

**Supporting Statement for the
Complex Institution Liquidity Monitoring Report
(FR 2052a; OMB No. 7100-0361)**

*Prudential Standards for Large Bank Holding Companies,
Savings and Loan Holding Companies, and Foreign Banking Organizations
(Docket No. R-1658; RIN 7100-AF45)*

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the Complex Institution Liquidity Monitoring Report (FR 2052a; OMB No. 7100-0361). The FR 2052a collects quantitative information on select assets, liabilities, funding activities, and contingent liabilities of certain large financial firms on a consolidated basis and by material legal entity. The Board uses the collected information to monitor the liquidity profile of financial institutions supervised by the Board.

The Board adopted a final rule that establishes risk-based categories for determining prudential standards for large U.S. banking organizations and foreign banking organizations, consistent with section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), and with the Home Owners' Loan Act (HOLA). The final rule amends certain prudential standards, including standards relating to liquidity, risk management, stress testing, and single-counterparty credit limits, to reflect the risk profile of banking organizations under each category; applies prudential standards to certain large savings and loan holding companies (SLHCs) using the same categories; makes corresponding changes to reporting forms; and makes additional modifications to the Board's company-run stress test and supervisory stress test rules, consistent with section 401 of EGRRCPA. The final rule is effective December 31, 2019. To implement the reporting requirements of the final rule, the Board is modifying the current FR 2052a reporting frequency. The first as-of date for the amended FR 2052a is June 30, 2020 (October 1, 2020, for foreign banking organizations with U.S. assets).

The current estimated total annual burden for the FR 2052a is 711,840 hours, and would increase to 917,440 hours. The revisions would result in an increase of 205,600 hours. The draft form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx>.

Background and Justification

The financial crisis of 2007 and 2008 highlighted the need for timely data to identify and monitor liquidity risks at individual firms as well as in aggregate across the financial system, especially with respect to intra-company flows and exposures within a consolidated institution. The Board created the FR 2052a in 2014 to meet this need, particularly with respect to capturing such flows within large, systemically important, globally active U.S. banking institutions. Since a single, consolidated view of a banking organization may be insufficient to provide meaningful

insight into the institution's liquidity profile, the FR 2052a gathers data disaggregated by material legal entity (e.g., parent company, broker/dealer entities, bank entities, etc.).

The data collected by the FR 2052a 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 an important part of the Board's supervisory surveillance program in its liquidity risk management area and provide timely information on firm-specific liquidity risks during periods of stress. The Board uses analyses of systemic and idiosyncratic liquidity risk issues to inform its supervisory processes, including the preparation of analytical reports that detail funding vulnerabilities. FR 2052a data also contribute to the Board's supervisory monitoring efforts and risk supervision by identifying potential impediments to the movement of liquidity across legal entities. In addition, the FR 2052a provides detailed information that the Board uses to monitor compliance with its Liquidity Coverage Ratio rule (LCR rule)¹ and assists the Board with macroprudential supervision. The collected information is not available from other sources.

Description of Information Collection

The FR 2052a collects data regarding inflows, outflows, and supplemental items, subdivided 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 maintaining a coherent framework for liquidity risk reporting.

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

- Section 1: Inflows-Assets: Institutions report assets such as unencumbered assets, borrowing capacity from central banks or Federal Home Loan Banks (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 report unsecured inflow transactions such as onshore placements, offshore placements, required nostro balances, excess nostro balances, outstanding draws on revolving facilities, and other unsecured loans.
- Section 3: Inflows-Secured: Institutions 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 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 report wholesale outflow transactions such as asset-backed commercial paper single-seller outflows, asset-back commercial paper

¹ See 12 CFR 249.3.

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 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 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 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 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, Federal Reserve Act Section 23A capacity,² 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 report foreign exchange information such as foreign exchange spot, forwards and futures, and swap transactions.

All U.S firms with total consolidated assets of \$700 billion or more or with assets under custody of \$10 trillion or more, and all foreign banking organizations (FBOs) with combined U.S. assets of \$250 billion or more, report data elements denominated in major currencies, while other data elements denominated in non-major currencies are converted into United States Dollars (USD) and flagged as converted. All other reporting entities report exclusively in USD by flagging data as converted as appropriate. All entities that are required to comply with the LCR rule are considered material entities for the purpose of the report.

² See 12 U.S.C. § 371c.

Respondent Panel

The FR 2052a is filed by U.S. bank holding companies (BHCs) and savings and loan holding companies (SLHCs) that are subject to the LCR rule as a covered depository institution holding company, with total consolidated assets of \$50 billion or more, and FBOs, as defined by the Board's Regulation K - International Banking Operations (12 CFR Part 211)³ including any U.S. BHC that is a subsidiary of an FBO, with combined U.S. assets of \$50 billion or more.

Adopted Revisions to the FR 2052a

The Board adopted a final rule that establishes risk-based categories for determining prudential standards for large U.S. banking organizations and foreign banking organizations, consistent with section 165 of the Dodd-Frank, as amended by the EGRRCPA, and with the HOLA. The final rule amends certain prudential standards, including standards relating to liquidity, risk management, stress testing, and single-counterparty credit limits, to reflect the risk profile of banking organizations under each category; applies prudential standards to certain large SLHCs using the same categories; makes corresponding changes to reporting forms; and makes additional modifications to the Board's company-run stress test and supervisory stress test rules, consistent with section 401 of EGRRCPA. The final rule is effective December 31, 2019.

