



**DEPARTMENT OF THE TREASURY
Office of the Comptroller of the Currency**

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

**Agency Information Collection Activities: Proposed Collection; Comment Request;
Country Exposure Report (FFIEC 009) and Country Exposure Information Report
(FFIEC 009a)**

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Joint Notice and Request for Comment.

SUMMARY: The OCC, the Board, and the FDIC (the “agencies”) are seeking public comment on a proposal to extend and revise the currently approved information collections contained in the Country Exposure Report (FFIEC 009) and the Country Exposure Information Report (FFIEC 009a). The agencies are all members of the Federal Financial Institutions Examination Council (FFIEC), which has approved the agencies' publication of proposed revisions to the FFIEC 009 and FFIEC 009a reports to collect additional information on exposures to foreign entities. The agencies will review the comments and recommendations received to determine the extent to which the FFIEC should modify the reports. The agencies will then submit the reports to the U.S. Office of Management and Budget (OMB) for review and approval.

DATES: Comments must be submitted on or before [INSERT DATE 60 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER.]

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments should refer to the OMB control number and will be shared among the agencies.

ADDRESSES: Communications Division, Office of the Comptroller of the Currency, Mail Stop 6W-11, Attention: 1557-0100, Washington, DC 20219. In addition, comments may be sent by fax to (202) 649-5709 or by electronic mail to regs.comments@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Additionally, please send a copy of your comments by mail to: OCC Desk Officer, 1557-100, U.S. Office of Management and Budget, 725 17th Street, NW., #10235, Washington, DC 20503, or emailed to oira_submission@omb.eop.gov.

Board: You may submit comments, identified by FFIEC 009 or FFIEC 009a, by any of the following methods:

Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments on the <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.

Federal eRulemaking Portal: <http://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: Robert deV. Frierson, 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 <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, except as necessary 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 a.m. and 5 p.m. on weekdays.

FDIC: You may submit written comments, which should refer to “Country Exposure Reports, 3064-0017,” by any of the following methods:

Agency Web Site: <http://www.fdic.gov/regulations/laws/federal/propose.html>. Follow the instructions for submitting comments on the FDIC Web site.

Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

E-mail: Comments@FDIC.gov. Include “Country Exposure Reports, 3064-0017” in the subject line of the message.

Mail: Robert E. Feldman, Executive Secretary, Attention: Comments, FDIC, 550 17th Street, NW., Washington, DC 20429.

Hand Delivery/Courier: Guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

Public Inspection: All comments received will be posted without change to <http://www.fdic.gov/regulations/laws/federal/propose/html> including any personal information provided. Comments may be inspected at the FDIC Public Information Center, Room E-1002, 3501 Fairfax Drive, Arlington, VA 22226, between 9 a.m. and 5 p.m. on business days.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies by mail to 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: Additional information or a copy of the collections may be requested from:

OCC: Mary H. Gottlieb or Johnny Vilela, OCC Clearance Officers, 202-649-5490, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Washington, DC 20219.

Board: Cynthia Ayouch, Federal Reserve Board Clearance Officer, 202-452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call 202-263-4869.

FDIC: Gary Kuiper, Counsel, (202) 898-3877, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: In accordance with the requirements of the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. chapter 35), an Agency may not conduct or sponsor, and a respondent is not required to respond to, a collection of information unless it displays a currently valid OMB control number. "Collection of Information" is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes Agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3506(c)(2)(A)) requires Federal Agencies to provide a 60-day notice in the Federal Register concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, the OCC, the Board, and the FDIC are publishing notice of the proposed collection of information set forth in this document.

Country Exposure Report (FFIEC 009) and Country Exposure Information Report (FFIEC 009a) -- OMB Control Numbers: OCC, 1557-0100; Board, 7100-0035; FDIC, 3064-0017 -- Extension

Proposal to extend for three years, with revision, the following currently approved collections of information:

Report Titles: Country Exposure Report and Country Exposure Information Report.

Form Numbers: FFIEC 009 and FFIEC 009a.

Frequency of Response: Quarterly.

Affected Public: Business or other for profit.

OCC

OMB Number: 1557-0100

Estimated Number of Respondents: 16 (FFIEC 009), 9 (FFIEC 009a).

Estimated Average Time per Response: 115 burden hours (FFIEC 009), 6 burden hours (FFIEC 009a).

Estimated Total Annual Burden: 54 burden hours (FFIEC 009a).

Board:

OMB Number: 7100-0035.

Estimated Number of Respondents: 42 (FFIEC 009), 32 (FFIEC 009a).

Estimated Average Time per Response: 115 burden hours (FFIEC 009), 6.0 burden hours (FFIEC 009a).

