

FEDERAL RESERVE BANK OF New York

NEW YORK, N.Y. 10045-0001

AREA CODE 212-720-5000

June 30, 1999

To: The Chief Executive Officer of Each U.S. Branch and Agency of a Foreign Bank Located in the Second Federal Reserve District

Enclosed are copies of forms for the following reports for the quarter ending June 30, 1999:

- Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002); and
- Supplemental Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC002S); and

Revised instructions for the FFIEC 002 report.

There are no changes to the FFIEC 002 and the FFIEC 002s report forms as of June 30, 1999.

An original and one copy of the completed FFIEC 002 and FFIEC 002S report(s) (if applicable) must be returned, by mail or by messenger, no later than July 30, 1999. Any FFIEC 002 and FFIEC 002S reports received after 5:00 p.m. on July 30 will be considered late unless postmarked by July 27 or sent by overnight service by July 29. Completed reports should be submitted to:

**Federal Reserve Bank of New York
Statistic Function
Regulatory Reports Division
33 Liberty Street, 4th Floor
New York, NY 10045**

Electronic submission of the FFIEC 002/FFIEC 002S report is available to all U.S. branches and agencies. We encourage you to take advantage of this method of report submission. Several vendors have developed software packages that provide the means to submit the FFIEC 002/FFIEC 002S report electronically. Submitting reports electronically using these software packages provides the following key benefits:

A timely and efficient alternative to sending the report forms mail;

Data are checked automatically for miscalculated totals and blank fields; and

A printed report is generated that can serve as your institution's permanent record of the report.

For information on filing the FFIEC 002/FFIEC 002S report electronically, please contact either Phillip Papaelias at (212) 720-6349 or Alex Santana at (212) 720-6357.

FASB Statement No. 133

In May 1999, the Financial Accounting Standards Board (FASB) delayed the implementation of Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. Statement No. 133 is now effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Banks must adopt Statement No. 133 for FFIEC 002 purposes upon its effective date based on their fiscal year. Early application is permitted in the FFIEC 002 in accordance with the transition guidance in Statement No.

133. Piecemeal adoption of Statement No. 133 is not permitted.

The FFIEC 002 has not been revised as a result of FASB Statement No. 133. Once an institution adopts FAS 133, the fair value of trading derivatives should be reported in Schedule RAL, Assets and Liabilities, ATrading assets@ (Line 1.f)(for positive fair values) or Schedule RAL, ATrading liabilities@ (Line 4.e) (for negative fair values). The fair value of contracts held for purposes other than trading should be reported in Schedule RAL, AOther assets@ (Line 1.h) (for positive fair values) or Schedule RAL, AOther liabilities@ (Line 4.f) (for negative fair values). In addition, the unrealized gain or loss from these contracts should be reported as part of your institutions unremitted profit (loss) reported in Schedule M, Due from/Due to Related Institutions in the U.S. and in Foreign Countries, AGross due to/due from Head office of parent bank (Part I, Line 2.a).

Website

Report forms and instructions for the FFIEC 002/FFIEC 002S could also be obtained from the Federal Reserve Board of Governors internet website at the following address:
http://www.ffiec.gov/ffiec_report_forms.htm.

Annual FFIEC 002/002s Seminars

Please note a letter containing information on U.S. Branches and Agencies 1999 seminars was mailed to your institution's Chief Executive Officer earlier this year. If you have not received this letter or have any questions, you can contact Patricia Maone at (212) 720-7871.

Reports Monitoring

Please note that, under the Regulatory Reports Monitoring Program, the timeliness of receipt of each of these reports will be monitored, and that submission of initial data via facsimile, even if prior to the deadline, does not constitute timely filing.

We will also continue to monitor the accuracy of the periodic regulatory reports submitted for the June 30, 1999, report date. The staff of this Reserve Bank will monitor whether banking organizations are meeting their basic reporting requirements through the use of "validity edits." Enclosed are the edits for the FFIEC 002 report that are subject to monitoring.

Copies of this letter and its enclosures have been sent to the report liaison designated by your institution. If there are any questions concerning the FFIEC 002 or FFIEC 002S reports, please direct them to Susan Jessop at (212) 720-1561 or Phillip Papaelias at (212) 720-6349, respectively.

Sincerely,

Signature by Kenneth P. Lamar

Kenneth Lamar
Assistant Vice President
Financial Reports Department