Title: Letterhead Applications and Notices Filed by Brewers.

OMB Number: 1513–0005.

Form Number: TTB F 5130.10.

Recordkeeping Requirement ID Number: TTB REC 5130/2.

Abstract: The Internal Revenue Code requires brewers to file a notice of intent to operate a brewery. TTB F 5130.10 is similar to a permit and, when approved by TTB is brewer's authorization to operate. Letterhead applications and notices are necessary to identify brewery activities so that TTB may insure that proposed operations do not jeopardize Federal revenues. Brewers must keep general required records for ongoing brewery operations for a period of 3 years. However, the brewer must keep certain documents for an indefinite period. Qualifying documents are the permission to operate. So, as long as the brewery is in operation, the brewer must keep the pertinent qualifying documents, including the Brewer's Notice and other notices and applications.

Current Actions: There are no changes to this information collection and it is being submitted for extension purposes only.

Type of Review: Extension.

Affected Public: Business or other for-profit.

Estimated Number of Respondents: 1,750.

Estimated Total Annual Burden Hours: 9,625.

Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: January 6, 2004.

William H. Foster,

Chief, Regulations and Procedures Division.

[FR Doc. 04–1634 Filed 1–26–04; 8:45 am]

BILLING CODE 4810–13–P

DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

Proposed Collection; Comment Request

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104–13 (44 U.S.C. 3506(c)(2)(A)). Currently, the Alcohol and Tobacco Tax and Trade Bureau within the Department of the Treasury is soliciting comments concerning the Principal Place of Business on Beer Labels.

DATES: Written comments should be received on or before March 29, 2004 to be assured of consideration.

ADDRESSES: Direct all written comments to Sandra L. Turner, Alcohol and Tobacco Tax and Trade Bureau, 650 Massachusetts Avenue, NW., Room 200 E, Washington DC 20226; telephone (202) 927–8210.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form(s) and instructions should be directed to Sandra L. Turner, Alcohol and Tobacco Tax and Trade Bureau, 650 Massachusetts Avenue, NW., Room 200 E, Washington, DC 20226; telephone (202) 927–8210.

SUPPLEMENTARY INFORMATION:

Title: Principle Place of Business on Beer Labels.

OMB Number: 1513–0085.

Recordkeeping Requirement ID Number: TTB Reporting Requirement 5130/5.

Abstract: TTB regulations permit domestic brewers who operate more than one brewery to show as their address on labels and kegs of beer, their "principal place of business" address. This label option may be used in lieu of showing the actual place of production on the label or of listing all of the brewer's locations on the label.

Current Actions: There are no changes to this information collection and it is being submitted for extension purposes only.

Type of Review: Extension.

Affected Public: Business or other for-profit.

Estimated Number of Respondents: 1,200.

Estimated Total Annual Burden Hours: One (1).

Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: January 6, 2004.

William H. Foster,

Chief, Regulations and Procedures Division.

[FR Doc. 04–1635 Filed 1–26–04; 8:45 am]

BILLING CODE 4810–13–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Submission for OMB Review; Comment Request

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice of information collection to be submitted to OMB for review and approval under the Paperwork Reduction Act of 1995.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC (the "agencies") may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. On November 8, 2002, the agencies requested public comment for 60 days on proposed

revisions to the Consolidated Reports of Condition and Income (Call Report), which are currently approved collections of information. After making certain modifications, some of these proposed revisions were adopted by the Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, approved by OMB, and took effect March 31, 2003. After considering the comments the agencies received on the other proposed revisions from the November 2002 proposal, the FFIEC has adopted these remaining revisions with certain changes and the agencies are submitting them to OMB for review and approval.

DATES: Comments must be submitted on or before February 26, 2004.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: Comments should be sent to the Public Information Room, Office of the Comptroller of the Currency, Mailstop 1–5, Attention: 1557–0081, 250 E Street, SW., Washington, DC 20219. Due to delays in paper mail delivery in the Washington area, commenters are encouraged to submit comments by fax or e-mail. Comments may be sent by fax to (202) 874–4448, or by e-mail to *regs.comments@occ.treas.gov*. You can inspect and photocopy the comments at the OCC's Public Information Room, 250 E Street, SW., Washington, DC 20219. You can make an appointment to inspect the comments by calling (202) 874–5043.

