

# **INSTRUCTIONS FOR PREPARING THE FR 2004 PRIMARY GOVERNMENT SECURITIES DEALERS REPORTS**

## **FR 2004 REPORTS**

<b>FR 2004A</b>	<b>Weekly Report of Dealer Positions</b>
<b>FR 2004B</b>	<b>Weekly Report of Cumulative Dealer Transactions</b>
<b>FR 2004C</b>	<b>Weekly Report of Dealer Financing And Fails</b>
<b>FR 2004SI</b>	<b>Weekly Report of Specific Issues</b>
<b>FR 2004SD</b>	<b>Daily Report of Specific Issues</b>
<b>FR 2004WI</b>	<b>Daily Report of Dealer Activity in Treasury Financing</b>

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## **I. INTRODUCTION**

### **A. PURPOSE**

The FR 2004 reports collect weekly and daily position, transaction, financing, and fails data of the primary government securities dealers (primary dealers) in U.S. government securities and other selected fixed-income securities. These data provide critical support to the Federal Reserve in fulfilling important responsibilities, including monitoring technical developments in U.S. government securities markets, conducting open market operations, and acting as fiscal agent for the U.S. Department of the Treasury (U.S. Treasury).

### **B. AUTHORITY**

The FR 2004 reports are authorized by law (12 U.S.C. § 248(a)(2), §§ 353-359, and § 461(c)). These reports are voluntary; however, to maintain primary dealer status, each primary dealer is expected to file these reports.

### **C. CONFIDENTIALITY**

Individual primary dealer data are regarded as confidential under the *Freedom of Information Act* and are treated as such by the Federal Reserve System. Individual primary dealer data reported on the FR 2004 reports will not be published or otherwise publicly disclosed. Aggregate data derived from these reports that are published or otherwise publicly disclosed will not reveal the identity of any individual primary dealer. If it should be determined subsequently that any information collected on these reports must be released, primary dealers will be notified.

### **D. PAPERWORK REDUCTION ACT NOTICE**

The FR 2004 reports have been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the *Paperwork Reduction Act of 1995* and assigned OMB control number 7100-003. The estimated average burden associated with this collection of information, per response, is 1.5 hours for the FR 2004A, 2 hours for the FR 2004B, 1.25 hours for the FR 2004C, 2 hours for the FR 2004SI, 2 hours for the FR 2004SD, and 1 hour for the FR 2004WI. These averages include the time to gather and maintain data in the required form, to review instructions, and to complete the information collection. The amount of time required to complete these reports will vary depending on the amount of data to report. Comments concerning the accuracy of this burden estimate and suggestions for reducing burden should be directed to:

Secretary, Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

No person is required to respond to any collection of information from the Federal Reserve System unless it displays a currently valid OMB control number.

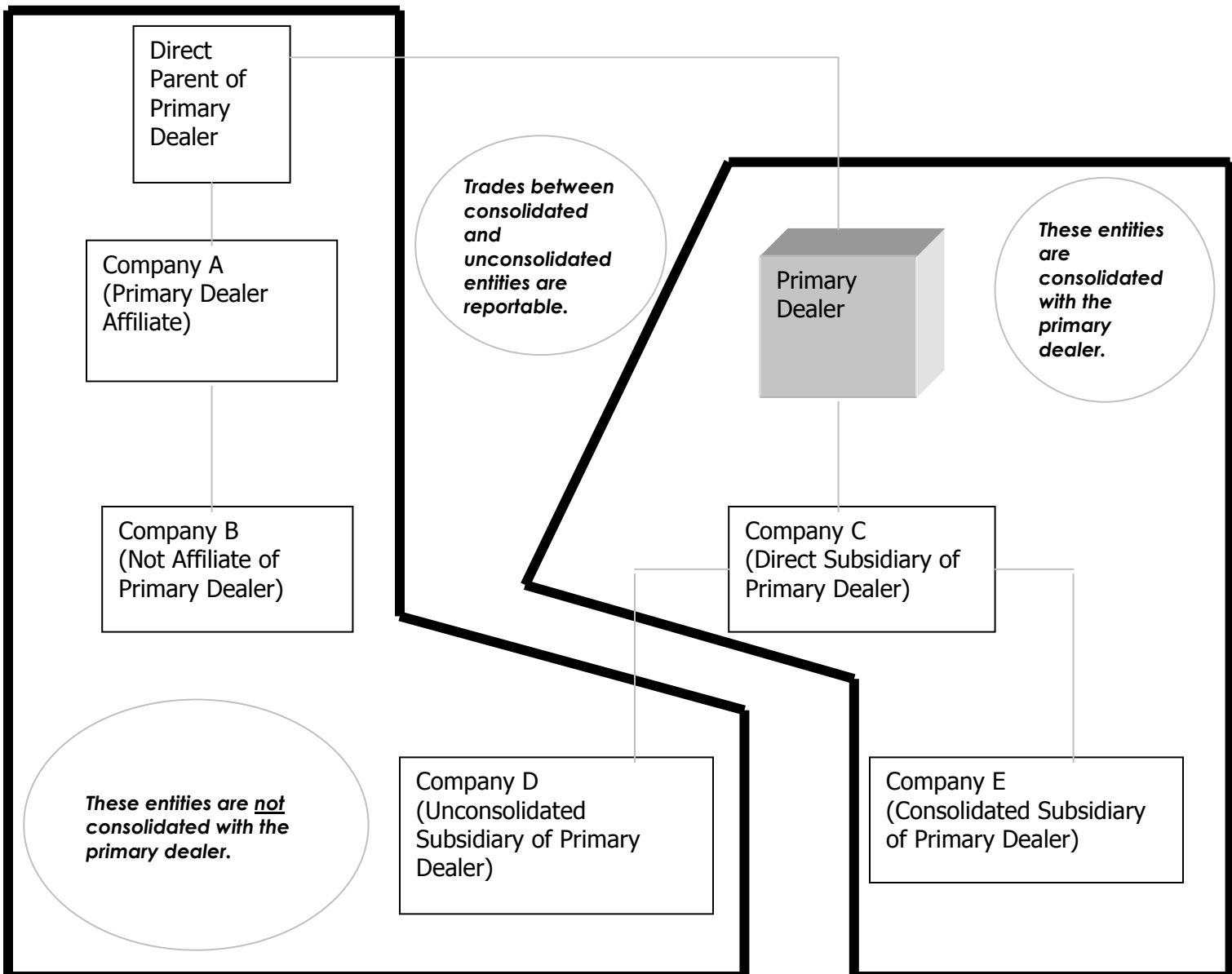
## II. GENERAL INSTRUCTIONS

### A. WHO MUST REPORT AND CONSOLIDATION RULES

The FR 2004 reports are voluntary; however, to maintain primary dealer status, each primary dealer is expected to file these reports. Data should be reported for the entire legal entity that functions as the primary dealer, including any subsidiaries that it consolidates in its regulatory reports (e.g., FOCUS or FOG). Position, transaction, financing, and fails data **of** unconsolidated affiliates and subsidiaries should be excluded from the reported data.

