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# General Instructions for Preparation of the Annual Report of Foreign Banking Organizations— (FR Y-7)

## Introduction

Organizations defined under the “Who Must Report” section must file the Annual Report of Foreign Banking Organizations (FR Y-7) if they are directly or indirectly engaged in the business of banking in the United States. The FR Y-7 and accompanying statements must be submitted in English.

The FR Y-7 consists of Financial and Managerial Information (Report Items 1–4)

Report Items 1–3 require foreign banking organizations (FBOs) to submit financial and managerial information that will enable the Federal Reserve System to assess their ability to be a continuing source of strength and support to their U.S. banking operations. Report Item 4 requests information for determining the eligibility as a Qualified Foreign Banking Organization (QFBO).

## Who Must Report

The report must be submitted by each foreign banking organization, including any:

**Bank holding company (BHC)** principally engaged in the banking business outside the United States;

**Foreign bank** that maintains a branch or agency in a state of the United States or the District of Columbia, or controls an Edge or agreement corporation or a commercial lending company organized under the laws of any state in the United States. A bank organized under the laws of Puerto Rico, Guam, American Samoa, or the U.S. Virgin Islands and defined as a foreign bank is not required to file; and

**Company** that controls a foreign bank which is required to file pursuant to the preceding paragraph.

A foreign government or an agency of a foreign government is exempt from filing.

A bank holding company, foreign bank, or company that is required to submit the report is herein referred to as a “foreign banking organization.”

## Tiered Foreign Banking Organization

Tiered foreign banking organizations that are composed of foreign banking organizations that are direct or indirect subsidiaries of another foreign banking organization can satisfy the reporting requirements of the FR Y-7 by submitting the required information as part of the FR Y-7 submission of the top-tier foreign banking organization. In submitting the report, each foreign banking organization within the tiered organization must respond individually to Report Item 3. Subsidiary foreign banking organizations included within the tiered report are not required to complete Report Items 1 and 2 if the separate submission of this information would duplicate the information required of the top-tier foreign banking organization. In addition, subsidiary foreign banking organizations included within the tiered report are not required to complete Report Item 4 unless claiming eligibility for limited exemption.

## Submission of Reports

The foreign banking organization should file the FR Y-7 report not later than four months after the end of its fiscal year. If this deadline cannot be met, the foreign banking organization 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. As a general rule, extensions beyond 30 calendar days will not be granted.

The foreign banking organization will be advised before the deadline as to whether an extension will be granted. As part of the consideration of the extension request, the

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Federal Reserve Bank may require the submission of draft information and a commitment as to when the final information will be submitted.

## Where to Submit Reports

The original and number of copies of the completed report required by the Federal Reserve Bank should be filed with the appropriate Federal Reserve Bank. All copies must include the required attachments. Tiered foreign banking organizations filing separately should submit the report to the Federal Reserve Bank at which the top-tier of the foreign banking organization also files.

## Submission Date

As stated above, a foreign banking organization must file this report no later than four calendar months after the end of its fiscal year (unless an extension is granted). The filing of a completed report will be considered timely, regardless of when the reports are received by the appropriate Federal Reserve Bank, if these reports are mailed first class and postmarked no later than the third calendar day preceding the submission deadline.

In the absence of a postmark, a company whose completed FR Y-7 is received late may be called upon to provide proof of timely mailing. A "Certificate of Mailing" (U.S. Postal Service form 3817) may be used to provide such proof. If an overnight delivery service is used, entry of the completed original reports into the delivery system on the day before the submission deadline will constitute timely submission. 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. Companies that are unable to obtain the required officers' signatures on their completed original reports in sufficient time to file these reports so that they are received by the submission deadline may contact the Federal Reserve Bank to which they mail their original reports to arrange for the timely submission of their report data and the subsequent filing of their signed 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.

## Basis of Reporting Financial Information

If the foreign banking organization prepares consolidated financial statements for any purpose (including, without limitation, published financial statements, or financial statements to any other banking supervisor), the financial statements provided in the FR Y-7 must also be reported on a consolidated basis unless otherwise instructed in this report.

## Request to Substitute Information

When completing the information as requested or strictly complying with specific requirements in the report involves undue burden or expense, the Board may, upon receipt of a written request submitted through the appropriate Federal Reserve Bank, normally at least 30 calendar days before the filing date of the report, permit the substitution of appropriate information.

## 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 other portions of the report if the foreign banking organization is of the opinion that disclosure of certain commercial or financial information in the report would likely result in substantial harm to its (or its subsidiaries') competitive position, or that disclosure of submitted personal information would result in an unwarranted invasion of personal privacy.

