financial supervisory agencies and the Department of Treasury issued procedures to be used by banks, thrifts, credit unions, their holding companies and certain other financial institutions operating in the United States to report known or suspected criminal activities to the appropriate law enforcement agencies and the agencies. Beginning in 1994, the agencies completely redesigned the reporting process resulting in the existing Suspicious Activity Report, which became effective in April 1996.<sup>1</sup>

<sup>1</sup> The report is authorized by the following rules: 31 CFR 103.21 (FinCEN); 12 CFR 21.11 (OCC); 12 CFR 563.180 (OTS); 12 CFR 208.20 (Board); 12 CFR 353.3 (FDIC); 12 CFR 748.1 (NCUA). The rules were issued under the authority of 31 U.S.C. 5318(g) (FinCEN); 12 U.S.C. 93a, 1818, 1881-84, 3401-22,

*Comments Received:* On September 28, 1999, the agencies published a notice requesting public comment on the proposed revisions to the Suspicious Activity Report (64 FR 52363). The agencies received 17 generally favorable comments regarding the proposal; five trade associations, three national banks, three credit unions, two foreign banks, two OCC employees, one state bank and one brokerage house and bank holding company. The following is a review of the comments received and the agencies' action taken in response to those comments.

It should be noted that, the Federal Reserve has worked with the other federal financial supervisory agencies and FinCEN to review this information collection and the comments received. The other agencies will publish a separate joint **Federal Register** notice, and the Federal Reserve will process its extension under its Paperwork Reduction Act delegated authority.

*Current Actions:* The agencies revised the SAR but did not make substantial additions to the content of the information collected. The revisions address a number of data collection, entry, and analysis problems encountered by filers and the end users of the information. In general, the revisions conform all date items to a four-digit year (Year 2000 change), make a number of other ministerial changes such as renumber items, clarify the form, improve its usefulness to law enforcement and the agencies, and adopt various commenters' suggestions.

The agencies expanded the Zip Code blocks to provide room for a nine-digit Zip Code and dollar amount blocks to provide room for larger dollar values (and lines are added to these items to separate digits).

A number of items on the current form were deleted or replaced. Questions regarding the asset size of the financial institution (item 10 on the current form) and questions in the "Witness Information" (Part IV of the current form) and "Preparer Information" sections (Part V of the current form) were deleted. The information provided in the "Contact Information" section (Part VI of the current form) is all that will be required by the institutions and the contact person named in this section (new items) will be expected to provide witness and preparer information to the agencies and law enforcement investigators. The question (current item

43) asking for the address of the law enforcement agency contacted was deleted and replaced by questions (new items 41-44) asking for the name and telephone number of the person contacted in the law enforcement agency.

The agencies clarified several items on the form. Question 1 was streamlined by eliminating the check-boxes for "Initial Report" and "Supplemental Report." If the report is an initial report or a supplemental report, the filer should leave question 1 blank. However, if the submission is correcting an error previously reported, the respondent should mark the box indicating "Amends Prior Report" and should fill out only the information as directed. Question 31 was clarified by adding a box that asks, initially, whether the relationship is an insider relationship. A check-box was added to the heading of Part II "Suspect Information" for use if suspect information is unavailable. In Part III, "Suspicious Activity Information," the question asking whether a law enforcement agency has been contacted was reformatted to provide a list of law enforcement agencies (new item 40) with check-boxes to indicating the specific law enforcement agency contacted instead of requiring the respondent to writing the name of the agency (current item 42). The instruction regarding the type of instrument involved (current Part VII, instruction k) was clarified by adding examples of the types of instruments (new Part V).

Current question 37 was revised to include a new box for "Computer Intrusion" and numbered question 35 on the new form. Previously, respondents reported computer intrusions by either checking the "Other" box and specifying the type of activity in the space provided or by providing the information on the summary page. Additionally, the instructions were expanded to provide guidance regarding the circumstances constituting computer intrusion.