Positions, transactions, financing, and fails that occur **with** unconsolidated affiliates and subsidiaries are reported as third-party transactions. Do not report internal trades, including trades between desks or departments.

Affiliates are companies under the control of the direct parent of the primary dealer. The following illustrates the FR 2004 consolidation rules.



## **B. REPORTING DATES**

Report weekly data as of the close of business each Wednesday. Data should be submitted to the Federal Reserve Bank of New York (FRBNY) each week no later than 4:00 p.m. (Eastern Time) Thursday (Friday if Thursday is a holiday).

FR 2004SI information may be requested daily for certain on-the-run or other securities on the FR 2004SD report. Data for the FR 2004SD should be submitted no later than 4:00 p.m. (Eastern Time) daily for the previous business day until notified by the FRBNY to cease reporting these data daily.

Data for the FR 2004WI should be submitted no later than 4:00 p.m. (Eastern Time) daily during a when-issued period for the previous business day. The reporting of the FR 2004WI begins on the business day following a financing announcement for positions as of the close of business the day of the announcement. The last report for a when-issued period is due on the settlement date for information as of close of business the previous business day.

## **C. SUBMISSION INSTRUCTIONS AND CONTACT INFORMATION**

All FR 2004 data must be submitted via the Federal Reserve System's Internet Electronic Submission (IESUB) system.

If data cannot be transmitted via the IESUB system, primary dealers are required to fax the FR 2004 reports to the FRBNY by 4:00 p.m. (Eastern Time) Thursday (or FR 2004SD or FR 2004WI deadline date) to: 212-720-5030 or 646-720-5030. Prior to faxing reports, please call your FR 2004 FRBNY contact or the FR 2004 Staff Director at 212-720-8001 or 646-720-8001. Data that are faxed to FRBNY must subsequently be submitted via the IESUB system.

The FR 2004 report forms and instructions are available on the Board's Internet website at:

<http://www.federalreserve.gov/boarddocs/reportforms/default.cfm>

### **III. WHAT MUST BE REPORTED**

#### **A. REPORTABLE SECURITIES**

Provided below are descriptions of reportable securities by asset class. Portions of security identification numbers issued by the Committee on Uniform Security Identification Procedures (CUSIP), known as "roots," can be helpful in identifying certain reportable securities. A list of CUSIP "roots" for securities issued by the U.S. Treasury can be obtained from:

<http://www.publicdebt.treas.gov/of/ofsectable.htm>

A list of CUSIP "roots" for securities issued by federal agencies and government sponsored enterprises (GSEs) can be obtained from:

<http://www.frbservices.org/Wholesale/FedwireSecuritiesGuide.html>

This list should be used as a guide and not considered a complete listing. This list includes securities that are not reportable on the FR 2004 reports (e.g., securities issued by multinational institutions, such as the Asian Development Bank) and does not include securities issued by all federal agencies and GSEs.

##### U.S. Treasury Securities (excluding TIIS)

Report direct obligations of the U.S. Treasury. This includes bills, notes, bonds, and Separate Trading of Registered Interest and Principal Securities (STRIPS), both the interest-only (IO) and principal-only (PO) components.

##### U.S. Treasury Inflation-Indexed Securities (TIIS)

Report U.S. Treasury inflation-indexed securities, which include all U.S. Treasury securities that do not have a fixed principal. In addition, include STRIPS (both the IO and PO components) where the underlying security is a TIIS.

##### Federal Agency and Government Sponsored Enterprise Securities (excluding MBS)

Report securities that are issued by, guaranteed by, or are the direct obligation of a federal agency or a GSE that are not mortgage-backed securities (MBS).

##### Federal Agency and Government Sponsored Enterprise Mortgage-Backed Securities

Report MBS that are issued by, guaranteed by, or are the direct obligations of a federal agency or GSE. These include, but are not limited to: participation certificates, pass-through securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), and stripped securities (both the IO and PO components).

##### Corporate Securities

Report U.S. dollar-denominated debt securities issued by corporations incorporated in the fifty states of the United States and the District of Columbia. These include:

- bonds, notes, debentures;

- CMOs and REMICs (including residuals) issued by entities other than federal agencies and GSEs, even if the collateral for the CMO or REMIC consists of GNMA pass-through securities, FHLMC participation certificates, or FNMA pass-through securities;
- stripped securities (both the IO and PO components) issued by entities other than federal agencies and GSEs, even if the securities that have been stripped consist of GNMA pass-through securities, FHLMC participation certificates, or FNMA pass-through securities;
- commercial paper; and
- privately placed securities (e.g., 144a securities).

## **B. DO NOT REPORT**

- Position, transaction, financing, and fails data **of** unconsolidated affiliates and subsidiaries, unless the primary dealer conducts trades directly **with** an unconsolidated affiliate or subsidiary.
- Internal trades occurring within the reporting primary dealer, including trades between desks or departments.
- Securities issued by multinational institutions, such as the International Bank for Reconstruction and Development (IBRD/World Bank).
- Securities issued by corporations incorporated in the U.S. territories and Puerto Rico.
- Securities issued by corporations incorporated outside of the United States (i.e., foreign securities).
- Bankers' acceptances, certificates of deposits, deposit notes, bank notes, money market mutual funds, Eurodollars, and other money market instruments, except commercial paper.
- Asset-backed securities that are not MBS, including collateralized bond obligations (CBOs), collateralized loan obligations (CLOs), collateralized debt obligations (CDOs), and other securities backed by pools of assets such as credit card receivables, automobile loans and leases, home equity lines, consumer and personal loans, commercial and industrial loans, and other assets.
- Municipal securities.
- Convertible debt.
- Shares of funds, including exchange traded funds (ETFs), even if the fund invests in reportable securities.
- Derivatives; however, forward positions and forward transactions are reportable on the FR 2004A and the FR 2004B, respectively. Also, forward financing commitments are reportable on the FR 2004WI.



