

The Capital and Asset Report for Foreign Banking Organizations FR Y-7Q

General Instructions

The Capital and Asset Report for Foreign Banking Organizations (FR Y-7Q) requires financial information from foreign banking organizations (FBOs).

Who must report

The FR Y-7Q must be filed by each top-tier FBO. The report consists of two parts.

- 1) Part 1 - Capital and Asset Information for the Top-tier FBO.
 - Reported annually by each top-tier FBO if it or any FBO in its tiered structure has not effectively elected to be a financial holding company (FHC).
 - Reported quarterly by each top-tier FBO if it or any FBO in its tiered structure has effectively elected to be an FHC.
- 2) Part 2 - Capital and Asset Information for Lower-tier FBOs Operating a Branch or an Agency, or owning an Edge or Agreement Corporation, or a commercial lending company subsidiary in the United States.
 - Reported quarterly by each lower-tier FBO (where applicable) operating a branch or an agency, or owning an Edge or Agreement corporation, or a commercial lending company subsidiary in the United States, if it or any FBO in its tiered structure has FHC status.

Generally, the top-tier reporter of the FR Y-7Q is the same as the top-tier reporter for the annual FR Y-7 report. With certain tiered FBOs, however, the initial determination of the top-tier reporter for FR Y-7Q reporting purposes may require consultation with Federal Reserve staff. This determination will be based primarily on whether the top-tier reporter provides capital ratio information to its home country authorities. For example, a top-tier entity that is an insurance company and does not

provide capital ratio information to home country authorities will likely not have to provide capital ratio information on the FR Y-7Q; in this case, the next-highest tier that provides capital and asset information to home country authorities would likely be deemed the top-tier entity for capital and asset reporting on the FR Y-7Q. For any items being translated from foreign currency denominations, the foreign currency translation rate should be the rate effective on the as-of date of the report.

Parts 1 and 2 of the FR Y-7Q are *not* intended to collect capital and asset information of U.S. operations of FBOs. On a stand alone basis, capital and asset information on U.S. operations is collected via other regulatory reports. All financial data should be reported in U.S. dollars, as indicated on the reporting form.

Examples of who must report

XYZ Ltd. is a top-tier FBO that operates an agency in the United States. XYZ Ltd. has FHC status. It does not own any other foreign banks that have U.S. operations. XYZ Ltd. must respond to Part 1 of the FR Y-7Q on a quarterly basis. It does not have to report on Part 2.

ABC AG is a top-tier FBO that operates a branch in the United States. ABC AG does not have FHC status. It must respond to Part 1 on an annual basis. It does not have to report on Part 2.

LMN SA is a top-tier FBO that operates a branch in the United States. It also owns directly a U.S. bank subsidiary. LMN SA has FHC status. It does not own any other foreign banks with U.S. operations. LMN SA must respond to Part 1 of the FR Y-7Q, on a quarterly basis. It does not have to report on Part 2.

ABC Ltd is a top-tier FBO that owns directly a U.S. bank subsidiary in the United States. It does not operate a branch or an agency or own an Edge or Agreement corporation or a commercial lending company subsidiary

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in the United States. ABC Ltd has FHC status. It does not own any other foreign banks with U.S. operations. ABC Ltd must respond to Part 1 of the FR Y-7Q on a quarterly basis. It does not have to report on Part 2.

LMN AG is a top-tier FBO that operates a branch in the United States. LMN AG also owns two foreign bank subsidiaries, AAA Bank and BBB Bank, each of which operates a branch in the United States. LMN AG and its two lower-tier FBOs, AAA Bank and BBB Bank have FHC status. LMN AG must respond to Part 1 of the FR Y-7Q on a quarterly basis. Both AAA Bank and BBB Bank must each respond to Part 2 of the FR Y-7Q on a quarterly basis.

XYZ AG is a top-tier FBO that operates an agency in the United States. XYZ AG also owns a foreign bank subsidiary, DDD Bank, that in turn owns directly a U.S. bank subsidiary. DDD Bank does *not* operate a branch or an agency nor does it own an Edge or Agreement corporation or a commercial lending company subsidiary in the United States. XYZ AG and its lower-tier FBO, DDD Bank have FHC status. XYZ AG must respond to Part 1 of the FR Y-7Q on a quarterly basis. DDD Bank does not have to respond to Part 2 of the FR Y-7Q.

