



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), pursuant to 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by the *FR 2052a and FR 2052b reports*, by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551.

All public comments are available from the Board's web site at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-500 of the Board's Martin Building (20th and C Streets, N.W.) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer — Shagufta Ahmed — Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235 725 17th Street, NW., Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at:

<http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Acting Clearance Officer — John Schmidt — Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:**Request for comment on information collection proposal**

The following information collection, which is being handled under this delegated authority, has received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, 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 collection 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.

Proposal to approve under OMB delegated authority the extension for three years, with revision, of the following reports:

Report titles: The Complex Institution Liquidity Monitoring Report (FR 2052a) and the Liquidity Monitoring Report (FR 2052b).

Agency form numbers: FR 2052a and FR 2052b.

OMB control number: 7100-0361.

Frequency: 2052a: daily or monthly; 2052b: quarterly.

Respondents:

- FR 2052a: Bank holding companies, savings and loan holding companies subject to the liquidity coverage ratio, and nonbank financial companies that the Financial Stability Oversight Council has determined under section 113 of the Dodd-Frank Act (12 U.S.C. § 5323) shall be supervised by the Board and for which such determination is still in effect, where the Board has applied the requirements of the liquidity coverage ratio to such company by rule or order (together, U.S. chartered firms) with total assets of \$700 billion or more or with \$10 trillion or more in assets under custody; U.S. chartered firms with total assets of less than

\$700 billion and with assets under custody of less than \$10 trillion, but total assets of \$250 billion or more or foreign exposure of \$10 billion or more; U.S. chartered firms with total assets of \$50 billion or more but, total assets of less than \$250 billion and foreign exposure of less than \$10 billion; Foreign banking organizations (FBOs) with U.S. assets of \$50 billion or more and broker/dealer assets of \$100 billion or more; FBOs with U.S. assets of \$50 billion or more and broker/dealer assets of less than \$100 billion.

- FR 2052b: U.S. bank holding companies (BHCs) not controlled by FBOs with total consolidated assets of \$10 billion or more but less than \$50 billion.

Estimated annual reporting hours: FR 2052a: 396,120 hours; FR 2052b: 11,280 hours.¹

Estimated average hours per response: FR 2052a: ranges between 120 hours and 400 hours; FR 2052b: 60 hours.

Number of respondents: FR 2052a: 50; FR 2052b: 47.

¹ With the proposed revisions, the paperwork burden for 2015 is estimated to initially decrease to 407,400 hours, with incremental increases for 2016 and 2017, for an annual net increase of 938,240 hours. Please see the OMB supporting statement for additional detail.

General description of report: These reports are authorized pursuant to section 5 of the Bank Holding Company Act (12 U.S.C. § 1844), section 8 of the International Banking Act (12 U.S.C. § 3106) and section 165 of the Dodd Frank Act (12 U.S.C. § 5365) and are mandatory. Section 5(c) of the Bank Holding Company Act authorizes the Board to require BHCs to submit reports to the Board regarding their financial condition. Section 8(a) of the International Banking Act subjects FBOs to the provisions of the Bank Holding Company Act. Section 165 of the Dodd-Frank Act requires the Board to establish prudential standards for certain BHCs and FBOs; these standards include liquidity requirements. The individual financial institution information provided by each respondent would be accorded confidential treatment under exemption 8 of the Freedom of Information Act (5 U.S.C. § 552(b)(8)). In addition, the institution information provided by each respondent would not be otherwise available to the public and is entitled to confidential treatment under the authority of exemption 4 of the Freedom of Information Act (5 U.S.C. § 552(b)(4)), which protects from disclosure trade secrets and commercial or financial information.

Abstract: The FR 2052 reports are used to monitor the overall liquidity profile of institutions supervised by the Federal Reserve. These data provide detailed information on the liquidity risks within different business lines

(e.g., financing of securities positions, prime brokerage activities). In particular, these data serve as part of the Federal Reserve's supervisory surveillance program in its liquidity risk management area and provide timely information on firm-specific liquidity risks during periods of stress. Analysis of systemic and idiosyncratic liquidity risk issues are then used to inform the Federal Reserve's supervisory processes, including the preparation of analytical reports that detail funding vulnerabilities.

