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REPORT BY THE

Comptroller General

OF THE UNITED STATES

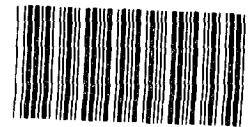
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Federal Systems Not Designed To Collect Data On All Foreign Investments In U.S. Depository Institutions

The Federal Government has no comprehensive system to identify all foreign individuals and companies buying interest in U.S. banks and savings and loan associations. Under new banking legislation, it will probably identify major investors. If the Congress decides that more data is needed, however, the financial institutions' regulatory agencies will have to develop and implement a new collection system.



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JUNE 19, 1979

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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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The Honorable Benjamin S. Rosenthal
Chairman, Subcommittee on Commerce,
Consumer and Monetary Affairs
House Committee on Government
Operations

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Dear Mr. Chairman:

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On February 22, 1979, you requested that we review the information collected by various Federal agencies about foreign investments and deposits in depository institutions chartered in the United States. You also asked us to evaluate the statutory authority for collecting such information, and suggest either ways to improve the data collection within the existing authority or changes to appropriate statutes that would provide for better data collection.

Several Federal agencies collect information on foreign investments for a variety of reasons. But what they collect is the result of a patchwork of legislation, regulations, and procedures designed for different purposes, not specifically to monitor all foreign investments. Appendix I explains the present effort to monitor foreign investments. Appendices II and III display in detail the sources, purposes, confidentiality, and uses of data on foreign investments and deposits that are collected by various agencies pursuant to their normal regulatory functions.

There is now no systematic or comprehensive way to collect and compile information to monitor all foreign investments in U.S.-chartered depository institutions. The regulatory agencies will get adequate information on investors who control depository institutions. However, for smaller, noncontrolling investments, there is little data at all for most institutions.

Since the current means of obtaining information on foreign investments in U.S. depository institutions is fragmentary, merely improving the efficiency of what is

being done now will not provide complete data. A new system would have to be developed specifically for monitoring purposes.

The President's authority to collect any data necessary to monitor foreign investment in the United States could be delegated to the financial institutions regulatory agencies. Therefore, the regulatory agencies could develop a new, more comprehensive collection system and give the data to the Department of Commerce, which is supposed to compile data on foreign investments in U.S. businesses.

The most logical way to collect citizenship data from depository institutions is to have them report it on a regular basis to their regulatory agencies. This method would have two advantages. First, regulatory agencies could expect such reports periodically, rather than waiting for an event-oriented report filed by investors who purchase shares. Second, reporting requirements could be enforced by using existing examination procedures. There is no apparent statutory authority, however, for financial institutions to collect citizenship or beneficial ownership data.

Any new system will impose some additional burden on the financial institutions and their owners. This burden is related to the level of investment on which information is desired. For example, it is less burdensome to identify all owners of 10 percent of a bank's stock than it is to identify all 5 percent owners. Because our review was not intended to determine a proposed system's burden, it should be determined by the regulatory agencies before additional requirements are levied on the institutions.

As you requested, we tested the accuracy of information provided to you by the Federal Reserve and the Federal Home Loan Bank Board which identified bank and savings and loan holding companies with foreign owners. We found no additional holding companies with foreign owners. However, at the Federal Reserve, 22 percent of the files we reviewed did not have the required citizenship information on owners, and 3 percent did not have the required address.

AGC 00462
DLG 010257
AGC 00154

We reviewed and evaluated data collecting procedures at the Securities and Exchange Commission, the Department of Commerce's Office of Foreign Investment in the United States, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve, and the Federal Home Loan Bank Board. We also looked at information collected by the Federal Reserve for the Treasury Department on its Treasury International Capital Forms. We considered data collected on foreign purchases only of existing U.S.-chartered financial institutions in our review. We excluded branches and subsidiaries of foreign banks and new institutions begun by foreign interests. Finally, we reviewed the President's authority to collect data on financial institutions and determined whether he could delegate that authority to the financial institution regulators.

AGENCY COMMENTS

Those agencies that sent us formal comments agreed with our conclusion that information is not collected on all foreign investments. They also felt they were getting adequate data, especially under Titles VI and VII of Public Law 95-630, on significant levels of such investments. They do not believe any more data on smaller investments would be that useful, but they could ask the financial institutions to report it if the Congress decided it was necessary. The agencies also agreed that an assessment of the cost and burden of this additional requirement should be made before deciding on its implementation.

The Comptroller of the Currency suggested that the impact and constraints of the Privacy Act, Public Law 93-579, be explored. Generally, the Privacy Act limits the disclosure of Federal agency records on individuals. However, the Privacy Act would not preclude financial institutions from collecting citizenship and beneficial ownership data from owners of shares of stock. Furthermore, disclosure of this data to regulatory agencies and Commerce would not necessarily identify individuals. It could, for example, aggregate data by country of origin or by financial institution.

Disclosure of such aggregate information by the agencies would not present a problem under the act. We do agree that, in establishing any information system, the financial institutions regulatory agencies should give thorough consideration to Privacy Act concerns.

The Federal Reserve states that under Public Law 95-630, it will collect information on investments that exceed 10 percent of a bank's voting shares. However, for nonregistered banks and savings and loan associations, which are the vast majority of financial institutions, investment between 10 and 24 percent will be reported only if the investor will become the largest shareholder. Our statement on page 4 in appendix I that a person can purchase up to 24 percent without filing, is correct.

The Federal Home Loan Bank Board sent a list of reports not identified in our appendix II as useful to "incidentally unearth information" related to foreign investment. Although we believe we have identified the major relevant forms, we have included the Bank Board's list in appendix IV.

The Department of Commerce implied in its comments that the financial institution regulators provide Commerce with forms which initially identify foreign investment. However, Commerce has received only three forms which initially identified foreign investment. These forms were sent in 1975 and 1976, and, since that time, the regulators have provided only supplemental information to Commerce after Commerce identified foreign investments from the news media. The "other materials" routinely sent to Commerce are not screened by the regulators for foreign investment and do not contain information Commerce needs to identify foreign investment, such as the citizenship, residence, or address of owners. Commerce has relied primarily on the news media for initially identifying foreign investments in U.S. financial institutions.

Commerce also suggested using periodic surveys as an alternative way to collect data. We feel that,

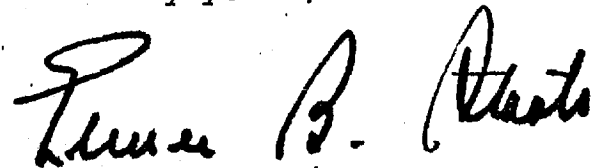
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if the Congress decides more frequent and complete data is necessary, a continuous monitoring system is more desirable. Furthermore, the surveys do not have the same enforcement mechanism offered by bank regulators' examinations. Finally, the survey data is confidential, and the Congress may not be able to get the level of detail necessary to monitor foreign investments.