Board: Written comments, which should refer to ''Consolidated Reports of Condition and Income, 7100–0036,'' may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Due to temporary disruptions in the Board's mail service, commenters are encouraged to submit comments by electronic mail to *regs.comments@federalreserve.gov*, or by fax to the Office of the Secretary at 202–452–3819 or 202–452–3102. Comments addressed to Ms. Johnson also may be delivered to the Board's mailroom between 8:45 a.m. and 5:15 p.m. weekdays, and to the security control room outside of those hours. Both the mailroom and the security control room are accessible from the Eccles Building courtyard entrance on 20th Street between Constitution Avenue and C Street, NW. Comments received may be inspected in room M–P–500 between 9 a.m. and 5 p.m. on weekdays pursuant to sections 261.12 and 261.14 of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

FDIC: Written comments should be addressed to Steven F. Hanft, Paperwork Clearance Officer, Room MB–3964, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429. All comments should refer to ''Consolidated Reports of Condition and Income, 3064–0052.'' Commenters are encouraged to submit comments by electronic mail to *shanft@fdic.gov* or by fax to (202) 898–3838. Comments also may be hand-delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

A copy of the comments may also be submitted to the OMB desk officer for the agencies: Joseph F. Lackey, Jr., Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, Washington, DC 20503 or electronic mail to *jlackeyj@omb.eop.gov*.

FOR FURTHER INFORMATION CONTACT: For further information about the revisions discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, sample copies of Call Report forms can be obtained at the FFIEC's Web site (*http://www.ffiec.gov*).

OCC: John Ference, Acting OCC Clearance Officer, or Camille Dixon, (202) 874–5090, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

Board: Cynthia M. Ayouch, Board Clearance Officer, (202) 452–3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263–4869.

FDIC: Steven F. Hanft, Paperwork Clearance Officer, (202) 898–3907, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: Request for OMB approval to extend, with revision, the following currently approved collections of information:

Report Title: Consolidated Reports of Condition and Income.

Form Number: FFIEC 031 (for banks with domestic and foreign offices) and FFIEC 041 (for banks with domestic offices only).

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

For OCC:

OMB Number: 1557–0081.

Estimated Number of Respondents: 2,126 national banks.

Estimated Time per Response: 42.30 burden hours.

Estimated Total Annual Burden: 359,719 burden hours.

For Board:

OMB Number: 7100–0036.

Estimated Number of Respondents: 952 state member banks.

Estimated Time per Response: 48.35 burden hours.

Estimated Total Annual Burden: 184,117 burden hours.

For FDIC:

OMB Number: 3064–0052.

Estimated Number of Respondents: 5,332 insured state nonmember banks.

Estimated Time per Response: 32.95 burden hours.

Estimated Total Annual Burden: 702,758 burden hours.

The estimated time per response for the Call Report is an average, which varies by agency because of differences in the composition of the banks under each agency's supervision (*e.g.*, size distribution of institutions, types of activities in which they are engaged, and number of banks with foreign offices). For the Call Report as it would be revised, the time per response for a bank is estimated to range from 15 to 600 hours, depending on individual circumstances.

General Description of Report

These information collections are mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for state member banks), and 12 U.S.C. 1817 (for insured state nonmember commercial and savings banks, and for all banks for deposit information). Except for selected items, these information collections are not given confidential treatment.

Abstract

Banks file Call Reports with the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of reporting banks and the industry as a whole. In addition, Call Reports provide the most current statistical data available for identifying areas of focus for both on-site and off-site examinations, for evaluating bank corporate applications such as mergers, and for monetary and other public policy purposes. Call Reports are also used to calculate all banks' deposit insurance and Financing Corporation assessments and national banks' semiannual assessment fees.

Current Actions

On November 8, 2002, the OCC, the Board, and the FDIC jointly published a notice soliciting comments for 60 days on proposed revisions to the Call Report (67 FR 68229). The agencies' notice addressed a number of different types of changes to the Call Report requirements. These changes related to the content of the Call Report itself, the submission deadline for certain banks, and the agencies' process for validating and publicly releasing the data that banks report.