## **C. ALLOTMENTS OF NEW SECURITIES**

Report the position taken in a new U.S. Treasury, federal agency, or GSE security allotment. Include allotments that are awarded on a report date in that day's positions. However, the transaction to obtain that position (whether for the primary dealer's own portfolio or on behalf of a customer) should be excluded. Purchases from and sales to the FRBNY are not allotments.

## **D. UNDERWRITING OF SECURITIES**

Report the position taken in a new corporate issue when the primary dealer is the underwriter or part of the underwriting syndicate. The transaction to obtain that position (whether for the primary dealer's own portfolio or on behalf of a customer) should be excluded.

## **E. SECURITY BUYBACKS**

Report the change in position when the buyback settles. The settlement of a buyback should be excluded from the FR 2004B (whether for the primary dealer's own portfolio or on behalf of a customer). However, please note that purchases of securities by a primary dealer from a customer to complete the buyback process should be included.

## **F. MATURITY CLASSIFICATIONS**

### FR 2004A and FR 2004B

Report U.S. Treasury, federal agency, GSE, and corporate securities in the appropriate maturity classification row on the FR 2004A and FR 2004B based on remaining maturity. As the remaining maturity decreases, the security is shifted from one maturity classification to another. If the shift occurs on a Wednesday, categorize the security in the new maturity classification row on that Wednesday's report.

- Callable fixed-rate debt securities and callable floating-rate debt securities that cannot be put back to the issuer (including American, Bermudan, and European-style callable debt) that have not been called should be categorized based on the time remaining to the original maturity date and not based on the time remaining to the next call date.
- Callable fixed-rate debt securities and callable floating-rate debt securities that cannot be put back to the issuer that have been called should be categorized based on the time remaining to the call date.
- Callable floating-rate debt securities that can be put back to the issuer, whether called or not, should be categorized based on the time remaining to the next repricing date.
- When-issued securities should be categorized based on the time remaining to maturity calculated from the issue date (e.g., a when-issued, 3-year U.S. Treasury note should be reported in line 1b, U.S. Treasury Coupons due in less than or equal to 3 years).
- STRIPS and other stripped securities should be categorized based on the time remaining to the payment date for each IO component, and to the redemption date for the PO component. For example, report a stripped 30-year U.S. Treasury bond with 60 coupon payments (two interest payments per year; 60 IO components) as follows:

- The sum of the first 6 IO components in line 1b (U.S. Treasury Coupons due in less than or equal to 3 years);
- The sum of the next 6 IO components in line 1c (U.S. Treasury Coupons due in more than 3 years but less than or equal to 6 years);
- The sum of the next 10 IO components in line 1d (U.S. Treasury Coupons due in more than 6 years but less than or equal to 11 years); and
- The sum of the remaining 38 IO components and the PO component in line 1e (U.S. Treasury Coupons due in more than 11 years).

#### FR 2004C, FR 2004SI, and FR 2004SD

- Overnight Financing

An overnight financing agreement is an agreement that settles on one business day and matures on the next business day. For example, overnight financing includes a Friday to Monday agreement and a Friday to Tuesday agreement when Monday is a holiday.

- Continuing Contracts

A continuing contract agreement is an agreement that remains in effect for more than one business day, but has no specific maturity and can be terminated on demand by either the borrower or the lender.

- Term Agreements

A term agreement is an agreement with an original fixed maturity of more than one business day that is not a continuing contract.

### **G. ACCOUNTING RULES**

Report all data in millions of dollars. Total all data for each cell before rounding. Do not report decimals in any cell. Do not report negative values in any cell, except for the:

- FR 2004SI, column 3 (net settled position);
- FR 2004SD, column 3 (net settled position);
- FR 2004WI, column 2 (net outright positions); and
- FR 2004WI, column 3 (net forward financing commitments).

#### Position Data

- FR 2004A

Report data on the FR 2004A at fair (market) value. The definition of fair value is consistent with FAS 107. That is, fair value is the amount at which an asset could be bought or sold in a current transaction between willing parties, other than in a forced or

liquidation sale. If a quoted market price is available for an instrument, the fair value is the product of the number of trading units times the market price.

Positions on the FR 2004A are reported using trade date accounting, except for buybacks, which should be reported using settlement date accounting.

Long and short positions in the same issue should be reported net by CUSIP. However, long and short positions in different issues should be reported gross.

- FR 2004SI and FR 2004SD

Report position data on the FR 2004SI and FR 2004SD at the original issuance par amount.

Positions on the FR 2004SI and FR 2004SD are reported using settlement date accounting.

Long and short positions in the same issue should be reported net by CUSIP, therefore, a negative value can be reported in column 3 (net settled position) of the FR 2004SI and the FR 2004SD.

- FR 2004WI

Report position data on the FR 2004WI at the original issuance par amount.

Positions on the FR 2004WI are reported using trade date accounting.

Long and short positions should be reported net by security; therefore, a negative value can be reported in column 2 (net outright positions) of the FR 2004WI.

### Transaction Data

- FR 2004B

Report outright transactions, including transactions of when-issued securities, on the FR 2004B. Report outright transactions of fixed principal securities at principal value, excluding accrued interest. Principal value is the current face value purchased or sold times the price. For outright TIIS securities, principal value is the original issuance par amount (unadjusted for inflation) times the price times the index ratio.

Transactions on the FR 2004B are reported using trade date accounting.

Report on a cumulative basis. Do not net purchases and sales.

- FR 2004SI

Report transaction data on the FR 2004SI at the original issuance par amount.