Current actions: The Federal Reserve proposes to extend for three years, with revision, the Complex Institution Liquidity Monitoring Report (FR 2052a) and the Liquidity Monitoring Report (FR 2052b) (OMB No. 7100-0361) effective beginning March 31, 2015. The Federal Reserve proposes to revise the FR 2052a report by modifying the: 1) respondent panel and threshold, 2) frequency of reporting, 3) reporting platform structure, and 4) data item granularity. The Federal Reserve proposes to revise the FR 2052b report by modifying the respondent panel threshold and frequency. The proposed revisions are described in detail below.

The Federal Reserve proposes to revise the FR 2052a report to improve the effectiveness of its supervisory surveillance program. In general, the revisions would provide additional detail to facilitate a more sophisticated approach to monitoring liquidity risk. The proposed data

elements are more detailed and would align with the Liquidity Coverage Ratio (LCR).² For the most internationally active firms, liquidity profiles would be reported by currency for each material entity of the reporting institutions, which for BHCs may include sub-divisions of the global banking entity by geographical region, and for FBOs would include material entities outside the U.S. that are managed from the U.S. These dimensions are important because dislocations in foreign exchange markets and restrictions limiting fund transfers can inhibit the ability of a global financial institution to convert its available sources of liquidity to meet its specific needs. The proposed data collection would collect more details regarding securities financing transactions, wholesale unsecured funding, deposits, loans, unfunded commitments, collateral, derivatives, and foreign exchange transactions. The greater level of detail surrounding these activities is necessary to ensure that supervised firms are adequately reserving for the risks based on current supervisory expectations and the Dodd-Frank Act's Enhanced Prudential Standards. Furthermore, the Federal Reserve proposes to change the structure of the collection to an XML format from a spreadsheet format. This new structure is necessary to accommodate the

² 79 FR 61440 (October 10, 2014). Press Release is available at <http://www.federalreserve.gov/newsevents/press/bcreg/20140903a.htm>

additional granularity and implement the collection with leading data industry practices.

The revisions to FR 2052a include a new hierarchy that subdivides the three general categories of inflows, outflows and supplemental items into 10 distinct data tables. These tables are designed to stratify the assets, liabilities and supplemental components of a firm's liquidity risk profile based on products that can be described with common data structures, while still maintaining a coherent framework for liquidity risk reporting.

The internationally active reporting entities would report by major currency all data elements denominated in major currencies, while other data elements denominated in non-major currencies would be converted into United States Dollars (USDs) and flagged as converted. Reporting entities that are not internationally active would be able to report exclusively in USD by flagging data as converted. Reporting by major currency or flagging a conversion should help supervisors to identify potential currency mismatches. Additionally, data elements would be reported for each material legal entity, which are identified by the Federal Reserve for a given reporting entity. All entities that are required to comply with the LCR are considered material legal entities. This granularity in currency and material legal entity reporting would enhance monitoring of a firm's liquidity

resources to ensure they are distributed according to specific needs, considering existing or potential regulatory or other limitations on inter-company liquidity transfers.

The granularity of the data increased along numerous items of FR 2052a. Maturity buckets increased to daily for the first 60 days to eliminate potential contractual maturity mismatches in the near term. There are now more categories of assets, largely delineated by the type of security or loan, the structuring of cash flows, and risk-based capital weightings. The list of counterparty types increased, along with the number of products requiring the counterparty to be reported, including loan cash flows, deposits, committed facilities, and certain unsecured borrowings.