Neither the Securities and Exchange Commission nor the Department of Treasury submitted written comments to us.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of its issuance. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Thomas B. Atchefs". The signature is written in a cursive style with a large initial "T" and a long, sweeping tail.

Comptroller General
of the United States

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CURRENT METHODS FOR COLLECTING AND COMPILING
FOREIGN INVESTMENT INFORMATION

This appendix describes the current procedures and sources for monitoring foreign investment in U.S. financial institutions.

FEDERAL AGENCIES MONITORING
OF FOREIGN INVESTMENTS

Two Federal agencies collect and monitor information about foreign investments in U.S. depository institutions. The Department of Commerce does so under authority of the International Investment Survey Act of 1976. The Federal Reserve System does so because it feels the matter is important. Commerce does not identify all foreign investments, and the methods and sources of information in both agencies are inadequate to effectively monitor them.

Department of Commerce

In the International Investment Survey Act of 1976 (Public Law 94-472), the Congress sets forth a national policy of gathering information on foreign investments in U.S. business to evaluate the potential consequences of international investments. The act requires the President to make surveys at least once every 5 years and to make other studies he deems necessary. The President delegated this responsibility, in Executive Order 11961, to the Departments of Treasury and Commerce.

The Department of Commerce has charged its Office of Foreign Investment in the United States with compiling and reporting information on foreign investments in depository institutions. But that office is unable to initially identify all foreign investments. Commerce is supposed to receive data to compile from the Federal financial institution regulators. But the regulatory agencies do not provide the data as requested, and, as a result, the Office of Foreign Investment relies on scanning newspapers and business journals to first learn of foreign investments.

In spite of arrangements the Office of Foreign Investment made in 1976 with the bank regulatory agencies and the Federal Home Loan Bank Board, those agencies generally are not providing the Office with agreed upon information

identifying foreign investments in U.S. depository institutions. We could find no explanation for this, but Commerce has not followed up on the original agreements. What the regulatory agencies do send is either incomplete or is not provided on a regular basis. However, even if the bank regulatory agencies supplied the data as agreed, information on foreign investments may not be complete because the regulatory process was not intended to monitor foreign investment (see page 4).

Limited test results show that the Office of Foreign Investment did not identify foreign investment in some depository institutions. The Federal Reserve prepared a list of domestic bank holding companies with foreign owners for the Subcommittee. Six companies out of the eight that appeared on the Federal Reserve list did not appear on a list prepared by the Office of Foreign Investment in the United States.

Commerce officials told us that, once they identified a foreign-owned institution, the regulatory agencies sent adequate supplemental information.

The Federal Reserve System

Although it has no legislative requirement to do so, the Federal Reserve System gathers and compiles information on foreign investments in banks because it feels that such investments are worth monitoring. However, the Federal Reserve effort is neither complete nor systematic, and the staff does not make use of all available data.

The Federal Reserve identifies foreign bank purchases from the Federal Reserve Board actions taken on bank holding companies (H.2 Reports) and from newspapers, magazines, and banking journals. The staff reviews the H.2 Reports and identifies companies which appear to be foreign (e.g., foreign-sounding name or organized as a foreign corporation). Then they determine if the owners are foreign by reviewing other bank holding company reports. The H.2 Report is not a complete source of information, however, because it identifies purchases only by holding companies and not by individuals. Also, the H.2 Report was not intended to identify foreign investments as such; it is simply a record of Board actions.

Once the staff members identify a foreign purchase, they enter the type of investor (foreign bank, etc.) and the percentage of investment into a computer file. Although the file identifies some banks that are foreign owned, it does not contain the name or citizenship of individual investors.

The Federal Reserve staff preparing the foreign-ownership lists does not use other sources of citizenship data which the banking agencies routinely receive as part of their regulatory functions. (See p. 4 and app. II for these other sources).

CITIZENSHIP INFORMATION IS COLLECTED
UNDER THE SECURITIES EXCHANGE ACT

The Securities and Exchange Commission and the financial institution regulatory agencies collect citizenship information from various reports on corporations required to register under the Securities Exchange Act. Of the almost 19,000 commercial banks and savings and loans in the United States, however, only 849 are required to register under the Securities Exchange Act. Only 487 of the 2,200 bank and savings and loan holding companies are similarly required to register. Thus, although the act provides for a systematic collection of citizenship data, it covers relatively few financial institutions.

The Commission gathers data on registered corporations which are traded on a national exchange, have 500 or more shareholders, and have assets of at least \$1,000,000. The Securities Exchange Act requires registered banks, however, to report to the Federal bank regulatory agencies and registered savings and loan associations to report to the Federal Home Loan Bank Board. The Commission shares reporting responsibilities for bank holding companies with the Federal Reserve and for savings and loan holding companies with the Federal Home Loan Bank Board.

In 1977 Congress amended the act to require the Commission, the Federal bank regulatory agencies, and the Federal Home Loan Bank Board to collect and tabulate ownership data (which includes citizenship) for those registered corporations the agencies regulate. The Commission has designed a special cover sheet on its forms 13D, 13G, and 14D-1 to gather the information. The bank regulatory agencies, which will use similar forms (F-11, F-11A, and F-13), would like to use the Commission's cover sheets

and send them to the Commission for tabulation. Although it is now unclear how the tabulation is to be handled, the Commission and the financial institution regulatory agencies are discussing the matter.

ADDITIONAL FOREIGN INVESTMENT DATA
IS COLLECTED BY REGULATORY AGENCIES

The Federal bank regulatory agencies and the Federal Home Loan Bank Board collect various reports on ownership of depository institutions for regulatory purposes. But these reports are not intended to monitor foreign investments.

Ownership information collected
under Public Law 95-630

Titles VI and VII of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (Public Law 95-630) require the Federal bank regulatory agencies and the Federal Home Loan Bank Board to collect background information on individuals and business entities who want to purchase control of banks, bank holding companies, savings and loan associations, and savings and loan holding companies. This may allow the agencies to obtain citizenship information in some cases. However, Public Law 95-630 does not provide sufficient authority to collect information needed to monitor all foreign investments.

Although Public Law 95-630 does not explicitly provide for collecting citizenship data, it allows the Federal agencies broad leeway in what they collect. The agencies plan to collect data on the citizenship of prospective purchasers, but the data collected will still leave significant gaps in ownership information. The law does not require those who controlled institutions before March 10, 1979, to report previous ownership. Also, it is possible for a person to purchase up to 24 percent of the stock of a nonregistered financial institution and still not be required to file ownership data, including citizenship. Finally, the information is required only when an individual gains control of an institution, so data on additional investments in the same institution by the same person would have to come from another source.