Estimated Total Annual Burden: 19,320 burden hours (FFIEC 009), 768 burden hours (FFIEC 009a).

FDIC:

OMB Number: 3064-0017.

Estimated Number of Respondents: 17 (FFIEC 009), 9 (FFIEC 009a).

Estimated Average Time per Response: 115 burden hours (FFIEC 009), 6 burden hours (FFIEC 009a).

Estimated Total Annual Burden: 7,820 burden hours (FFIEC 009), 216 burden hours (FFIEC 009a).

General Description of Reports

The Country Exposure Report (FFIEC 009) is filed quarterly with the agencies and provides information on international claims of U.S. banks, savings associations, and bank holding companies that is used for supervisory and analytical purposes. The information is used to monitor the foreign country exposures of reporting institutions to determine the degree of risk in their portfolios and assess the potential risk of loss. The Country Exposure Information Report (FFIEC 009a) is a supplement to the FFIEC 009 and provides publicly available information on material foreign country exposures (all exposures to a country in excess of 1 percent of total assets or 20 percent of capital, whichever is less) of U.S. banks, savings associations, and bank holding companies that file the FFIEC 009 report. As part of the Country Exposure Information Report, reporting institutions also must furnish a list of countries in which they have lending

exposures above 0.75 percent of total assets or 15 percent of total capital whichever is less.

Background for the Proposed Changes

The nature of U.S. bank exposure abroad has shifted considerably since the FFIEC 009 report was first introduced in 1977, and previous revisions have not kept pace with those changes. Initially, the agencies' primary concern focused on the possibility of sizeable losses to U.S. banks from foreign exposure to sovereigns and banks in Latin America, especially as a result of the imposition of exchange controls that would prevent repayment of credits originated in the U.S. Accordingly, reporting was limited to three categories of claims: "public," "banks," and "other," with the last category including all corporate and retail credits. Since then, banks have significantly increased their exposure to the private, non-bank sectors of economies around the world, increasing the possibility that losses could occur even in the absence of a sovereign default or the imposition of exchange controls.

It became evident during the recent financial crisis that the level of detail provided in the current report was insufficient to capture the evolving risks from U.S. institutions' foreign exposures. In response, banks increasingly provided additional information in other public disclosures, including filings with the Securities and Exchange Commission (e.g., in Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K), about exposure to a selected group of countries. That information is drawn from banks' internal calculations of foreign exposure, and therefore differed from the amounts reported in the FFIEC 009 report, which is based on a single standardized methodology for calculating and reporting such

foreign exposures across all institutions, and the amounts publicly disclosed in the FFIEC's Country Exposure Lending Survey statistical release and the FFIEC 009a report, which are extracted from the FFIEC 009 report.¹

The FFIEC 009 report, as it is proposed to be revised, would serve an important purpose by ensuring consistency of reporting across institutions for a number of important components of foreign country exposure. These data would allow supervisors to compare the amount of one institution's exposures to those of its peers for a country or set of countries, to analyze the aggregate exposure of U.S. banks to foreign creditors, and to monitor trends in exposures. The revised FFIEC 009a data would allow market participants to analyze more detailed, aggregate exposure data. The FFIEC 009 report is not a substitute for other more detailed supervisory data or internal management information.

The revised FFIEC 009 and FFIEC 009a reports are proposed to be effective June 30, 2013.

Proposed Changes to the Information Collection

In response to these issues, the agencies have developed recommended improvements to the reporting of foreign country exposure data by U.S. reporting institutions on the FFIEC 009 and FFIEC 009a reports. The changes are designed to improve the utility of the data for policy makers, bank supervisors, and market participants.

In broad terms, the proposed revisions to the FFIEC 009 report would increase the number of counterparty categories, add additional information on the

¹ The quarterly statistical release and individual institutions' FFIEC 009a reports can be accessed at <http://www.ffiec.gov/E16.htm>.

type of claim being reported, provide details on a limited number of risk mitigants to help provide perspective to currently reported gross exposure numbers, add more detailed reporting of credit derivatives, and add the United States as a country row to allow reconciliation between a reporting institution's FFIEC 009 report and its Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128) or Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (Call Report; FFIEC 031; OMB Nos. 7100-0036, 3064-0052, 1557-0081), as appropriate, and expand the entities that must report to include savings and loan holding companies (SLHCs). The specific proposed changes are discussed in more detail below.

First, the number of exposure categories would be increased. The FFIEC 009 report currently has three categories for claims: "bank," "public," and "other." The revised form would split the "other" category into "corporate," "household," and "non-bank financial institutions." This proposed disaggregation will allow supervisors and the public to better analyze risks by counterparty type.