The proposed revisions would also draw more distinction between types of securities financing transactions such as collateral swaps, to-be-announced contracts, and the various methods of covering firm or customer short sales. Fields would be added for the amount of re-hypothecation, collateralization, encumbrance, and methods of settlement. The report would provide information on the stock and flow of collateral received and posted for derivative transactions, as well as values of prime brokerage client assets and associated wire transfers. Together, these revisions to secured financing transactions would provide a more complete view of the

firm's activities, especially brokerage activities, and certain liquidity risk characteristics, all of which were implicated during the recent financial crisis.

Several new types of deposit accounts would also be added, such as escrow accounts and various categories of brokered deposits and sweeps. Balances that are "fully insured" would be identified, as well as balances that are subject to withdrawal in the event of a specific change or trigger.

Certain elements would be added to capture risk associated with collateral. The potential requirements to post collateral in the event of an adverse move in the mark-to-market value of a firm's derivative portfolio or a change in a firm's financial condition is reported. Additionally, firms would report collateral balances that are contractually owed to a counterparty, but not yet called.

Fields would be added to capture the settlement date cash flows in forward starting transactions. This revision would accommodate "trade date" reporting, which would allow for a more accurate representation of forward looking cash flows.

The instructions for reporting the maturity date of a transaction would also be modified for short term (less than one year) liabilities with call

options, as well as certain transactions reported in the Secured Inflows table where the collateral received was rehypothecated.

Reporting of foreign exchange transactions, such as foreign exchange spot, forwards and futures, and swap transactions, would be required in order to complement the currency level reporting of cash flows.

The proposed revisions to the FR 2052a report includes sections covering broad funding classifications by product, outstanding balance and purpose, segmented by maturity date. Generally, each section can be classified into one of the following categories:

- Section 1: Inflows-Assets: Institutions would report assets such as unencumbered assets, borrowing capacity from central banks or FHLBs, unrestricted reserve balances at central banks, restricted reserve balances at central banks, unsettled asset purchases, and forward asset purchases.
- Section 2: Inflows-Unsecured: Institutions would report unsecured inflow transactions such as onshore placement, offshore placements, required nostro balances, excess nostro balances, outstanding draws on revolving facilities, and other unsecured loans.
- Section 3: Inflows-Secured: Institutions would report secured inflow transactions such as reverse repurchase agreements, securities

borrowing transactions, dollar rolls, collateral swaps, margin loans, other secured loans where the collateral is rehypothecatable, and other secured loans where the collateral is not rehypothecatable.

- Section 4: Inflows-Other: Institutions would report other inflow transactions such as derivatives receivables, collateral called for receipt, sales in the to-be-announced market, undrawn committed facilities purchased, lock-up balances, interest and dividends receivables, a net 30-day derivatives receivables measure, principal payments receivable on unencumbered investment securities, and other inflow transactions.
- Section 5: Outflows-Wholesale: Institutions would report wholesale outflow transactions such as asset-backed commercial paper single-seller outflows, asset-back commercial paper multi-seller outflows, collateralized commercial paper, asset-backed securities, covered bonds, tender option bonds, other asset-backed financing, commercial paper, onshore borrowing, offshore borrowing, unstructured long-term debt, structured long-term debt, government supported debt, unsecured notes, structured notes, wholesale certificates of deposit, draws on committed facilities, free credits, and other unsecured wholesale outflow transactions.

- Section 6: Outflows-Secured: Institutions would report secured outflow transactions such as repurchase agreements, securities lending transactions, dollar rolls, collateral swaps, FHLB Advances, outstanding secured funding from facilities at central banks, customer short transactions, firm short transactions, and other secured outflow transactions.
- Section 7: Outflows-Deposits: Institutions would report deposit outflow transactions such as transactional accounts, non-transactional relationship accounts, non-transactional non-relationship accounts, operational accounts, non-operational accounts, operational escrow accounts, non-reciprocal brokered accounts, affiliated sweep accounts, non-affiliated sweeps accounts, other product sweep accounts, reciprocal accounts, other third-party deposits, and other deposit accounts.
- Section 8: Outflows-Other: Institutions would report other outflow transactions such as derivatives payables, collateral called for delivery, purchases in the to-be-announced market, credit facilities, liquidity facilities, retail mortgage commitments, trade finance instruments, potential derivative valuation changes, loss of rehypothecation rights and collateral required due to changes in

financial condition, excess customer margin, commitments to lend on margin to customers, interest and dividends payables, a net 30-day derivatives payables measure, other outflows related to structured transactions, and other cash outflow transactions.