Title IX of Public Law 95-630 requires banks to report to the Federal bank regulatory agencies the names of stockholders who own more than 10 percent of a bank's

stock. However, financial institutions are not required to give the citizenship of owners or the total amount of shares held by each. Neither holding companies nor savings and loans are covered by title IX.

Other citizenship information collected incidental to the regulatory function

In addition to the information collected under Public Law 95-630, each regulatory agency collects other information on ownership. Although some citizenship data is collected incidentally, it is not adequate for the purpose of monitoring foreign investments per se.

The Comptroller of the Currency

The Comptroller of the Currency collects confidential biographical data (on form cc 7020-03) on major owners of banks seeking a national charter. This data includes citizenship.

The Federal Reserve

The Federal Reserve collects ownership information on all bank holding companies on various forms. However, this information would not be complete enough for the purpose of monitoring foreign investments. Not all holding companies have to file information on citizenship, and the Federal Reserve's filing system does not allow for the information to be used to monitor the overall level of foreign investment.

The annual report of domestic bank holding companies (Y-6) reports the citizenship of owners of 5 percent or more of any class of securities. However, this data is not automated, and it is filed as part of a voluminous report on each holding company. It cannot, therefore, be easily used to monitor foreign investment under current procedures.

The annual report of a foreign bank holding company (Y-7) is filed by foreign incorporated holding companies who have 50 percent of their assets or 50 percent of their revenue from abroad. However, the Y-7 does not report the citizenship of the holding company owners.

The Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation collects confidential biographical data (form 6200/06) on owners of banks applying for deposit insurance. This data includes citizenship. The form is also filed when subsequent changes in control occur under Title VI of Public Law 95-630.

The Federal Home Loan Bank Board

The Federal Home Loan Bank Board gathers citizenship information when savings and loan associations apply for a Federal charter or insurance. Companies not listed on the New York Stock Exchange that seek to acquire savings and loans or holding companies must also provide data on owners' citizenship. In both cases, the information is considered confidential.

Information collected on foreign deposits in U.S. chartered institutions

Both the Federal Reserve and the Department of the Treasury collect data on foreigners' deposits in U.S.-chartered institutions. This data is usually aggregated by country of origin, and data on specific banks or savings and loans usually is considered confidential.

The Federal Reserve uses several forms shown in appendix III to collect data on deposits in foreign branches of U.S. banks. Only some of the data is public, and some of it covers only banks that are members of the Federal Reserve System.

On behalf of the Treasury, the Federal Reserve collects data on foreigners' deposits in U.S. banks and savings and loans on forms called Treasury International Capital Forms. The purpose of these forms is to monitor international flows of capital, not to monitor the level of deposits in specific banks. The aggregated data is published periodically by the Federal Reserve and by the Treasury Department.

Each commercial bank is required periodically to complete a "call" report in which the banks must show the total amount of deposits of foreign governments and institutions. This report is public information. Savings and loan associations prepare reports similar to call reports, but they do not report foreign deposits.

EFFORTS TO MONITOR COMPLIANCE
WITH CURRENT REPORTING REQUIREMENTS

The Federal bank regulatory agencies, the Securities and Exchange Commission, and the Federal Home Loan Bank Board all have some procedures to ensure that the institutions they regulate file required reports. However, the extent of that effort varies by agency, and the limited time for this review did not allow us to evaluate the actual work done by each agency.

During examinations by the bank regulators and the Bank Board, examiners check to see if the institutions have filed required reports some of which may show citizenship information. The limited time allotted for this review did not allow us to test the thoroughness of the examiners' work, but the agencies told us they have noticed no particular problems with institutions not complying in general with reporting requirements.

The Securities and Exchange Commission checks to see that some required reports are filed and that the reports have been filled out properly. However, since the Commission has no financial institution examination function, it relies heavily on those who seek information in the Commission's files to inform the Commission of missing reports.

INFORMATION OBTAINED FROM
STATE REGULATORY AUTHORITIES

Neither the Federal Reserve nor the Department of Commerce contacts State banking authorities as part of an effort to identify foreign investments in banks. Once Commerce has identified a bank owned by foreign interests, however, the Department may contact State banking or other officials to get supplementary information on the institutions involved.

At our request, the Conference of State Bank Supervisors contacted seven State bank supervisors to ascertain what data they collect on foreign investments in their banks. The Conference told us that, while the States get considerable information on persons who take control of banks, they do not regularly monitor all foreign investments, per se.

OWNERSHIP REPORTS FILED WITH FEDERAL REGULATORY AGENCIESA. Ownership Reports Collected on Institutions Registered Under the Securities Exchange Act

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>Owner's name 1/</u>	<u>Citizen-ship 2/</u>	<u>Residence</u>	<u>When required</u>	<u>How filed</u>	<u>Who files</u>	<u>Confidential/public 3/</u>
Commission receives these forms for registered holding companies	13D	Statement of Beneficial Ownership	Yes	Yes	Yes	10 days after acquisition	On computer file 4/	Investor	Public
Bank Board receives these forms for registered S&Ls	13G	Statement of Beneficial Ownership, short form	Yes	Yes	Yes	By Dec. 31st of each year	On computer file 4/	Investor	Public
	14D-1	Report of tender offer	Yes	Yes	Yes	With tender offer	On computer file 4/	Investor	Public
	3	Initial Statement of Beneficial Ownership of Securities	Yes	No	business address	10 days after acquisition	On computer file 5/	Officers, directors, shareholders	Public
	4	Statement of changes in Beneficial Ownership of Securities	Yes	No	business address	10 days after month of event	On computer file 5/	Officers, directors, shareholders	Public

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>Owner's name</u>	<u>Citizen-ship</u>	<u>Residence</u>	<u>When required</u>	<u>How filed</u>	<u>Who files</u>	<u>Confidential/public</u>
	8-K	"Current Report" (Report important events such as changes in control)	Yes	No	No	15 days after event	Manual	Management	Confidential/public 3/
FDIC, Comptroller, Federal Reserve	F-11	Acquisition Statement	Yes	No 6/	Yes	10 days after acquisition	Manual 7/	Investor	Public
receive these forms for registered banks	F-11A	Short Form Ownership Statement	Yes	No 6/	Yes	Annually	Manual 7/	Investor	Public
	F-13	Tender offer Statement	Yes	Yes	Yes	Current with tender offer	Manual 7/	Investor	Public
	F-7	Initial Statement of Beneficial Ownership of Securities (insider report)	Yes	No	business address	10 days after acquisition	Manually by bank	Officers, directors, principal stockholders	Public

