

REPORTING INSTRUCTIONS

PART I—GENERAL INSTRUCTIONS

A. Introduction

This report obtains data on the geographical distribution of the assets and liabilities of major foreign branches and subsidiaries of U.S. commercial banks and of Edge and agreement corporations (“banks”). All assets and liabilities are to be reported gross, except where otherwise noted in these instructions, in U.S. dollar equivalents as shown on the books of the reporting branch or subsidiary, not on the books of the “parent bank.” The reporting standards for this report should be the same as those for the Consolidated Reports of Condition and Income (FFIEC 031) unless explicitly stated otherwise in these instructions.

B. Who Files Reports

The U.S. head office of commercial banks and Edge and agreement corporations files quarterly reports for certain branches and subsidiaries located outside the United States, excluding branches on U.S. military facilities wherever located.

C. For Which Offices Reports Are Filed

Reports are to be filed for all branches and subsidiaries located outside the fifty states of the United States, the District of Columbia, or a U.S. military facility (regardless of where located) that meet the following criteria:

- branches whose total assets payable in all currencies amount to \$500 million or more on a report date,
- subsidiaries filing the quarterly Report of Condition for Foreign Subsidiaries of U.S. Banks (FR 2314a) that have a banking charter and engage in banking business, and that report \$2 billion or more in total assets in item 10 and \$10 million or more in total deposits in item 11.

Once a branch or subsidiary has met the criteria stated above, reports should continue to be filed for that branch or subsidiary for each remaining quarter in the calendar year regardless of whether the amount falls below the reporting threshold on subsequent report dates during the calendar year.

The total assets test defined above applies to the total of the foreign branch’s or subsidiary’s international and local assets, regardless of the currency in which the assets are payable. The test does not apply separately to offshore banking units, foreign currency units, or any other administrative division within a branch or subsidiary. Similarly, the assets and liabilities reported should be those of the entire branch or subsidiary and those not booked only in an administrative or regulatory subdivision of the branch or subsidiary.

As an alternative to filing separate reports for several individual branches in the same country, a bank may choose to file a consolidated report for all of its branches in a single country as long as the report is filed on schedule with the Federal Reserve Bank. Under this alternative **all** branches in that country must be

included in the consolidated report, regardless of their individual sizes; and the number of branches in the country must be indicated in the appropriate place on the report. Changes in this reporting procedure—for example, changing from individual reports to a single consolidated report for all branches in the same country (and vice versa)—may be made only in the first quarter of a calendar year and must be approved by the Federal Reserve Bank with whom the reports are filed. When a bank has had a single branch in a country and that branch has been preparing a FR 2502q report, a de novo second branch of the parent bank may, without prior approval, file on a consolidated basis with the first branch provided that consolidated reports are begun as of the first reporting date after the second branch opens.

Similarly, a reporter may choose to file a consolidated report for all of its subsidiaries in a single country, under the same terms stipulated above for branches. Branches and subsidiaries, however, may *not* be consolidated on one report, regardless of where they are located.

In reporting, a branch or subsidiary may elect to omit assets and liabilities vis-a-vis an individual country if both total claims on and total liabilities to addressees in that country are less than \$1 million (equivalent). These and other assets and liabilities that are not reported under a specific country or international organization—because the country was not listed on the reporting form, because the customer was not known to the bank (as would be the case with negotiable certificates of deposit), or because the nature of the asset or liability makes it difficult to allocate by customer (such items are listed below in Section I)—should be included in “UNALLOCATED” (country code 88862).

Amounts reported should be rounded to the nearest million dollars.

D. Report Date

Reports are to be prepared as of the close of business on the last business day of the quarter in the country in which the branch or subsidiary is located. (Note: Schedule A requests daily data for the [Tuesday-through-Monday] week that encompasses the report date.)

If the branch or subsidiary files regular reports containing substantially similar information with the authorities of the country in which it is located, reporting a geographical breakdown of its assets and liabilities as of the close of business on a different reporting date, the branch or subsidiary may prepare the FR 2502q as of the reporting date used for those reports filed with authorities in its country of domicile, provided that such reporting date is not more than fifteen days before or after the last business day of the quarter.

E. When and Where Reports Are Filed

The U.S. head office should file the reports required for its branches and subsidiaries with the Federal Reserve Bank of the District in which the head office is located, on the schedule stipulated by the Reserve Bank.

F. Method of Submitting Data to Federal Reserve Bank

Reports may be submitted on the printed reporting form FR 2502q. Alternatively, reports may be submitted in any other format that is mutually satisfactory both to the reporting bank and to the Federal Reserve Bank. All reports should be clear and legible. Handwritten reports must be submitted in ink.