Comments Received and Agency Action Taken. The commenters raised various issues, some of which will need further agency monitoring and consideration, and others which can be resolved by fine-tuning the SAR. The comments, sorted by subject, and the agencies' responses follow.

#### **I. Further Agency Monitoring and Consideration**

Commenters suggested five areas of change that will require further agency monitoring and consideration.

(1) Incorrect SARs. One commenter suggested that FinCEN should return

any SAR that were incorrectly completed to the filing institution so that the SAR can be corrected and re-submitted.

The agencies agree with the commenter's concerns and believe that accurate and complete SAR filings are important to an effective program. The SAR data base manager is in the processing of developing an error resolution process for the system. However, the primary responsibility for accurately completing and reviewing a SAR lies with the management and staff of the institution. If an institution determines that it has filed an inaccurate or incomplete SAR, it should file an amended report in a timely manner.

(2) Electronic Filing. Two commenters indicated that it would be beneficial to allow for institutions to file the SAR electronically.

The agencies agree that the ability to file electronically would be beneficial and are working towards that goal, keeping in mind the security and confidentiality issues associated with such filings.

#### **II. SAR Changes**

The 17 commenters made several suggestions regarding revisions to the SAR itself. Those suggestions and the agencies' responses to those suggestions follow.

(1) Initial/supplemental/amended Reports. The SAR should explain the box for supplemental reports.

In order to streamline the form, the agencies are removing the check-boxes for "Initial Report" and "Supplemental Report." Instead, a box for amended reports is added for use only if the filer is correcting a prior report.

(2) Primary Regulator. Current item 3, "Primary Federal Regulator" should be modified to include the SEC.

The agencies believe that it is unnecessary to add the SEC to this field because the form is designed for use by the agencies and by the financial institutions that the agencies supervise.

(3) Location of Branch Where Activity Occurred. Question 9 of the current SAR should be clarified to indicate which branch or subsidiary of a foreign bank should file the SAR and which primary regulator should be identified.

The agencies believe that the branch where the suspicious activity occurred should be the branch that is identified in Part I, "Reporting Financial Institution Information." In addition, the SAR should identify as the Primary Federal Regulator the agency that supervises the branch or subsidiary where the suspicious activity occurred.

31 U.S.C. 5318 (OCC); 12 U.S.C. 1463 and 1464 (OTS); 12 U.S.C. 324, 334, 611a, 1844(b) and (c), 3015(c)(2) and 3106(a) (Board); 12 U.S.C. 93a, 1818, 1881-84, 3401-22 (FDIC); 12 U.S.C. 1766(a), 1789(a) (NCUA).

(4) Multiple Branches. Question 9 of the SAR should be corrected with regard to the instructions for listing multiple branches because there are no such instructions given. In addition, the form should provide for an entry which indicates, when appropriate, that no branch was involved.

The agencies agree with the first of these two comments and are striking the phrase "(see instructions)" in item 9 of the proposed form. The agencies will place the directions for listing multiple branches on the form. With regard to the second comment, the agencies note that if no branch is involved, the filer can leave that part of the form blank.

(5) Multiple Suspects. There should be a way for an institution to enter multiple suspects without preparing a duplicate page 1 which asks for institution-related information as well as suspect-related information.

The institution, in filling out multiple pages for additional suspect information, can simply leave the bank-related information on the multiple pages blank since it was already provided on page 1.

(6) Forms of Identification. In item 28 "Forms of Identification for Suspect" of the proposed form, 28(e) "number" and (f) "issuing authority" should be deleted and the information requested should be incorporated within 28(a)-(d).

The agencies agree with this suggestion and are modifying this item so that the identifying number and issuing authority is listed next to each form of identification listed in new 29(a)-(d).

(7) Types of Suspects. The agencies should add "Monetary Instrument Purchaser" and "Account Applicant" to the list of types of suspects and their relationship to the institution in item 31 of the form currently in use.

