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FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice, request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to implement a new information collection, the Report of Institution-to-Aggregate Granular Data on Assets and Liabilities on an Immediate Counterparty Basis (FR 2510)(OMB No. 7100-to be assigned).

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 *FR 2510*, by any of the following methods:

- Agency Website: 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: Ann E. Misback, 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 website 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 3515, 1801 K Street (between 18th and 19th Streets NW) Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

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 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 Clearance Officer – Nuha Elmaghrabi – 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: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

Request for comment on information collection proposal

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions; including whether the information has practical utility;
b. The accuracy of the Board'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 startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal prior to giving final approval.

Proposal under OMB delegated authority to implement the following report:

Report title: Report of Institution-to-Aggregate Granular Data on Assets and Liabilities on an Immediate Counterparty Basis.

Agency form number: FR 2510.

OMB control number: 7100-to be assigned

Frequency: Quarterly, beginning with the reporting period ending on March 31, 2019.

Reporters: Bank holding companies headquartered in the United States that are global systemically important bank holding companies (U.S. G-SIBs) under the Board's rules.

Estimated annual reporting hours: One-time implementation: 8,000 hours; ongoing: 18,176 hours.

Estimated average hours per response: One-time implementation: 1,000 hours; ongoing: 568 hours.

Number of respondents: 8

General description of report: The proposed FR 2510 would collect granular exposure data on the assets, liabilities, and off-balance sheet holdings of U.S. G-SIBS, providing breakdowns by instrument, currency, maturity, and sector. The FR 2510 would also collect data covering detailed positions for the top 35 countries of exposure, broken out by instrument and counterparty sector, with limited further break outs by remaining maturity, subject to a $2 billion minimum threshold for country exposure, on an immediate-counterparty basis, as reported in the consolidated Country Exposure Report of the Federal Financial Institutions Examination Council (FFIEC 009). Further, the report would collect information on financial derivatives by instrument type and foreign exchange derivatives by currency. The FR 2510 supports a more complete balance sheet analysis with richer details regarding common or correlated exposures and funding dependencies by providing more information about U.S. G-SIBs' consolidated exposures and funding positions to different countries according to instrument, counterparty sector, currency, and remaining maturity.

Proposed Information Collection: The proposed FR 2510 would implement in the U.S. an internationally-agreed common data template for G-SIBs (global I-A template) designed to facilitate the aggregation and analysis of consistent and comparable data from G-SIBs based in different jurisdictions. The FR 2510 would consist of three schedules that each U.S. G-SIB would submit quarterly. The schedules would include consolidated balance sheet information about the U.S. G-SIB, including the G-SIB's foreign country exposures, broken out by instrument, currency, remaining maturity, counterparty country, and counterparty sector. The FR 2510 also would capture information on notional and fair-value amounts for financial derivatives and foreign exchange derivatives across underlying instruments and currencies.

In implementing this internationally-agreed template for U.S. G-SIBs, the FR 2510 is intended to build on, and complement, two existing data collections: the FFIEC 009 and the Consolidated Financial Statements for Holding Companies (FR Y 9C). Relative to the FFIEC 009 and FR Y-9C, the FR 2510 would provide significantly more detail regarding the balance sheet and derivatives exposures of U.S. G-SIBs. This information would facilitate supervisory monitoring and analysis of common or correlated exposures and funding dependencies across G-SIBs. In doing so, the FR 2510 (together with corresponding collections in other jurisdictions) would provide valuable systemic information to supervisors and policymakers and a heightened focus on improving firms' ability to aggregate and report their exposures and positions in a consistent, timely, and accurate manner.

The proposed data collection has been developed in cooperation with the Financial Stability Board (FSB). Implementation is being coordinated with respective host-country jurisdictions for non-U.S. G-SIBs under the aegis of the Multilateral Framework, a memorandum of understanding that governs the provision and reporting of confidential G-SIB data under tight security to the International Data Hub (IDH) hosted by the Bank for International Settlements (BIS). Through this mechanism, data collected via the FR 2510 would be gathered and transmitted securely to the IDH. These data would be combined by the IDH with corresponding data from other jurisdictions, and would be used by the IDH to produce analytical reports that would provide unique and authoritative aggregation and comparison of these banks' positions.