Transactions on the FR 2004SI are reported using trade date accounting.

Report on a cumulative basis. Do not net purchases and sales.

- FR 2004SD and FR 2004WI

Report transaction data on the FR 2004SD and FR 2004WI at the original issuance par amount.

Transactions on the FR 2004SD and FR 2004WI are reported using trade date accounting.

Do not net purchases and sales.

### Financing Data

- FR 2004C

Report the actual funds paid or received on the FR 2004C. If only securities are exchanged, report the fair (market) value of the securities pledged.

Financing that is outstanding as-of the report date is reported on the FR 2004C using settlement date accounting.

Report on a gross basis; do not net borrowings against loans. FIN 41 does not apply to this report.

- FR 2004SI and FR 2004SD

Report financing data, including when only securities are exchanged, on the FR 2004SI and FR 2004SD at the original issuance par amount of the collateral.

Financing that is outstanding as-of the report date is reported on the FR 2004SI and FR 2004SD using trade date accounting.

Report on a gross basis; do not net borrowings against loans. FIN 41 does not apply to this report.

- FR 2004WI

Report forward financing commitments on the FR 2004WI at the original issuance par amount of the collateral.

Forward financing commitments are reported on the FR 2004WI using trade date accounting.

Long and short positions should be reported net by security, therefore, a negative value can be reported in column 3 (net forward financing commitments) of the FR 2004WI.

### Fails Data

- FR 2004C

Report transactions that fail at principal value, excluding accrued interest (same as the FR 2004B). Report financing transactions that fail at the amount that was to be paid or received on the day the failed trade was to be settled (same as the FR 2004C).

Report on a cumulative basis for the reporting period only.

- FR 2004SI and FR 2004SD

Report fails data on the FR 2004SI and FR 2004SD at the original issuance par amount of the collateral.

Do not report on a cumulative basis. Report fails that occurred on the as-of date only.

## **H. DATA RETENTION**

Primary dealers must retain all reported data for 2 years from the date of submission.

## **I. REVIEW OF DATA AND REQUESTS FOR REVISED DATA**

FRBNY analysts review the data submitted on the FR 2004 reports. As a result of this review, the primary dealer may be asked to explain discrepancies or submit revised reports if the submitted data contain errors or incorrectly omit data. Revisions must be submitted via the IESUB system.

When cancels and corrections to prior period FR 2004B data occur, they may be corrected by reducing or increasing the next period's transactions by the amount of the error. The revisions cannot be applied to the next period's transactions if the cancellation or correction from the prior period results in a negative amount in the next period's transactions. In that case, revised prior period data should be submitted.

## **IV. INSTRUCTIONS FOR COMPLETING EACH FR 2004 REPORT**

### **A. FR 2004A – WEEKLY REPORT OF DEALER POSITIONS**

Report the following on the FR 2004A report using trade date accounting (except for buybacks, which use settlement date accounting) at fair (market) value in the appropriate column (i.e., positive positions should be reported as a long position and negative positions should be reported as a short position). Long and short positions in the same issue should be reported net by CUSIP. However, long and short positions in different issues should be reported gross.

#### Reportable Positions

- Immediate delivery and forward delivery positions that are owned on an outright basis.
- Forward contracts.
- The position taken in a new U.S. Treasury, federal agency, or GSE security allotment. Include allotments that are awarded on a report date in that day's positions.
- The position taken in a new corporate issue when the primary dealer is the underwriter or part of the underwriting syndicate.
- When-issued positions.
- Dollar rolls involving To Be Announced (TBA) securities, for which the underlying security does not yet exist (e.g., forward MBS). However, exclude dollar rolls that use a specific MBS as collateral because they are treated as repurchase agreements.

### **B. FR 2004B – WEEKLY REPORT OF CUMULATIVE DEALER TRANSACTIONS**

Report transactions involving the following on the FR 2004B report using trade date accounting at principal value in the appropriate counterparty column. Report on a cumulative basis for the reporting period. Do not net purchases and sales.

#### Reportable Transactions

- Outright transactions and forward transactions of fixed principal securities.
- TIIS.
- Purchases of securities by a primary dealer from a customer to complete the buyback process. However, exclude buyback offers accepted by the U.S. Treasury, a federal agency, or a GSE from primary dealers whether on their own behalf or on behalf of their customers.
- When-issued securities.
- Dollar rolls involving To Be Announced (TBA) securities, for which the underlying security does not yet exist (e.g., forward MBS). However, exclude dollar rolls that use a specific MBS as collateral because they are treated as repurchase agreements.

### Inter-Dealer Brokers (column 1)

Inter-dealer brokers are listed in the Fixed Income Clearing Corporation's (FICC) government securities division member directory. The directory can be obtained from:

<http://www.ficc.com/gov/gov.mem.dir.jsp>

Brokers with an asterisk next to their name are inter-dealer brokers. Include trades with these institutions in this column on the FR 2004B.

Trades made through inter-dealer brokers where the counterparty is revealed after the conclusion of the trade (give-up trades) should continue to be reported as transactions with inter-dealer brokers and not as transactions with others.

### Other Counterparties (column 2)

Include transactions with: primary dealers, the FRBNY (including open market operations, secondary markets purchases and U.S. Treasury coupon passes), and all other counterparties other than those included in column 1.

### Cancels and Corrections

When cancels and corrections to prior period FR 2004B data occur, they may be corrected by reducing or increasing the next period's transactions by the amount of the error. The revisions cannot be applied to the next period's transactions if the cancellation or correction from the prior period results in a negative amount in the next period's transactions. In that case, revised prior period data should be submitted.

## **C. FR 2004C – WEEKLY REPORT OF DEALER FINANCING AND FAILS**

Report financing (including General Collateral Financing (GCF) transactions settled using FICC) that is outstanding as-of the FR 2004C report date using settlement date accounting. Report the actual funds paid or received. If only securities are exchanged, report the fair (market) value of the securities pledged. Report on a gross basis; do not net borrowings against loans. FIN 41 does not apply to this report.

### Types of Financing

- Securities In (column 1)

Report contractual arrangements or the pledge of securities to be received from a counterparty. Report the following on the FR 2004C.