G. Determination of Country of Customer

Assets and liabilities should be reported according to the country of the principal address of the customer (i.e., depositor, creditor, borrower, obligor, etc.). If the principal address is unclear, the branch or subsidiary may use as the principal address that address to which statements of the customer's account (or receipted notes) are sent. However, the address of a bank "shell" branch is the country in which the branch is authorized to operate, even though statements may be sent to the head office in a different country. Care should be taken to ensure that accounts of foreign branches or subsidiaries of U.S. corporations are not reported as U.S. accounts, and that accounts of U.S. branches or subsidiaries of foreign corporations are not reported as non-U.S. accounts, (i.e., that domicile and not ownership determine the identification of the country of customer). U.S. accounts are those of customers domiciled in the fifty states, the District of Columbia, and on U.S. military facilities wherever located. All other persons or corporations are non-U.S. addressees.

Securities and other assets should be reported according to the principal address of the obligor rather than the address of a guarantor or of another party who may have a contingent obligation.

However, if the branch or subsidiary files regular reports with the authorities of its country of domicile which use a different basis than the above for determining the country of customer, the branch or subsidiary may employ that basis in completing this report but should note differences in this regard by indicating such on the report form.

The liability for the permanent investment of the parent bank in the branch should be shown as a liability to the United States.

Assets and liabilities in accounts with customers in Puerto Rico and U.S. dependencies should be reported on the line provided for these accounts.

H. International and Regional Organizations

Assets and liabilities in accounts of international and regional organizations should be reported on the line provided for these accounts and not opposite the country in which the headquarters or a branch office of such organization is located. However, assets and liabilities in accounts of the Bank for International Settlements and the European Central Bank should be reported on the lines provided on the form (country codes 13307 and 13501, respectively) under the heading "EUROPE." Any transactions with a single country's central bank should continue to be reported opposite the country of that central bank.

I. Unallocated Accounts

The unallocated category is intended to capture items that cannot be allocated to a particular country or for which it could be very difficult to do so. 1) A respondent may exclude assets and liabilities vis-a-vis a country if both claims on and liabilities to addressees in that country are less than \$1 million (equivalent). If the respondent elects to do this, these assets and liabilities should be reported under "UNALLOCATED" (country code 88862). 2) Include in "UNALLOCATED" assets and liabilities for which the country of customer is not named on the FR 2502q reporting form. 3) Include in "UNALLOCATED" the following items: negotiable certificates of deposit, liability on acceptances (exclude from "UNALLOCATED" customer's liability on acceptances, which is reported according to the principal address of the account party who is the obligor), accrued interest receivable and payable, allowance for credit losses (which includes both on-balance sheet financial instruments and off-balance sheet credit exposures and which, as a contra asset, would be reported as a negative asset), investments in unconsolidated subsidiaries and associated companies, lease financing receivables (net of unearned income), revaluation gains and losses on off-balance sheet items, and foreign currency translations. In order to have consistent reporting across banks, reporters should include in "UNALLOCATED" the total of all items specifically listed. For assets, the total of all these items may be negative.

Revaluation gains and losses on off-balance-sheet items should be reported on a **gross** basis, except such contracts with the same counterparty that meet the criteria for a valid right of setoff contained in FASB Interpretation Number 39. Foreign currency translations should be reported net.

J. Valuation

Assets or liabilities payable in foreign currencies should be converted into U.S. dollars at the exchange rate prevailing on the report date. Unrealized gains or losses resulting from revaluations should be recorded as "UNALLOCATED" (country code 88862).

K. Total Assets Must Equal Total Liabilities

Components of column totals and subtotals must sum to their respective total or subtotal. Moreover, total assets must equal total liabilities (country code 99996).

L. Negative Numbers

Except for the items listed above in Section I, all amounts should be reported as positive balances. Items such as 1) undivided profits or accumulated operation losses, and 2) unremitted foreign currency translation adjustments should be reported as positive amounts due to or due from the parent.

M. Assets Sold

The sale of assets should be reported in a manner consistent with the Consolidated Reports of Condition and Income (FFIEC 031).

PART II—SPECIFIC ITEM INSTRUCTIONS

Memoranda

Item 1. Amounts included in “UNITED STATES” above (country code 01007) for claims on, and liabilities to, U.S. addressees as follows: Do not include negotiable CDs; they are reported in “UNALLOCATED” (country code 88862) in the body of the report.

The term “United States” (U.S.) includes the fifty states, the District of Columbia, and U.S. military facilities wherever located.

The term “U.S. addressee” includes any person or corporation whose principal address (i.e., domicile), according to the records of the reporting branch, is in the United States. (See Section G of General Instructions.)

