Supporting Statement for the
Complex Institution Liquidity Monitoring Report
(FR 2052a; OMB No. 7100-0361)

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the mandatory Complex Institution Liquidity Monitoring Report (FR 2052a; OMB No. 7100-0361). The FR 2052a collects quantitative information on select assets, liabilities, funding activities, and contingent liabilities of certain large financial firms on a consolidated basis and by material legal entity. The FR 2052a is filed by U.S. bank holding companies (BHCs) and savings and loan holding companies (SLHCs)\(^1\) that are subject to the Liquidity Coverage Ratio rule (LCR rule) as a “covered depository institution holding company,” as defined in section 249.3 of the Board’s Regulation WW (12 CFR 249.3) (collectively, U.S. firms),\(^2\) with total consolidated assets of $50 billion or more and foreign banking organizations, as defined by section 211.21(o) of the Board’s Regulation K and including any U.S. bank holding company that is a subsidiary of a foreign banking organization (collectively, FBOs), with combined U.S. assets of $50 billion or more.\(^3\) Reporting frequency is based on the asset size of the firm and whether it has been identified as a firm supervised through the Large Institution Supervision Coordinating Committee (LISCC) of the Board.

The FR 2052a is used to monitor the overall liquidity profile of certain institutions supervised by the Board. The data collected by the FR 2052a provide detailed information on the liquidity risks within different business lines (e.g., financing of securities positions, prime brokerage activities). In particular, these data serve as an important part of the Board’s supervisory surveillance program in its liquidity risk management area and provide timely information on firm-specific liquidity risks during periods of stress. Analyses of systemic and idiosyncratic liquidity risk issues are then used to inform the Board’s supervisory processes, including the preparation of analytical reports that detail funding vulnerabilities.

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\(^1\) SLHCs with total consolidated assets of $50 billion or more that are covered depository institution holding companies, as defined in 12 CFR 249.3 (Reporting SLHCs), were added as respondents to the FR 2052a in November 2015, with varying implementation dates depending on the composition of firms’ balance sheets. See 80 FR 71795 (November 17, 2015). The OMB Supporting Statement that was submitted in connection with that revision to the FR 2052a inadvertently omitted Reporting SLHCs as respondents for the report. Additionally, the instructions for the FR 2052a were not updated to include Reporting SLHCs as respondents. Staff has updated the instructions for the FR 2052a to state that Reporting SLHCs are required to file the report.

\(^2\) BHCs that are subsidiaries of a foreign banking organization are excluded from the definition of “U.S. firm.”

\(^3\) The Board has stated that it will not take action to require bank holding companies or savings and loan holding companies with less than $100 billion in total consolidated assets to comply with certain existing regulatory requirements, including the requirements to report the 2052a. See Statement regarding the impact of the Economic Growth, Regulatory Relief, and Consumer Protection Act (July 6, 2018), available at https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180706b1.pdf. Subsequently, the Board invited comment on a proposal that would more closely match the regulations for large banking organizations with their risk profiles. The proposal would affect the scope of application of the FR 2052a. The press release is available at https://www.federalreserve.gov/newsevents/pressreleases/bcreg20181031a.htm.
The Board proposes to extend the FR 2052a for three years, including certain revisions to the FR 2052a that the Board previously approved on a temporary basis. Specifically, the Board proposes to extend revisions to the FR 2052a pertaining to the treatment of certain municipal obligations that are liquid and readily-marketable as high quality liquid assets (HQLA) for purposes of its liquidity regulations. As described further below, the temporary revisions relate to the enactment of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) and the corresponding changes to the Board’s LCR rule. The estimated total annual burden for the FR 2052a is 717,600 hours and would remain unchanged.

Background and Justification

The financial crisis of 2007 and 2008 highlighted the need for timely data to identify and monitor liquidity risks at individual firms as well as in aggregate across the financial system, especially with respect to intra-company flows and exposures within a consolidated institution. The FR 2052a was created in 2014 to meet this need, particularly with respect to capturing such flows within large, systemically important, globally active U.S. banking institutions. As a single, consolidated view of a banking organization is not sufficient to provide meaningful insight into the institution’s liquidity profile, the FR 2052a gathers data disaggregated by material legal entity (parent company, broker/dealer entities, bank entities, etc.). These data have contributed to supervisory monitoring efforts and risk supervision by identifying potential impediments to the movement of liquidity across legal entities. The FR 2052a report provides sufficient detail to monitor compliance of with the LCR rule and also assists with the Federal Reserve’s macroprudential supervision.

Description of Information Collection

The FR 2052a requests data regarding inflows, outflows, and supplemental items, subdivided into 10 distinct data tables. These tables are designed to stratify the assets, liabilities, and supplemental components of a firm’s liquidity risk profile based on products that can be described with common data structures, while still maintaining a coherent framework for liquidity risk reporting.

