Supporting Statement for the
Report of Institution-to-Aggregate Granular Data on Assets and Liabilities on an Immediate Counterparty Basis (FR 2510; OMB No. 7100-to be assigned)

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to implement a new information collection, the Report of Institution-to-Aggregate (I-A) Granular Data on Assets and Liabilities on an Immediate Counterparty Basis (FR 2510, OMB No. to be assigned). The proposed respondent panel consists of bank holding companies headquartered in the United States that are global systemically important bank holding companies (U.S. G-SIBs) under the Board's rules.[1]

The proposed FR 2510 would collect granular exposure data on the assets, liabilities, and off-balance sheet holdings of U.S. G-SIBs, providing breakdowns by instrument, currency, maturity, and sector. The FR 2510 would also collect data covering detailed positions for each respondents' top 35 countries of exposure, broken out by instrument and counterparty sector, with limited further breakouts by remaining maturity, subject to a $2 billion minimum threshold for country exposure, on an immediate-counterparty basis, as reported in the consolidated Country Exposure Report (FFIEC 009, OMB No. 7100-0035). Further, the report would collect information on financial derivatives by instrument type and foreign exchange derivatives by currency. The FR 2510 would support a more complete balance sheet analysis regarding common or correlated exposures and funding dependencies by providing more information about U.S. G-SIBs' consolidated exposures and funding positions to different countries according to instrument, counterparty sector, currency and remaining maturity.

The estimated total ongoing annual burden for the FR 2510 is 18,176 hours. The estimated initial implementation burden is 8,000 hours.

Background and Justification

The proposed information collection, the Report of Institution-to-Aggregate (I-A) Granular Data on Assets and Liabilities on an Immediate Counterparty Basis (FR 2510), would implement in the U.S. an internationally-agreed common data template for G-SIBs (global I-A template) designed to facilitate the aggregation and analysis of consistent and comparable data from G-SIBs based in different jurisdictions. The FR 2510 would consist of three schedules that each U.S. G-SIB would submit quarterly. The schedules would include consolidated balance sheet information about the U.S. G-SIB, including the G-SIB's foreign country exposures, broken out by instrument, currency, remaining maturity, counterparty country, and counterparty sector. The FR 2510 also would capture information on notional and fair-value amounts for financial derivatives and foreign exchange derivatives across underlying instruments and currencies.

---

[1] See 12 CFR part 217, subpart H. Currently, the U.S. G-SIBs are JP Morgan Chase & Co., Bank of America Corporation, Wells Fargo & Company, Citigroup Inc., the Goldman Sachs Group, Inc., Morgan Stanley, the Bank of New York Mellon Corporation, and State Street Corporation.

In implementing this internationally-agreed template for U.S. G-SIBs, the FR 2510 is intended to build on, and complement, two existing data collections, the Country Exposure Report of the Federal Financial Institutions Examination Council (FFIEC 009) and the Consolidated Financial Statements for Holding Companies (FR Y-9C). Relative to the FFIEC 009 and FR Y-9C, the FR 2510 would provide significantly more detail regarding the balance sheet and derivatives exposures of U.S. G-SIBs. This information would facilitate supervisory monitoring and analysis of common or correlated exposures and funding dependencies across G-SIBs. In doing so, the FR 2510 (together with corresponding collections in other jurisdictions) would provide valuable systemic information to supervisors and policymakers and a heightened focus on improving firms' ability to aggregate and report their exposures and positions in a consistent, timely, and accurate manner.

The proposed data collection has been developed in cooperation with the Financial Stability Board (FSB). Implementation is being coordinated with respective host-country jurisdictions for non-U.S. G-SIBs under the aegis of the Multilateral Framework, a memorandum of understanding that governs the provision and reporting of confidential G-SIB data under tight security to the International Data Hub (IDH) hosted by the Bank for International Settlements (BIS). Through this mechanism, data collected via the FR 2510 would be gathered and transmitted securely to the IDH. These data would be combined by the IDH with corresponding data from other jurisdictions, and would be used by the IDH to produce analytical reports that would provide unique and authoritative aggregation and comparison of these banks' positions.

For example, from a supervisory perspective, IDH reports would provide important comparative information across G-SIBs, detailed information on G-SIB exposures to central counterparties (CCPs) and fuller information than is otherwise available on how foreign banking organizations (FBOs) fund their U.S. operations. From a financial stability perspective, IDH reports help to reveal risks associated with key common counterparties (e.g., sovereign exposures) among G-SIBs, and illuminate volumes and patterns by which non-U.S. G-SIBs manage their dollar-based funding (and which in turn can have implications for dollar-based funding markets). The global I-A template would enhance that value by providing, for example, more detail on potential currency and maturity mismatches between assets and funding at the G-SIBs, which in turn could reveal emerging risk management needs at the individual institutions as well as the extent to which a crisis in a given currency might propagate through bank balance sheets.