- Reverse repurchase agreements including those with the FRBNY. (Include tri-party repurchase agreements and Hold-in-Custody (HIC) agreements.)

Include dollar reverse repurchase agreements, dollar-rolls (only where specific securities are used as collateral), matched sale-purchase agreements, or any form of synthetic equivalents.

- Securities borrowed, which are contractual agreements in which securities are borrowed from a counterparty, including a Federal Reserve Bank. Report

the funds that have been lent. If only securities are exchanged, report the fair (market) value of the securities.

- Securities received as pledge, which are securities that were received by the primary dealer as a pledge against a loan of securities. Report the fair (market) value of the securities.
- Collateral received from a counterparty as a result of a margin payment, margin call or other type of similar collateral deposit, or held as collateral for another financial contract (e.g., derivatives).
- Arrangements associated with open market operations.
- Securities Out (column 2)

Report contractual arrangements or the pledge of securities to be delivered to a counterparty. Report the following on the FR 2004C.

- Repurchase agreements including those with the FRBNY. (Include tri-party repurchase agreements and HIC agreements.)

Include dollar repurchase agreements, dollar-rolls (only where specific securities are used as collateral), matched sale-purchase agreements, or any form of synthetic equivalents.

- Securities lent, which are contractual agreements in which securities are lent to a counterparty, including a Federal Reserve Bank. Report the funds that have been borrowed. If only securities are exchanged, report the fair (market) value of the securities.
- Securities pledged, which are securities that were pledged by the primary dealer to secure a borrowing of securities. Report the fair (market) value of the securities.
- Collateralized loans, which are the primary dealer's cash borrowings that have been secured by securities. Report the cash received from a collateralized loan.
- Collateral delivered to a counterparty (e.g., a clearing corporation) as a result of a margin payment, margin call or other type of similar collateral deposit, or sent as collateral for another financial contract (e.g., derivatives).
- Arrangements associated with open market operations.

### Memorandum

Only repurchase and reverse repurchase (resale) agreement data are reported in the memorandum section. This includes repurchase and reverse repurchase agreements where the underlying collateral is any reportable asset, i.e., U.S. Treasury, federal agency, GSE, mortgage-backed, and corporate securities.



The reverse repurchase agreement data in the memorandum is a subset of the data reported in lines 1 and 2, column 1. Therefore, the data in the memorandum should be less than or equal to the data reported in line 3, column 1.

The repurchase agreement data in the memorandum is a subset of the data reported in lines 1 and 2, column 2. Therefore, the data in the memorandum should be less than or equal to the data reported in line 3, column 2.

### Fails

Report transactions that fail, including aged fails, at principal value, excluding accrued interest (same as the FR 2004B). Report financing transactions that fail, including aged fails, at the amount that was to be paid or received on the day the failed trade was to be settled (same as the FR 2004C). Include in line 4c (mortgage-backed securities fails) TBA MBS when the settlement date is delayed beyond the contractual settlement date.

Report on a cumulative basis for the reporting period only. Failed transactions that are outstanding two days or more should be summed each day they are outstanding during the reporting period. This includes fails outstanding over a weekend or a holiday.

Do not add fails that were outstanding in a prior reporting period to the cumulative total calculated for the current reporting period. For example, report a fail of \$1 million that began on Tuesday in reporting period 1 and is delivered on Friday of reporting period 2 as:

- \$2 million for reporting period 1; and
- \$1 million (Thursday only) for reporting period 2.

### **D. FR 2004SI – WEEKLY REPORT OF SPECIFIC ISSUES**

Report position, transaction, financing, and fails data for the most recently issued on-the-run U.S. Treasury securities, including TIIS, for each maturity classification on the FR 2004SI. Once a when-issued security has been issued, the security stops being reported on the FR 2004WI and replaces the security with the same maturity classification on the FR 2004SI. For example, a 2-year U.S. Treasury note that has been issued is no longer reported on the FR 2004WI and begins to be reported on the FR 2004SI as of close of business the first Wednesday after its issuance. This 2-year U.S. Treasury note will continue to be reported on the FR 2004SI until a 2-year U.S. Treasury note is newly issued or re-opened by the U.S. Treasury.

The current list of securities to be reported on the FR 2004SI is maintained on the FR 2004SI guide sheet, which can be obtained from:

<http://www.newyorkfed.org/markets/primarydealers.html>

### Row Definitions

It is important to submit the securities on the FR 2004SI in the same order each week. Fixed principal securities should be listed first in ascending maturity order followed by the TIIS securities, also in ascending order. Based on the U.S. Treasury's current offering schedule, the reported securities will be:

- Line # 1 - 2-year U.S. Treasury note

- Line # 2 - 3-year U.S. Treasury note
- Line # 3 - 5-year U.S. Treasury note
- Line # 4 - 10-year U.S. Treasury note
- Line # 5 - 30-year U.S. Treasury bond
- Line # 6 - 5-year TIIS note
- Line # 7 - 10-year TIIS note
- Line # 8 - 20-year TIIS bond
- Line # 9 - 30-year TIIS bond

Security and Rate (column 1)

Report the most recently issued on-the-run security for each maturity classification of U.S. Treasury fixed income and TIIS note and bond. Identify securities by coupon and maturity date in yyyymmdd format.

- Example 1 - New Security:

Report a new 5-year U.S. Treasury note issued on February 17 beginning the first Wednesday on or after February 17. Continue to report it until the U.S. Treasury issues a new 5-year U.S. Treasury note (different CUSIP, different maturity date, and same original term to maturity).

If the new 5-year U.S. Treasury note is issued on May 12, begin to report the new 5-year U.S. Treasury note on the first Wednesday on or after May 12 and stop reporting the 5-year U.S. Treasury note issued on February 17.

<b>CUSIP</b>	<b>Issue Date</b>	<b>FR 2004SI Report Dates</b>
111111AAA	2/17/2004	2/18/2004 - 5/5/2004
111111BBB	5/12/2004	5/12/2004 until a new 5-year U.S. Treasury note is issued

- Example 2 - Re-opened Security:

Report a new 10-year U.S. Treasury note issued on August 16 beginning the first Wednesday on or after August 16. Continue to report it until the U.S. Treasury issues an additional amount of the on-the-run 10-year U.S. Treasury note, i.e., a re-opened security (same CUSIP, same maturity date, and different original term to maturity).