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>Owner's name</u>	<u>Citizen-ship</u>	<u>Residence</u>	<u>When required</u>	<u>How filed</u>	<u>Who files</u>	<u>Confidential/public 3/</u>
	F-8	Statement of Changes in Beneficial Ownership of Securities	Yes	No	business address	10 days after month of event	Manually by bank	Officers, directors, principal stockholders	Public
	F-3	"Current Report" (reports important events such as changes in control)	Yes	No	No	10 days after month of event	Manually by bank	Bank	Public

B. Ownership Report Collected Under P.L. 95-630

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>Owner's name</u>	<u>Citizen-ship</u>	<u>Residence</u>	<u>When required</u>	<u>How filed</u>	<u>Who files</u>	<u>Confidential/public 3/</u>
Federal Reserve, Comptroller, FDIC, and the Bank Board receive this form for their respective institutions		Notice of acquisition of control	Yes	Yes	Yes	Before change can be effected	Not yet decided	Investing party	Confidential

C. Ownership Reports Collected Incidental to the Regulatory Function

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>Owner's name</u>	<u>Citizen-ship</u>	<u>Residence</u>	<u>When required</u>	<u>How filed</u>	<u>Who files</u>	<u>Confidential/public 3/</u>
Bank Board receives these for S&L holding companies	H(b) 12	"Current Report" (Reports important events such as changes in control)	Yes	No	address	Within 15 days of month of event	Manual by company	Holding company	Public
	H(b) 11	Annual Report	No	No	No	Within 120 days after close of fiscal year	Manual by company	Holding company	Public
	H(b) 10	Registration Statement	Yes	No	address	Within 90 days of becoming a holding company	Manual by company	Holding company	Public
Bank Board receives this form for all applicants not already on New York Exchange	660	Confidential biographical and financial statement	Yes	Yes	Yes	Must be filed with application	Manual by company	Officers, directors, principal stockholders	Confidential

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>Owner's name</u>	<u>Citizen-ship</u>	<u>Residence</u>	<u>When required</u>	<u>How filed</u>	<u>Who files</u>	<u>Confidential/public 3/</u>
Bank Board receives this form for all S&Ls	139	Confidential financial and biographical report with applications for Federal S&L charter	Yes	Yes	Yes	With application	Manually by S&L	Officers, Director, principal shareholders	Confidential
OCC receives this form for national banks	CC 7020-03	Confidential biographical and financial report portion of application for national charter	Yes	Yes	Yes	Before national charter will be granted	Manually by bank	Officers, Directors, principal shareholders	Confidential

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>Owner's name</u>	<u>Citizen-ship</u>	<u>Residence</u>	<u>When required</u>	<u>How filed</u>	<u>Who files</u>	<u>Confidential/public 3/</u>
Federal Reserve receives these	Y-6	Annual Report of domestic bank holding companies	Yes	Yes	address	Within 90 days after close of fiscal year	Manual	Holding company	Public
	Y-7	Annual Report of foreign bank holding companies	Yes	No	address	Within 90 days after close of fiscal year	Manual	Holding company	Public
	Y-2	Applications for prior approval of the acquisition of bank shares	Yes	No	address	With application	Manual	Holding company	Public
	Y-1	Application to become a bank holding company	Yes	No	address	With application	Manual	Holding company	Public
FDIC receives this form for all banks	6200/06	Confidential biographical and financial portion of application for insurance	Yes	Yes	Yes	With application for insurance and change of control	Filed by bank	Officer, director	Confidential

- 1/ The name of owner means the name of the ultimate beneficial owner.
- 2/ This means the citizenship of an individual or the country of incorporation for a widely traded corporation.
- 3/ Public means that information relevant to foreign ownership is always public.
- 4/ The Securities and Exchange Commission is currently implementing a computer system to tabulate these forms.
- 5/ The Securities and Exchange Commission maintains a computer file on these forms; the Home Loan Bank Board files them manually.
- 6/ The F-11 regulations are now being amended to include citizenship data. Securities and Exchange Commission cover sheets included with these forms will include citizenship data.
- 7/ The Securities and Exchange Commission and the Federal banking regulators are now discussing whether to include this information in the Commission's computer file.

DATA COLLECTED ON FOREIGN DEPOSITS

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>When filed</u>	<u>Who files</u>	<u>How data is reported on form</u>	<u>Public/ confidential 1/</u>	<u>Remarks</u>
Federal Reserve, FDIC, Comptroller	FR 105	Report of Condition "call report"	Quarterly	All banks	Aggregate of foreign governments and institutions. Other deposits aggregated.	Public	
Federal Reserve	FR 105f	Foreign branch Report of Condition	Annually	Member banks of Federal Reserve System	Deposits aggregated	Confidential	
Federal Reserve	FR 314	Report of Condition	Annually	Edge Act Corporations; foreign branches of U.S. banks	Lists individual deposits of affiliated institutions with offices either within or outside U.S.	Confidential	
Federal Reserve	FR 416	Weekly Report of Condition	Weekly	Sample of Federal Reserve members	Aggregated deposits of foreign governments	Confidential	
Federal Reserve	FR 2502	Monthly Report of Foreign Branch Assets and Liabilities	Monthly	Sample of Federal Reserve members	Aggregates liabilities to non-U.S. addresses	Confidential	
Federal Reserve	FR 2502s	Quarterly Report of Foreign Branch Assets and Liabilities	Quarterly	Sample of Federal Reserve members	Aggregates liabilities by country address	Confidential	

<u>Agency</u>	<u>Form</u>	<u>Title</u>	<u>When filed</u>	<u>Who filed</u>	<u>How data is reported on form</u>	<u>Public/ confidential 1/</u>	<u>Remarks</u>
Federal Reserve	FR 2591 a & b	Ownership of Demand Deposit Accounts	Monthly	Sample of Member banks	Aggregates all foreign-owned deposits	Confidential	
Federal Reserve, Treasury	BL-1 BL-1a	Reporting Bank's Own Liabilities to Foreigners Payable in Dollars	Monthly	Banks and BHCs with liabilities to foreigners averaging over \$2 million in past 6 months	By country	Confidential <u>2/</u>	
	BL-1(sa)	Reporting Bank's Own Liabilities to Foreigners Payable in Dollars	Semi-annual	Banks and BHCs with liabilities to foreigners over \$2 million in past 6 months	By country	Confidential <u>2/</u>	Supplements RL-1
	BQ-2 BQ-2 (a)	Liabilities to Claims on, Foreigners Payable in Foreign Currencies	Quarterly	All banks and BHCs required to file BL-1 or BC claims on foreigners	By country	Confidential <u>2/</u>	All liabilities aggregate; deposits not broken out.
	C-1/2	Liabilities to and Claims on Foreigners	Quarterly	Nonbank business	By country	Confidential <u>2/</u>	S&Is would report on this form; shows all liabilities aggregated; deposits not broken out.