After considering the comments the agencies received on the November 2002 proposal, the FFIEC and the agencies adopted some of the proposed revisions after making certain modifications to them, submitted them to OMB for review with a request for public comment on them (68 FR 10310), and received OMB approval to implement them as of March 31, 2003. The agencies' notice also explained that the FFIEC and the agencies were continuing to evaluate three other elements of their November 2002 proposal:

(1) A reduction from 45 to 30 days in the Call Report filing period for banks with more than one foreign office,[1]

(2) The creation of a supplement to the Call Report that would enable the agencies to collect a limited amount of data from certain banks in the event of an immediate and critical need for specific information, and

(3) The establishment of edit criteria that would have to be met in order for a bank's Call Report data to be accepted beginning upon implementation of the agencies' new business model for collecting and validating Call Reports in 2004.

The FFIEC and the agencies have concluded their evaluations of these three elements of their November 2002 proposal and have decided to proceed with them in modified form as more fully discussed below. In addition, in preparation for the implementation of the agencies' new Call Report business model, banks will begin to provide contact information for the authorized officer who signs their Call Report as part of their submission of the report. The contact information would be afforded confidential treatment and includes the officer's name, title, phone number, e-mail address, and fax number. This revision would take effect with the Call Report for March 31, 2004.

Type of Review: Revisions of currently approved collections.

[1] Because the agencies had proposed in November 2002 to reduce this filing period effective June 30, 2003, their notice requesting comment on the revisions submitted to OMB for review stated that any reduction in the filing period would not take effect until after June 30, 2003.

Comments Received on the Agencies' Proposal

In response to their November 8, 2002, notice, the agencies received 13 comment letters, eight from banks and banking organizations, three from bankers' associations, one from a governmental entity, and one from a trade group outside the banking industry. The FFIEC and the agencies have considered the comments received from these 13 respondents as they relate to the revisions that are the subject of this notice.

Reduction in the Filing Period for Banks with More Than One Foreign Office—Of the 13 commenters, 8 addressed the proposed reduction from 45 to 30 days in the filing period for banks with more than one foreign office. One bankers' association observed that its member banks generally did not perceive this proposed change to be a problem. However, five large banks and two other bankers' associations objected to this proposed change. These commenters indicated that, compared to other banks of similar size that have a 30-day filing deadline, banks with multiple foreign offices are more heavily involved in certain activities, such as securitizations, credit enhancements, and fiduciary activities, which affect the amount and complexity of the information these banks must report in the Call Report. In addition, foreign office data often must be translated from another currency into U.S. dollars and converted from local accounting principles to U.S. accounting principles. These commenters therefore expressed concern about the cost and burden of a shorter filing period, which would require affected banks to modify their reporting systems and processes and add or reallocate staff. They further stated that an earlier filing deadline could adversely affect data quality, at least in part by limiting the amount of time available for the review of Call Report data prior to submission.

Commenters suggested alternatives to the agencies' proposal to reduce the filing period for banks with multiple foreign offices to 30 days beginning June 30, 2003. One alternative would be for the agencies to implement a staggered submission process for banks with multiple foreign offices under which these banks would file a preliminary balance sheet, income statement, and domestic office deposit data within 30 days followed by complete Call Report data within 45 days. Another alternative would be for the agencies to adopt a three-year phased-in approach like the Securities and Exchange Commission (SEC) did in August 2002 when it shortened the filing period for larger public companies' quarterly reports on Form 10-Q from 45 to 35 days. Finally, commenters suggested that if the filing period for the Call Report data is reduced, the filing periods for other regulatory reports that banking organizations submit to the agencies should be lengthened.

In proposing to reduce the filing period for the approximately 40 banks with more than one foreign office, a group that includes the largest banks in the industry, the agencies noted that more timely receipt of Call Report data from all institutions would enable the agencies to make these data, and the agencies' analyses thereof, available to bankers and the marketplace earlier than at present. The agencies' proposal also cited the SEC's August 2002 decision to accelerate the filing period for quarterly and annual reports required from larger public companies under the federal securities laws as evidence of the importance of earlier public availability of information to decision-making. At the same time, the FFIEC and the agencies understand the concerns expressed by commenters about the impact that an almost immediate one-third reduction in the filing period would have on the systems and staffs of affected banks. The FFIEC and the agencies have considered these concerns and the alternatives suggested by commenters as well as the Board's March 2003 decision concerning the shortening of the filing deadline for the bank holding company report on form FR Y–9C (68 FR 15725). As a result, the FFIEC and the agencies have modified their original proposal and, similar to the actions by the SEC and Board, are adopting a phased-in approach for the Call Report. For banks with more than one foreign office, the filing deadline will be reduced to 40 calendar days from 45 calendar days starting with the June 2004 Call Report and to 35 calendar days starting with the June 2005 Call Report. These reduced filing periods will apply to each quarterly Call Report, including the year-end report. For all other banks, the Call Report filing deadline will remain 30 calendar days.

