

**Supporting Statement for the
Report of Institution-to-Aggregate Granular Data on
Assets and Liabilities on an Immediate Counterparty Basis
(FR 2510; OMB No. 7100-NEW)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), implemented 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-NEW). The respondent panel consists of bank holding companies headquartered in the United States that are global systemically important bank holding companies (U.S. G-SIBs) under the Board's Regulation Q - Capital Adequacy of Bank Holding Companies, Savings and Loan Holding Companies, and State Member Banks.¹

The FR 2510 will 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 will also collect data covering detailed positions for each U.S. G-SIB's top 35 countries of exposure, on an immediate-counterparty basis, as reported in the consolidated Country Exposure Report (FFIEC 009; OMB No. 7100-0035), broken out by instrument and counterparty sector, with limited further breakouts by remaining maturity, subject to a \$2 billion minimum threshold for country exposure. Further, the FR 2510 will collect information on financial derivatives by instrument type and foreign exchange derivatives by currency. The FR 2510 will allow the Federal Reserve to conduct a more complete balance sheet analysis of U.S. G-SIBs. Additionally, the FR 2510 will provide the Federal Reserve with valuable systemic information through the collection of more granular data regarding common or correlated exposures and funding dependencies than is currently collected by existing reports 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.

The estimated total annual burden for the FR 2510 is 26,176 hours; 8,000 hours for one-time implementation burden and 18,176 hours for ongoing burden.

Background and Justification

The FR 2510 implements in the U.S. an internationally agreed upon common data template for G-SIBs (global Institution-to-Aggregate (I-A) template) designed to facilitate the aggregation and analysis of consistent and comparable data from G-SIBs based in different jurisdictions. The global I-A template was developed by the Board in cooperation with the Financial Stability Board (FSB). Implementation of the global I-A template is being coordinated with respective host-country jurisdictions for G-SIBs through an International Data Hub (IDH) hosted by the Bank for International Settlements (BIS). Through this mechanism, data collected

¹ See 12 CFR Part 217, Subpart H. Currently, the U.S. G-SIBs are JP Morgan Chase & Co., Bank of America Corporation, Wells Fargo & Company, Citigroup Inc., the Goldman Sachs Group, Inc., Morgan Stanley, the Bank of New York Mellon Corporation, and State Street Corporation.

via the FR 2510 will be gathered and transmitted securely to the IDH. The IDH will combine the data with corresponding data from other jurisdictions to produce analytical reports containing unique and authoritative aggregation and comparisons of banks' positions.

For example, IDH reports will provide important comparative information across G-SIBs, detailed information on G-SIB exposures to central counterparties, and more detailed information than is otherwise available on how foreign banking organizations fund their U.S. operations. In addition, IDH reports will 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 with implications for dollar-based funding markets. The global I–A template enhances the value of such reports by providing more detail on potential currency and maturity mismatches between assets and funding at the G-SIBs, which could reveal emerging risk management needs at 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 was developed as a more detailed extension of, and complement to, existing aggregate data collections gathered by 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.

In implementing this internationally-agreed template for U.S. G-SIBs, the FR 2510 is intended to build on, and complement, the FFIEC 009, as well as certain balance sheet and off-balance sheet information collected on the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128). Relative to the FFIEC 009 and FR Y-9C, the FR 2510 will provide significantly more detail regarding the balance sheet and derivatives exposures of U.S. G-SIBs. This information will 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) will provide valuable systemic information to supervisors and policymakers and will promote improvements in firms' ability to aggregate and report their exposures and positions in a consistent, timely, and accurate manner.

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 counterparty² 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 breakouts of data by maturity and no breakouts of data by currency.

Data collected by the FR 2510 will facilitate the aggregation and analysis of data from G-SIBs based in different jurisdictions. Key examples of tangible near-term products that the Board, other U.S. supervisors, and the IDH will 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 concentration of exposures 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.