Second, the revisions would include a memorandum item for the amount of claims held in the form of securities held-to-maturity (HTM) and available-for-sale (AFS), providing additional information on this type of foreign country exposure, which may perform differently under stressed conditions than loans or leases.

Third, the revisions would include memorandum information on collateral pledged against claims. Collateral pledged against a claim, for example in repurchase transactions, can reduce risk; with the proposed revisions, the FFIEC 009 would include information on such mitigants for the first time. Collateral held

against claims would be reported on a gross basis, and would include additional information on the amount of such collateral that is in cash, that is held in the same country as the claim against which it is pledged, and that is in the form of repurchase or securities lending agreements. The proposed new data on collateral held against claims will provide information for users to better assess net risks based on their own assumptions about the benefits of the collateral, and also should produce greater insight into reporting institutions' own internal calculations of foreign country exposure, which typically take collateral into account.

Fourth, the revisions would modify the FFIEC 009a public reporting requirement for exposures to individual countries. The threshold triggering public disclosure would remain, as currently set, at 1 percent of total assets or 20 percent of total capital, whichever is less. However, in calculating claims for this purpose, institutions would no longer subtract local liabilities of foreign branches or subsidiaries, changing the basis of reporting claims from transfer risk to country risk. This proposed change could result in the disclosure of claims for additional individual countries for a given institution.

Fifth, data on gross credit derivatives purchased would be collected for the first time. Gross credit derivatives sold is already reported on the FFIEC 009 report. In addition, a conservatively netted (i.e., at the counterparty and reference entity level) version of credit derivatives purchased and sold would also be reported. The values reported would be notional amounts. These proposed additional data would provide a more complete view of credit derivative exposures.

Sixth, information on offsetting positions in the securities trading book would be reported. Trading books may contain closely related long and short positions that partially or fully offset one another, mitigating the risk inherent in a given level of gross exposure. This proposed memorandum item would provide the portion of trading assets that can be offset by short positions at the level of the issuer (legal entity basis) and the instrument (debt versus debt; equity versus equity).

Seventh, the United States would be added as a country for which exposures would be reported. Reporting institutions have indicated a strong preference for including the U.S. in the country rows so that amounts reported on an institution's FFIEC 009 report can be reconciled to those reported on its FR Y-9C report or Call Report (FFIEC 031), as appropriate, which includes exposures to the U.S.

Eighth, the banking agencies propose adding SLHCs² to the panel of entities that must file the FFIEC 009 and FFIEC 009a. The proposed revisions would provide data to analyze the foreign country exposures and overall financial condition of SLHCs.

Finally, the publicly available FFIEC 009a report would be expanded to include additional information for those individual countries for which the reporting threshold is triggered. This expansion would incorporate much of the new information proposed to be added to the FFIEC 009 report – the risk mitigants of collateral, offsetting positions for the trading book, and credit derivatives purchased; securities HTM and AFS; and claims on nonbank financial institutions – into the FFIEC 009a report. The proposed revisions to the FFIEC 009a report also include adding selected data currently reported

² The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111–203) was enacted into law on July 21, 2010. Title III of the Dodd-Frank Act abolished the Office of Thrift Supervision (OTS) and transferred all former OTS authorities (including rulemaking) related to SLHCs to the Federal Reserve effective as of July 21, 2011.

on the FFIEC 009 report but not on the FFIEC 009a report – trading assets and unused commitments and guarantees – to properly inform the new information on offsetting positions for the trading book and off-balance-sheet items. The proposed enhancements to the FFIEC 009a report would provide market participants with more detailed aggregate exposure data for analytical purposes.

Legal Basis for the Information Collection

These information collections are mandatory under the following statutes: 12 U.S.C. 161 and 1817 (national banks), 12 U.S.C. 1464 (federal savings associations), 12 U.S.C. 248(a), 1844(c), and 3906 (state member banks and bank holding companies); 12 U.S.C. 1467a(b)(2) and 5412 (savings and loan holding companies); and 12 U.S.C. 1817 and 1820 (insured state nonmember commercial and savings banks and insured state savings associations). The FFIEC 009 information collection is given confidential treatment (5 U.S.C. 552(b)(4) and (b)(8)). The FFIEC 009a information collection is not given confidential treatment.

Request for Comment

The agencies invite comment on the following topics related to this collection of information:

(a) Whether the information collections are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;

(b) The accuracy of the agencies' estimates of the burden of the information collections, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

All comments will become a matter of public record.

Dated: January 10, 2013

Michele Meyer,
Assistant Director, Legislative and Regulatory Activities Division,
Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, January 17, 2013.

Robert deV. Frierson,
Secretary of the Board.

Dated at Washington, DC, this 15__ day of _January_____, 2013.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

BILLING CODES: 6714-01-P; 4810-33-P 6210-01-P

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