

**Supporting Statement for the  
Report of Repurchase Agreements (RPs) on U.S. Government and Federal Agency  
Securities with Specified Holders  
(FR 2415; OMB No. 7100-0074)**

## **Summary**

The Board of Governors of the Federal Reserve, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Report of Repurchase Agreements (RPs) on U.S. Government and Federal Agency Securities with Specified Holders (FR 2415; OMB No. 7100-0074). This voluntary report collects one data item, RPs, in denominations of \$100,000 or more, in immediately-available funds, on U.S. government and federal agency securities, transacted with specified holders. Depository institutions file the FR 2415 report either weekly, quarterly or annually depending on the volume of their RPs. In general, the larger the respondent's level of RPs, the more frequent its reporting. The weekly panel reports daily data once each week; the quarterly panel files daily data for the four one-week reporting periods that contain quarter-end dates; the annual panel reports daily data only for the week encompassing June 30 each year. Membership in the three FR 2415 reporting panels is reviewed each year in May, and any changes to the panels are effective in the reporting week that includes June 30. The primary purpose of the data is for construction of the RP component of the M3 monetary aggregate. The data are also used for analysis of depository institutions' funding practices.

The Federal Reserve proposes: (1) to raise the thresholds for re-screening existing FR 2415 respondents on all three reporting panels; (2) to reduce the cutoff for screening U.S. banks that do not file the FR 2415; and (3) to add credit unions to the existing reporting panels. The proposed revisions would result in a reduction in annual reporting burden from 2,800 hours to 2,615 hours (6.6 percent). A copy of the reporting form and proposed instructions is attached.

## **Background**

The Federal Reserve began collecting information on RPs in the mid-1960s on the FR 716 report. The FR 2415 was implemented in 1980 to provide data on RPs needed for calculation of the RP components of the monetary aggregates and information on "nonreservable" borrowings by large commercial banks (including not only RPs but also federal funds and other transactions) for a variety of other analytical purposes. The item content of the FR 2415 has been altered over time, as has the overall framework of the report. While the original reporting panel of large banks covered only U.S.-chartered commercial banks, it was broadened in 1989 to include U.S. branches and agencies of foreign banks.

Over time, the following four sample reports were added to this reporting framework to improve the accuracy of the monetary aggregates by broadening the collection of RP data:

- (1) The daily telephone report (FR 2415a) also was implemented in 1980 to provide the Open Market Desk with more timely information on overnight RP and federal funds transactions at large money center banks.
- (2) The quarterly FR 2090q and the annual FR 2090a were introduced in 1984 to (a) replace detailed RP data for commercial banks that had been dropped from quarterly condition reports but were needed for benchmarking purposes, and (b) to provide more adequate

coverage of RP activity at thrift institutions in view of their increasing presence in the markets.

- (3) The weekly FR 2415t was added in 1986 to provide more timely information on RP activity at large thrifts than afforded by the quarterly report.

Effective June 24, 1997, a complete overhaul of this reporting framework reduced these five reports -- the FR 2415, FR 2415a, FR 2415t, FR 2090q, and FR 2090a -- into the current single reporting form (FR 2415), and significantly reduced the data items reported to the existing single item with a redefinition of the item content. Respondents currently file the FR 2415 weekly, quarterly, or annually depending on where the respondent falls with respect to the relevant reporting criteria. The Federal Reserve conducts an annual panel review and the new panels become effective the reporting week containing June 30 each year.

### **Justification**

FR 2415 data are necessary for the construction of the RP component of the M3 monetary aggregate. There are no other sources of data on RPs held by U.S. money-stock holders that are frequent or timely enough to construct and publish M3 on a weekly basis. The daily data collected from the weekly FR 2415 panel have revealed considerable day-to-day and week-to-week volatility, indicating that the use of quarter-end or annual data alone would not provide accurate estimates of the RP component of M3 to construct it on a weekly basis. Moreover, because of the long lags in the availability of quarterly and annual data, reliance on these data alone would result in very large revisions to weekly estimates of RPs following initial publication. The quarterly and annual FR 2415 panels are also necessary so that the *overall* coverage of RP activity is sufficient for inclusion in the money stock. In addition, the two non-weekly panels allow for the monitoring of RP growth over time for respondents with smaller amounts of RPs, and provide the necessary stepping stones for migrating reporters to higher reporting frequencies when reporting thresholds have been exceeded. The presence of these lower frequency reporting panels afford reduced reporting burden for those depository institutions with smaller amounts of RPs. Hence, the Federal Reserve considers it essential to maintain the current framework consisting of three reporting panels.