Description of Information Collection

Relative to existing data sources, the FR 2510 report supports a more complete balance-sheet analysis 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 will be used in conjunction with other regulatory and statistical reports. The definitions and structure of the FR 2510, to the extent feasible, 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; OMB No. 7100-0352), the Complex Institution Liquidity Monitoring Report (FR 2052a; OMB No. 7100-0361), and the Semiannual Report of Derivatives Activity (FR 2436; OMB No. 7100-0286). Compliance with the information collection is mandatory.

The FR 2510 comprises three schedules, as described below.

² 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 FR 2510 would use the same definitions of ultimate-risk basis and immediate-counterparty basis as the FFIEC 009.

(1) The I–A Immediate Counterparty Schedule

The I–A Immediate Counterparty Schedule (I–A IC) is the main schedule of the FR 2510. The schedule captures 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 are 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 are 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 is a consolidated balance sheet showing I–A exposures by instrument and counterparty sector to countries above a 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. The de minimis rules covers an estimated 97 percent of total claims extended to counterparties in 79 countries (based on BIS CBS). Maximum coverage is provided for advanced economies (99 percent), with lower percentages for Africa and Middle East (65 percent) and Emerging Europe (85 percent).

Positions are 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 are 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 captures 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 facilitates cross-country comparisons and to overcome substantially different offset requirements for derivatives between the accounting standards applied by reporting banking organizations.

Derivatives are 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 captures 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 includes 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 is 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.

Respondent Panel

The panel comprises bank holding companies headquartered in the U.S. that are G-SIBs as calculated under the Board's Regulation Q.

Time Schedule for Information Collection and Publication

The FR 2510 will be submitted quarterly as of the end of March, June, September, and December. The filing deadline is 50 calendar days after the March 31, June 30, and September 30 as of dates, and 65 calendar days after the December 31 as of date. The first submission will be for the September 30, 2019, reporting date.

Legal Status

The information collection is authorized under section 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844). The FR 2510 report would be mandatory.

The information collected in the FR 2510 will 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 will be made on a case-by-case basis.

Consultation Outside of the Agency

The Board 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.

Public Comments

On August 27, 2018, the Board published an initial notice in the *Federal Register* (83 FR 43680) requesting public comment for 60 days on the implementation of the FR 2510. The comment period for this notice expired on October 26, 2018. The Board received two comments.

One commenter, a banking association, stated that the FR 2510 would be a necessary step toward narrowing the scope of the data collection from what the FSB originally proposed. In addition, the commenter made six recommendations to the Board.

First, the commenter requested that the Board delay the implementation date in light of the following concerns:

- Respondents will need time to revise their reporting systems and develop the required controls for a new report,
- Several respondents rely on external vendors, who cannot begin software design work until the Board provides final approval and releases the final technical specifications,
- Several respondents are undergoing transformative changes to their regulatory reporting systems, which will draw resources away from FR 2510 implementation, and
- Respondents are currently preparing for the upcoming Comprehensive Capital Analysis and Review (CCAR),³ which will also draw resources away from FR 2510 implementation.

For these reasons, the commenter recommended that the Board delay the proposed March 31, 2019, effective date to December 31, 2019, and that in no case should reporting begin earlier than September 30, 2019. The Board agrees with the commenter's recommendation to allow more time and is thus delaying the effective date of the FR 2510 to September 30, 2019. The Board believes the revised effective date addresses the commenter's concerns by providing institutions with sufficient time to prepare their reporting systems and implement appropriate controls.

Second, the commenter stated that there would insufficient time to determine in each quarter the top 35 countries by total exposure as requested in Table 2, Consolidated Balance Sheet, since current quarter exposure data is based on the FFIEC 009, which has a filing deadline only five days before the FR 2510 for the first, second, and third calendar quarters. In response, the Board has clarified the instructions to specify that the top 35 countries by total exposure should be based on the four quarters preceding the current quarter.