If the re-opened 10-year U.S. Treasury note is issued on September 14 (a Tuesday), begin to report the re-opened 10-year U.S. Treasury note on the first Wednesday on or after September 14. Report data for the 10-year U.S. Treasury note issued on August 16 up to the re-opened security's issue date (e.g., for Thursday, Friday, and Monday). Therefore, the first FR 2004SI submitted that includes data from the re-opened security will also contain data for the original issue. Subsequent reports should exclude the 10-year U.S. Treasury note issued on August 16.

<b>CUSIP<sup>1</sup></b>	<b>Issue Date</b>	<b>FR 2004SI Report Dates</b>	<b>Data to Include in Report</b>
222222BBB	8/16/2004	8/18/2004 - 9/8/2004	all business days
222222BBB	8/16/2004	9/15/2004	Thursday, Friday, and Monday
222222BBB	9/14/2004	9/15/2004	Tuesday and Wednesday
222222BBB	9/14/2004	9/22/2004 until a new 10-year U.S. Treasury note is issued	all business days

Beginning with August 2003, the U.S. Treasury will auction new 10-year notes four times per year. In addition, the U.S. Treasury will re-open the on-the-run 10-year note one month after its original issue.

#### Cumulative Outright Transactions (column 2)

Report data using trade date accounting at the original issuance par amount. Report gross outright purchases and sales on a cumulative basis for each reportable security for the business days since the previous report (Thursday through Wednesday). Do not net purchases and sales. Exclude forward transactions.

When a new issue is added to the report, include the cumulative transactions in that issue since the closing date of the previous FR 2004SI, even though some of these transactions may have been reported on the FR 2004WI. Except for holiday weeks, you should report five days of transactions for each issue on the FR 2004SI.

For example, if a new 5-year U.S. Treasury note is issued on Tuesday, report the transactions in that issue for the full Thursday through Wednesday reporting period, even though the transactions on Thursday through Monday were already reported on the FR 2004WI.

When a re-opened security is added to the report, include the cumulative transactions in that security since its issue date plus the cumulative transactions in the originally issued security since the closing date of the previous FR 2004SI. Therefore, transactions reported on the FR 2004WI for the re-opened security will not be reported on the FR 2004SI.

For example, if a re-opened 10-year U.S. Treasury note is issued on Monday, report the transactions in that issue on Monday through Wednesday and add to it the transactions in the originally issued 10-year U.S. Treasury note on Thursday and Friday.

#### Net Settled Positions (column 3)

Report data using settlement date accounting at the original issuance par amount. Long and short positions in the same issue should be reported net by CUSIP; therefore, a negative value can be reported in this column. Report a trade arranged for settlement on or before the closing date of the report as settled, even if a fail occurs. If such a trade fails to clear, report it as a fail and report it as part of the net settled position. Exclude positions in forward contracts.

<sup>1</sup> For presentation purposes only. The data associated with CUSIP 222222BBB would be combined and reported on one row on the FR 2004SI.

## Gross Financing (columns 4 through 11)

Report data, including when only securities are exchanged, using trade date accounting at the original issuance par amount of the collateral. Report on a gross basis; do not net borrowings against loans even if the counterparty, term, and security are identical. FIN 41 does not apply to this report.

### Types of Financing

- Securities In (columns 4 through 7)

Report contractual arrangements or the pledge of securities to be received from a counterparty. Report the following on the FR 2004SI.

- Reverse repurchase agreements including those with the FRBNY. (Include tri-party repurchase agreements and HIC agreements.)

Include dollar reverse repurchase agreements, dollar-rolls (only where specific securities are used as collateral), matched sale-purchase agreements, or any form of synthetic equivalents.

- Securities borrowed, which are contractual agreements in which securities are borrowed from a counterparty, including a Federal Reserve Bank.
  - Securities received as pledge, which are securities that were received by the primary dealer as a pledge against a loan of securities.
  - Collateral received from a counterparty as a result of a margin payment, margin call or other type of similar collateral deposit, or held as collateral for another financial contract (e.g., derivatives).
  - Arrangements associated with open market operations.
- Securities Out (columns 8 through 11)

Report contractual arrangements or the pledge of securities to be delivered to a counterparty. Report the following on the FR 2004SI.

- Repurchase agreements including those with the FRBNY. (Include tri-party repurchase agreements and HIC agreements.)

Include dollar repurchase agreements, dollar-rolls (only where specific securities are used as collateral), matched sale-purchase agreements, or any form of synthetic equivalents.

- Securities lent, which are contractual agreements in which securities are lent to a counterparty, including a Federal Reserve Bank.
- Securities pledged, which are securities that were pledged by the primary dealer to secure a borrowing of securities.

- Collateralized loans, which are the primary dealer's cash borrowings that have been secured by securities.
- Collateral delivered to a counterparty as a result of a margin payment, margin call or other type of similar collateral deposit, or sent as collateral for another financial contract (e.g., derivatives).
- Arrangements associated with open market operations.

#### Broker/Dealers (columns 4, 5, 8, and 9)

Report where the counterparty to the financing is a registered securities broker or dealer under federal securities laws. Include financing where the FICC is the legal counterparty. Please note that this classification is broader than the inter-dealer broker counterparty reported on the FR 2004B.

#### Other Counterparties (columns 6, 7, 10, and 11)

Report where the counterparty to the financing is not a registered securities broker or dealer under federal securities laws.

#### Fails (columns 12 and 13)

Report data at the original issuance par amount of the collateral. Do not report on a cumulative basis. Report failed transactions and failed financing transactions that occurred on the as-of date only.