- Section 9: Supplemental-Informational: Institutions would report supplemental information such as initial margin posted and received, variation margin posted and received, collateral dispute receivables and deliverables, collateral that may need to be delivered, collateral that the institution could request to be received, collateral that could be substituted by the institution or a counterparty, long and short market value of client assets, gross client wires received and paid, subsidiary liquidity that cannot be transferred, 23A capacity, outflows or inflows from closing out hedges early, and potential outflows from non-structured or structured debt maturing beyond 30 days where the institution is the primary market maker in that debt.
- Section 10: Supplemental-Foreign Exchange: Institutions would report foreign exchange information such as foreign exchange spot, forwards and futures, and swap transactions.

The Federal Reserve requests specific comment on the following:

- The proposal would require data retention of six months. Is six months appropriate or would another time period be more appropriate, such as three months or one year?
- Is the proposed maturity schedule provided in Appendix IV to the instructions appropriate for all respondents, such as those firms that are only subject to the Liquidity Coverage Ratio for Certain Bank Holding Companies?³ If not appropriate, what maturity schedule should apply to those respondents? Additionally, is the proposed maturity schedule provided in Appendix IV to the instructions appropriate for all listed products? If not, what maturity schedule should apply to those products?
- Should a description of how the FR 2052a data will be used to monitor LCR compliance be published?

Proposed FR 2052b Revisions

The Federal Reserve proposes to revise the FR 2052b reporting panel by eliminating the monthly reporting frequency. The U.S. BHCs (excluding G-SIBs) with total consolidated assets of \$50 billion or more (including

³ 79 FR 61440, 61540.

FBO subsidiaries) that currently file the monthly FR 2052b report would move to the proposed FR 2052a monthly and daily reporting panel.

Proposed Reporting Panel and Frequency of Submissions⁴

The proposed scope of application, frequency, and submission dates are contained in the following table.

<i>Report Number</i>	<i>Reporter Description</i>	<i>Frequen cy</i>	<i>First As-of Date</i>	<i>First Submissi on Date</i> ⁵
FR 2052a	U.S. chartered firms with total assets	Monthly	03/31/2015 ⁶	04/02/2015
	≥ \$700 billion or with assets under custody of ≥ \$10 trillion	Daily	07/01/2015	07/03/2015

⁴ SLHCs that are not subject to the LCR are not subject to these reporting requirements, however, through future rulemakings these institutions may be required to participate in some form of liquidity monitoring.

⁵ For U.S. bank holidays and weekends, no positions should be reported. For data reported by entities in international locations, if there is a local bank holiday, submit data for those entities using the data from the previous business day.

⁶ These firms must comply with the transitions set forth in the LCR, which requires an LCR calculation monthly starting in January 2015. However, these firms do not need to report on 2052a until this reporting as-of date.

FR 2052a	U.S. chartered firms with total assets	Monthly	07/31/2015 ⁷	08/02/2015
	< \$700 billion and with assets under custody of < \$10 trillion but, total assets $\geq$ \$250 billion or foreign exposure $\geq$ \$10 billion	Daily	07/01/2015 6	07/03/2015 16
FR 2052a ⁸	U.S. chartered firms with total assets $\geq$ \$50 billion but, total assets < \$250 billion and foreign exposure < \$10 billion	Monthly	01/31/2016 6	02/02/2016 16
FR 2052a	FBOs with U.S. assets $\geq$ \$50 billion and U.S. broker-dealer	Monthly	03/31/2016 5	04/02/2016 15

⁷ These firms must comply with the transitions set forth in the LCR, which requires an LCR calculation monthly starting in January 2015. However, these firms do not need to report on 2052a until this reporting as-of date.