Third, the commenter recommended that foreign exchange derivatives reported on the Financial Derivatives and Foreign Exchange Derivatives Schedules should be defined consistently between Board regulatory reports and align with U.S. generally accepted accounting principles (GAAP). As proposed, the Financial Derivatives Schedule would have been populated automatically from the FR Y-15, which includes certain client clearing derivatives not included on the FR Y-9C or the FR 2436. In response, the Board has revised the instructions for the Financial Derivatives Schedule by removing the reference to automatic data population from the FR Y-15 and by aligning the schedule with U.S. GAAP and the FR Y-9C and FR 2436.

Fourth, the commenter noted a difference in treatment between the FR Y-9C and the FFIEC 009 for netting trading assets against trading liabilities in the same security (Committee on Uniform Security Identification Procedures (CUSIP) netting), which would affect production of data for the FR 2510. To address this concern, the commenter recommended revising the instructions to use the treatment of CUSIP netting on the FFIEC 009. The commenter also suggested clarifying the instructions so that the definition of country of residence for individuals would be consistent with the FFIEC 009. In response, the Board has revised the instructions to

³ The Federal Reserve's CCAR exercises evaluate the capital planning processes and capital adequacy of the largest U.S.-based bank holding companies, including the firms' planned capital actions, such as dividend payments and share buybacks.

state that both the treatment of CUSIP netting and the definition of country of residence for individuals should be consistent with the FFIEC 009.

Fifth, the commenter requested that the Board provide clarifications to a supplemental instructional document that anchors the definitions of certain FR 2510 data items to the FR Y-9C and other reports and update the supplemental instructional document to reflect the current version of the FR Y-9C. The Board will provide the requested clarifications and update the supplemental instructional document in advance of the first FR 2510 filing date.

Sixth and finally, the commenter requested clarifications to the FR 2510 instructions for reporting of certificates of deposit held for trading; reverse repurchase agreements and securities lending agreements with household counterparts; master netting agreements; and short sale contracts. In response, the Board has clarified the instructions in these areas.

The other commenter, an individual, stated that the FR 2510 contains similarities to existing collections, such as the Central Bank Survey of Foreign Exchange and Derivatives Market Activity (FR 3036; OMB No. 7100-0285), the Treasury Department's Treasury International Capital (TIC) B form for claims and liabilities by country and counterparty type (OMB No. 1505-0020), and the TIC D form for derivatives activity (OMB No. 1505-0199). While existing reports collect data on exposures and funding positions to different countries, it is important to note that the FR 2510 supports a more complete balance sheet analysis and collects more granular data regarding instruments, counterparty sector, currency, and residual maturity. Therefore, the Board has not altered the proposal in response to this comment.

Aside from the delayed implementation date and the instructional changes discussed above, the Board will implement the FR 2510 as originally proposed. On April 19, 2019, the Board published a final notice in the *Federal Register* (84 FR 16487).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2510 is 26,176 hours. The estimated one-time implementation burden for respondents to prepare their systems for submitting the data is 1,000 hours per respondent, for a total of 8,000 hours. The estimated ongoing annual burden for this information collection is 568 hours per response, for a total of 18,176 hours annually. The estimated burden for completing Table 1 and Table 2 of the I-A IC Schedule is 85 hours and 469 hours, respectively. The estimated burden for completing the Financial Derivatives schedule is 4 hours. The estimated burden for completing the Foreign Exchange Derivatives Schedule is 10 hours. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

| FR 2510 | <i>Estimated number of respondents⁴</i> | <i>Annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|-------------------------|--|-------------------------|---|--------------------------------------|
| One-Time Implementation | 8 | 1 | 1,000 | 8,000 |
| Ongoing | 8 | 4 | 568 | <u>18,176</u> |
| | <i>Total</i> | | | 26,176 |

The estimated total annual cost to the public for the FR 2510 is \$1,507,738.⁵

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

There is an estimated one-time cost of \$142,900 and a recurring cost of \$160,300 to the Federal Reserve System to collect and process this information.

⁴ Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$500 million in total assets), www.sba.gov/document/support--table-size-standards.

⁵ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2018*, published March 29, 2019, www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.