

ANNUAL DAYLIGHT OVERDRAFT CAPITAL REPORT FOR U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS

This report is authorized by law [12 U.S.C. §248(i), 248-1, and §464] and is voluntary. The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The information on the worldwide capital of the respondents' parent banks will be used, subject to Federal Reserve approval, to calculate the daylight overdraft limits for those that choose to submit this report. Daylight overdraft limits for banks that do not submit the information as requested will be based on the size of their U.S. branch and agency offices, as described in the Instructions.

Foreign bank: _____
Name City Country

Address of U.S. branch or agency responding for the foreign bank: _____
Street

City State Zip code

Report for foreign bank fiscal year ending: _____

Does the foreign banking organization request confidential treatment for any portion of the report? Yes ___ No ___

If the response is yes, refer to the confidentiality instructions on page 2 of this report.

Items 1-5 should be completed as specified in the Instructions.

1. a. Amount of worldwide capital of the reporting bank (in U.S. dollars—based on the exchange rate as of the date of the financial statement) _____
b. Reporting option (check one): Equity only Total Qualifying Capital
2. Less: Adjustments to avoid double counting (See Instructions) _____
3. Equals: Daylight overdraft capital base for the U.S. branch and agency family _____
4. Amount of worldwide total assets of the reporting bank (in U.S. dollars—based on the exchange rate as of the date of the financial statement) _____
5. Foreign exchange conversion rate used in calculating line 1.a. and line 4 _____

Authorized signature: _____ Title: _____

Person to be contacted concerning this report (please print):

Name: _____

Address: _____

Telephone: (____) _____ - _____ _____
area code extension

Please return this report by the date indicated in the instructions to:

Instructions

Public reporting burden for this collection of information is estimated to average 1.0 hour per response, including the time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0216), Washington, D.C. 20503.

GENERAL INSTRUCTIONS

Who should report. This report is voluntary. However, branches and agencies of foreign banks that incur daylight overdrafts in their Federal Reserve accounts must submit this report annually if they wish their Fedwire net debit cap to be calculated as described in option “a” under “Use of Reports and Definitions” below, or to post collateral as described in the section entitled “Collateralization.”

If a reporting foreign bank has more than one U.S. branch or agency, the office designated to handle daylight overdrafts for the bank in accordance with the Federal Reserve’s guidelines would report to its designated Administrative Reserve Bank for daylight overdraft monitoring and counseling on behalf of the foreign bank family. For this purpose, the term “foreign bank family” is defined as all U.S. branches and agencies of the same foreign bank.

Use of the Report and Definitions. For purposes of calculating a Fedwire net debit cap for the Federal Reserve’s daylight overdraft policy, a foreign bank must first determine its “U.S. capital equivalency.” “U.S. capital equivalency” is the amount that the Board of Governors of the Federal Reserve System has determined may be used by foreign banks as equivalent to the total capital of U.S. chartered depository institutions for purposes of administering the Board’s daylight overdraft policy. U.S. capital equivalency is calculated and used as follows:

- a. Foreign bank families that have filed the FR 2225 report and whose home country supervisor:
 - is one of the G-10 signatories to the Basle Capital Accord, or
 - voluntarily adheres to the Basle Capital Accord, or
 - requires capital in both the form and of a size at least as large as that called for in the Basle Capital Accord

are eligible to file for an *uncollateralized* Fedwire net debit cap based on a U.S. capital equivalency equal to a *fraction* of line 3.

- b. Foreign bank families not filing the FR 2225 report, as well as foreign bank families that have filed the report but do not satisfy the other conditions listed in “a” above, will have their *uncollateralized* Fedwire net debit cap based upon a U.S. capital equivalency equal to the greater of (1) the sum of the amount of capital (but not surplus) that would be required of a national bank being organized at the location of each branch or agency office (\$1-3 million); or (2) 5 percent of the total liabilities of all U.S. branch or agency offices that are owed to nonrelated parties as reported on the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002). (Schedule RAL, item 4.f., column A of that report.)

Collateralization. All foreign bank families may incur total Fedwire overdrafts up to a total net debit cap based on the same fraction of line 3 as applicable to banks meeting the criteria listed in paragraph “a” under “Use of the Report and Definitions,” provided they post collateral equal to the difference, if any, between their uncollateralized cap, as defined above, and their total net debit cap.

Frequency. All reporters must submit this report as of the bank’s fiscal year-end date in order to maintain a net debit cap based on a fraction of line 3.

In addition to the fiscal year-end filing, banks *may* complete the report at *anytime* (whether or not coinciding with the annual reporting period) if their bank’s capital figure has changed materially, or if they want to change their reporting option. Otherwise, the capital figure most recently reported will continue to be used until 90 days after the end of the fiscal year for calculating the Fedwire net debit cap for the foreign bank family.

Time and place of filing. This report is due 90 days after the bank’s fiscal year-end. It should be submitted by the U.S. office designated to handle daylight overdraft matters for the foreign bank family. It should be submitted to the Federal Reserve Bank that is its Administrative Federal Reserve Bank for daylight overdraft monitoring and counseling.