To implement the reporting requirements of the final rule, the Board is modifying the current FR 2052a reporting frequency. The Board revised the FR 2052a (1) so that BHCs and SLHCs with less than \$100 billion in total consolidated assets would no longer have to report, (2) BHCs or SLHCs subject to Category II standards (\$700 billion or more in total consolidated assets or \$75 billion or more in cross jurisdictional activity) would have to report FR 2052a daily, and (3) BHCs or SLHCs subject to Category III standards with \$75 billion or more in weighted short-term wholesale funding would have to report FR 2052a daily, rather than monthly. Consistent with EGRRCPA's changes, the revisions would remove foreign banking organizations with less than \$100 billion in combined U.S. assets from the scope of FR 2052a reporting requirements. Additionally, the final rule would require foreign banking organizations with combined U.S. assets of \$100 billion or more to report the FR 2052a on a daily basis if they are (1) subject to Category II standards or (2) are subject to Category III standards and have \$75 billion or more in weighted short-term wholesale funding. All other foreign banking organizations with combined U.S. assets of \$100 billion or more would be subject to monthly filing requirements. The first as-of date for the amended FR 2052a is June 30, 2020 (October 1, 2020, for foreign banking organizations with U.S. assets).

Time Schedule for Information Collection and Publication

FR 2052a data is reported monthly by (1) U.S. firms with \$50 billion or more in total consolidated assets but less than \$700 billion in total consolidated assets and less than \$10 trillion in assets under custody, and (2) FBOs that are not identified as Large Institution Supervision Coordinating Committee (LISCC) firms and have \$50 billion or more in combined U.S. assets. Daily reporting is required for (1) U.S. firms with \$700 billion or more in total

³ See 12 CFR 211.21(o).

consolidated assets or \$10 trillion or more in assets under custody, and (2) FBOs identified as LISCC firms.

Legal Status

The FR 2052a report is authorized to be collected from BHCs pursuant to section 5(c) of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844(c)); from FBOs pursuant to section 8(a) of the International Banking Act of 1978 (IBA) (12 U.S.C. § 3106(a)); from certain BHCs and FBOs pursuant to section 165 of the Dodd-Frank Act (12 U.S.C. § 5365); and from SLHCs pursuant to section 10(b)(2) and (g) of the HOLA (12 U.S.C. § 1467a(b)(2) and (g)). Section 5(c) of the BHC Act authorizes the Board to require BHCs to submit reports to the Board regarding their financial condition, and section 8(a) of the IBA subjects FBOs to the provisions of the BHC Act. Section 165 of the Dodd-Frank Act requires the Board to establish prudential standards, including liquidity requirements, for certain BHCs and FBOs. Section 10(g) of HOLA authorizes the Board to collect reports from SLHCs. The FR 2052a report is mandatory for covered institutions.

The information required to be provided on the FR 2052a is collected as part of the Board's supervisory process. Accordingly, such information is afforded confidential treatment under exemption 8 of the Freedom of Information Act (FOIA), which protects information from disclosure that is contained in or related to the examination or supervision of a financial institution (5 U.S.C. § 552(b)(8)). In addition, the information may also be kept confidential under exemption 4 for the FOIA, which protects trade secrets or confidential commercial or financial information (5 U.S.C. § 552(b)(4)). In limited circumstances, aggregate data for multiple respondents, which does not reveal the identity of any individual respondent, may be released.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On November 29, 2018, the Board published a notice of proposed rulemaking for U.S. banking organizations in the *Federal Register* (83 FR 61408) for public comment. The comment period for this notice expired on January 22, 2019. On May 15, 2019, the Board published a notice of proposed rulemaking for foreign banking organizations in the *Federal Register* (84 FR 21988) for public comment. The comment period for this notice expired on June 21, 2019. The Board did not receive any specific comments related to the Paperwork Reduction Act (PRA) analysis. On November 1, 2019, the Board published a final rule in the *Federal Register* (84 FR 59032). The final rule is effective on December 31, 2019.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2052a is 711,840 hours, and would increase to 917,440 hours with the adopted revision. The Board

estimates that the revisions to the FR 2052a would decrease the respondent count by 6. Specifically, the Board estimates that the number of monthly filers would decrease from 36 to 26, but the number of daily filers would increase from 12 to 16. The Board estimates that revisions to the FR 2052a would increase the estimated annual burden by 205,600 hours. These reporting requirements represent approximately 8.6 percent of the Board’s total paperwork burden.

FR 2052a	<i>Estimated number of respondents⁴</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
Monthly	36	12	120	51,840
Daily	12	250	220	<u>660,000</u>
	<i>Current Total</i>			711,840
Proposed				
Monthly	26	12	120	37,440
Daily	16	250	220	<u>880,000</u>
	<i>Proposed Total</i>			917,440
	<i>Change</i>			205,600

The current estimated total annual cost to the public for the FR 2052a is \$41,001,984 and would increase to \$52,844,544 with the adopted revisions.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

The estimated cost to the Federal Reserve System is \$532,800.

⁴ Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://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, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, <https://www.bls.gov/soc/>.