#### FRBNY Security ID (column 14)

The FRBNY security ID is the number of years of the original term to maturity for fixed principal securities. To distinguish reporting of TIIS securities, which have the same original maturity number of years as the fixed principal securities, 50 should be added to the number of years of the original term to maturity. Re-opened securities retain the same FRBNY security ID as the new issue. Based on the U.S. Treasury's current offering schedule, the reported FRBNY security ID will be:

- Line #1 – 2
- Line #2 – 3
- Line #3 – 5
- Line #4 – 10
- Line #5 – 30
- Line #6 – 55 (derived by adding 50 to 5)
- Line #7 – 60 (derived by adding 50 to 10)
- Line #8 – 70 (derived by adding 50 to 20)
- Line #9 – 80 (derived by adding 50 to 30)

### **E. FR 2004SD – DAILY REPORT OF SPECIFIC ISSUES**

Report position, transaction, financing, and fails data on a daily basis for requested securities specified by the FRBNY on the FR 2004SD. These data are reported daily on an ad-hoc basis until notification is received from the FRBNY to cease daily reporting. Once these data are requested, the FR 2004SD guide sheet can be obtained from:

<http://www.newyorkfed.org/markets/primarydealers.html>

The FR 2004SD data and the FR 2004SI data should be transmitted separately via the IESUB system. The FR 2004SD data should be reported based on the data definitions and accounting rules that apply to the FR 2004SI.

#### Security and Rate (column 1)

Provide information for each requested security based on the information in the announcement of a FR 2004SD report and on the FR 2004SD guide sheet.

#### Example – Requested Security:

If a 10-year U.S. Treasury note is requested to be reported starting with data for August 16, begin to report this 10-year U.S. Treasury note on August 17, and continue to report on a daily basis until notified to cease reporting.

<b>CUSIP</b>	<b>Initial Data</b>	<b>FR 2004SD Report Dates</b>
111111AAA	8/16/2004	8/17/2004 until further notice

#### **F. FR 2004WI – DAILY REPORT OF DEALER ACTIVITY IN TREASURY FINANCING**

For each new and re-opened U.S. Treasury security offered for sale but not yet issued, report the net outright position, net forward financing commitments and cumulative outright transactions using trade date accounting at the original issuance par amount on the FR 2004WI. Report daily during the when-issued trading period, which is the time between the announcement and date of issue (settlement date). The reporting of the FR 2004WI begins on the business day following a financing announcement for positions as of the close of business the day of the announcement. The last report is due on the settlement date for information as of close of business the previous business day.

Announcement information can be obtained from:

<http://www.publicdebt.treas.gov/of/ofaucrt.htm>

The current list of securities to be reported on the FR 2004WI is maintained on the FR 2004WI guide sheet, which can be obtained from:

<http://www.newyorkfed.org/markets/primarydealers.html>

#### No Activity

If a primary dealer does not have any when-issued activity, a report must be submitted reflecting zero data.

#### Re-Opened Security

Report net outright positions, net forward financing commitments, and cumulative outright transactions on both the previously issued security and the when-issued security as of close of business the prior day. If there is an existing position for the previously issued security in inventory, this position should be included in the net outright position column on day 1.

### Security (column 1)

Report the description of each note and bond that the U.S. Treasury has offered for sale but has not yet issued. Include the coupon (when known) and maturity date in yyymmdd format. For a new issue, the coupon is available on the auction date of the security. For a re-opened issue, the coupon is available at the time of the offering.

### Net Outright Positions (column 2)

Report net outright positions in the when-issued security and the outstanding security if the U.S. Treasury has re-opened an issue. Include positions for when-issued delivery, delivery dates after issuance, or in the case of the outstanding security, any delivery date. Long and short positions should be reported net by security; therefore, a negative value can be reported in column 2 (net outright positions) of the FR 2004WI.

Include primary dealer allotments (securities received through auction as a result of primary dealers bidding for their own accounts) from the U.S. Treasury as a gross long position on the auction date only. Exclude customer awards of securities from net outright positions.

### Net Forward Financing Commitments (column 3)

A forward commitment is a financing transaction (as defined for the FR 2004C) that is scheduled to begin on a date after the report date. For example, an agreement to finance at issuance. Report any forward financing commitments involving a re-opened or new when-issued security even if no outright position is held. When the U.S. Treasury re-opens an issue, report the net forward financing commitments for both the security being traded as a when-issue security and for the security being traded on-the-run. Long and short positions should be reported net by security, therefore, a negative value can be reported in column 3 (net forward financing commitments) of the FR 2004WI.

A repurchase agreement or commitment to lend the security should be considered a short position. A reverse repurchase agreement or commitment to borrow securities should be considered a long position. Exclude primary dealer allotments and customer awards (securities received from bids placed on behalf of a customer by a primary dealer).

### Cumulative Outright Transactions (columns 4 and 5)

Report gross purchases and sales in the appropriate column. Include transactions in the outstanding security if the U.S. Treasury has re-opened a security. Report only the transactions executed on the reporting date. Do not report cumulative transactions across reporting dates. Do not net purchases and sales.

Report transactions for any delivery date. Include immediate, forward and when-issued transactions. Exclude primary dealer allotments and customer awards (securities received from bids placed on behalf of a customer by a primary dealer).

## **APPENDIX A**

### **COMPARISONS BETWEEN AND WITHIN REPORTS**

There are general comparisons among the FR 2004 reports. However, if your data does not correspond with the comparisons, there may be acceptable explanations for the differences.

#### FR 2004A vs. FR 2004B

Change in positions (between two weeks) reported on the FR 2004A should be less than the level of transactions reported on the current week FR 2004B.

#### FR 2004C (line 3) vs. FR 2004C (memorandum)

The reverse repurchase agreement data reported in the memorandum should be less than or equal to the data reported in line 3, column 1.

The repurchase agreement data reported in the memorandum should be less than or equal to data reported in line 3, column 2.

#### FR 2004A vs. FR 2004SI and FR 2004WI

Positions reported on the FR 2004A should be greater than or equal to the sum of positions reported on the FR 2004SI and FR 2004WI.

#### FR 2004B vs. FR 2004SI and FR 2004WI

Transactions reported on the FR 2004B should be greater than or equal to the sum of transactions reported on the FR 2004SI and FR 2004WI.

#### FR 2004C vs. FR 2004SI

U.S. Treasury financing and fails data reported on the FR 2004C should be greater than or equal to U.S. Treasury financing and fails data reported on the FR 2004SI.