ABC SA is a top-tier FBO that operates an agency in the United States. ABC SA also owns a foreign bank subsidiary, EEE Bank, which operates a branch in the United States. Neither ABC SA nor EEE Bank has FHC status. ABC SA must respond to Part 1 on an annual basis. EEE Bank does not have to report on Part 2.

QRS Ltd is a top-tier FBO that owns indirectly a U.S. bank subsidiary. QRS Ltd also owns a foreign bank subsidiary, CCC Bank, which operates a branch in the United States. QRS Ltd and its lower-tier FBO, CCC Bank have FHC status. QRS Ltd must respond to Part 1 of the FR Y-7Q on a quarterly basis. CCC Bank must respond to Part 2 of the FR Y-7Q on a quarterly basis.

LMN Ltd is a top-tier FBO that operates a branch in the United States. LMN Ltd also owns two foreign bank subsidiaries, YYY Bank and ZZZ Bank. YYY Bank operates an agency in the United States. ZZZ Bank owns a U.S. bank holding company but does not operate a U.S. branch or agency or own an Edge or Agreement corporation or a commercial lending company subsidiary in the United States. LMN Ltd and its two lower-tier FBOs, YYY Bank and ZZZ Bank, have been deemed FHCs. LMN Ltd must respond to Part 1 of the FR Y-7Q on a quarterly basis. YYY Bank must respond to Part 2 on a

quarterly basis. ZZZ Bank does not have to respond to Part 2.

Cover page

The cover page of the report must include the legal name of the FBO filing the FR Y-7Q and the mailing address. The name, telephone number and e-mail address of a contact at the FBO to whom questions about the report(s) may be directed must be indicated.

Legal Name of Foreign Banking Organization

The legal name must be the same name that is specified on the Report of Changes in Organizational Structure (FR Y-10).

Submission of Reports

Submission Date

The report date for FBOs that must report annually is December 31. The preferred reporting period is for the 12-month calendar year ending December 31. However, FBOs are permitted to report based on their most recent 12-month fiscal year, if their fiscal year differs from the 12-month calendar year ending December 31. Report the “as-of” date in Part 1 item 6. For example, if a reporter’s fiscal year ends on October 31, 2002, then Line Item 6 of the FR Y-7Q filed for December 31, 2002 would read 10 31 2002.

The reporting dates for FBOs that must report quarterly are March 31, June 30, September 30, and December 31. The preferred reporting periods correspond with the 12-month calendar year ending December 31 (i.e., for the three months ending March 31, six months ending June 30, nine months ending September 30, and twelve months ending December 31). However, an FBO is permitted to report at different periods if its fiscal year differs from the 12-month calendar year ending December 31. Report the “as-of” dates in Part 1, item 6, and Part 2, item 6 (if applicable). However, these reports must be submitted on the quarter end dates, similar to the manner described above for year-end dates.

Where to Submit Reports

This report must be received by the appropriate Federal Reserve Bank no more than 90 calendar days after the

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report date. The earlier submission would aid the Federal Reserve in reviewing and processing the report and is encouraged. Cases in which home country practices do not allow for reporting within 90 days might justify an extension, but only after consultation with Federal Reserve staff. If this deadline cannot be met, the FBO must advise the appropriate Federal Reserve Bank as soon as possible, and normally not later than 30 calendar days before the deadline, and request an extension, stating the reason for the request and the date on which the information will be filed. The reports are due by the end of the reporting day on the submission date (i.e., 5:00 P.M. at each of the Federal Reserve Banks). The filing of this report will be considered timely, regardless of when the reports are received by the appropriate Federal Reserve Bank, if these reports are mailed and postmarked no later than the third calendar day preceding the submission deadline. In addition, the hand delivery of the completed original reports on or before the submission deadline to the location to which the reports would otherwise be mailed is an acceptable alternative to mailing such reports. If the submission deadline falls on a weekend or holiday, the report must be received by 5:00 P.M. on the first business day after the weekend or holiday. Any report received after 5:00 P.M. on the first business day after the weekend or holiday deadline will be considered late unless it has been postmarked three calendar days prior to the original weekend or holiday submission deadline (original deadline), or the institution has a record of sending the report by overnight service one day prior to the original deadline.

Confidentiality

The completed version of this report generally is available to the public upon request on an individual basis 120 days after the quarterly or annual as-of-dates. However, a reporting FBO may request confidential treatment if it is of the opinion that disclosure of specific commercial or financial information in the report would likely result in substantial harm to its competitive position, or that disclosure of the submitted information would result in unwarranted invasion of personal privacy. A request for confidential treatment beyond the initial 120 days must be submitted in writing concurrently with the submission of the report. The request must discuss in writing the justification for which confidentiality is requested and must demonstrate the specific nature of the harm that would result from public release of the information.