The FR 2052a report also includes sections covering broad funding classifications by product, outstanding balance, and purpose, each segmented by maturity date. Generally, each section can be classified into one of the following categories:

- **Section 1: Inflows-Assets:** Institutions report assets such as unencumbered assets, borrowing capacity from central banks or Federal Home Loan Banks (FHLBs), unrestricted reserve balances at central banks, restricted reserve balances at central banks, unsettled asset purchases, and forward asset purchases.
- **Section 2: Inflows-Unsecured:** Institutions report unsecured inflow transactions such as onshore placements, offshore placements, required nostro balances, excess nostro balances, outstanding draws on revolving facilities, and other unsecured loans.

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4 See 83 FR 46163 (September 12, 2018).
5 83 FR 44451 (August 31, 2018).
• **Section 3: Inflows-Secured**: Institutions report secured inflow transactions such as reverse repurchase agreements, securities borrowing transactions, dollar rolls, collateral swaps, margin loans, other secured loans where the collateral is rehypothecatable, and other secured loans where the collateral is not rehypothecatable.

• **Section 4: Inflows-Other**: Institutions report other inflow transactions such as derivatives receivables, collateral called for receipt, sales in the to-be-announced market, undrawn committed facilities purchased, lock-up balances, interest and dividends receivables, a net 30-day derivatives receivables measure, principal payments receivable on unencumbered investment securities, and other inflow transactions.

• **Section 5: Outflows-Wholesale**: Institutions report wholesale outflow transactions such as asset-backed commercial paper single-seller outflows, asset-back commercial paper multi-seller outflows, collateralized commercial paper, asset-backed securities, covered bonds, tender option bonds, other asset-backed financing, commercial paper, onshore borrowing, offshore borrowing, unstructured long-term debt, structured long-term debt, government supported debt, unsecured notes, structured notes, wholesale certificates of deposit, draws on committed facilities, free credits, and other unsecured wholesale outflow transactions.

• **Section 6: Outflows-Secured**: Institutions report secured outflow transactions such as repurchase agreements, securities lending transactions, dollar rolls, collateral swaps, FHLB Advances, outstanding secured funding from facilities at central banks, customer short transactions, firm short transactions, and other secured outflow transactions.

• **Section 7: Outflows-Deposits**: Institutions report deposit outflow transactions such as transactional accounts, non-transactional relationship accounts, non-transactional non-relationship accounts, operational accounts, operational escrow accounts, non-reciprocal brokered accounts, affiliated sweep accounts, non-affiliated sweeps accounts, other product sweep accounts, reciprocal accounts, other third-party deposits, and other deposit accounts.

• **Section 8: Outflows-Other**: Institutions report other outflow transactions such as derivatives payables, collateral called for delivery, purchases in the to-be-announced market, credit facilities, liquidity facilities, retail mortgage commitments, trade finance instruments, potential derivative valuation changes, loss of rehypothecation rights and collateral required due to changes in financial condition, excess customer margin, commitments to lend on margin to customers, interest and dividends payables, a net 30-day derivatives payables measure, other outflows related to structured transactions, and other cash outflow transactions.

• **Section 9: Supplemental-Informational**: Institutions report supplemental information such as initial margin posted and received, variation margin posted and received, collateral dispute receivables and deliverables, collateral that may need to be delivered, collateral that the institution could request to be received, collateral that could be substituted by the institution or a counterparty, long and short market value of client assets, gross client wires received and paid, subsidiary liquidity that cannot be transferred, 23A capacity, outflows or inflows from closing out hedges early, and potential outflows from non-structured or structured debt maturing beyond 30 days where the institution is the primary market maker in that debt.

• **Section 10: Supplemental-Foreign Exchange**: Institutions report foreign exchange information such as foreign exchange spot, forwards and futures, and swap transactions.
All U.S. firms with total consolidated assets of $700 billion or more or with assets under custody of $10 trillion or more, and all FBOs with combined U.S. assets of $250 billion or more, report data elements denominated in major currencies, while other data elements denominated in non-major currencies are converted into United States Dollars (USD) and flagged as converted. All other reporting entities report exclusively in USD by flagging data as converted as appropriate. All entities that are required to comply with the LCR Rule are considered material entities for the purpose of the report.

**Respondent Panel**

As noted, the respondent panel consists of U.S. firms with total consolidated assets of $50 billion or more and FBOs with combined U.S. assets of $50 billion or more.6

**Proposed Extension of Previously Adopted Temporary Revisions**

As discussed above, on September 12, 2018, the Board, pursuant to its delegated authority,7 temporarily approved certain revisions to the FR 2052a relating to EGRRCPA. Pursuant to the requirements of the Board’s delegated authority, the Board now proposes to extend the information collection, including these temporary revisions, through the normal delegated clearance process.8

These revisions arise from the Board’s amendment, through an interim final rule, of the LCR rule in accordance with EGRRCPA. As required by section 403 of EGRRCPA, the Board amended its LCR rule within 90 days of the enactment of EGRRCPA to treat investment grade municipal obligations that are liquid and readily-marketable as level 2B HQLA. To implement this regulatory change, the Board temporarily revised the asset categories in the FR 2052a to enable institutions to report certain municipal obligations that meet all the requirements for inclusion as HQLA under section 20 of the LCR rule, as amended.9 Specifically, the Board amended the Assets Category Table in Appendix III of the FR 2052a such that the description of the asset classification code “IG2-Q” is sufficiently inclusive of municipal obligations that may qualify as HQLA under the LCR rule.