### **Description of Information Collection**

The FR 2415 collects one item: RPs in denominations of \$100,000 or more, in immediately-available funds, on U.S. government and federal agency securities, transacted with specified holders. Depository institutions that file the FR 2415 do so either weekly, quarterly, or annually, and assignment to one of the three reporting panels is dependent on the volume of RPs. All respondents submit daily data for a given report week, which consists of the five business days beginning on Tuesday and ending on Monday. Quarterly respondents report data for the week containing the last calendar day of each quarter. Annual respondents report data for the week containing June 30. The current FR 2415 panels comprise 90 weekly respondents, 137 quarterly respondents, and 372 annual respondents.

## Reporting Panels

Each of the three reporting panels is re-selected each May (after the quarterly FR 2415 data for the first quarter are processed), based on the prevailing reporting thresholds. The new panels become effective as of the report week including June 30. During the annual panel screening, the criteria for existing FR 2415 respondents are based on the RP amounts reported on the FR 2415 report. If an existing respondent's RP balances are below the cutoff for the annual panel, then it would be included in the annual panel only if it meets the cutoff criteria used for screening the current non-respondents to the FR 2415. The criteria for adding non-reporters to the FR 2415 reporting panels are based on values for the following items on their quarterly condition reports:<sup>1</sup>

- (1) For those filing the bank Call Reports: Schedule RC, line 14.b, Securities sold under agreements to repurchase (bank Call Report RPs).
- (2) For those filing the thrift Call Report: Schedule SC, Borrowings; Federal Funds Purchased and Securities Sold Under Agreements to Repurchase, item SC 730 (thrift Call Report RPs).
- (3) For those filing the B&A Call Report: Schedule RAL; Assets and Liabilities; item 4.b.(2) Column A minus Column B (B&A Call Report RPs).
- (4) Newly proposed for those filing credit union Call Reports: Schedule E, Line 2; Reverse Repurchase Agreements; Column C, item Accounting Code 058C (credit union Call Report RPs).

The weekly panels are selected only from the existing FR 2415 respondents. Current non-respondents to the FR 2415 that meet the reporting criteria for the FR 2415 can only be added to the quarterly or annual panel.

## Current Reporting Cutoffs

The assignment of a depository institution to an FR 2415 reporting panel (weekly, quarterly, annual, or none) depends on the institution's level of RPs relative to the appropriate set of cutoff amounts. One set of cutoff amounts is used for institutions that are existing FR 2415 reporters, and a different set of cutoff amounts is used for institutions that do not currently file the FR 2415 report. For those institutions that currently report the FR 2415, the level of RPs compared with the appropriate set of cutoffs is the highest weekly-average level of RPs reported by a depository institution on the FR 2415 during the twelve-month period prior to the panel-selection date. For those institutions that do not currently file the FR 2415, the highest level of RPs, or RPs and federal funds purchased, reported on the four most recent Call Reports is used instead. Table 1 shows the current cutoff amounts for the three reporting panels.

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<sup>1</sup> Throughout this proposal, the commercial bank Consolidated Reports of Condition and Income (FFIEC 031 and 041; OMB No. 7100-0036) is referred to as the bank Call Report, the Thrift Financial Report (OTS 1313; OMB No. 1550-0023) is referred to as the thrift Call Report, the Statement of Financial Condition (NCUA 5300; OMB No. 3133-0004) is referred to as the credit union Call Report, and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100-0032) is referred to as the B&A Call Report.

**Table 1  
Current Reporting Panel Selection Criteria for the FR 2415**

Reporting Panel	For existing FR 2415 respondents: highest weekly-average RP balance reported on FR 2415 over prior 12-month period is:	For adding institutions to the FR 2415 panels: highest RPs plus federal funds purchased shown on four most recent quarterly Call Reports is:	
		<i>for thrift Call Report respondents:</i>	<i>for others:</i>
Weekly	at least \$550 million		
Quarterly	at least \$90 million but below \$550 million	at least \$500 million	at least \$1 billion
Annual	at least \$3 million but below \$90 million <sup>1</sup>	at least \$250 million but below \$500 million	at least \$500 million but below \$1 billion

1. If an existing respondent's highest weekly average of RPs is below \$3 million on the FR 2415 reported in the most recent twelve months, but its RPs and federal funds purchased is at least \$250 million (or \$500 million) on the thrift (or bank) Call Reports in any of the most recent four quarters, the respondent is included in the annual FR 2415 panel.