1/ Data from many of these forms is published in aggregate for a large group of banks or for all banks.

2/ Data for individual banks not published, but may be given to authorized Federal agency.

APPENDIX III

APPENDIX III

Federal Home Loan Bank Board

1700 G Street, N.W.
Washington, D.C. 20562

Federal Home Loan Bank System
Federal Home Loan Mortgage Corporation
Federal Savings and Loan Insurance Corporation

ROBERT H. MCKINNEY, Chairman

April 30, 1979

Mr. Allen R. Voss
Director
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Voss:

Thank you for transmitting your proposed draft report on foreign investments in U. S. depository institutions. We appreciate the opportunity to comment.

I have one substantive comment. As the report correctly points out, the focus of statutes and programs administered by the Bank Board has not been the collection of foreign investment information. Nonetheless, the data available indicates that there has not been significant foreign investment in the stock of insured savings and loan associations or their holding companies. This can be explained in part by the fact that there are relatively few insured institutions chartered in the stock form. There are less than 700 insured stock institutions; approximately 140 are controlled by the 100 or so registered holding company systems. Even fewer associations and holding companies have an active trading market. Approximately 50 stock associations and "pure" savings and loan holding companies (*i.e.*, those holding companies involved primarily or totally in the savings and loan business through subsidiaries) are traded on national or regional markets. Perhaps 20 more savings and loan holding companies, which are involved largely in non-savings and loan activities, are traded on national auction markets. The remaining majority of associations and holding companies are generally closely held, and their shares may not be readily accessible to foreign investors. There is concern over increasing offshore investment in domestic enterprise. In the savings and loan industry long standing policies of the Bank Board have been designed to foster strong bonds between an association and its local community. Nonetheless, investment by foreign

persons in the savings and loan business has not been the source of supervisory problems to date. Various statutes and regulations provide the Bank Board authority to deal with supervisory problems as well as potentially detrimental acquisitions. Given the scarcity of foreign investment in the savings and loan business, the limited opportunity for further investment, the absence of significant problems associated with present investment, and existing supervisory provisions, we concur strongly in your recommendation that the fashioning of additional tools for data collection or regulation of foreign investment by Congress should be predicated upon a clear showing that the benefits to be derived outweigh the burdens of compliance. We would note that the proposed forms to be issued under the new Change in Savings and Loan Control Act are drafted to elicit information on citizenship and jurisdiction of incorporation or organization from persons seeking "control" of associations and in some instances holding companies.

In addition, my staff has reviewed the report and made a number of technical comments and observations:

Reference [See GAO note.]

Comment

Page 5

The first paragraph indicates that the SEC and the Bank Board share reporting responsibilities for savings and loan holding companies. It is not clear from the text that all holding companies must report to the Bank Board under the Savings and Loan Holding Company Act, while the responsibility to report to the SEC runs only to those companies issuing securities subject to reporting and registration provisions of the Securities Acts.

Pages 5/6

The discussion P. L. 95-630 suggests that under that statute information is only to be collected on "individuals". The statute and the regulations authorize collection of information on (acquiring) "persons" which in certain instances may be corporations or other legal entities.

Reference [See GAO note.]Comment

Page 7

In the last paragraph the reference to "national charters" might be changed to "Federal charters". A similar reference on page 6 of APPENDIX I might also be adjusted. Moreover, citizenship information is gathered on principal organizers and management figures involved in applications for (1) the grant of a Federal charter or (2) insurance of the accounts of a state chartered institution. There are no de novo Federal stock charters. Some, but not all, of the state chartered institutions seeking account insurance will be in the stock form. Some, but not all, of the organizers/managers of the state chartered stock institutions would doubtless be stockholders.

Page 7

In the last paragraph the discussion of information required pursuant to holding company acquisition applications might be modified to reflect the fact that citizenship information is required, when an acquisition of either an association or existing holding company is proposed. Such data must be provided not only by certain owners but also officers and directors, who may be stockholders.

APPENDIX I

Page 1

This chart might be annotated to disclose that SEC Forms 3 and 4 filed with the Bank Board are not computerized but maintained manually by company. The SEC does, of course, maintain a computer file of such forms required to be filed with it.

Reference [See GAO note.]

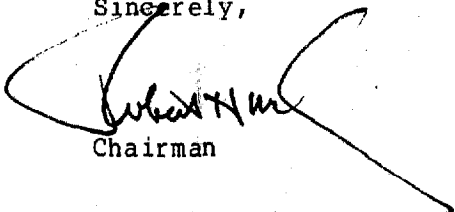
Comment

APPENDIX I
Page 4

Certain filings under the Savings and Loan Holding Company Act (viz., those of the H-(b) and H-(e) series) which may incidentally unearth information related to foreign investment, are either not listed in the chart or may require more in the way of information than indicated. You may find the attached schedule, which was prepared in response to an information request on foreign investment from Congressman Rosenthal, helpful.

If we can be of further assistance, please do not hesitate to contact us.

Sincerely,



Chairman

Attachment.

GAO note: Page references in this appendix refer to our draft report and may not correspond to the pages of this final report.

FEDERAL HOME LOAN BANK BOARD FILINGS
REQUIRING CERTAIN
INFORMATION ON OWNERS

PAGE 1

APPENDIX IV

APPENDIX IV

NAME / NUMBER

INFORMATION REQUIRED

REMARKS

Registration Statement H-(b)3
for Corporate Trustees

- 1) Address of trustee (a "company" as defined in §408(a)(1) of the Act)
- 2) State or other jurisdiction in which issuer was incorporated or organized

This form as well as other H-(b), H-(e), and H-(g) holding company forms are promulgated under §408 of the National Housing Act, as amended ("Act" - 12 U.S.C 1730a). See also §584.10 of the Regulations for Savings and Loan Holding Companies (12 C.F.R. §584.10). Here and in most cases the "issuer" of securities will be a domestic savings and loan association, although in certain instances such issuer may be an intermediate holding company.

Registration Statement H-(b)4 for
creditors as holding companies

- 1) Address of principal executive office of creditor company (as defined in §408(a)(1) of the Act)
- 2) State or other jurisdiction of incorporation or organization of creditor company.

NOTE: There is nothing to prohibit a foreign investor in a domestic stock savings and loan association or holding company from having a U. S. address, residence or even domicile. With small exceptions the forms and the statutes under which they are promulgated have not been designed to discover foreign investment.