The agencies believe that an institution can indicate "Customer" in these situations—even though in some instances the individual may be turned away as an actual customer—or the bank can use the "Other" category.

(8) No Relationship to Institution. There should be a box within current item 31 "Relationship to Financial Institution" for the filer to indicate that the suspect has no relationship with the institution.

The agencies believe that this is unnecessary since the filer can either leave this section blank or can use the "Other" line to indicate the nature of the suspect.

(9) Confession. Item 34 of the form currently in use and item 32 of the proposed form should be moved so that it is not juxtaposed to insider related

information and thus confusing as to whether it applies only to insiders.

The agencies wish to collect information concerning a confession with regard to all suspects. Consequently, to clarify this, the agencies will physically move this item (new item 28) on the form so that it is separate from the insider relationship information.

(10) Range of Dates. The form should provide for the ability of the filer to put down a range of dates over which the suspicious activity occurred rather than just one date.

The proposed, in item 33, "Date or date range of suspicious activity" provides for the filer to be able to submit a range of dates.

(11) Computer Intrusion. The agencies should more clearly define "computer intrusion" and should include specific examples in new item 35 of what would and would not be covered.

The agencies believe that the current definition is appropriate.

(12) Identity Theft. There should be an additional box under current item 37, "Summary characterization of suspicious activity," to include "identity theft" as a specific category.

The agencies agree that identity theft is an important category of criminal activity. However, identity theft is frequently linked with other crimes that are specifically enumerated on the SAR, such as check fraud and credit card fraud. In addition, there are already 18 specific boxes under this category and institutions can use the "Other" box to report identity theft. Therefore, the agencies have decided, at this time, not to revise the SAR to include "identity theft" as a new category and expect that institutions will continue to use the "Other" box, or use other appropriate boxes. The agencies will continue to monitor this area and will reconsider this decision if warranted.

(13) Contacting Law Enforcement. New item 40 should contain a "Yes/No" check-box allowing respondents to indicate whether or not the respondent has contacted a law enforcement agency.

The agencies believe that such a change is unnecessary since answering this item or leaving it blank will indicate whether or not the respondent has contacted a law enforcement agency. Further, the agencies wish to eliminate as many entries on the form as possible.

(14) Witness Information. The agencies should either delete Part IV "Witness Information", or they should delete the requirement for a social security number of the witness. This requirement is unnecessary and

potentially invasive of the individual's privacy.

The agencies agree and have deleted current Part IV altogether. The agencies, however, expect that the "Institution Contact," named in Part VI of the current form, will maintain or have access to all pertinent documentation and witness information for the agencies and law enforcement.

(15) Preparer Information. The agencies should retain current Part V, "Preparer Information" section so that the "Institution Contact" can readily determine who prepared the form and where to locate the necessary underlying information.

The agencies believe that the "Institution Contact" should be able to maintain this information without the assistance of the form. In addition, as noted above, the agencies wish to eliminate as many entries on the form as possible.

(16) Instructions on the Narrative Explanation. The agencies should highlight the instructions in current Part VII, "Suspicious Activity Information Explanation/Description" pertaining to the narrative explanation, by moving the instruction "If necessary, continue the narrative on a duplicate of this page," to the bottom of the page and putting it in bold type.

In order to highlight this instruction, the agencies will put it in bold type, but will leave it at the top of the page.

(17) Instructions on the Narrative Explanation. The agencies should delete many of the instructions in current Part VII because they do not pertain strictly to the requirement for a narrative explanation.

The agencies believe that it is appropriate to retain all the existing instructions from part VII of the current form.

Board of Governors of the Federal Reserve System, January 6, 2000.

**Jennifer J. Johnson,**  
*Secretary of the Board.*

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## FEDERAL RESERVE SYSTEM

### Change in Bank Control Notices; Acquisitions of Shares of Banks or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are