



Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice, request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Report of Selected Money Market Rates (FR 2420; OMB No. 7100-0357).

DATES: Comments must be submitted on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES: You may submit comments, identified by FR 2420, by any of the following methods:

- Agency Website: <https://www.federalreserve.gov/>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: regs.comments@federalreserve.gov. Include the OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue, NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid

government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the Office of Management and Budget (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, NW, Washington, DC 20503, or by fax to (202) 395-6974.

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.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the PRA to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

A copy of the Paperwork Reduction Act (PRA) OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be available at <https://www.reginfo.gov/public/do/PRAMain>, if approved. These documents will also be made available on the Board’s public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

Request for Comment on Information Collection Proposal

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions, including whether the information has practical utility;
- b. The accuracy of the Board's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

Proposal under OMB Delegated Authority to Extend for Three Years, With Revision, the Following Information Collection:

Report title: Report of Selected Money Market Rates.

Agency form number: FR 2420.

OMB control number: 7100-0357.

Frequency: Daily.

Respondents: Commercial banks, savings associations, branches and agencies of foreign banks, international banking facilities, and significant banking organizations representing entities actively participating in the federal funds and/or other money markets.

Estimated number of respondents: 181 commercial banks, savings associations, U.S. branches and agencies of foreign banks, and significant banking organizations; 77 international banking facilities.

Estimated average hours per response: 2.0 commercial banks, savings associations, U.S. branches and agencies of foreign banks, and significant banking organizations; 1.1 international banking facilities.

Estimated annual burden hours: 90,500 commercial banks, savings associations, U.S. branches and agencies of foreign banks, and significant banking organizations; 21,175 international banking facilities.

General description of report: The FR 2420 is a transaction-based report that collects daily liability data on federal funds purchased, selected borrowings from non-exempt entities,¹ Eurodollar transactions, and time deposits and certificates of deposits (CDs) from (1) domestically chartered commercial banks and savings associations that have \$18 billion or more in total assets as well as those that have total assets above \$5 billion but less than \$18 billion and meet the activity threshold, (2) U.S. branches and agencies of foreign banks with total third-party assets of \$2.5 billion or more, and (3) significant banking organizations that are active participants in money markets. The FR 2420 also collects daily data on Eurodollar transactions from International Banking Facilities (IBFs) of the above-referenced institutions. The FR 2420 data are used in the publication of the Effective Federal Funds Rate (EFFR) and Overnight Bank Funding Rate (OBFR) and in analysis of current money market conditions.

Proposed revisions: The Board proposes to add a data item to specify the day-count convention used for all interest rates reported on the FR 2420 reporting form. The Board also proposes revisions to the FR 2420 instructions to allow for more timely collection of data, improve monitoring of the transition away from the London Interbank Offered Rate (LIBOR), strengthen the reference rate production process, and ensure the integrity of reported data. The proposed revisions support the Board's monetary policy and supervisory mandates by providing greater insight into funding market conditions in periods where conditions change rapidly, potentially affecting policy measures taken by the Federal Reserve. The proposed revisions to FR 2420 would be effective with the January 1, 2022, as of date.

Reporting Form Revisions

¹ A selected borrowing from a non-exempt entity is an unsecured borrowing (an unsecured primary obligation undertaken by the reporting institution as a means of obtaining funds) in U.S. dollars from a counterparty that is a non-exempt entity as derived from Regulation D, section 204.2(a)(vii).

The Board proposes to add a data item to specify the day-count convention used for all interest rates reported on FR 2420. The Federal Reserve has identified limited instances of reporting institutions using multiple day-count conventions in calculating reported interest rates, specifically found in the reporting of Part C interest rates. The proposed revision would improve the accuracy of reported data, benefiting the Federal Reserve's monitoring of funding market conditions and strengthening the production of the EFFR and OBFR. The proposed data item would provide the following day-count conventions as options: actual/360, actual/365, 30/360, 30/365, actual/actual, and other.