For example, from a supervisory perspective, IDH reports would provide important comparative information across G-SIBs, detailed information on G-SIB exposures to central counterparties (CCPs) and fuller information than is otherwise available on how foreign banking organizations (FBOs) fund their U.S. operations. From a financial stability perspective, IDH reports help to reveal risks associated with key common counterparties (e.g., sovereign exposures) among G-SIBs, and illuminate volumes and patterns by which non-U.S. G-SIBs manage their dollar-based funding (and which in turn can have implications for dollar-based funding markets). The global I-A template would enhance that value by providing, for example, more detail on potential currency and maturity mismatches between assets and funding at the G-SIBs, which in turn could reveal emerging risk management needs at the individual institutions as well as the extent to which a crisis in a given currency might propagate through bank balance sheets.

The global I-A template, which the FR 2510 would implement for U.S. G-SIBs, thus facilitates the compilation of consistent and comparable data from G-SIBs based in different jurisdictions. This template (and thus the FR 2510) was developed as a more detailed extension of, and complement to, existing aggregate data collections conducted by the BIS from national regulatory authorities for use in its Consolidated Banking Statistics (CBS). In the United States, these existing aggregated data are based on information collected using the FFIEC 009. The Board presently transmits data it collects through the FFIEC 009 at the consolidated bank holding company level from the U.S. G-SIBs to the IDH. The proposal would expand this existing process to encompass a larger set of more granular data items.

As noted, the FFIEC 009 and FR Y-9C regulatory reports provide limited information about the foreign exposures and foreign exchange risk of U.S. banking organizations. The FFIEC 009 requires certain banks, savings associations, bank holding companies, savings and loan holding companies, and U.S. intermediate holding companies of foreign banks to report aggregate foreign exposure information on both an immediate-counterparty basis (on the basis of the country of residence of the borrower) and ultimate-risk basis (on the basis of the country of residence of any guarantor or collateral). The information reported on the FFIEC 009 is broken out by counterparty[1] type, country, and sector, but without detailed information on the category of financial instrument. Rather, the information reported on the FFIEC 009 represents a respondent's aggregate exposure to all counterparties of a particular type in a jurisdiction, regardless of the form of the exposure. In addition, the FFIEC 009 only collects liabilities of respondents' foreign domiciled offices and subsidiaries. The FR Y-9C requires bank holding companies to report more detailed balance sheet information than the FFIEC 009; however, the data reported on the FR Y 9C includes only limited break-outs of data by maturity and no break-outs of data by currency.

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[1] The instructions to the FFIEC 009 state that "[t]he obligor on an immediate-counterparty basis is the entity that issued the security or otherwise incurred the liability. The obligor of a claim on an ultimate-risk basis is any person, business, institution, or instrument that provides any of the types of credit protection described in Section II.F, 'Required Risk Transfers' and Section II.H 'Reporting Credit Derivatives.'"

The proposed FR 2510 represents significant simplifications compared to the previous draft versions shared with the industry (in 2012, 2013, 2014, and 2015), including the removal of certain highly granular criteria that resulted in empty or not meaningful data. These revisions reflect lessons learned from the study itself, as well as feedback on costs and challenges received from the reporting G-SIBs, including through an industry meeting held in May 2015, and on expected benefits provided by potential users in July 2015.

Data collected in the FR 2510 would facilitate the aggregation and analysis of data from G-SIBs based in different jurisdictions. Key examples of tangible near-term products that the Federal Reserve, other U.S. supervisors, and the IDH would be able to produce with the data from the FR 2510 include:

- Aggregate and comparative reports across G-SIBs showing potential currency or maturity imbalances covering the full balance sheet (except derivatives);
- An assessment of G-SIBs' funding needs; and
- An assessment of the concentration at the country, sector, or instrument level.

Such products would provide significant value, both for supervision of U.S. G-SIBs and for broader analysis of the global financial system.

Detailed Discussion of Proposed FR 2510 Report

Relative to existing data sources, the FR 2510 report would support a more complete balance-sheet analysis of common or correlated exposures and funding dependencies by providing more information about reporting banking organizations' consolidated exposures to, and funding positions with, different countries according to instrument, counterparty sector, currency, and remaining maturity. The FR 2510 would be used in conjunction with other regulatory and statistical reports. Definitions and structure of the FR 2510, to the extent possible, have been aligned for U.S. implementation with these other U.S. regulatory and statistical reports to minimize reporting burden on U.S. respondents and to maximize analytical consistency with existing U.S. reports. These other reports include the FFIEC 009, the FR Y-9C, the Banking Organization Systemic Risk Report (FR Y-15), the Complex Institution Liquidity Monitoring Report (FR 2052a), and the Semiannual Report of Derivatives Activity (FR 2436).

The FR 2510 would be comprised of three schedules that would give a full view of the reporting banking organization's operations and risks. An overview of the proposed information that would be collected in these three schedules is provided below.