The changes in Call Report requirements that OMB approved for implementation as of March 31, 2003, included authorization for the FDIC to contact not more than 20 banks with more than one foreign office on or about each May 1 and November 1 if their March 31 and September 30 Call Reports had not been received in order to obtain certain deposit data needed to estimate insured deposits. As approved by OMB, the FDIC is permitted to survey these banks as long as the current 45-day filing period remains in effect. However, under the current statutory and regulatory timeframes for setting the semiannual deposit insurance assessment rates, the FDIC Board is required to announce the assessment rate schedules on approximately May 15 and November 15 each year. In order to do so, the FDIC Board must meet to decide on the rate schedule for the next semiannual period in early May and November. Thus, the reduction in the Call Report filing period to 35 days, rather than to 30 days as the agencies proposed in November 2002, does not eliminate the need for the FDIC's limited-scope deposit data survey. Accordingly, as long as the Call Report filing period for banks with multiple foreign offices exceeds 30 days, the FDIC is seeking ongoing authority to contact not more than 20 banks of these banks by telephone on or about each May 1 and November 1 if their March 31 and September 30 Call Reports have not been submitted. The FDIC would then receive the requested information on the amount of domestic office deposits and estimated uninsured deposits from the surveyed banks over the telephone, by e-mail, or by fax.

Call Report Supplement—Two banks and two bankers'' associations offered comments on the proposed addition to the Call Report of a supplement that the agencies would expect to use in the infrequent event of an immediate and critical need to collect certain information from a segment of the banking industry.[2] The November 2002 proposal noted that the Paperwork Reduction Act of 1995 has emergency procedures for obtaining OMB approval to collect information on a one-time basis, but stated the agencies' preference to take a proactive approach and obtain authority to collect critical data in advance of such a future need. The Board currently has comparable authority to collect a supplement to the FR Y–9C bank holding company report (Supplement to the Consolidated Financial Statements for Bank Holding Companies; FR Y–9CS; OMB No. 7100–0128).

One commenter questioned whether the agencies' proposed addition of a supplement to the Call Report had satisfied applicable Administrative Procedure Act requirements because the proposal lacked sufficient specificity, made no provision for confidential treatment of the data that would be collected, and the burden estimate was without foundation. Rather than creating a Call Report supplement, this commenter recommended that the agencies should rely on the existing emergency provisions of the Paperwork Reduction Act should they be confronted with an *ad hoc* need for critical information.

Two other commenters sought clarification of the frequency with which the Call Report supplement would be collected and magnitude of the data that would be requested because of the cost and burden to banks should the agencies overuse their authority for this supplement. One of these commenters also expressed concern about the absence of a prior opportunity to evaluate and comment on the data to be collected on the supplement, which led the commenter to recommend that such data be accorded confidential treatment. In contrast, the other commenter recommended that the agencies should permit institutions to request confidential treatment for their data. Finally, both of these commenters, as well as the fourth commenter, questioned what the submission deadline for the supplement would be. In addition, the fourth commenter recommended that the agencies set specific criteria for identifying the banks that must complete the supplement and limit the data to be collected to specific predefined items. This commenter also sought clarification of the circumstances in which there would be an ''immediate and critical need'' for data.

The Paperwork Reduction Act of 1995 and OMB's implementing regulation (5 CFR 1320) establish procedures for obtaining OMB approval for information collections. The November 2002 notice that the agencies published in the **Federal Register** seeking public comment on the proposed Call Report supplement is sufficiently specific to meet the standards established in that law and regulation. The notice and comment requirements of the Administrative Procedure Act do not apply to the proposed supplement. The Paperwork Reduction Act does not require that burden estimates for collections of information meet a specified level of precision, accuracy, and reliability. It requires only that the agencies make explicit the assumptions they used to estimate the number of respondents and the time needed to respond. The assumptions underlying the burden estimate associated with the proposed supplement have a degree of reliability that is typical for collections of this nature.