**Proposed Reporting Cutoffs**

Table 2 on page 6 summarizes the proposed reporting thresholds for the three reporting panels. Panel determination for existing respondents would continue to be based on a depository institution's highest weekly-average level of RPs reported on the FR 2415 in the most recent twelve months prior to each annual panel screening. For depository institutions that do not report the FR 2415, panel determination would continue to be based on RPs, or RPs plus federal funds purchased, reported on the most recent four Call Reports. The Federal Reserve proposes that the cutoffs be set as follows:

- The cutoff for assigning current FR 2415 respondents to the weekly FR 2415 panel would be raised from a weekly average of at least \$550 million RPs to **a weekly average of at least \$700 million RPs** on the FR 2415.
- The cutoff for assigning current FR 2415 respondents to the quarterly FR 2415 panel would be raised from a weekly average of at least \$90 million but below \$550 million RPs to **a weekly average of at least \$100 million but below \$700 million RPs** on the FR 2415.
- The cutoff for assigning current FR 2415 respondents to the annual FR 2415 panel would be raised from a weekly average of at least \$3 million but below \$90 million RPs to **a weekly average of at least \$5 million but below \$100 million RPs** on the FR 2415.
- For screening institutions that file the bank Call Report but do not file the FR 2415, the cutoff for joining the quarterly (annual) FR 2415 panel would be *reduced* from a

minimum of \$1 billion (at least \$500 million but below \$1 billion) to **a minimum of \$500 million (at least \$250 million but below \$500 million)** of bank Call Report RPs in any of the four most recent bank Call Reports.

- For screening institutions that file the thrift Call Report but do not file the FR 2415, the cutoff for joining the quarterly (annual) FR 2415 panel would be left unchanged at a minimum of \$500 million (at least \$250 million but below \$500 million) of thrift Call Report RPs in any of the four most recent thrift Call Reports.
- **For screening institutions that file the credit union Call Report but do not file the FR 2415, the cutoff for joining the quarterly (annual) FR 2415 panel would be set equal to the amounts proposed for institutions that file the thrift Call Report but do not file the FR 2415 -- a minimum of \$500 million (at least \$250 million but below \$500 million) of credit union Call Report RPs in any of the four most recent credit union Call Reports.**
- For screening institutions that file the B&A Call Report but do not file the FR 2415, the cutoff for joining the quarterly (annual) FR 2415 panel would be left unchanged at a minimum of \$1 billion (at least \$500 million but below \$1 billion) of B&A Call Report RPs in any of the four most recent B&A Call Reports.
- If a current respondent's highest weekly average of RP balances **is less than \$5 million** (up from \$3 million) on the FR 2415 reported in the most recent twelve months, it would be included in the annual panel only if it meets the cutoff criteria for the proposed annual panel used for screening the current non-respondents to the FR 2415, as described above.

**Table 2**  
**Proposed Reporting Panel Selection Criteria for the FR 2415**

Reporting Panel	For existing FR 2415 respondents: highest weekly-average RP balance reported on FR 2415 over prior 12-month period is:	For adding institutions to the FR 2415 panels: highest RPs, or RPs plus federal funds purchased, shown on four most recent quarterly Call Reports is:	
		<i>for B&amp;A Call Report respondents:</i>	<i>for others:</i>
Weekly	at least \$700 million		
Quarterly	at least \$100 million but below \$700 million	at least \$1 billion	at least \$500 million
Annual	at least \$5 million but below \$100 million <sup>1</sup>	at least \$500 million but below \$1 billion	at least \$250 million but below \$500 million

1. If an existing respondent's highest weekly average of RPs is below \$5 million on the FR 2415 reported in the most recent twelve months, and its RPs on the bank Call Report is at least \$250 million, or RPs plus federal funds purchased on the thrift Call Report, or RPs on the credit union Call Report is at least \$250 million, or RPs plus federal funds purchased on the B&A Call Report is at least \$500 million in any of the four most recent quarters, the respondent is included in the proposed annual FR 2415 panel.

The proposed reporting cutoffs imply that the quarterly RP panel would include institutions that are not in the newly screened weekly RP panel but have:

- For existing FR 2415 respondents: A weekly average of at least \$100 million but below \$700 million RPs for any week in the preceding twelve months reported on the FR 2415; or
- For institutions that file the bank, credit union, or thrift Call Reports but do not file the FR 2415: At least \$500 million of bank Call Report RPs, credit union Call Report RPs, or thrift Call Report RPs in any of the four most recent Call Reports; or
- For institutions that file the B&A Call Report but do not file the FR 2415: At least \$1 billion of B&A Call Report RPs in any of the four most recent Call Reports.