(1) The I-A Immediate Counterparty Schedule

The I-A Immediate Counterparty schedule (I-A IC) would be the report's main schedule. This draft schedule would capture information on banking organizations' asset positions, liability positions, and contingent liabilities on a combination of the following five dimensions:

(1) Instrument,

(2) Currency,

(3) Remaining maturity,

(4) Counterparty country, and

(5) Counterparty sector.

The I-A IC positions are allocated to the country and sector where the immediate counterparty resides. Immediate-counterparty positions would be reported in Tables 1 and 2. Table 1 is a consolidated balance sheet of the granular portfolio with total positions broken out by the following seven different currencies:

(1) U.S. Dollar,

(2) Euro,

(3) Japanese Yen,

(4) British Pound,

(5) Swiss Franc,

(6) Yuan Renminbi, and

(7) Other currencies.

The currencies would be broken out into four remaining maturity categories, as follows:

(1) Non-maturity instruments,

(2) Overnight to less than three months,

(3) 3 months to less than 1 year, and

(4) 1 year and over.

Table 2 would be a consolidated balance sheet showing I-A exposures by instrument and counterparty sector to countries above the de minimis threshold of $2 billion, with banking organizations completing a table for each country above the threshold, with total positions by counterparty sector and by remaining maturity. At the time the global I-A template was developed, it was estimated that these de mimimis rules would nonetheless cover 97 percent of total claims extended to counterparties in 79 countries (based on BIS CBS). Maximum coverage would be provided for advanced economies (99 percent), while lower percentages would result for Africa and Middle East (65 percent) and Emerging Europe (85 percent).

Positions would be reported along the following counterparty sectors:

(1) Banks,

(2) Non-bank financial institutions,

(3) Non-financial corporations,

(4) Households,

(5) Government, and

(6) Unallocated by sector.

Positions would be broken out into the following three remaining maturity categories:

(1) Non-maturity instruments,

(2) Less than 1 year, and

(3) 1 year and over.

(2) Financial Derivatives Schedule

The Financial Derivatives schedule would capture details on the gross fair-value (mark-to-market) and notional amounts of financial derivatives broken out according to certain subcategories of derivative instruments. Information regarding gross fair values (mark-to-market) and notional amounts would facilitate cross-country comparisons and overcome substantially different offset requirements for derivatives between the accounting standards applied by reporting banking organizations. Derivatives would be reported along the following three categories:

(1) Exchange-traded derivatives,

(2) Centrally cleared over-the-counter (OTC) derivatives, and

(3) Bilateral/uncleared OTC derivatives. Derivatives are reported according to the following six categories of risk:

(1) Equity derivatives,

(2) Interest rate derivatives,

(3) Foreign exchange derivatives,

(4) Credit derivatives,

(5) Commodity derivatives, and

(6) Other derivatives.

(3) Foreign Exchange Derivatives Schedule

The Foreign Exchange Derivatives schedule would capture gross notional currency derivative positions (separated into short and long positions) for a limited number of foreign exchange derivatives, with details on remaining maturity and currency, but no detail concerning counterparty country and sector. The scope of foreign exchange derivatives would include the following:

(1) Currency forwards,

(2) Foreign exchange swaps,

(3) Currency swaps, and

(4) Cross-currency interest rate swaps.

For each derivative type, the contract's remaining maturity would be broken out into the following maturity buckets:

(1) Non-maturity instruments (on-demand and open positions),

(2) Overnight to less than 3 months,

(3) 3 months to less than 1 year, and

(4) 1 year and over.

Legal authorization and confidentiality: The information collection is authorized under section 5 of the Bank Holding Company Act (12 U.S.C. 1844). The information collected in the FR 2510 would be collected as part of the Board's supervisory process, and therefore may be afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. 552(b)(8)). In addition, individual respondents may request that certain data be afforded confidential treatment pursuant to exemption 4 of FOIA if the data has not previously been publically disclosed and the release of the data would likely cause substantial harm to the competitive position of the respondent (5 U.S.C. 552(b)(4)). Determinations of confidentiality based on exemption 4 of FOIA would be made on a case-by-case basis.

Consultation Outside the Agency: The Federal Reserve consulted with the Office of the Comptroller of the Currency as well as with potential respondent institutions in developing this proposed report. Several outreach meetings took place to help refine the data items in the proposed schedules and clarify the accompanying instructions.

Board of Governors of the Federal Reserve System, August 21, 2018.

Ann Misback,

Secretary of the Board.

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