Item 1.a. Claims on, and liabilities to, U.S. parent bank (as defined below). Include as **assets** all advances to the U.S. parent bank, balances due from the parent bank, and acceptances created for the parent bank as well as all loans, securities, or other assets purchased from the U.S. parent bank under a specific repurchase agreement. Exclude all assets acquired from the parent bank without repurchase agreements.

Include as **liabilities** advances from the U.S. parent bank or balances due to the parent bank, including the liability of the branch or subsidiary to the parent bank resulting from acceptances confirmed, endorsed, or created by the parent bank for the branch or subsidiary. If this report is being filed for a branch or branches, also include as a liability the permanent investment of the parent bank in the branch(es). If this report is being filed for a subsidiary or subsidiaries, include subsidiary equity in this item.

Unremitted profits/losses are balances due to or due from the parent bank and should be reported as assets (for net losses) or liabilities (for net profits). Do not include unrealized gains or losses (See Section I of the General Instructions, “Unallocated Accounts.”).

Parent bank. The term “parent bank” includes all U.S. offices and branches of the “bank” of which the reporting branch or subsidiary is a part. It includes the parent bank’s International Banking Facility. In addition, it includes such bank’s Edge and agreement subsidiaries and other subsidiaries in the fifty states and the District of Columbia that are consolidated with the parent bank for purposes of reporting on the FFIEC 031. Branches at U.S. military facilities wherever located are also to be included with the parent bank. “Parent bank” excludes the bank holding company owning the bank filing these reports and other U.S. subsidiaries, branches or agencies of that holding company, *unless* they are consolidated with the bank when it files condition reports with banking authorities in the United States. If the bank holding company is not consolidated, it is reported in memorandum Item 1.c., “U.S. addressees other than depository institutions.” Trust departments are to be excluded from the parent bank and included in “U.S. addressees other than depository institutions.”

Item 1.b. Claims on, and liabilities to, other depository institutions in the United States. Report claims on, and liabilities, other than negotiable CDs, to other depository institutions in the United States.

Other depository institutions in the United States. The term “other depository institutions in the United States” (i.e., other than the parent bank) includes commercial banks, unaffiliated Edge and agreement corporations, branches and agencies of foreign banks, building or savings and loan associations, mutual or stock savings banks, cooperative banks, credit unions, and homestead associations, located in the fifty states of the United States, the District of Columbia, and on U.S. military facilities wherever located. This term also includes International Banking Facilities of the above-mentioned institutions. It excludes trust departments, all banking offices in Puerto Rico and U.S. territories and possessions, and U.S. government and international financial institutions. Trust departments are included below in Item 1.c.

Item 1.c. Claims on, and liabilities to, U.S. addressees other than depository institutions. Report claims on, and liabilities, other than negotiable CDs, to U.S. addressees other than the parent bank and other depository institutions. Include balances of trust departments. Include balances of the parent bank’s holding company, if not consolidated and reported in Item 1.a. above. Note: The amounts reported for “UNITED STATES” (country code 01007) must equal the sum of memorandum items 1.a., 1.b., and 1.c.

Item 2. Amounts included in “TOTAL, all areas” above (country code 99996) that represent claims on, and liabilities to, other non-U.S. offices of the parent bank. Report claims on, and liabilities to, other non-U.S. branches or subsidiaries of the parent bank that are located either within or outside the country of domicile of the reporting branch or subsidiary. Include such claims and liabilities whether or not the particular branches or subsidiaries against which the claims and liabilities exist are exempt from reporting on the FR 2502q. Non-U.S. branches or subsidiaries are those located outside the fifty states of the United States and the District of Columbia, excluding those on U.S. military facilities, wherever located. Note: The amounts reported in memorandum item 2 must not exceed the amounts reported in “TOTAL, all areas,” (country code 99996).

Schedule A—U.S. Dollar-denominated Liabilities

Report balances as of the close of business for each day for the Tuesday-through-Monday week encompassing the report date.

If an asset or liability is payable optionally either in U.S. dollars or in another currency, for purposes of this report that asset or liability is considered payable in another currency and is excluded from this schedule.

A money market mutual fund (MMMF) is a mutual fund that invests in short-term money market instruments. A money fund typically, but not necessarily, uses one of the terms, “money fund,” “cash,” “liquid,” “money,” or “ready asset” in its name.

Nonnegotiable liabilities payable in U.S. dollars to U.S. addressees other than depository institutions and MMMFs, regardless of maturity (“nonnegotiable Eurodollars”). Report the amount outstanding of all U.S. dollar-denominated liabilities due to U.S. addressees other than depository institutions and MMMFs, evidenced by nonnegotiable instruments, regardless of maturity.