The global I-A template, which the FR 2510 would implement for U.S. G-SIBs, thus facilitates the compilation of consistent and comparable data from G-SIBs based in different jurisdictions. This template (and thus the FR 2510) was developed as a more detailed extension of, and complement to, existing aggregate data collections conducted by BIS from national regulatory authorities for use in its Consolidated Banking Statistics (CBS). In the United States, these existing aggregated data are based on information collected using the FFIEC 009. The Board presently transmits data it collects through the FFIEC 009 at the consolidated bank holding company level from the U.S. G-SIBs to the IDH. The proposal would expand this existing process to encompass a larger set of more granular data items.

As noted, the FFIEC 009 and FR Y-9C regulatory reports provide limited information about the foreign exposures and foreign exchange risk of U.S. banking organizations. The FFIEC 009 requires certain banks, savings associations, bank holding companies, savings and loan holding companies, and U.S. intermediate holding companies of foreign banks to report aggregate foreign exposure information on both an immediate-counterparty basis (on the basis of the country of residence of the borrower) and ultimate-risk basis (on the basis of the country of residence of any guarantor or collateral). The information reported on the FFIEC 009 is broken out by counterparty[2] type, country, and sector, but without detailed information on the category of financial instrument. Rather, the information reported on the FFIEC 009 represents a respondent's aggregate exposure to all counterparties of a particular type in a jurisdiction, regardless of the form of the exposure. In addition, the FFIEC 009 only collects liabilities of respondents' foreign domiciled offices and subsidiaries. The FR Y-9C requires bank holding companies to report more detailed balance sheet information than the FFIEC 009; however, the data reported on the FR Y 9C includes only limited break-outs of data by maturity and no break-outs of data by currency.

The proposed FR 2510 represents significant simplifications compared to the previous draft versions shared with the industry (in 2012, 2013, 2014, and 2015), including the removal of certain highly granular criteria that resulted in empty or not meaningful data. These revisions reflect lessons learned from the study itself, as well as feedback on costs and challenges received from the reporting G-SIBs, including through an industry meeting held in May 2015, and on expected benefits provided by potential users in July 2015.

Data collected in the FR 2510 would facilitate the aggregation and analysis of data from G-SIBs based in different jurisdictions. Key examples of tangible near-term products that the Federal Reserve, other U.S. supervisors, and the IDH would be able to produce with the data from the FR 2510 include:

- Aggregate and comparative reports across G-SIBs showing potential currency or maturity imbalances covering the full balance sheet (except derivatives);
- An assessment of G-SIBs' funding needs; and
- An assessment of the concentration at the country, sector, or instrument level.

Such products would provide significant value, both for supervision of U.S. G-SIBs and for broader analysis of the global financial system.

Description of Information Collection

Relative to existing data sources, the FR 2510 report would support a more complete balance-sheet analysis of common or correlated exposures and funding dependencies by providing more information about reporting banking organizations' consolidated exposures to, and funding positions with, different countries according to instrument, counterparty sector,

[2] The instructions to the FFIEC 009 state that "[t]he obligor on an immediate-counterparty basis is the entity that issued the security or otherwise incurred the liability. The obligor of a claim on an ultimate-risk basis is any person, business, institution, or instrument that provides any of the types of credit protection described in Section II.F, 'Required Risk Transfers' and Section II.H 'Reporting Credit Derivatives.'"

currency and remaining maturity. The FR 2510 would be used in conjunction with other regulatory and statistical reports. Definitions and structure of the FR 2510, to the extent possible, have been aligned for U.S. implementation with these other U.S. regulatory and statistical reports to minimize reporting burden on U.S. respondents and to maximize analytical consistency with existing U.S. reports. These other reports include the FFIEC 009, the FR Y-9C, the Banking Organization Systemic Risk Report (FR Y-15), the Complex Institution Liquidity Monitoring Report (FR 2052a), and the Semiannual Report of Derivatives Activity (FR 2436).

The FR 2510 would be comprised of three schedules that would give a full view of the reporting banking organization's operations and risks. An overview of the proposed information that would be collected in these three schedules is provided below.

(1) The I-A Immediate Counterparty Schedule

The I-A Immediate Counterparty schedule (I-A IC) would be the report's main schedule. This draft schedule would capture information on banking organizations' asset positions, liability positions, and contingent liabilities on a combination of the following five dimensions:

(1) Instrument,
(2) Currency,
(3) Remaining maturity,
(4) Counterparty country, and
(5) Counterparty sector.

The I-A IC positions are allocated to the country and sector where the immediate counterparty resides. Immediate-counterparty positions would be reported in Tables 1 and 2. Table 1 is a consolidated balance sheet of the granular portfolio with total positions broken out by the following seven different currencies:

(1) U.S. Dollar,
(2) Euro,
(3) Japanese Yen,
(4) British Pound,
(5) Swiss Franc,
(6) Yuan Renminbi, and
(7) Other currencies.

The currencies would be broken out into four remaining maturity categories, as follows:

(1) Non-maturity instruments,
(2) Overnight to less than three months,
(3) 3 months to less than 1 year, and
(4) 1 year and over.