Merely stating that competitive harm would result or that information is personal is not sufficient.

WHEN CONFIDENTIAL TREATMENT IS REQUESTED, THE FR Y-7Q COVER SHEET SHOULD BE LABELED “CONFIDENTIAL.” THIS INFORMATION SHOULD BE SPECIFICALLY IDENTIFIED AS BEING CONFIDENTIAL.

The Federal Reserve may subsequently release information for which confidential treatment is requested if the Board of Governors determines that the disclosure of such information is in the public interest. If the Federal Reserve deems it necessary to release confidential data, the respondent will be notified before it is released.

Signatures

The Capital and Asset Report for Foreign Banking Organizations must be signed as indicated on the cover page by a duly authorized officer of the FBO. By signing the cover page of this report, the authorized officer acknowledges that any knowing and willful misrepresentation or omission of a material fact on this report constitutes fraud in the inducement and may subject the officer to legal sanctions provided by 18 USC 1001 and 1007.

Amended Reports

The Federal Reserve may require the filing of an amended Capital and Asset Report for Foreign Banking Organizations if reports as previously submitted contain significant errors. In addition, an FBO should file an amended report when internal or external auditors make audit adjustments that result in a restatement of financial statements affecting reports previously submitted to the Federal Reserve. In the event that the required data is not available, respondents should contact the appropriate Federal Reserve Bank for information on submitting revisions.

Monitoring of Regulatory Reports

Federal Reserve Banks will monitor the filing of all regulatory reports to ensure that they are filed in a timely manner and are accurate and not misleading. Reporting deadlines are detailed in Submission Date section of these general instructions. Additional information on the monitoring procedures are available from the Federal Reserve Banks.

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PART 1—Capital and Asset Information for the Top-tier Consolidated Foreign Banking Organization

The capital and asset information provided in Part 1 should be reported by the top-tier FBO. The information provided on Part 1 should be submitted for the consolidated organization. See the “Who must report” section to determine the frequency of reporting for Part 1. The Federal Reserve may require a FR Y-7Q reporter to submit supporting calculations and definitions of its components of capital if deemed necessary.

Line Item 1 Is the foreign banking organization required by its home country supervisor to calculate its capital ratios using a risk-adjusted framework consistent with the Basel Capital Accord?

Enter a “1” for “yes” if home country supervisor of the FBO has adopted and utilizes risk-based standards consistent with the Basel Capital Accord. Enter a “0” for “no” if the FBO is not required to apply standards consistent with the Basel Capital Accord. If “yes”, provide capital and asset information using the procedures consistent with the risk-based framework required by the home country supervisor. If “no”, provide the organization’s best approximation of the capital and asset information.

Line Item 2 Tier 1 capital.

Report the amount of Tier 1 capital, on a consolidated basis, as reported by the institution to its home country supervisor under the Basel Capital Accord if the answer to Part 1, Line item 1 is “yes”. If the answer to Part 1, Line item 1 is “no”, then report by using the closest possible approximation.

Line Item 3 Total risk-based capital.

Report the amount of total risk-based capital, on a consolidated basis, as reported by the institution to its home country supervisor under the Basel Capital Accord if the answer to Part 1, Line item 1 is “yes”. If the answer to Part 1, Line item 1 is “no”, then report by using the closest possible approximation.

Line Item 4 Risk-weighted assets.

Report the amount of risk-weighted assets, on a consolidated basis, as reported by the institution to its home country supervisor under the Basel Capital Accord if the

answer to Part 1, Line item 1 is “yes”. If the answer to Part 1, Line item 1 is “no”, then report by using the closest possible approximation.

Line Item 5 Total assets at the end of the reporting period.

Report the total assets, on a consolidated basis, at the end of the reporting period.

Line Item 6 Enter the as-of date for the financial information provided above.

Report in Line item 6 the as-of date for the financial information reported in Line items 2–5. Report the month, day, and year in the boxes provided, using leading zeroes, if necessary. For example, if the as-of date is December 31, 2002, the entry would be 12 31 2002. If a reporter’s fiscal year does not follow the reporting pattern as defined above under “Submission date”, then the as-of date for the most recent data available should be reported in Line item 6. For example, if a reporter’s fiscal year ends on October 31, then Line item 6 of the FR Y-7Q filed for December 31, 2002 would read 10 31 2002. For quarterly reporters a similar process would be followed, e.g., for a report filed on March 31, 2003 the reporter would provide data as-of January 31, 2003, Line Item 6 would be 01 31 2003.