FEDERAL HOME LOAN BANK BOARD FILINGS
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PAGE 2

<u>NAME / NUMBER</u>	<u>INFORMATION REQUIRED</u>	<u>REMARKS</u>
Registration Statement H-(b) 5 for voting Trusts	<ol style="list-style-type: none">1) Addresses of all voting trustees2) State or other jurisdiction of incorporation or organization of issuer.3) Address of issuer's principal executive offices4) Addresses of all holders having beneficial ownership of more than 10 percent of any voting trust certificates5) Addresses of certain parties represented by voting trustees	This is the statement which would be filed by the ordinary or usual corporate holding company after an acquisition has been approved by the Bank Board (unless an "exempt reorganization" under §408(e)(1)(B)(ii)
Registration Statement H-(b)10	<ol style="list-style-type: none">1) Addresses of principal executive office of the holding company (registrant).2) The name of any foreign country in which any person in control (as defined in §408(a)(2) of the Act) of the holding company resides.3) Addresses of certain contributors of capital and beneficiaries of voting trusts.	

FEDERAL HOME LOAN BANK BOARD FILINGS
 REQUIRING CERTAIN
 INFORMATION ON OWNERS

<u>NAME / NUMBER</u>	<u>INFORMATION REQUIRED</u>	<u>REMARKS</u>
Registration Statement H-(b) 10 (continued)	4) Addresses of organizers of holding company organized after January 1, 1955	This is an exception report. The information reported (with the exception of No. 1) reflects changes since the previous report.
Annual Report H-(b) 11	1) State other jurisdiction in which holding company was incorporated 2) Address of principal executive office of holding company.	
Current Report H-(b) 12	1) Address of principal executive office of registrant holding company 2) Address of persons who have become controlling persons. 3) Countries in which persons who have become controlling persons (or ceased to be controlling persons) reside. 4) Residence addresses of new directors, trustees or partners.	

FEDERAL HOME LOAN BANK BOARD FILINGS
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NAME NUMBER	INFORMATION REQUIRED	REMARKS
Current Report H-(b)12 (continued)	5) Addresses of principal holders of securities, partnership and/or trust interests. 6) Addresses of certain voting trustees. 7) Addresses of certain contributors of capital or beneficiaries of trusts. 8) Addresses of officers, directors, partners, trustees or other persons in control of a registrant holding company who also own more than 25% of the voting shares of a non-subsidiary association, or otherwise control such association.	The H-(e) applications are filed prior to the acquisition of a savings and loan association or holding company by another company. With the exception of those acquisitions exempted from prior approval. (See §408(e)(1)(B) and Information Filing H-(e)4, below) such transactions require prior Bank Board approval. Those applications would likely disclose foreign companies (as defined) who propose to acquire control (as defined in §408(a)(2) of the Act) of an association or holding company.
Application H-(e)1	1) Addresses of Principal executive office of applicant company (as defined in §408(a)(1) of the Act). 2) Addresses of organizations and individuals holding certain shares of holding companies (or associations) to be transferred as a result of the proposed transaction.	
Application H-(e)2	1) Addresses of principal executive office of applicant company. 2) Addresses of certain holders of shares in holding company (or association) to be transferred as a result of the proposed transaction.	

FEDERAL HOME LOAN BANK BOARD FILINGS
REQUIRING CERTAIN
INFORMATION ON OWNERS

PAGE 5

NAME / NUMBER

INFORMATION REQUIRED

REMARKS

Application H-(e)3

1) Address of principal executive office of applicant company.

2) Addresses of certain holders of shares in the holding company (or associations) to be transferred as a result of the transaction

Information Filing H-(e)4

1) Address of principal executive office of company

2) Addresses of record and beneficial holders of voting shares of association to be held by newly formed company

Application H-(g)

1) Address of principal executive office of applicant holding company (as defined in §403(a)(1) of the Act).

PHLBB Form 660
Confidential Biographical and
Financial Report

1) Present residence, place of birth, and citizenship of each officer, director, partner, trustee, or beneficial owner of more than 25% of the voting securities of any applicant company or subsidiary thereof

FORM A
Change in Savings and Loan
Control Act

1) Address of putative controlling person or persons.

FORM B
Change in Savings and Loan
Control Act

1) Residence, place of birth, and citizenship of putative controlling person or persons.

Prior notice of an "exempt reorganization" under §408(e)(1)(B) of the Act

This is an application by a holding company for Bank Board authority to incur debt. See §408(g) of the Act.

This form is required as part of certain holding company acquisition applications where the acquiring company is not an association or a company whose shares are traded on the New York Stock Exchange

These are proposed forms to be promulgated under the new Change in Savings and Loan Control Act (Title VII of the Financial Institutions Regulatory and Interest Rate Control Act of 1978). Final forms may differ. See also new Section 563.18-1 of the Rules and Regulations for Insurance of Accounts (12 C.F.R. §563.18-1).

FEDERAL HOME LOAN BANK BOARD FILINGS
REQUIRING CERTAIN
INFORMATION ON OWNERS

NAME / NUMBER	INFORMATION REQUIRED	REMARKS
Securities and Exchange Commission ("SEC") Schedule 13D	1) Residence principal business address, citizenship and/or place of organization of any person (as defined in §13(d)(3) of the Securities Exchange Act of 1934 - "34 Act") holding beneficial ownership of more than 5% of a class of any equity security of an insured association which is registered pursuant to the 34 Act.	Pursuant to 1974 amendments to §12(i) of the 34 Act (15 U.S.C. §78a et seq.) the Bank Board has responsibility for administering certain provisions of the 34 Act with respect to insured stock associations whose shares are registered under that Act (presently numbering 60). The Bank Board pursuant to 12 C.F.R. 563d has adopted the SEC's forms. The SEC retains jurisdiction over savings and loan holding companies whose shares are registered pursuant to the 34 Act.
SEC - Schedule 13G	1) Principal business address residence, citizenship and/or place of organization of certain specified persons holding beneficial ownership of more than 5% of a class of any equity security of an insured association which is registered pursuant to the 34 Act.	This is basically a short form Schedule 13D to be used by persons who hold shares for portfolio investment.
25 SEC Form 3 - Initial Statement of Beneficial Ownership of Securities	1) Address of officers, directors and beneficial owners of 10% or more, of a class of equity securities of an insured association which is registered pursuant to the 34 Act.	Filed when an issuing association's shares are first registered pursuant to the 34 Act.
SEC Schedule 14A	1) Address of persons having beneficial ownership of more than 5% of any class of equity securities of an insured association which is registered pursuant to the 34 Act.	This is a proxy statement. It is usually filed in conjunction with an annual meeting of shareholders.
SEC Schedule 14B	1) Residence/business address of filing party	This proxy statement is filed by persons other than management of the issuer who are soliciting proxies. The filing party would usually be a stockholder

