(Billing Code No. 6210-01)

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

Quarterly Report of Country Exposure by U.S. Banking Organizations

AGENCY: Federal Financial Institutions Examination Council (FFIEC)

ACTION: Notice of Request for Comments on Reporting Requirements

SUMMARY: The FFIEC proposes to revise the Country Exposure Report effective March 31, 1984 in order to implement certain public disclosure provisions of the International Lending Supervision Act of 1983. A new two-part summary report, the Country Exposure Information Report, is being proposed. This new report would be filed as an attachment to the present Country Exposure Report, and the information in the new report would be disclosed to the public upon request. In addition, the FFIEC proposes to replace the current memorandum item in the Country Exposure Report with a memorandum item that would show for each country the amounts of exposure that are covered by guarantees from the U.S. Government and its agencies.

DATE: Comments must be received on or before (30 days after date of publication).

ADDRESS: Comments may be mailed to Robert J. Lawrence, Executive Secretary, Federal Financial Institutions Examination Council, 490 L'Enfant Plaza, SW, Eighth Floor, Washington, DC 20219.

FOR FURTHER INFORMATION CONTACT: Robert R. Bench, Office of the Comptroller of the Currency, Washington, DC 20219, (202) 447-1699; Frederick R. Dahl, Federal Reserve Board, Washington, DC 20551, (202) 452-2726; Edward T. Lutz, Federal Deposit Insurance Corporation, Washington, DC 20429, (202) 389-4512.

SUPPLEMENTARY INFORMATION: The FFIEC, pursuant to section 1006 of the Federal Financial Institutions Examination Council Act of 1978 (12 USC 3305), proposes to revise the Country Exposure Report, form FFIEC-009, effective March 31, 1984. The report is authorized by section 11a of the Federal Reserve Act (12 USC 248a), section 5(c) of the Bank Holding Company Act of 1956 (12 USC 1844c), the National Bank Act as amended (12 USC section 1 et seq.: 12 USC 161), sections 7 and 10 of the Federal Deposit Insurance Act (12 USC 1817 and 1820), and section 907 of the International Lending Supervision Act of 1983.

The FFIEC is proposing two changes in the reporting requirement. First, a new two-part summary report, the Country Exposure Information Report (see below), is being proposed. Part A of this report would provide certain information on foreign country exposures to any country that exceed 1 percent of the reporting bank's assets. Part B would provide less detailed information on such exposures that exceed 0.75 percent, but do not exceed 1 percent, of the reporting bank's assets. This information would be disclosed to the public on request and is similar to new disclosure requirements recently adopted by the Securities and Exchange Commission. The new information report would be filed as an attachment to the present Country Exposure Report.

The second proposed change relates to the memorandum item in FFIEC-009. The present memorandum item shows foreign office non-local currency claims and has been collected to allow adjustments to the data for international statistical purposes. That information will no longer be needed after December and deletion of the item is proposed. Another memorandum item is proposed as a replacement. The new memorandum item would show for each country the amounts of exposure that are covered by guarantees

from the U.S. Government and its agencies. This information has not been readily available, which has hampered analysis of problem debt situations.

The International Lending Supervision Act of 1983 states that the Federal banking agencies shall require banking institutions to submit at least four times a year information on their foreign country exposures. It further states that the Federal banking agencies shall require banking institutions to disclose to the public material foreign country exposures. The agencies are required to implement these provisions within 120 days after enactment of the legislation.

The FFIEC has already approved changes in the instructions to the Country Exposure Report to require that the report be submitted quarterly, instead of semi-annually, beginning in March 1984. To improve the timeliness of the information, the FFIEC has also approved a reduction in the filing time from 60 days after the reporting date to 45 days. These changes have not yet been approved by the Office of Management and Budget.

A new, two-part summary report, the Country Exposure Information Report (see below), is being proposed as a means of meeting the second statutory requirement cited. The standard of materiality chosen for reporting foreign country exposures for public disclosure purposes is 1 percent of total assets. This corresponds to the standard recently adopted by the Securities and Exchange Commission for its disclosure requirements on international lending. Comments are invited on the choice of this standard.

The proposed report requests that aggregate data, and information on its sectoral and maturity distribution, be supplied on a net basis---that is, after adjustments for reallocation of transfer risk. Detailed information has not previously been reported on this basis, but the Council believes that such data would provide the most meaningful measure of exposure. Comments are especially invited on this aspect of the proposed report.

COUNTRY EXPOSURE INFORMATION REPORT

Part A. Information on exposures (after adjustments for guarantees) to any country that exceed 1 percent of total assets

Country	Claims Outstanding After Mandated Adjustments for Transfer of Exposure (1)	Amount of Net Local Currency Claims Included In Column (1) (2)	Adjusted Cross-Border and Foreign Office Non-Local Currency Claims					
			Total Column 1 minus 2 (3)	To Banks (4)	To Public Sector Entities (5)	To Other (6)	Amount Maturing In Less than 1 year (7)	Amount Maturing In More than 1 year (8)

Part B. Information on exposures (after adjustments for guarantees) to any country that exceed 0.75 percent, but do not exceed 1 percent, of total assets.

List of Countries where Exposure is within these Limits	Total Amount of Exposure to all Countries Listed