The proposed annual RP panel would consist of institutions that are not in the newly screened weekly and quarterly FR 2415 panels but that have:

- For existing FR 2415 respondents: A weekly average of at least \$5 million but less than \$100 million of RPs for any week in the preceding twelve months reported on the FR 2415; or
- For existing FR 2415 respondents: A weekly average of less than \$5 million RPs for all weeks in the preceding twelve months reported on the FR 2415 and at least \$250 million

of bank Call Report RPs, credit union Call Report RPs, or thrift Call Report RPs in any of the preceding four bank, credit union, or thrift Call Reports, or at least \$500 million of B&A Call Report RPs in any of the four most recent B&A Call Reports; or

- For institutions that do not file the FR 2415 report but file the bank, credit union, or thrift Call Report: At least \$250 million but below \$500 million of bank Call Report RPs, credit union RPs, or thrift Call Report RPs in any of the preceding four bank, credit union, or thrift Call Reports; or
- For institutions that do not file the FR 2415 report but file the B&A Call Report: At least \$500 million but less than \$1 billion of B&A Call Report RPs in any of the four most recent B&A Call Reports.

### **Justification of Proposed Reporting Cutoffs**

In recommending these reporting thresholds, the Federal Reserve has sought to balance reporting burden with the accuracy of the weekly RP data in terms of the sizes of quarterly and annual revisions to the data owing to quarterly and annual benchmarking. In general, as the weekly panel is reduced, more of the weekly data are estimated using quarterly data. Similarly, as the cutoffs for the quarterly panel are raised, more of the quarterly data are estimated using annual data. Also, the higher the thresholds for the annual panel, the smaller the universe of RP reporters.

### **Implementation**

The revised reporting criteria will be effective as of the reporting week ending Monday, June 30, 2003, which is the reporting week for annual respondents. The three reporting panels will be drawn according to the new criteria, using the RP balances reported on the FR 2415 in the most recent twelve months or Call Report RPs in the most recent four Call Reports (bank, thrift, credit union, or B&A Call Reports, as appropriate).

### **Time Schedule for Information Collection and Publication**

The FR 2415 report is filed weekly, quarterly, or once a year. Federal Reserve Banks collect the data from respondents in their respective districts, edit the data, and transmit them to the Board for central processing. Weekly data are due at the Board no later than the first Monday following the Monday as-of date of the reported data. Data for the quarterly and annual reports are due at the Board no later than the fourth Monday following the Monday as-of date. (Currently, data for quarterly and annual reports are due at the Board no later than the fifth Monday following the Monday as-of date. However, receiving the data one week earlier would provide more time for the extra processing that is associated with the panel shift each year.)

Data from the FR 2415 are necessary for the construction of the M3 monetary aggregate. RP data are published weekly along with data on other money stock components in the Federal Reserve's H.6 release, "Money Stock Measures", and are published monthly in table 1.21 of the *Federal Reserve Bulletin*. The revised FR 2415 would continue to provide data sufficient for construction of M3.

## Legal Status

The Board's Legal Division has determined that the current FR 2415 is authorized by law (12 U.S.C. 248(a)(2) and 3105(b)) and is voluntary. Individual respondent's data are regarded as confidential under Section b(4) of the Freedom of Information Act (5 U.S.C. 552(b)(4)).

## Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

## Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

## Estimate of Respondent Burden

As shown in the following table, the estimated annual reporting burden for this information collection is 2,800 hours, which is less than 1 percent of the total Federal Reserve System burden. The proposed increases in the reporting thresholds would reduce the number of respondents in each of the three panels. The reduction in size of the reporting panels would decrease the estimated burden by 185 hours (about 6.6 percent) to 2,615 hours.

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	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current Panels</b>				
Weekly	90	52	0.50	2,340
Quarterly	137	4	0.50	274
Annual	372	1	0.50	<u>186</u>
<b>Total</b>				<b>2,800</b>
<b>Proposed Panels</b>				
Weekly	84	52	0.50	2,184
Quarterly	128	4	0.50	256
Annual	350	1	0.50	<u>175</u>
<b>Total</b>				<b>2,615</b>
<b>Change</b>				<b>-185</b>

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Based on rate of \$20 per hour, the proposed estimated total annual cost to the public is \$52,300.

## Estimates of Costs to the Federal Reserve System

Estimates of the annual cost to the Federal Reserve System of collecting and processing the proposed revised report will be obtained.