

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

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), 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 extended the FR 2052a for three years and made permanent certain revisions that the Board previously approved on a temporary basis. The revisions, which are discussed in additional detail below, relate to the treatment of certain municipal obligations that are liquid and readily marketable as high quality liquid assets (HQLAs). The estimated total annual burden for the FR 2052a is 717,600 hours, which remains unchanged with the revisions. The form and instructions are available on the Board's public website at www.federalreserve.gov/apps/reportforms/default.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.

¹ See 12 CFR 249.3.

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 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.

Revisions to the FR 2052a

The Board made permanent certain revisions to the FR 2052a that the Board previously approved on a temporary basis³ in response to the enactment of the Economic Growth, Regulatory Relief, and Consumer Protection Act and corresponding changes to the treatment of certain municipal obligations that are liquid and readily marketable as HQLAs under the LCR rule.⁴ Specifically, the Board made revisions the Assets Category Table in Appendix III of the FR 2052a such that the description of the asset classification code “IG2-Q” is inclusive of municipal obligations that may qualify as HQLAs under the LCR rule.

² See 12 U.S.C. 371c.

³ See 83 FR 46163 (September 12, 2018).

⁴ See 83 FR 44451 (August 31, 2018).

Respondent Panel

The FR 2052a is filed by U.S. bank holding companies (BHCs) and savings and loan holding companies (SLHCs)⁵ 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)⁶ including any U.S. BHC that is a subsidiary of an FBO, with combined U.S. assets of \$50 billion or more.⁷

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 consolidated assets or \$10 trillion or more in assets under custody, and (2) FBOs identified as LISCC firms. The revisions did not affect the time schedule of the FR 2052a.

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 Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (12 U.S.C. 5365); and from SLHCs pursuant to section 10(b)(2) and (g) of the Home Owners' Loan Act (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.

⁵ SLHCs with total consolidated assets of \$50 billion or more that are covered depository institution holding companies, as defined in 12 CFR 249.3 (Reporting SLHCs), were added as respondents to the FR 2052a in November 2015, with varying implementation dates depending on the composition of firms' balance sheets. See 80 FR 71795 (November 17, 2015). The OMB supporting statement that the Board submitted in connection with that revision to the FR 2052a inadvertently omitted Reporting SLHCs as respondents for the report. In addition, the instructions for the FR 2052a were not updated to include Reporting SLHCs as respondents. The Board has updated the instructions for the FR 2052a to state that Reporting SLHCs are required to file the report.

⁶ See 12 CFR 211.21(o).

⁷ The Board has stated that it will not take action to require BHCs or SLHCs with less than \$100 billion in total consolidated assets to comply with certain existing regulatory requirements, including the requirements to report the FR 2052a. See statement regarding the impact of the Economic Growth, Regulatory Relief, and Consumer Protection Act (July 6, 2018), available at www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180706b1.pdf. Subsequently, the Board invited comment on a proposal that would more closely match the regulations for large banking organizations with their risk profiles. The proposal would affect the scope of application of the FR 2052a. The press release is available at www.federalreserve.gov/newsevents/pressreleases/bcreg20181031a.htm.

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

The Board consulted 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.

Public Comments

On December 28, 2018, the Board published an initial notice in the *Federal Register* (83 FR 67285) requesting public comment for 60 days on the extension, with revision, of the FR 2052a. The comment period for this notice expired on February 26, 2019. The Board did not receive any comments. On March 27, 2019, the Board published a final notice in the *Federal Register* (84 FR 11546).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2052a is 717,600 hours. The revisions did not result in a change to the estimated burden hours. These reporting requirements represent approximately 6.26 percent of the Board’s total paperwork burden.

FR 2052a	<i>Estimated number of respondents⁸</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Monthly	40	12	120	57,600
Daily	12	250	220	<u>660,000</u>
	<i>Total</i>			717,600

The estimated total annual cost to the public for this collection of information is \$40,221,480.

Sensitive Questions

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

⁸ Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets) www.sba.gov/document/support--table-size-standards.

Estimate of Cost to the Federal Reserve System

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