Request for Confidential Treatment. This report is available to the public upon request on an individual basis. A reporting foreign banking organization may request confidential treatment for portions of the report if the foreign banking organization is of the opinion that disclosure of certain financial information in the report would likely result in substantial harm to its (or its subsidiaries’) competitive position.

A separate letter requesting confidential treatment must be submitted with this report and must discuss in detail the justification for each portion for which confidentiality is requested, demonstrating the specific nature of the harm that would result from public release of the information; merely stating that competitive harm would result is not sufficient. Information for which confidential treatment is requested should be reported in a separately bound submission labeled “confidential.” This information should be specifically identified in the report as having been submitted separately in the confidential section.

The Board will determine whether information submitted with a request for confidential treatment will be so treated, and will advise the foreign banking organization through the appropriate Federal Reserve Bank, of any decision to make available to the public any of the information. If a determination is made to release any of the confidential information pursuant to a judicial order or other determination, the Board will inform the foreign banking organization prior to release of the information. Release of this information is governed by the Board's Rules on the Availability of Information. (See 12 CFR part 261)

ITEM INSTRUCTIONS

Item 1. Enter in item 1.a. the U.S. dollar equivalent of the worldwide capital of the reporter's foreign bank. (If the reporter's foreign bank, in turn, is owned by another bank or nonbank, use only the reporting bank's capital.)

A foreign bank that meets the criteria indicated in paragraph "a" in the "Use of the Report and Definitions" section may choose EITHER of the options listed below. (The first is smaller but may be easier to report.) A foreign bank not meeting the criteria in paragraph "a" MUST choose the "Equity Only" option. All reporters should check the appropriate box in item 1.b. to indicate which reporting option was used.

One of the following two options must be chosen:

Equity Only

The amount of foreign bank tangible equity capital (or comparable figure for government-owned banks) as published in the bank's most recent annual, semi-annual, or quarterly reports (as appropriate) or, if the bank does not release such figures to the public, as submitted to the home-country supervisory authorities.

For this purpose, the term "tangible equity capital" includes common stock, preferred stock, surplus, undivided profits, and contingency and other capital reserves (or the home-country version of these balances). However, it does NOT include any valuation reserves. All goodwill and other intangibles, and any deferred losses that are included in its total assets must be deducted. This item is equivalent to core capital under the Basle Capital Accord.

OR

Total Qualifying Capital

The amount qualifying for total capital (Tier I plus Tier II) under the Basle Capital Accord in the foreign bank's home country (or its equivalent as described in the section "Use of the Report and Definitions").

For either option, the foreign bank family should be willing and able to document the value reported in item 1.a. to U.S. bank examiners.

Item 2. Enter on this line the total amount of capital that is included in Line 1.a. of this report AND that was used by any direct

or indirect subsidiary of this bank to calculate its own Fedwire net debit cap. The value should equal the foreign bank's carrying value of its investments in such subsidiaries. The amount entered on this line relates to only majority-owned subsidiaries of this reporting bank that have their own U.S. offices that incur overdrafts on Fedwire. The kinds of subsidiaries that are covered by this adjustment are the following:

1. a U.S. commercial bank or savings and loan association, including any Edge or Agreement Corporation majority-owned by that U.S. subsidiary and consolidated in its financial statements;
2. an Edge or Agreement Corporation owned directly by this reporting foreign bank (i.e. not owned through a subsidiary U.S. bank); and
3. a non-U.S. bank that has a U.S. branch or agency office or an Edge or Agreement Corporation subsidiary of its own.

The purpose of this adjustment is to avoid double-counting of capital figures for banking organizations with more than one entity participating directly on Fedwire. Accordingly, the intent of this adjustment is to subtract *only* the amount of capital of such other participating entities that is included in Item 1.

Item 3. Subtract line 2 from line 1.a. and enter the amount on line 3, which is the worldwide capital base of the foreign bank that is used to calculate the Fedwire net debit cap for the foreign bank family.

Item 4. Enter the worldwide total assets of the reporter's foreign bank, on either a consolidated or combined basis, as of the date of the financial statement from which the capital figure reported in item 1 was derived. This figure should be consistent with the definition of worldwide assets used in the **instructions** for the Annual Report of Foreign Banking Organizations (FR Y-7), Report Item 6 Section C. This figure:

1. must use either a consolidated or a combined basis;
2. must include the total assets of all companies in which the foreign bank owns 50 percent or more of the voting shares; and
3. may include the total assets of companies in which the foreign bank owns 25 percent or more of the voting shares if all such companies are included.

Item 5. Enter the exchange rate used to translate the bank's capital figures into U.S. dollars. A bank whose home currency is quoted in the New York Noon Buying Rates should use that rate for the conversion. Other reporters should use another exchange rate, such as that stated in the *Financial Times* or another financial publication. This exchange rate should be as of the date of the financial statement from which the capital figure reported in item 1 was derived.