FEDERAL HOME LOAN BANK BOARD FILINGS
REQUIRING CERTAIN
INFORMATION ON OWNERS

PAGE 7

NAME / NUMBER	INFORMATION REQUIRED	REMARKS
SEC Schedule 14C	1) Address of persons having beneficial ownership of more than 5% of any class of equity securities of an insured association which is registered pursuant to the 34 Act	Information statement for security holders when proxies are not solicited by management.
SEC Schedule 14D-1	1) Residence or business address and citizenship or jurisdiction of organization of a person making a tender offer for the securities of any class of equity securities of an insured association which is registered pursuant to the 34 Act.	Filed by bidder in a tender who would usually also holds some shares.
SEC Schedule 14D	1) Business address of person making a recommendation or solicitation on a tender offer for any class of equity security of an insured association which is registered pursuant to the 34 Act.	The filing party is usually the issuer but may be a stockholder
SEC Form 4 - Statement of Changes in Beneficial Ownership of Securities	1) Addresses of officers, directors and beneficial owners of 10% of any equity security of an insured association which is registered pursuant to the 34 Act.	Filed to reflect changes in SEC Form 3 information. See above.
FHLBB Form 718 - Report of Permanent Stock	1) Address of directors, officers, attorneys, partners, associates, and other persons beneficially owning more than 5% of the voting shares of an association to be a party to a business combination .	This form is used in the processing of applications for merger (as defined) of insured institutions.
FHLBB Form 16-T - List of Stockholders	1) Addresses of stockholders of an institution seeking insurance of accounts	
FHLBB Form 139 - Confidential Biographical and Financial Report	1) Present address, place of birth, citizenship of each director and managing officer of an applicant for insurance of accounts which is an operating association	When the applicant association is a state chartered stock association these individuals may also be stockholders.

FEDERAL HOME LOAN BANK BOARD FILINGS
REQUIRING CERTAIN
INFORMATION ON OWNERS

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NAME / NUMBER

INFORMATION REQUIRED

REMARKS

FHLBB/FSLIC Outline of
Information to be Submitted
in Support of an Application
for Insurance of Accounts

- 1) Home and business address of each organizer, proposed director and managing officer of an applicant for insurance of accounts which is in organization (i.e. not an operating entity)

These individuals may be stockholders where the applicant association is a state chartered stock association



Comptroller of the Currency
Administrator of National Banks

Washington, D. C. 20219

May 2, 1979

Mr. Allen R. Voss
Director
General Government Division
U.S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Voss:

This is to furnish our comments on the draft report on foreign investments in U.S. depository institutions.

The statements in the report are basically accurate. Please note that the OCC and the Department of Commerce's Office of Foreign Investments in the U.S. have had recent meetings to establish new arrangements for providing information on foreign investments. Regarding the Securities and Exchange Commission's development of a special cover sheet to gather ownership and citizenship data on registered corporations, the OCC will soon propose the use of an identical form for registered banks.

On other national banks, the OCC has altered its form, "Notice of Change in Control of a National Bank," to include citizenship data. This modification was made to implement the Change in Bank Control Act of 1978 (Title VI of the Financial Institutions Regulatory and Interest Rate Control Act of 1978).

The OCC agrees with the recommendation that the implementation of a system to collect information on foreign investors is contingent upon an assessment of the need for gathering more complete data and an assessment of the burden the system would place on depository institutions. The costs to regulatory agencies of developing and maintaining the system also should be assessed before implementation. Further we suggest that the General Accounting Office explore the impact and constraints the provisions of Public Law 93-579 (the Privacy Act) might have on establishing the proposed system.

Very truly yours,

John G. Heimann
Comptroller of the Currency



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 2, 1979

Mr. Allen R. Voss
Director
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Voss:

The Board has reviewed your report to the Chairman, Subcommittee on Commerce, Consumer and Monetary Affairs, House Committee on Government Operations, regarding information collected on foreign investments in United States depository institutions. We believe that the report is substantially accurate in describing both the Federal Reserve's procedures and the types of ownership information it collects.

As the report notes, the Board has not had a legislative mandate to collect foreign ownership information for all banks. However, citizenship information has been obtained regularly in connection with the supervision of bank holding companies. Moreover, we have sought to collect information on ownership of banks not connected with bank holding companies where that ownership is substantial. While there are no assurances that information on foreign ownership interests is fully complete, the Board believes that any significant foreign ownership interests have been identified under these procedures. Further information on very small holdings, whether frequent or not, would appear to have little significance for the policy objectives of the banking agencies in particular, or for the U. S. Government in general.

The Board carefully considers the value and use of additional information before imposing new reporting requirements, both in response to the President's program to reduce reporting burden and in recognition of the costs to the Federal Reserve System. Under present procedures, the Board collects information on investments representing more than five per cent of any bank holding company. Moreover, under the recently enacted Financial Institutions Regulatory and Interest Rate Control Act (FIRA), the System will collect information on changes of ownership where the investment exceeds

Mr. Allen R. Voss
U. S. General Accounting Office

ten per cent of a bank's outstanding voting shares. We intend to systematically tabulate this data with respect to foreign ownership and believe that such information should be sufficient to meet our policy objectives.

The report also states that the financial regulatory agencies have not cooperated fully in providing the Department of Commerce with information on foreign investments. While the Board has not provided that Department with all such information that it collects, we have routinely provided data identifying significant investments. In the future, we will also provide the Department of Commerce with periodic reports containing the information obtained from relevant FIRA reports as well as information on less than controlling interests in bank holding companies.

Sincerely,



Griffith L. Woodward
Deputy Secretary of the Board



UNITED STATES DEPARTMENT OF COMMERCE
Industry and Trade Administration
Washington, D. C. 20230

MAY 3 1979

MEMORANDUM FOR: Henry Eschwege, Director
Community and Economic
Development Division
General Accounting Office

FROM: Frank A. Weil
Assistant Secretary for
Industry and Trade
Department of Commerce

off for Flueck

Enclosed are our comments on the draft GAO Report on
Foreign Investment in U. S. Depository Institutions.
The development of these comments addresses specific
GAO recommendations.

Industry and Trade Administration

Comments on Draft GAO Report on

"Foreign Investment in U.S. Depository Institutions"

April 3, 1979

These comments are addressed to the draft letter from the Comptroller General to Congressman Benjamin S. Rosenthal, Chairman, Subcommittee on Commerce, Consumer and Monetary Affairs, House Committee on Government Operations, transmitting comments and conclusions based on a review of information collected by various Federal agencies on foreign investments in depository institutions chartered in the United States.