Furthermore, the agencies believe that they established appropriate constraints in their proposal with respect to their use of a Call Report supplement in order to limit the frequency of its use and the resulting reporting burden. In this regard, to limit the potential for overuse of the Call Report supplement, the agencies proposed that the members of the Federal Financial Institutions Examination Council would be required to approve the specific use of the supplement. Thus, the Examination Council's Reports Task Force would not have the delegated authority to institute a data collection using the Call Report supplement. The agencies note that the Board has used its authority to collect the bank holding company supplement (FR Y–9CS) only twice over the last 18 years, and its most recent use was to capture information on new activities authorized by the Gramm-Leach-Bliley Act of 1999.

In their November 2002 proposal, the agencies also stated that in any quarter in which the supplement were to be collected, no more than 10 percent of the banks under each agency's supervision would be required to complete the supplement and the reporting burden imposed on these banks would not exceed one hour per quarter. This is based on the assumption that the event giving rise to an immediate and critical data need would have a significant effect on a limited number of institutions. Thus, if the agencies were confronted with an immediate and critical need for data from more than 10 percent of their supervised banks or if the collection of such data would impose a reporting burden greater than one hour per quarter, the agencies would have to request OMB approval to use the Call Report supplement to collect the data. Otherwise, the agencies would need to follow the emergency procedures established under the Paperwork Reduction Act for obtaining the authority to collection the data on a one-time basis. Should there be a continuing need for data reported on the supplement or collected under emergency authority, the agencies would have to adhere to the standard Paperwork Reduction Act procedures for revising an existing approved information collection.

As for the circumstances in which the agencies would envision an ''immediate and critical need'' for data, the proposal cited as examples an unexpected market event or change in credit conditions that materially affects certain institutions as well as a statutory change. Another example would be a material change in accounting standards. If and when an

[2] One other bank briefly referred to the creation of this supplement in conjunction with its comments concerning the reduction in the filing period.

immediate and critical need for data were to arise and the Examination Council members approved the use of the Call Report supplement, the supplement would consist of specifically defined items (and related instructions) and specific criteria would be established for identifying the banks required to complete the supplement. The supplement normally would be collected as part of the next quarterly Call Report and the submission deadline for the supplement would be the same as for the Call Report (unless the Examination Council approved a later deadline). Accordingly, the ''as of'' date for the items on the supplement typically would be the Call Report date (or a period ending as of the report date). The Examination Council's approval to collect the supplement also would specify whether the reported data would be accorded confidential treatment on an individual institution basis, taking into consideration the nature of the data and the limited number of banks from which it would be collected. The FFIEC and the agencies would advise all banks about the supplemental reporting requirement at the earliest practicable date, and the notification would contain the information discussed above in this paragraph.

Criteria for Acceptance of Call Report Data—In August 2002, the FFIEC, on behalf of the agencies, issued a Request for Proposal for the design and implementation of a new business model for processing Call Report data. In June 2003, the FFIEC awarded a contract for the development of this new business model, a principal feature of which is a central data repository (CDR) to collect, validate, manage and distribute Call Report information. As part of the introduction of this new business model, currently targeted for implementation with the September 2004 Call Report, the agencies would change the validation process for Call Report data.

At present, a bank's completed Call Report data are subjected to numerous edit checks to assess the accuracy and reasonableness of the reported data after the data have been electronically submitted to the agencies. If the agencies' validation process identifies any edit failures or exceptions in a bank's reported data, an agency Call Report analyst normally contacts the bank, typically by telephone, to obtain either an explanation of the facts and circumstances that support the correctness of data as reported or any necessary corrections. This follow-up with a bank takes place anywhere from one day to four weeks after a bank has submitted its data.

Under the new business model, the validation process will take place in conjunction with a bank's submission of its Call Report data to the agencies. The CDR will contain all of the edit criteria and formulas, where they would be publicly available. Call Report preparation software into which the edits have been incorporated will identify any edit failures or exceptions while a bank is completing its report. The bank will then be able to correct its data to eliminate any validity edit failures, which are mathematical and logical tests. The software will also provide a method for the bank to supply explanatory comments concerning any quality edit exceptions, which are tests of the reasonableness of the data, including tests against historical performance and other relational tests.

Upon implementation of the CDR, the agencies proposed to not accept a bank's Call Report submission if it contains any validity edit failures and lacks explanatory comments for any quality edit exceptions. Because a bank would be aware of any edit failures or exceptions as it completes its Call Report, edit failures and exceptions will be addressed immediately rather than after-the-fact as they are under the agencies' current approach to data validation. Although banks will still have to correct validity edit failures and provide explanations for quality edit exceptions that support their reported data, the planned shift in the validation process should reduce the agencies' subsequent questions about these data. The new process also should result in quicker validation, acceptance, disclosure, and use of individual bank Call Report data.