Instruction Revisions

Additional Reference Rate Options for Floating-Rate Time Deposits and CDs (Part C)

The Board proposes to include additional reference rates to which floating-rate time deposits and CDs are tied. The additional rates include the Secured Overnight Financing Rate (SOFR), other SOFR-based rates, and OBFR, all of which are published daily by the Federal Reserve Bank of New York (FRBNY). Other SOFR-based rates include the SOFR Index and the SOFR Averages over 30, 90, and 180 days. This revision would improve the ability of the Federal Reserve to monitor the progress of the transition from LIBOR to SOFR with respect to floating-rate money market instruments.²

Earlier Deadline for Submission of Time Deposit and CD data (General Instructions)

The Board proposes to change the deadline for submission of time deposit and CD data in Part C to 2 p.m. ET one business day (T+1) after the report date, rather than two business days (T+2) after the report date. This proposed change would provide more timely data and improve the Federal Reserve's monitoring of funding market conditions. The change would be particularly beneficial on occasions when market conditions change quickly, such as when a deterioration in time deposit and CD markets may produce spillovers to other markets.

² The Alternative Reference Rates Committee is a group of private-market participants convened by the Board and the FRBNY to help ensure a successful transition from U.S. dollar LIBOR to a more robust reference rate, its recommended alternative, the SOFR.

Earlier Deadline for Submission of Federal Funds Purchased, Eurodollar, and Selected Deposits Data (General Instructions)

The Board proposes to change the deadline for submission of Federal Funds Purchased, Eurodollars, and Selected Deposits data in Parts A, B, and D to 7 p.m. ET the same day (T+0) as the transaction date, rather than 7 a.m. ET one business day (T+1) after the transaction date. The proposed earlier reporting deadline would allow for more opportunity for data review and validation, reducing operational risk associated with the publication of the EFFR and OBFR.

Clarifications to Prevent Errors (Parts C and D)

The Board proposes other minor additions to the FR 2420 instructions to prevent confusion and errors on the part of reporting institutions. Guidance would be added for certain reciprocal deposits, including insured deposit cash sweeps and Certificate of Deposit Account Registry Service deposits (Part C). Additional guidance would be included on the correct reporting of brokered deposits (Part C) and certain securities lending transactions (Part D).

Legal authorization and confidentiality: The FR 2420 is authorized by section 11 of the Federal Reserve Act (FRA) and section 7 of the International Banking Act of 1978 (IBA). Section 11 of the FRA authorizes the Board to require reports from depository institutions as it may deem necessary and authorizes the Board to prescribe reports of liabilities and assets from insured depository institutions to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates (12 U.S.C. § 248(a)). Section 7 of the IBA provides that federal branches and agencies of foreign banks are subject to section 11 of the FRA as if they were state member banks (12 U.S.C. § 3105(c)). The obligation to respond to the FR 2420 is mandatory.

The FRBNY uses aggregate data from the FR 2420 to publish the EFFR, OBFR, and associated statistics daily. The information provided by individual respondents to the FR 2420 is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondents. Responses to the FR 2420 are therefore accorded confidential treatment pursuant to exemption 4 of the Freedom of Information Act (5 U.S.C. § 552(b)(4)).

Consultation outside the agency: A group of large FR 2420 respondents (less than 10) were consulted in November 2020 regarding the feasibility of reporting timestamps for FR 2420 transactions, shifting reporting deadlines, and the day-count conventions used when reporting interest rates on FR 2420 transactions. Outreach results suggest that timestamps for transactions are not recorded in a consistent fashion across respondents, and thus the current proposals do not call for the reporting of timestamps. Outreach also suggests that most respondents currently report Parts A, B, and D of the FR 2420 report on a T+0 basis, and no respondents consulted suggested that a T+0 reporting deadline for Parts A, B, and D was not feasible. Most respondents consulted noted that they should be able to report Part C transactions on a T+1 basis. Feedback also showed that most transactions are reported using the actual/360 day-count convention for interest rates, but other day-count conventions are used for some reported transactions.

Board of Governors of the Federal Reserve System, April 29, 2021.

Michele Taylor Fennell,

Deputy Associate Secretary of the Board.

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