The Commerce Department's responsibilities in these areas derive from the International Investment Survey Act of 1976 and the implementing Executive Order 11961 designating the Department of Commerce as the agency responsible for direct investment activities under the Act, and also from Executive Order 11858, which had established the Department of Commerce as the central agency for data collection and analysis of foreign direct investment in the United States.

These authorities define data collection responsibilities in broad terms, and the Department has sought to structure its activities so as to obtain data that would identify major transactions, provide for aggregates encompassing the preponderant share of investment activity, and permit analyses of the significance of such investments, taking into account the objective of avoiding efforts that would be excessively costly and burdensome on reporters.

The Department's data collection efforts take two essential forms -- statistical surveys by the Bureau of Economic Analysis and transactions monitoring by ITA's Office of Foreign Investment in the United States. The latter prepares its reports from information derived from other Federal agencies, including agencies regulating depository institutions, and from other public sources.

While OFIUS has generally sought to develop a systematic, uniform identification and data collection procedure on investment transactions, it has relied to a great extent on the guidance of the depository institution regulators to identify the important issues related to foreign banking investments, to indicate the appropriate level of surveillance, taking into account the needs and burdens, and to help develop an adequate monitoring mechanism in the specialized financial industry. Neither the International Investment Survey Act nor the International Banking Act of 1978, the latter passed after prolonged hearings on foreign banking operations in the United States, singles out foreign investments in depository institutions for a particular and/or higher level of surveillance, although the Financial Institutions Regulatory and Interest Rate Control Act of 1978

(Financial Institutions Regulatory Act) requires increased background information to be reported by individuals who seek to purchase control of depository institutions.

The drafting of regulations implementing the International Banking Act and the Financial Institutions Regulatory Act provides a basis for developing additional information from the bank regulatory agencies which OFIUS could obtain to monitor, characterize, and report on foreign investment in depository institutions. The Financial Institutions Regulatory Act in particular provides the Federal financial agencies broad leeway in collecting background information on investors who want to purchase control of banks and S&L's and holding companies. These agencies plan to collect data on citizenship of prospective purchasers as part of this broader background information. OFIUS has been meeting with the financial regulatory agencies to improve its overall data collection effort, with particular emphasis on citizenship of investors.

In ongoing arrangements established in 1976 between OFIUS and the bank regulatory agencies, those agencies agreed to cooperate with OFIUS by identifying current and prospective foreign investment transactions involving at least 10 percent equity ownership in depository institutions and reporting such cases to OFIUS. After bank regulatory or other identification of foreign investment transactions, OFIUS would request copies of forms, applications, or other information it needed to complete its research and reporting. Although not all of the information initially identifying foreign investors has come from the financial regulatory agencies, OFIUS has received some agency information which initially identifies such investors and a great deal of supplemental information on those investors and investments identified through other sources.

Among the materials which OFIUS has been receiving which initially identify foreign investments are copies of screened F-11 forms filed with the Federal Reserve Board relating to foreign tender offers in Fed member banks required to report under the Securities Exchange Act. OFIUS is also receiving copies of screened foreign applications to form a bank holding company. OFIUS additionally receives a bi-weekly digest of changes in control of national banks from the Comptroller of the Currency which it scans for foreign interest. OFIUS also scans the Federal Deposit Insurance Corporation weekly news releases reporting mergers, asset purchases, and liability assumptions related to state non-member banks. Further, OFIUS receives from the Federal

Home Loan Bank Board its monthly journal listing mergers of savings and loan associations. The FHLBB carried out a regional U.S. survey of foreign investment in S&L's in 1976 and forwarded the results to OFIUS. Since that time it has sought to keep OFIUS informed on the status of foreign ownership of S&L's.

OFIUS recognizes that its current information collection arrangements with the bank regulatory agencies leave some gaps. However, our discussions with financial agency contacts lead us to believe that since 1974 we have recorded the most significant foreign investments in the industry (although some were initially identified from sources other than the Federal agencies) and which account for the preponderance of the total.

If an assessment of the issues indicates that more complete monitoring of foreign investment in depository institutions is needed, it still appears that the regulatory agencies should collect the information and transmit it to OFIUS since those agencies would have the authority to enforce regularized reporting by financial institutions through current examination procedures. An alternative means of collecting expanded information on foreign investment in depository institutions is inclusion of the industry in mandated surveys of investors such as the type performed by the Bureau of Economic Analysis of this Department. The BE-13 survey form covering new direct investment transactions requires reporting by all foreign-owned U.S. banking enterprises whose acquisition cost exceeds \$500,000. The financial industry could similarly be included in the next BEA Benchmark Survey of foreign direct investment in the United States. It should be noted that specific BEA survey data are treated as business confidential and that only aggregated data may be published.

Finally, in reference to specific observations in the draft letter respecting the shortcomings of OFIUS's coverage of foreign investments in U.S. depository institutions, our response could be summarized as follows: The Office has construed its mandates as requiring coverage of the preponderance of foreign investment activity--that amount necessary to provide the Congress and the Executive Branch adequate information for legislative and policy actions. Hence, its coverage is not comprehensive. It diffuses its resources to cover all forms of direct investment, including the banking area. It seeks to avoid unnecessary reporting and administrative burdens. It receives guidance from the regulatory agencies and welcomes further guidance from the Congress.



FEDERAL DEPOSIT INSURANCE CORPORATION, Washington, D.C. 20429

OFFICE OF THE CHAIRMAN

May 11, 1979

Mr. Elmer B. Staats
Comptroller General of the United States
General Accounting Office
441 G Street, N. W.
Washington, D. C. 20548

Dear Mr. Staats:

Subject: Draft Letter Report to the Chairman, Subcommittee on Commerce,
Consumer and Monetary Affairs, House Committee on Government
Operations: Information Collected on Foreign Investments in
United States Depository Institutions

We are in general agreement with the overall conclusion in your report "that there is no systematic, comprehensive mechanism for gathering and compiling information on all amounts of foreign investments in U. S. depository institutions." (emphasis added)

In the supervision of banks for safety and soundness and compliance to regulatory requirements, the agencies have not had a supervisory reason or a legislative mandate to make such a compilation.

Government costs of gathering such data from banks could be estimated readily; however, it would be more difficult to determine economic costs to banks in the event that banks should be required by statute to solicit and maintain such information.

If for public policy reasons it is determined that such information should be gathered, the supervisory agencies could obtain it through the examination function or through reports submitted to the agencies, to the extent such information is available within the institution. Any listing compiled by the agencies cannot be fully comprehensive because of securities held in "street name" or other comparable vehicles.

Sincerely,

Irvine H. Sprague
Chairman

(230030)