

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

*Treatment of Certain Emergency Facilities in the Regulatory Capital Rule and the
Liquidity Coverage Ratio Rule
(Docket No. R-1717; RIN 7100-AF90)*

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 supervised by the Board on a consolidated basis and by material legal entity. The Board uses this information to monitor the liquidity profile of these financial institutions.

In response to significant economic disruptions caused by the coronavirus disease 2019 (COVID-19), the Board, pursuant to section 13(3) of the Federal Reserve Act, authorized the establishment of the Money Market Mutual Fund Liquidity Facility (MMLF) and the Paycheck Protection Program Liquidity Facility (PPPLF) to offer non-recourse, maturity-matched secured loans to eligible borrowers. To neutralize the effect of transactions with these facilities under the existing Liquidity Coverage Ratio (LCR) rule,¹ the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and Board (collectively, the agencies) published an interagency interim final rule (LCR facilities interim final rule),² which temporarily revised the FR 2052a form and instructions. These temporary revisions are now being made permanent as originally proposed.

The estimated total annual burden for the FR 2052a is 917,440 hours, and would remain unchanged. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

Background and Justification

The data collected by the FR 2052a provide detailed information about the liquidity risks within different business lines (e.g., financing of securities positions, prime brokerage activities) of certain large financial firms supervised by the Board. 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 about 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

¹ 12 CFR Part 50 (OCC); 12 CFR Part 329 (FDIC), 12 CFR Part 249 (Board).

² 85 FR 26835 (May 6, 2020).

entities. In addition, the FR 2052a provides detailed information that the Board uses to monitor compliance with its LCR rule. 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 categories. These categories 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 data categories also cover broad funding classifications by product, outstanding balance, and purpose, each segmented by maturity date. Generally, the data categories are classified as follows:

- **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.
- **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.
- **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.
- **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.
- **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.
- **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.
- **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.

- **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.
- **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,³ 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.
- **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 FR 2052a reporting.

Respondent Panel

The FR 2052a is filed by (1) any top-tier U.S. bank holding company (BHC) with \$100 billion or more in total consolidated assets that is not a subsidiary of an FBO, (2) any top-tier U.S. savings and loan holding company (SLHC) with \$100 billion or more in total consolidated assets that is subject to the LCR rule as a covered depository institution holding company, and (3) any FBO, as defined by the Board's Regulation K - International Banking Operations,⁴ with combined U.S. assets of \$100 billion or more.

Revisions to the FR 2052a

Consistent with the purposes of the MMLF and PPPLF, and to reflect more accurately the liquidity risks of participation in such facilities, the agencies published the LCR facilities interim

³ See 12 U.S.C. § 371c (limiting the aggregate amount of covered transactions between an insured depository institution and its affiliates).

⁴ See 12 CFR 211.21(o).

final rule, which revised the LCR rule to facilitate eligible banking organizations' participation in the facilities and to ensure such participation receives consistent and predictable treatment under the LCR rule. The LCR facilities interim final rule requires a banking organization to neutralize the effect on its LCR of advances from the MMLF and PPPLF. Specifically, the LCR facilities interim final rule excludes from banking organizations' total net cash outflow amounts certain outflow amounts associated with borrowing from these facilities and certain inflow amounts associated with collateral securing the borrowings.

The Board temporarily revised the FR 2052a reporting form and instructions effective May 6, 2020, to accurately reflect the regulatory amendments made by the LCR facilities interim final rule. Specifically, the Board added:

- (1) the sub-product value of "Covered Federal Reserve Facility Funding" to the product O.S.6: Exceptional Central Bank Operations and a corresponding instruction to exclude balances reported under this sub-product from the pre-existing sub-product of "Federal Reserve Bank",
- (2) a sentence to the "General Guidance" paragraphs under the I.U: Inflows-Unsecured and I.S: Inflows-Secured headings: "Exclude assets that secure Covered Federal Reserve Facility Funding",
- (3) a sentence to the definition of product I.O.6: Interest and Dividends Receivable: "Exclude interest and dividends receivable on assets securing Covered Federal Reserve Facility Funding",
- (4) a sentence to the definition of product O.O.19: Interest and Dividends Payable: "Exclude interest payable on Covered Federal Reserve Facility Funding", and
- (5) a collateral class of "L-12" representing loans guaranteed by U.S. government agencies.

These temporary revisions are now being made permanent as originally proposed.

Time Schedule for Information Collection

FR 2052a data is reported monthly by (1) U.S. bank holding companies and savings and loan holding companies 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. bank holding companies and savings and loan holding companies 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. Consistent with current supervisory authority and processes, during periods of stress the Federal Reserve may temporarily request FR 2052a liquidity data from monthly filers on a more frequent basis.

Public Availability of Data

In general, data from the FR 2052a is confidential and is not publicly available. In limited circumstances, aggregate data for multiple respondents, which does not reveal the identity of any individual respondent, may be released.

Legal Status

The FR 2052a 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.

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 the OCC and FDIC in development of the LCR facilities interim final rule and final rule, which included the revisions to the FR 2052a.

Public Comments

On May 6, 2020, the agencies published an interim final rule in the *Federal Register* (85 FR 26835) for public comment. The comment period for this notice expired on July 6, 2020. The agencies did not receive any comments on the PRA. On October 28, 2020, the agencies published a final rule in the *Federal Register* (85 FR 68243).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 2052a is 917,440 hours, and would remain unchanged. These reporting requirements represent approximately 10.2 percent of the Board's total paperwork burden.

FR 2052a	<i>Estimated number of respondents⁵</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Monthly	26	12	120	37,440
Daily	16	250	220	<u>880,000</u>
	<i>Total</i>			917,440

The estimated total annual cost to the public for the FR 2052a is \$52,982,160.⁶

Sensitive Questions

These collections of information contain 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 for collecting and processing these information collections is \$532,800.

⁵ 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>.

⁶ 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 \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). 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 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.