

SUPPORTING STATEMENT

Ongoing Data Collection of Centrally Cleared Transactions in the U.S. Repurchase Agreement Market

OMB Control No.: 1505-0259

A. Justification

1. **Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The Office of Financial Research (“Office”) is requesting comment on the rule which established a collection of information covering centrally cleared transactions in the U.S. repurchase agreement (“repo”) market.¹ The Financial Stability Oversight Council (“Council”) recommended an ongoing collection of repo data in its *2016 Annual Report* to Congress and maintained this recommendation in its *2017 Annual Report*. The expanded monitoring of the repo market made possible by this collection appropriately meets Council duties and purposes because of this market’s crucial role in providing short-term funding and performing other functions for U.S. markets. The data also supports the calculation of the Secured Overnight Funding Rate (“SOFR”), which was selected by the Alternative Reference Rates Committee (“ARRC”) as its preferred alternative rate to U.S. dollar London Interbank Offered Rate (“LIBOR”), as well as the Broad General Collateral Rate (“BGCR”), helping fulfill another Council recommendation on the creation of alternative reference rates.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), the Office is authorized to issue rules and regulations in order to collect and standardize data on behalf of the Council to promote Council goals, such as helping identify and monitor risks to financial stability. The ability of the Office to collect centrally cleared repo data in this proposed rule derives from the authority to promulgate regulations for the collection of financial transaction and position data of financial companies through the Data Center in 12 U.S.C. §5344(b)(1). The promulgation of regulations for the type and scope of data collected by the Data Center is done pursuant to the general Office rulemaking authority contained in 12 U.S.C. §5343(c) which states the Office shall issue rules, regulations, and orders to the extent necessary to carry out the purposes and duties of the Office. The Office must consult with the Chairperson of the Council under §5343(c) prior to the promulgation of any rules—this consultation occurred prior to the publication of the rule.

2. **Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The collection requires reporting by certain U.S. central counterparties (“CCPs”) for repo transactions. The collection serves two primary purposes: (1) enhancing the ability of the Council and the Office to identify and monitor risks to financial stability; and (2) supporting the calculation of certain reference rates. The collection is used by the Office to improve the Council and member agencies’ monitoring of the U.S. repo market through access to daily transaction data. The

¹ See “Ongoing Data Collection of Centrally Cleared Transactions in the U.S. Repurchase Agreement Market,” 84 FR 4975 (February 20, 2019).

collection is also be used by Federal Reserve Bank of New York (FRBNY) as input into the calculation of the SOFR and BGCR. The Council recognized in prior annual reports that fragilities in LIBOR made the financial system vulnerable to instability and recommended the creation of alternative reference rates such as the SOFR and BGCR , demonstrating the nexus of rate production to financial stability. The Office also uses these data for related duties and purposes as contemplated by the Dodd-Frank Act. The Office supports the Council and its member agencies by providing collected data.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

The Office has engaged with the FRBNY to act as the collection agent with required data submitted directly to the FRBNY electronically. This step was designed to decrease burden by building on a then-current voluntary electronic data submission by the sole covered reporter which has been developed by the covered reporter to operate in an automated manner. The Office has arranged with FRBNY for the transmission of collected data to the Office.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

The Office has reviewed other collections that cover similar information, and has found no duplication. This collection is designed to capture transaction-level information on a daily basis. The Office has reviewed the collections of the covered entity's primary regulator, the SEC, and has consulted with the SEC, and has found no evidence of a collection of this sort of transactional information related to repurchase agreements.

SEC Forms N-MFP and N-PORT do collect some data but they do not provide the frequency or coverage to adequately provide information on the repurchase agreement market. The monthly transactional snapshot of both these forms misses most repurchase trades due to their infrequency combined with the short tenor of repo trades, and the fact they generally cover funds that transact in a type of repo that is not covered by the collection.

The Office is also working closely with the Federal Reserve, which likewise has no similar collection of transactional information in place under its supervisory authority. The only existing collection that captures similar type of information on a transactional basis is the Qualified Financial Contract ("QFC") rule. This collection is not duplicative of the QFC rule, because it occurs at a different frequency and on an on-going basis instead of as requested, and because the QFC rule does not require the submission of information related to cleared trades (81 FR 75624, 75631-2). A small subset of the fields and transactions that are collected by this rule was, prior to the rule, made available on a voluntary basis to the Federal Reserve Bank of New York, but the implementation of this rule has lead to a transition where the voluntarily submission no longer exists thereby avoiding duplication of submissions.

- 5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.**

This information collection does not have an impact on small businesses or other small entities.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Per Item 1 and 2, this collection is necessary for monitoring the repurchase agreement market and supplying data for alternative reference rates. The inability to monitor the market creates financial stability risks as the Council and member agencies will not have a clear picture of one of the largest short-term funding markets. If the data are not available for reference rate purposes, rate oversight will be made more difficult, increasing the probability of errors impacting the finances of private firms, and decreasing the probability of a successful alternative rate implementation over the long-term.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- Requiring respondents to report information to the agency more often than quarterly;

Information is required daily. This is critical for the calculation of daily alternative reference rates. It is also critical to monitor the market given historically destabilizing activities can occur in a matter of days.

- Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

The Office is required by statute to ensure data collected is kept secured and protected from unauthorized disclosure (12 U.S.C. §5344(b)(3)). The Office is permitted, after consultation with member agencies, to provide data to the industry and public for certain reasons to the extent intellectual property rights are not violated, business confidential information is properly protected, and the sharing of such information poses no significant threats to the financial system (12 U.S.C. §5344(b)(6)). This information collection is conducted in a manner consistent with guidelines in 5 CFR §1320.5(d) (2)

8. If applicable, provide a copy and identify the data and page number of publication in the Federal Register of the agency's notice, required by 5 CFR §1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Treasury solicited public comments on these information requirements for 60 days following publication of a notice in the Federal Register on June 7, 2022 (87 FR 34758). No comments were received.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

The Office does not provide payments or gifts to respondents in exchange for a benefit sought.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The Office's ability to collect data contains specific statutory limitations regarding the confidential treatment of data which is cited in the proposed regulation. Specifically, under 12 U.S.C. §5344(b)(6), the Office can provide "certain data to financial industry participants and to the general public to increase market transparency and facilitate research on the financial system, to the extent that intellectual property rights are not violated, business confidential information is properly protected, and the sharing of such information poses no significant threats to the financial system of the United States." The Office, under §5344(b)(5), "shall make data collected and maintained by the Data Center available to the Council and member agencies, as necessary to support their regulatory responsibilities." Under §5344(b)(3), the Office has an information security requirement to "ensure that data collected and maintained by the Data Center are kept secure and protected against unauthorized disclosure."

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to person's form whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.
- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.
- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.

Form	No. of	No. of	Avg.	Total	Avg.	Total Annual
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Name/ Form Number	Respondents	Responses per Respondent	Burden per Response (in hours)	Annual Burden (in hours)	Hourly Wage Rate	Respondent Cost
OFR SFT-1-1	1	252	2	504	\$99	\$49,896
OFR SFT-1-2	1	252	1	252	\$99	\$24,948
OFR SFT-1-3	1	252	3	756	\$99	\$74,844

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

Office Estimates Summary:

Title: Ongoing Data Collection of Centrally Cleared Transactions in the U.S.

Repurchase Agreement Market

Department: Treasury Departmental Offices

Office: Office of Financial Research

Frequency of Response: Daily (§1610.10(d))

Affected Public: Businesses or other for-profit.

Scope of Covered Reporters: Any central counterparty, defined as a clearing agency that interposes itself between the counterparties to transactions, whose average daily total open commitments in repo contracts across all services over the prior calendar quarter is at least \$50 billion. (§1610.10(a) & (b)(2))

Number of Covered Reporters: One covered reporter submitting information on two separate clearing services.

Estimated Time Per Covered Reporter Per Submission: 6 hours

Number of Submissions:

Daily submission containing both general collateral transactions (§1610.10(c)(3-4)) and specific security trades (§1610.10(c)(5));

Anticipated Annual Submissions 252

Total Estimated Annual Burden: 1512 hours

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

Pursuant to an interagency agreement between the Office and the Board with the FRBNY as collection agent, the collection agent has estimated \$572,826.81 for 2022, \$428,881.38 for 2023, and \$307,295.05 for 2024.

The subcomponents of these estimates are as follows:

Year	Category	Hours	Rate	Total
2022	Market Monitoring (Labor)	2568	76.57	\$196,631.76
	Enterprise Support (Labor)	720	204.00	\$102,816.00
	Technology	N/A	N/A	\$273,379.05
2023	Market Monitoring (Labor)	2265	76.57	\$173,431.05
	Enterprise Support (Labor)	720	210.00	\$105,840.00
	Technology	N/A	N/A	\$149,610.33
2024	Market Monitoring (Labor)	2265	76.57	\$173,431.05
	Enterprise Support (Labor)	720	216.00	\$108,864.00
	Technology	N/A	N/A	\$25,000.00

15. Explain the reasons for any program changes or adjustments reporting in Items 13 or 14 of the OMB Form 83-I.

There are no changes to requirements or estimates in Item 13 since the previous OMB approval. The original figures contained in Item 14 were based on the collection agent's estimates prior to execution of an interagency agreement between the Office and the Board with the FRBNY as collection agent. The figures now supplied are based on the collection agent's estimates based on the executed interagency agreement as well as operational experience since execution.

- 16. For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

There are no plans to publish this information currently for statistical purposes.

- 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

The Office will display the expiration date for OMB approval of this information collection request.

- 18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submission," of OMB 83-I.**

The Office does not request an exception to the certification of this information collection request.