PART 2—Capital and Asset Information for Lower-tier FBOs Operating a Branch, or an Agency, or Owning an Edge or Agreement Corporation, or a Commercial Lending Company Subsidiary in the United States

Part 2 is to be completed *only* if the top-tier or lower-tier FBO has FHC status. Part 2 pertains only to the capital and asset information of lower-tier FBOs (information on top-tier reporters is reported on Part 1, not on Part 2). This information is to be collected only if the lower-tier FBO operates a branch or an agency, or owns an Edge or Agreement corporation, or a commercial lending company subsidiary in the United States. A separate version of Part 2 should be submitted for each of the top-tier reporter’s lower-tier FBOs that meet these reporting requirements (e.g., if the top-tier reporter has two lower-tier FBOs meeting the reporting requirements for Part 2, a separate schedule of the Part 2 information for each of the two lower-tier reporters must be provided).

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The capital and asset information provided in Part 2 must be reported on a quarterly basis by any lower-tier FBO meeting the reporting requirements defined above. Items should be reported on a consolidated basis for each lower-tier reporter. Part 2 does not pertain to capital and asset information of U.S. operations. The Federal Reserve may require a lower-tier FBO to submit supporting calculations and definitions of its components of capital if deemed necessary.

Legal title of lower-tier FBO that operates a branch or an agency, or owns an Edge or Agreement corporation or a commercial lending company subsidiary in the United States

Enter the full name of the lower-tier FBO for which capital and asset information is being provided.

Country of lower-tier FBO that operates a branch or an agency, or owns an Edge or Agreement corporation or a commercial lending company subsidiary in the United States

Enter the country in which this lower-tier FBO is incorporated or has its principal location.

Line Item 1 Is the reporting lower-tier FBO required by its home country supervisor to calculate its capital ratios using a risk-adjusted framework consistent with the Basel Capital Accord?

Enter a “1” for “yes” if the home country supervisor of the lower-tier FBO has adopted and utilizes risk-based standards consistent with the Basel Capital Accord. Enter a “0” for “no” if the lower-tier FBO is not required to apply standards consistent with the Basel Capital Accord. If “yes”, provide capital and asset information using the procedures consistent with the risk-based framework required by the home country supervisor. If “no”, provide the lower-tier FBO’s best approximation of the capital and asset information.

Line Item 2 Tier 1 capital.

Report the amount of Tier 1 capital, on a consolidated basis, as reported by the lower-tier FBO to its home country supervisor under the Basel Capital Accord if

the answer to Part 2, Line item 1 is “yes”. If the answer to Part 2, Line item 1 is “no”, then report by using the closest possible approximation.

Line Item 3 Total risk-based capital.

Report the amount of total risk-based capital, on a consolidated basis, as reported by the lower-tier FBO to its home country supervisor under the Basel Capital Accord if the answer to Part 2, Line item 1 is “yes”. If the answer to Part 2, Line item 1 is “no”, then report by using the closest possible approximation.

Line Item 4 Risk-weighted assets.

Report the amount of risk-weighted assets, on a consolidated basis, as reported by the lower-tier FBO to its home country supervisor under the Basel Capital Accord if the answer to Part 2, Line item 1 is “yes”. If the answer to Part 2, Line item 1 is “no”, then report by using the closest possible approximation.

Line Item 5 Total assets at the end of the reporting period.

Report the total assets of the lower-tier FBO, on a consolidated basis, at the end of the reporting period.

Line Item 6 Enter the as-of date for the financial information provided above.

Report in Line item 6 the as-of date for the financial information reported in Line items 2–5. Report the month, day, and year in the boxes provided, using leading zeroes, if necessary. For example, if the as-of date is December 31, 2002, the entry would be 12 31 2002. If a lower-tier FBO’s fiscal year does not follow the reporting pattern as defined above under “Submission date”, then the as-of date for the most recent data available should be reported in Line item 6. For example, if a lower-tier FBO’s fiscal year ends on October 31, then Line item 6 of the FR Y-7Q filed for December 31, 2002 would be 10 31 2002. For quarterly reporters a similar process would be followed, e.g., for a report filed on March 31, 2003 the reporter would provide data as-of January 31, 2003, Line Item 6 would be 01 31 2003.