#### FR 2004SI (comparisons of column 3, columns 4 through 11, and columns 12 and 13)

The net settled position reported in column 3 should be equal to the net financing and fails data reported in columns 4 through 13.

The difference between uses of financing (columns 4 through 7) and sources of financing (columns 8 through 11) should be equal to the difference between the net settled position (column 3) and net fails data (columns 12 and 13).

#### FR 2004SD (comparisons of column 3, columns 4 through 11, and columns 12 and 13)

The net settled position reported in column 3 should be equal to the net financing and fails data reported in columns 4 through 13.

The difference between uses of financing (columns 4 through 7) and sources of financing (columns 8 through 11) should be equal to the difference between the net settled position (column 3) and net fails data (columns 12 and 13).



### FR 2004SD vs. FR 2004SI

When the same security is reported on the FR 2004SD and the FR 2004SI, the position, financing, and fails data submitted as-of Wednesday for the FR 2004SD should match the position, financing, and fails data submitted for that same Wednesday on the FR 2004SI for that specific security.

When the same security is reported on the FR 2004SD and the FR 2004SI, the transaction data submitted as-of Wednesday for the FR 2004SD should be less than or equal to the transaction data submitted for that same Wednesday on the FR 2004SI for that specific security.

### FR 2004WI (comparison of column 2, column 3, and columns 4 and 5)

Net outright positions should reconcile between daily report dates. Current net outright positions should equal the prior day's net outright position plus the current day's net outright transactions.

On the auction date, the current net outright position should equal the prior day's net outright position plus the current day's net outright transactions plus the allotment received from the U.S. Treasury auction.

## APPENDIX B

### REPORTING DIFFERENCES BETWEEN AND WITHIN THE FR 2004 REPORTS

#### Allotments

Include new security allotment positions on the FR 2004A, and exclude the transaction to obtain that position from the FR 2004B.

#### Underwriting of Securities

Include new corporate issue positions on the FR 2004A when the primary dealer is the underwriter or part of the underwriting syndicate, and exclude the transaction to obtain that position from the FR 2004B.

#### Buybacks

Position reductions due to buyback operations are reflected on the FR 2004A, while the transaction to reduce that position is excluded from the FR 2004B. Please note that a purchase of securities by a primary dealer from a customer to complete the buyback process is included on the FR 2004B.

#### Dollar Rolls Involving To be Announced (TBA) Securities, for which the Underlying Security Does Not Yet Exist (e.g., Forward MBS)

Include positions and transactions on the FR 2004A and FR 2004B, respectively, and exclude from the FR 2004C.

#### Dollar Rolls Where a Specific MBS is Used as Collateral

Include on the FR 2004C, and exclude from the FR 2004A and FR 2004B.

#### Position Accounting Rules

- Report positions on the FR 2004A using trade date accounting, except for buybacks, which should be reported using settlement date accounting.
- Report positions, except buybacks, on the FR 2004A and FR 2004WI using trade date accounting while positions are reported on the FR 2004SI and FR 2004SD using settlement date accounting.
- Report positions on the FR 2004A at fair (market) value, while positions are reported on the FR 2004SI, FR 2004SD, and FR 2004WI at the original issuance par amount.

#### Valuing Transactions

Report transactions on the FR 2004B at principal value, while transactions are reported on the FR 2004SI and the FR 2004SD at the original issuance par amount.

### Financing Accounting Rules

Report financing data on the FR 2004C using settlement date accounting for the actual funds paid or received, while financing data on the FR 2004SI and the FR 2004SD and forward financing commitments on the FR 2004WI are reported using trade date accounting at the original issuance par amount of the collateral.

### Failed Transactions Accounting Rules

- Report failed transactions on the FR 2004C at principal value, excluding accrued interest, while failed transactions are reported on the FR 2004SI and the FR 2004SD at the original issuance par amount of the security.
- Report failed financing transactions on the FR 2004C as the amount that was to be paid or received on the day the failed trade was to be settled, while failed financing transactions are reported on the FR 2004SI and the FR 2004SD at the original issuance par amount of the collateral.
- Report fails on a cumulative basis on the FR 2004C, while fails are not reported on a cumulative basis on the FR 2004SI and the FR 2004SD.

### Forwards

Include forward positions and forward transactions on the FR 2004A and the FR 2004B, respectively, and exclude from the FR 2004SI and FR 2004SD.

## APPENDIX C

### GLOSSARY

Affiliate – Company under the control of the direct parent of the primary dealer.

Aged fail – A failure to receive or to deliver a security that has been outstanding for five business days or more.

Allotment – The amount of a security issue that subscribers are assigned based on their bids for those securities.

Call date – A date before maturity, specified at issuance, when the issuer may retire part of the security for a specified price.

Coupon passes – Transactions initiated by the FRBNY with primary dealers involving U.S. Treasury securities that add or withdraw reserves.

Derivative – Financial instrument whose value depends on, or is derived from, the prices, or level of indexes or underlying assets, such as interest rates, foreign exchange rates, equities, or commodities. They represent an agreement between two or more counterparties on the price or level of the asset or index for exchange or settlement at a later specified date.

Dollar roll – A transaction in which an institution sells a security for immediate delivery (usually a mortgage-backed pass-through security) and agrees to repurchase a substantially identical security (but not the same) on a future date at a specified price.

Fail – On the settlement date, either the seller does not deliver the security as agreed or the buyer does not deliver funds (and therefore does not receive the security) as agreed.

Federal agency – An agency or corporation that has been chartered, authorized, or organized as a result of federal legislation.

Forward contract – A contract in which two parties agree to the purchase and sale of an asset at some future date. Forward contracts are not standardized and are not traded on organized exchanges.

Government sponsored enterprise (GSE) – Privately owned, publicly chartered entities created by Congress to reduce the cost of capital for certain borrowers, including farmers, homeowners, and students.

Reverse repurchase agreement (resale agreement) – A transaction involving the purchase of financial assets by one party from another, subject to an agreement by the purchaser to resell the assets at a specified date or in specified circumstances.

Settlement date – The contractually agreed upon date on which a security is to be delivered to the purchaser and payment is to be made to the seller.

Subsidiary – An entity in which the primary dealer, directly or indirectly, owns more than 50 percent of the outstanding voting stock.