In a letter separate from the FR Y-7, but accompanying the filing, the foreign banking organization should specify each portion of the report for which confidentiality is being requested. The letter should provide a detailed justification of the need for confidentiality for each portion of the report for which confidential treatment is being requested for the first time. The justification should demonstrate the specific nature of the harm that would result from public release of the particular portion of information. Merely stating that

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competitive harm would result or that the information is personal is not sufficient justification. The letter should also include a list of each portion of the report for which confidentiality was requested in the past and for which confidential treatment should continue. Any portion of the report for which confidentiality was requested in the past, which is not specified in the letter, will no longer be treated as confidential.

INFORMATION FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED SHOULD BE REPORTED SEPARATELY BOUND WITH A SEPARATE FR Y-7 COVER SHEET LABELED "CONFIDENTIAL." THIS INFORMATION SHOULD BE SPECIFICALLY IDENTIFIED AS BEING CONFIDENTIAL.

*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. Information for which confidential information is requested may subsequently be released by the Federal Reserve System if the Board of Governors determines that the disclosure of such information is in the public interest. (See 12 CFR part 261).*

## **Additional Information**

The Federal Reserve System reserves the right to require the filing of additional information if the information submitted in the FR Y-7 report is not sufficient to appraise the foreign banking organization's ability to be a source of strength and support to its U.S. banking operations, or to determine that the foreign banking organization and its affiliates are in compliance with applicable laws and regulations.

The foreign banking organization should follow the procedures on confidentiality set out above in filing additional information to the report.

## **Signatures**

The Annual Report of Foreign Banking Organizations shall be signed at the place and in the manner indicated on the cover sheet by a duly authorized officer of the top tier foreign banking organization.

## **Amended Reports**

The Federal Reserve may require the filing of an amended Annual Report of Foreign Banking Organizations if reports as previously submitted contain significant errors. In addition, a foreign banking organization should file an amended report when internal or external auditors make audit adjustments that result in a restatement of financial statements previously submitted to the Federal Reserve.

## **Regulatory Reports Monitoring Program**

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) amended various banking statutes to enhance the Federal Reserve's authority to assess civil monetary penalties against institutions that file late, false or misleading regulatory reports. The Federal Reserve System's Regulatory Reports Monitoring Program reviews submitted data for timeliness and accuracy. Reporting deadlines are detailed in the Submission Date section of these general instructions. Additional information on the Regulatory Reports Monitoring Program is available from the Federal Reserve Banks.

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# Glossary

For the purposes of the FR Y-7, the following definitions shall apply. Please refer to the FR Y-10F Glossary for additional terms used in this report.

**Agency** shall mean any place of business of a foreign bank, located in any state, at which credit balances are maintained, checks are paid, money is lent, or, to the extent not prohibited by state or federal law, deposits are accepted from a person or entity that is not a citizen or resident of the United States. (12 CFR §211.21(b)).

**Agent** shall mean a person located in the U.S. appointed by the foreign banking organization for purposes of service of process.

**Authorized official** shall mean a person with power to bind the foreign banking organization.

**Bearer security** shall mean any security that is not registered to a particular party on the books of the issuing company, and, therefore, all rights associated with the security are assigned to the party that is in possession of the security.

**Branch** shall mean any place of business of a foreign bank, located in any state, at which deposits are received and that is not an agency. (12 CFR §211.21(e)).

**Class of voting shares** shall mean shares of stock issued by a single issuer deemed to be the same class of voting shares, regardless of differences in dividend rights or liquidation preference, if the shares are voted together as a single class on all matters for which the shares have voting rights other than matters described in Section 225.2(q)(2)(i) of Regulation Y that affect solely the rights or preferences of the shares.

**Combined financial statements** present the results of operations and the financial position of a group of

commonly controlled companies, a group of unconsolidated subsidiaries or other companies that are under common management, and after giving effect to the elimination of intercompany balances and transactions.

**Consolidated financial statements** present the results of operations and the financial position of a parent company and its subsidiaries as if the group were a single company with one or more branches or divisions, and, after giving effect to the elimination of intercompany balances and transactions.

**Controlling shareholder** shall mean any person who controls a foreign banking organization.

**Director** shall mean a member of either the managing or supervisory board.

**Home country supervisor** shall mean the governmental entity or entities in the foreign bank's home country with responsibility for the supervision and regulation of the foreign bank. (12 CFR §211.21(q)).

**IBA** shall mean the International Banking Act of 1978, as amended. (12 U.S.C. 3101 et seq.).

**Nonbearer security** shall mean any security that is registered to a particular party on the books of the issuing company. The issuer of the nonbearer security is required to maintain a record of ownership of the security.

**Parent of a foreign banking organization** shall mean any company of which the foreign banking organization is a subsidiary.

**Ultimate parent** shall mean the parent of the foreign banking organization that is not the subsidiary of any other company.