Three banks and two bankers' associations commented on several matters relating to this aspect of the November 2002 proposal. Four of these commenters stated that the proposed requirement for a bank to provide explanatory comments for quality edit exceptions by the submission deadline for its Call Report data, rather than in response to an agency inquiry after the data have been filed and edited, will necessitate more work on the bank's part before it files its data than under the current processing system. They indicated that this has the potential to increase reporting burden and reduce the time available to a bank to ensure the accuracy of its reported data. The fifth commenter stated that the quality edits must be logical and reasonable in number so that banks do not spend an unreasonable amount of time and effort providing explanatory comments.

The agencies acknowledge that the change in the timing of when banks need to address edit failures and exceptions means that banks will need to allot time prior to the Call Report submission deadline to address any edit failures or exceptions identified by their Call Report preparation software. However, under the agencies' current validation process, the average number of edit exceptions identified upon receipt of Call Report data is from 3 to 4 per bank. The actual number of edit exceptions varies from none for about 35 percent of all banks to an average of about 12 for the largest banks with foreign offices. The number of edit exceptions per bank is not expected to change with the introduction of the CDR. Thus, the number of explanations that most banks will need to provide as part of their Call Report submission under the new business model should not be excessive. Furthermore, one of the purposes for implementing the new process is to ensure that banks are accountable for the quality and accuracy of their data so that the data validation process can be completed sooner, which will enable the data to be made available to users within the agencies and to the public earlier.

Four of the commenters sought assurance from the agencies that banks' explanatory comments for quality edit exceptions would be accorded confidential treatment. Reasons given for this request included the following: (1) Public disclosure of explanatory comments could place banks at a competitive disadvantage compared to other companies not subject to such disclosure requirements; (2) the explanatory comments are of a supervisory nature and are supplemental to the Call Report data; (3) the comments may be misinterpreted by the public; and (4) edit exceptions may occur as a result of institution-specific business strategies or transactions.

Under the agencies' current data validation approach, agency Call Report analysts record the explanations they obtain from banks concerning edit exceptions that are identified when their Call Report data are processed after they have been submitted to the agencies. Obtaining these after-the-fact explanations is an element of the agencies' overall supervision of banks and, as commenters observed, the explanations currently receive confidential treatment. The agencies' adoption of the new business model will simply shift the timing of receipt of the explanations that banks will provide to support the correctness of the data they have reported. Accordingly, the agencies will continue to treat banks' explanatory comments that address any quality edit exceptions as confidential. Should the agencies seek to make the explanatory comments publicly available in the future, they will propose a change in their policy and request public comment.

Five commenters recommended that the agencies disclose the quality edits they plan to implement in advance of their effective date so that banks can evaluate and comment on them. All but one of these commenters suggested that the issuance of these edits take place at least two quarters in advance. Another commenter expressed concern that because explanatory comments about edit exceptions would be an integral part of a bank's Call Report submission, the edits themselves would be considered part of the reporting requirements, which would make them subject to notice and comment. The agencies believe that both they and banks will benefit from the release of planned edits prior to their implementation date. The implementation of revisions to the data collected in the Call Report normally takes place as of the March 31 report date. The agencies' timeline for the introduction of reporting revisions under the new business model calls upon them to make the edits associated with reporting revisions available to banks, software vendors, and other interested parties for review on the CDR Web site five and one half months before the customary March 31 effective date.[3] Banks and other parties could then submit any questions or comments about these edits to the agencies. The final version of these edits would be available on the CDR Web site three and one half months before the effective date. Banks also would be free to provide the agencies with their views on specific Call Report edits at any other time. In this regard, the agencies note that, for more than one year, they have published the Call Report edits currently in use on the FFIEC's Web site (*http://www.ffiec.gov/ffiec_report_forms.htm*) for banks' reference.

Two commenters indicated that some banks on occasion have triggered certain validity edit failures due to unusual circumstances and not because of inaccurately reported data. These commenters expressed concern that there would be situations in which the agencies would not accept a bank's Call Report data due to a validity edit failure caused by a problem with the edit itself rather than with the data. This could result in the late filing of an institution's data, which could subject the institution to monetary penalties. These two commenters as well as a third recommended that the agencies' new business model include an override feature that would allow them to accept data as reported when a validity edit problem exists. The agencies are reviewing their validity edits to ensure that they are properly designated as such. Any that are more properly considered quality edits will be redesignated accordingly. In addition, once the new business model is implemented, should the agencies find that an edit contained within the CDR is not performing properly, they will be able to override the edit until the problem is resolved.