**Time Schedule for Information Collection**

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6 SLHCs with total consolidated assets of $50 billion or more that are covered depository institution holding companies, as defined in 12 CFR 249.3 (Reporting SLHCs), were added as respondents to the FR 2052a in November 2015, with varying implementation dates depending on the composition of firms’ balance sheets. See 80 FR 71795 (November 17, 2015). The OMB Supporting Statement that was submitted in connection with that revision to the FR 2052a inadvertently omitted Reporting SLHCs as respondents for the report. Additionally, the instructions for the FR 2052a were not updated to include Reporting SLHCs as respondents. The Board has updated the instructions for the FR 2052a to state that Reporting SLHCs are required to file the report.


9 See 12 CFR 249.20.
FR 2052a data is reported monthly for (1) U.S. firms with $50 billion or more in total consolidated assets, but less than $700 billion in total consolidated assets and less than $10 trillion in assets under custody, and (2) FBOs that are not identified as LISCC firms and have $50 billion or more in combined U.S. assets. Daily reporting is required for (1) U.S. firms with $700 billion or more in total consolidated assets or $10 trillion or more in assets under custody, and (2) FBOs identified as LISCC firms. There are no changes to the time schedule of the FR 2052a report. The current reporting schedule provides adequate timely data to meet the analytical and supervisory needs of the Board.

Legal Status

The FR 2052a report is authorized to be collected from BHCs pursuant to section 5(c) of the Bank Holding Company Act (“BHC Act”), 12 U.S.C. § 1844(c); from FBOs pursuant to section 8(a) of the International Banking Act, 12 U.S.C. § 3106(a); from certain BHCs and FBOs pursuant to section 165 of the Dodd-Frank Act, 12 U.S.C. § 5365; and from SLHCs pursuant to section 10(b)(2) and (g) of the Home Owners’ Loan Act (“HOLA”), 12 U.S.C. § 1467a(b)(2) and (g). Section 5(c) of the BHC Act authorizes the Board to require BHCs to submit reports to the Board regarding their financial condition, and section 8(a) of the International Banking Act subjects FBOs to the provisions of the BHC Act. Section 165 of the Dodd-Frank Act requires the Board to establish prudential standards, including liquidity requirements, for certain BHCs and FBOs. Section 10(g) of HOLA authorizes the Board to collect reports from SLHCs. The FR 2052a report is mandatory for covered institutions.

The information required to be provided on the FR 2052a is collected as part of the Board’s supervisory process. Accordingly, such information is afforded confidential treatment under exemption 8 of the Freedom of Information Act (“FOIA”), which protects information from disclosure that is contained in or related to the examination or supervision of a financial institution. 5 U.S.C. § 552(b)(8). In addition, the information may also be kept confidential under exemption 4 for the FOIA, which protects trade secrets or confidential commercial or financial information. 5 U.S.C. § 552(b)(4). In limited circumstances, aggregate data for multiple respondents, which does not reveal the identity of any individual respondent, may be released.

Consultation Outside the Agency

The Board consulted with other U.S. regulatory authorities, including the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, in determining to propose revisions to the FR 2052a.

On December 28, 2018, the Board published an initial notice in the Federal Register (83 FR 67285) requesting public comment for 60 days on the extension with revision of the FR 2052a. The comment period for this notice expires on February 26, 2019.
Estimate of Respondent Burden

The current total annual burden for the FR 2052a is estimated to be 717,600 hours. These reporting requirements represent 6.66 percent of the total Federal Reserve System’s paperwork burden.

<table>
<thead>
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<th>FR 2052a</th>
<th>Estimated number of respondents</th>
<th>Annual Frequency</th>
<th>Estimated average hours per response</th>
<th>Estimated annual burden hours</th>
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<tr>
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<tr>
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<tr>
<td>Total</td>
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The total cost to the public is estimated to be $40,208,028.11.

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing the FR 2052a is $532,800.

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10 Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than $550 million in total assets), [www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards](http://www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards).

11 Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at $18, 45% Financial Managers at $69, 15% Lawyers at $68, and 10% Chief Executives at $94). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), [Occupational Employment and Wages May 2017](http://www.bls.gov/news.release/ocwage.t01.htm), published March 30, 2018, [www.bls.gov/news.release/ocwage.t01.htm](http://www.bls.gov/news.release/ocwage.t01.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/).