



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to implement the Report of Institution-to-Aggregate Granular Data on Assets and Liabilities on an Immediate Counterparty Basis (FR 2510; OMB No. 7100-to be assigned).

DATES: The FR 2510 will be effective for the reporting period ending on September 30, 2019.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC, 20551, (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, N.W., Washington, DC 20503, or by fax to (202) 395-6974.

SUPPLEMENTARY INFORMATION: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Board

may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

Final Approval under OMB Delegated Authority of the Implementation of the Following Information Collection:

Report title: Report of Institution-to-Aggregate Granular Data on Assets and Liabilities on an Immediate Counterparty Basis.

Agency form number: FR 2510.

OMB control number: 7100-to be assigned.

Frequency: Quarterly, beginning with the reporting period ending on September 30, 2019.

Respondents: Bank holding companies headquartered in the United States that are global systemically important bank holding companies (U.S. G-SIBs) under the Board's rules.¹

Estimated number of respondents: 8.

Estimated average hours per response: One-time implementation: 1,000 hours; ongoing: 568 hours.

Estimated annual burden hours: One-time implementation: 8,000 hours; ongoing: 18,176 hours.

General description of report: 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 the top 35 countries of exposure, on an immediate-counterparty basis (on the basis of the country of residence of the borrower), as reported in the consolidated Country Exposure Report of the Federal Financial Institutions Examination Council (FFIEC 009; OMB No. 7100-0035), broken

¹ See 12 CFR part 217, subpart H.

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 would 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.

Legal authorization and confidentiality: The information collection is authorized under section 5 of the Bank Holding Company Act (12 U.S.C. 1844). 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 the 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 the FOIA will be made on a case-by-case basis.

Current actions: On August 27, 2018, the Board published a 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.

With the exception of certain changes discussed below, the FR 2510 will be implemented as proposed.

Detailed Discussion of Public 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),² which will also draw resources away from FR 2510 implementation.

² 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.

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 be 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 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.

Board of Governors of the Federal Reserve System, April 16, 2019.

Yao-Chin Chao,

Assistant Secretary of the Board.

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