Two commenters also requested that, when a bank has reached the Call Report submission deadline but its data contain one or more quality edit exceptions, the bank should be allowed to file its data while indicating that the exception is still under investigation. From the agencies' perspective, a key reason for requiring banks to provide explanatory comments concerning quality edit exceptions is to hold banks accountable and responsible for the quality of the Call Report data that they submit. When a bank prepares its data, it will need to complete its internal review process at an early enough date prior to the submission deadline so that if changes to the bank's Call Report data arise from the final review of the data and trigger edit exceptions, the bank has sufficient time to do any necessary research. Therefore, the agencies do not believe it is appropriate for a bank to file its Call Report with an explanatory comment stating that it is investigating the reason for an edit exception. In addition, as noted above, the average number of edit exceptions per bank Call Report under the agencies' existing validation process is low.

Two commenters noted that there are quality edit exceptions that recur from quarter to quarter and suggested that the new business model should permit some flexibility in responding to quality edit exceptions. One possible means for doing so would be by providing a method that would enable banks to carry quality edit explanations forward from one quarter to the next so that they can avoid reentering the same explanation in successive quarters. The agencies recognize that such a method would aid in reducing burden, but they are also concerned about the potential for a bank to carry forward the prior quarter's explanation when that explanation does not fit the circumstances giving rise to the quality edit exception in the current quarter. Nevertheless, the Call Report software vendors are aware of this matter and each vendor will determine the level of service that it will make available to its bank customers in its software.

In addition, two commenters sought a better explanation of what constitutes a quality edit for which an explanation would be required in order for a bank's Call Report data to be accepted. More specifically, one commenter asked whether the quality edits include edits that compare a bank's currently reported data to data reported in a prior period and to data reported in another regulatory report, *e.g.*, the bank holding company report on the Board's form FR Y–9C. As previously mentioned, the Call Report edits currently in use are posted on the FFIEC's Web site for banks' reference. The agencies currently employ and will continue to use edits that perform comparisons between current and prior period data. As for comparisons between data from the Call Report and data from another regulatory report, edits of this nature will not at this time be included among the quality edits the agencies' new business model will use to determine whether to accept a bank's Call Report data. Nevertheless, the agencies may use edits of this nature in their analyses of individual banks' Call Report data after the data has been submitted to the CDR and accepted by the agencies.

Finally, one commenter recommended that the agencies not immediately finalize their proposal to not accept a Call Report submission that contains any validity edit failures and lacks explanatory comments for any quality edit exceptions, but to continue to work with the banking industry to ensure that the Call Report acceptance process is workable and secure before implementing it. In the time since this comment was received in January 2003, the agencies have established a collaborative working group of representatives from banking institutions and industry trade groups. This group serves as a two-way vehicle for gaining input from, and responding to, banks concerning all aspects of the new business model, including the criteria for acceptance of Call Report submissions. Through meetings and conference calls, the agencies are in frequent communication with industry representatives. The collaborative process will also entail voluntary testing of the new CDR system in three phases prior to industry-wide implementation: A functional pilot test beginning in approximately April 2004, an end-to-end test beginning in approximately May 2004, and a volume test beginning

[3] These edits would not be published for comment in the **Federal Register**.

in approximately August 2004. Following the successful completion of testing, the agencies will proceed with global enrollment so that all banks are ready to submit their Call Report data using the new CDR system, which is scheduled to be implemented as of the September 30, 2004, report date. The Call Report acceptance process will begin as proposed at that time.

Request for Comment

Comments are invited on:

(a) Whether the proposed revisions to the Call Report collections of information are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;

(b) The accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this notice will be shared among the agencies. All comments will become a matter of public record. Written comments should address the accuracy of the burden estimates and ways to minimize burden as well as other relevant aspects of these information collection requests.

Dated: January 20, 2004.

Mark J. Tenhundfeld,

Assistant Director, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, January 14, 2004.

Jennifer J. Johnson,

Secretary of the Board.

Dated in Washington, DC, this 22nd day of January, 2004.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

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