Table 2 would be a consolidated balance sheet showing I-A exposures by instrument and counterparty sector to countries above the de minimis threshold of $2 billion, with banking

organizations completing a table for each country above the threshold, with total positions by counterparty sector and by remaining maturity. At the time the global I-A template was developed, it was estimated that these de mimimis rules would nonetheless cover 97 percent of total claims extended to counterparties in 79 countries (based on BIS CBS). Maximum coverage would be provided for advanced economies (99 percent), while lower percentages would result for Africa and Middle East (65 percent) and Emerging Europe (85 percent).
Positions would be reported along the following counterparty sectors:

(1) Banks,
(2) Non-bank financial institutions,
(3) Non-financial corporations,
(4) Households,
(5) Government, and
(6) Unallocated by sector.

Positions would be broken out into the following three remaining maturity categories:

(1) Non-maturity instruments,
(2) Less than 1 year, and
(3) 1 year and over.

(2) Financial Derivatives Schedule

The Financial Derivatives schedule would capture details on the gross fair-value (mark-to-market) and notional amounts of financial derivatives broken out according to certain subcategories of derivative instruments. Information regarding gross fair values (mark-to-market) and notional amounts would facilitate cross-country comparisons and to overcome substantially different offset requirements for derivatives between the accounting standards applied by reporting banking organizations. Derivatives would be reported along the following three categories:

(1) Exchange-traded derivatives,
(2) Centrally cleared over-the-counter (OTC) derivatives, and
(3) Bilateral/uncleared OTC derivatives.

Derivatives are reported according to the following six categories of risk:

(1) Equity derivatives,
(2) Interest rate derivatives,
(3) Foreign exchange derivatives,
(4) Credit derivatives,
(5) Commodity derivatives, and
(6) Other derivatives.

(3) Foreign Exchange Derivatives Schedule

The Foreign Exchange Derivatives schedule would capture gross notional currency derivative positions (separated into short and long positions) for a limited number of foreign exchange derivatives, with details on remaining maturity and currency, but no detail concerning counterparty country and sector. The scope of foreign exchange derivatives would include the following:

(1) Currency forwards,
(2) Foreign exchange swaps,
(3) Currency swaps, and
(4) Cross-currency interest rate swaps.

For each derivative type, the contract's remaining maturity would be broken out into the following maturity buckets:

(1) Non-maturity instruments (on-demand and open positions),
(2) Overnight to less than 3 months,
(3) 3 months to less than 1 year, and
(4) 1 year and over.

Respondent Panel

The panel comprises bank holding companies headquartered in the U.S. that are G-SIBs as calculated under the Board's Regulation Q.[3]

Time Schedule for Information Collection and Publication

The proposed FR 2510 would be submitted quarterly as of the end of March, June, September, and December. The filing deadline would be 50 calendar days after the March 31, June 30 and September 30 as-of dates and 65 calendar days after the December 31 as-of date. The first submission would begin with the March 31, 2019, reporting date. Compliance with the information collection would be mandatory.

Legal Status

The information collection is authorized under section 5 of the Bank Holding Company Act (12 U.S.C. § 1844). The information collected in the FR 2510 would be collected as part of the Board's supervisory process, and therefore may be afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act ("FOIA"). 5 U.S.C. § 552(b)(8). In addition, individual respondents may request that certain data be afforded confidential treatment pursuant to exemption 4 of FOIA if the data has not previously been publically disclosed and the release of the data would likely cause substantial harm to the competitive position of the respondent. 5 U.S.C. § 552(b)(4). Determinations of confidentiality based on exemption 4 of FOIA would be

[3] 12 CFR part 217, subpart H.

made on a case-by-case basis.

Consultation Outside of the Agency

The Federal Reserve consulted with the Office of the Comptroller of the Currency as well as with potential respondent institutions in developing this proposed report. Several outreach meetings took place to help refine the data items in the proposed schedules and clarify the accompanying instructions.

Estimate of Respondent Burden

The estimated annual burden for the reporting requirements of this information collection is 568 hours per response, for a total of 18,176 hours annually. The estimated burden for completing Table 1 and Table 2 of the I-A IC schedule is 85 hours and 469 hours, respectively. The estimated burden for completing the Financial Derivatives schedule is 4 hours. The estimated burden for completing the Foreign Exchange Derivatives schedule is 10 hours. The estimated one-time implementation burden for respondents to prepare their systems for submitting the data is 1,000 hours per respondent, for a total of 8,000 hours. This annual burden would represent less than 1 percent of total Federal Reserve System paperwork burden.

	Number of respondents[4]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
FR 2510				
G-SIBs	8	4	568	18,176
One-Time Implementation	8	1	1,000	8,000

The estimated annual cost to the public is $$1,018,765. The estimated one-time implementation cost to the public is $448,400.[5]

Sensitive Questions

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

4 Of these respondents, none are small entities as defined by the Small Business Administration (i.e., entities with less than $500 million in total assets). See www.sba.gov/document/support--table-size-standards..

5 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, published March 30, 2018 www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/

Estimate of Cost to the Federal Reserve System

There is an estimated one-time cost of $142,860 and a recurring cost of $160,260 to the Federal Reserve System to collect and process this information.