April 12, 2021

Via Electronic Mail

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Revisions to the Complex Institution Liquidity Monitoring Report (FR 2052a; OMB Control Number 7100-0361)

To Whom it May Concern:

The Bank Policy Institute, the Securities Industry and Financial Markets Association, the American Bankers Association, the Institute of International Bankers, and the Financial Services Forum (collectively, the Associations)[1] appreciate the opportunity to comment on the proposal by the Board of Governors of the Federal Reserve System to revise the Complex Institution Liquidity Monitoring Report (FR 2052a)[2] and will submit a separate comprehensive comment letter discussing technical issues and questions on the proposed changes prior to the comment deadline. The purpose of this letter is to inform the Federal Reserve promptly of the infeasibility of respondent firms implementing the proposed changes by the stated effective date. Given the extensive systems modifications that would be required and substantive interpretation questions raised by the proposal regarding the Net Stable Funding Ratio requirement, we ask that the Federal Reserve extend the proposed implementation timeline to no earlier than April 1, 2022, for those proposed FR 2052a items necessary for the Federal Reserve to calculate the NSFR, and to no earlier than October 1, 2022, for the remaining changes to the FR 2052a.[3] This staged timeline would allow firms to prioritize the implementation of new or revised data elements necessary to calculate the NSFR, with items unrelated to the calculation of the NSFR becoming effective at a later date.[4]

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1 See Appendix 1 for descriptions of the Associations.

2 86 Fed. Reg. 16365 (March 29, 2021).

3 Dates provided throughout this letter assume that final forms and instructions (including technical instructions) will be provided by June 30, 2021, providing respondents with at least 9-15 months to prepare for implementation of the changes to the FR 2052a.

4 Given the number of revisions, firms are in the process of completing their initial analyses. Additional thoughts with respect to the implementation timeline for 2052a changes for firms that are not subject to the NSFR will be contained in our forthcoming comprehensive comment letter on the proposal.

The final rule implementing the NSFR was released in October 2020[5] and firms subject to the NSFR are currently preparing for the July 1, 2021 effective date. The proposed revisions to the FR 2052a were published in the Federal Register on March 29, 2021 with a 60-day comment period closing on May 28, 2021, and an effective date of July 1, 2021.[6] The proposal contains significant changes to the FR 2052a and raises interpretation questions for implementing the NSFR final rule that could impact a firm's compliance with the requirement. Furthermore, the proposal requires multiple new data elements, three new supplemental tables, and additional breakdowns of counterparty data. Notwithstanding the significance of these changes, the proposed timeline provides only one month for the Federal Reserve to review public comments received, adjust the proposal, test new XML schemas, and release final forms and instructions.

Moreover, this compressed timeline leaves only weeks, or even days, for respondent firms' implementation of systems changes and application of reporting controls, testing, and data governance procedures based on the final, revised FR 2052a. This proposed timeline clearly provides respondents with insufficient time to utilize the processes and procedures developed for implementing changes to reporting systems in order to meet both the Federal Reserve's, and their own, high expectations for testing, data quality, governance and controls, including testing protocols and data accuracy reviews prior to the implementation of changes.[7] It should also be noted that many firms' liquidity risk management processes, including liquidity stress testing, use FR 2052a data. This link between the FR 2052a data and liquidity risk management at firms means revisions to the FR 2052a have considerable implications outside of the supervisory reporting requirements, making it imperative that firms have appropriate time to implement those changes.

In light of the proposed challenges outlined above, as well as areas that will require additional clarification to better understand the proposed revisions to the FR 2052a that will be included in our follow-up comment letter, we strongly recommend that the Federal Reserve adopt a staggered effective date as follows:

- Changes necessary for the Federal Reserve to calculate firms' NSFR via the FR 2052a should be effective no earlier than April 1, 2022, and
- Remaining changes should be effective no earlier than October 1, 2022.

The Associations would also highlight that the reporting of data to the Federal Reserve on a revised FR 2052a is distinct from respondent firms' ability to comply with the NSFR rule upon its effectiveness and the requested delay in reporting is intended to permit firms to implement the reporting requirements in a strategic, proportional, and operationally sound manner. As such, extending the implementation timeline for the FR 2052a revisions will not in any way weaken the requirements of the NSFR or affect the respondent firms' obligations thereunder. Firms will use their existing data and reporting processes to comply with the NSFR, enabling the Federal Reserve and other banking agencies

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5 86 Fed. Reg. 9120 (February 11, 2021).

6 When the FR 2052a was initially proposed in 2013, we note that reporting for the initial respondents began approximately 12 months later.

7 Several firms also utilize vendors to assist setting up their systems to report on the FR 2052a, so they are reliant on vendors to implement changes, which can only occur after release of the final forms and instructions.

to examine their compliance with the NSFR rule and their internal calculation and monitoring processes through ordinary course supervisory processes.

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The Associations appreciate the opportunity to comment on the proposal and would welcome the opportunity to discuss the proposed timeline of the FR 2052a revisions with the Federal Reserve. If you have any questions, please contact the undersigned Brett.Waxman@bpi.com, cstefansson@sifma.org, atouhey@aba.com, swebster@iib.org, or scampbell@fsforum.com.

Respectfully submitted,

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cc: Michael Gibson
Mark Van Der Weide
Board of Governors of the Federal Reserve System

Appendix 1

The Bank Policy Institute

The Bank Policy Institute is a nonpartisan public policy, research and advocacy group, representing the nation's leading banks and their customers. Our members include universal banks, regional banks and the major foreign banks doing business in the United States. Collectively, they employ almost 2 million Americans, make nearly half of the nation's small business loans, and are an engine for financial innovation and economic growth.

The Securities Industry and Financial Markets Association

SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

The American Bankers Association

The American Bankers Association is the voice of the nation's $21.9 trillion banking industry, which is composed of small, regional, and large banks that together employ more than 2 million people, safeguard $17 trillion in deposits, and extend more than $11 trillion in loans. Learn more at www.aba.com.

The Institute of International Bankers

The Institute of International Bankers is the only national association devoted exclusively to representing and advancing the interests of the international banking community in the United States. Its membership is comprised of internationally headquartered banking and financial institutions from over 35 countries around the world doing business in the United States. The IIB's mission is to help resolve the many special legislative, regulatory, tax, and compliance issues confronting internationally headquartered institutions that engage in banking, securities and other financial activities in the United States. Through its advocacy efforts the IIB seeks results that are consistent with the U.S. policy of national treatment and appropriately limit the extraterritorial application of U.S. laws to the global operations of its member institutions.

The Financial Services Forum

The Financial Services Forum is an economic policy and advocacy organization whose members are the chief executive officers of the eight largest and most diversified financial institutions headquartered in the United States. Forum member institutions are a leading source of lending and investment in the United States and serve millions of consumers, businesses, investors, and communities throughout the country. The Forum promotes policies that support savings and investment, deep and liquid capital markets, a competitive global marketplace, and a sound financial system.