⁸ The frequency of the FR 2052a monthly report may be temporarily adjusted to daily on a case-by-case basis as market conditions and supervisory needs change to carry out effective continuous liquidity monitoring. The Federal Reserve anticipates frequency adjustments to be a rare occurrence.

	assets		07/01/201	07/03/20
	≥ \$100 billion	Daily	5	15
FR 2052a	FBOs with U.S. assets ≥ \$50 billion and U.S. broker-dealer assets	Monthly	01/31/201	02/02/20
			6	16
	assets < \$100 billion	Monthly ⁹	07/31/201	08/02/20
			6	16
FR 2052b ¹⁰	U.S. BHCs (not controlled by FBOs) with total consolidated assets of between \$10 billion and \$50 billion.	Quarterly	12/31/201	01/15/20
			4	15

⁹ These FBOs would be required to have the ability to report on each business day. If the FBO consolidates a U.S. chartered firm that would independently have to report daily, then the FBO must report daily. The Federal Reserve would test these FBOs for their ability to report daily.

¹⁰ FR 2052b will not change for U.S. BHCs (not controlled by FBOs) with total consolidated assets of between \$10 billion and \$50 billion, so the frequency and as-of date will be the same as it is currently.

The parent company for those firms with less than \$250 billion in total consolidated assets and with less than \$10 billion of on-balance sheet foreign exposure would submit data for the following entities: the global consolidated entity and the parent only (ignoring consolidated subsidiaries). Respondents should consult their supervisory teams to determine if the parent company should also separately report any consolidated banks or non-banks that are material contributors to the firm's funding and liquidity operations.

The parent company for those firms with \$250 billion or more in total consolidated assets or \$10 billion or more of on-balance sheet foreign exposure would submit data for the following entities: the global consolidated entity, the parent only (ignoring consolidated subsidiaries), and, separately, each consolidated bank and non-bank entity that is a material contributor to the firm's funding and liquidity operations. For these firms, all bank entities with total consolidated assets of \$10 billion or more would be considered material legal entities. Respondents should consult their supervisory teams to determine other material legal entities that should also be reported.

FBOs with U.S. assets of \$50 billion or more would report for their consolidated U.S. assets, as well as for all material entities managed within

the U.S. For FBOs that own U.S. entities subject to the LCR, material entities include at least those entities subject to the LCR. Respondents should consult their supervisory teams to determine other material entities that should also be reported.

Some firms that are currently filing on FR 2052b would be required to file on the updated 2052a, pursuant to the proposed schedule set forth in the transition table. The firms currently filing on FR 2052b would cease filing the 2052b once they begin filing the updated 2052a.

Firms currently filing the FR 2052a would be required to file the updated 2052a, pursuant to the proposed schedule set forth in the transition table. The firms currently filing on FR 2052a would cease filing on the current 2052a once they are filing daily on the updated 2052a.

Additionally, there are some firms that are not currently filing either the 2052a or 2052b, but would be required to file the updated 2052a, pursuant to the proposed schedule set forth in the transition table. Among these companies are SLHCs that are subject to the LCR and nonbank financial companies that the Financial Stability Oversight Council has determined under section 113 of the Dodd-Frank Act (12 U.S.C. § 5323) shall be supervised by the Board and for which such determination is still in

effect, where the Board has applied the requirements of the LCR to such company by rule or order.

The Board consulted outside the Federal Reserve System with other U.S. regulatory authorities including the Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation in the development of FR 2052a. In addition, data sharing agreements will be constituted with other U.S. regulatory agencies with supervisory responsibilities over subject institutions to monitor compliance with the LCR and to ensure there are no redundant data collections. Also, the Federal Reserve has held general discussions with financial institutions regarding the proposed revisions.

Board of Governors of the Federal Reserve System, November 26, 2014.

Robert deV. Frierson,
Secretary of the Board.

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