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**Board of Governors of the Federal Reserve System**



**Instructions for Preparation of**

# **Single-Counterparty Credit Limits**

# **Reporting Form**

Reporting Form FR 2590

Effective [Insert Date]

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## **INSTRUCTIONS FOR THE PREPARATION OF Single-Counterparty Credit Limits Reporting Form FR 2590**

### **GENERAL INSTRUCTIONS**

The Single-Counterparty Credit Limits Reporting Form (“FR 2590”) provides the Federal Reserve with information to monitor a covered company’s or a covered foreign entity’s compliance with the single-counterparty credit limits (“SCCL”) rule. A covered company is any U.S. bank holding company (“BHC”) with total consolidated assets of \$250 billion or more. A covered foreign entity is any foreign banking organization (“FBO”) with total consolidated assets of \$250 billion or more and any U.S. intermediate holding company (“IHC”) of an FBO with total consolidated assets of \$50 billion or more.

The SCCL rule prohibits any covered company that is not a G-SIB from having an aggregate net credit exposure to an unaffiliated counterparty in excess of 25 percent of the covered company’s tier 1 capital. A major covered company—that is, a G-SIB—is prohibited from having aggregate net credit exposure to any systemically important financial institution (“SIFI”) in excess of 15 percent of its tier 1 capital and faces a 25 percent of tier 1 capital limit for other counterparties. The SCCL rule applies similar credit limits to FBOs—with total consolidated assets of \$250 billion or more—with respect to their combined U.S. operations. However, an FBO that is subject to a comparable home country SCCL regime can comply with these limits by certifying to the Board that it complies with that similar regime.

The SCCL rule also applies credit limits to U.S. IHCs of FBOs according to three tailored tiers. A U.S. IHC with total consolidated assets of at least \$50 billion but less than \$250 billion is prohibited from having aggregate net credit exposure to a single counterparty in excess of 25 percent of the company’s capital stock and surplus. A U.S. IHC with total consolidated assets of \$250 billion or more but less than \$500 billion is prohibited from having aggregate net credit exposure to a single counterparty in excess of 25 percent of the U.S. IHC’s tier 1 capital. A U.S. IHC with \$500 billion or more in total consolidated assets is prohibited from having aggregate net credit exposure to a G-SIB to any SIFI.

The FR 2590 requests data required to calculate the respondent organization’s credit exposures, which are reported on nine schedules. Five of these schedules (Schedules G-1 through G-5) collect information related to the gross exposures of the respondent organization to various counterparties. The form requires identification of counterparties by name and by entity type. A respondent organization must add the exposure amounts in the five G schedules to calculate its aggregate gross credit exposure. A respondent organization would then calculate its net credit exposure by adjusting its gross credit exposures using Schedules M-1 and M-2, which collect information related to eligible collateral and other eligible risk mitigants, respectively. The respondent organization must take into account special provisions in the SCCL rule that require aggregation of certain counterparties due to economic interdependence—meaning the underlying risk of one counterparty’s financial distress or failure would cause the financial distress or failure of another counterparty, as indicated by the presence of certain enumerated factors in the SCCL rule—or due to the presence of certain control relationships described in the rule. Data relevant to understanding

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the presence of any relationships that require such aggregation are reported in Schedules A-1 and A-2.

## **Who Must Report**

All covered companies and covered foreign entities as defined in the SCCL rule are required to comply with the Board's SCCL rule and are required to submit the FR 2590.

## **Where to Submit the Report**

All covered companies and covered foreign entities must submit their completed reports electronically. Covered companies and covered foreign entities should contact their district Reserve Bank or go to [www.frbservices.org/centralbank/reportingcentral/index.html](http://www.frbservices.org/centralbank/reportingcentral/index.html) for procedures on electronic submission.

## **When to Submit the Report**

The FR 2590 is required to be submitted as of March 31, June 30, September 30, and December 31. The submission date for covered companies and covered foreign entities is 40 calendar days after the March 31, June 30, and September 30 as of dates unless that day falls on a weekend or holiday (subject to timely filing provisions). The submission date for covered companies and covered foreign entities is 45 calendar days after the December 31 as of date. For example, the June 30 report must be received by August 9, and the December 31 report by February 14.

The term "submission date" is defined as the date by which the Federal Reserve must receive the covered company's or covered foreign entity's FR 2590.

If the submission deadline falls on a weekend or holiday, the report must be received on the first business day after the Saturday, Sunday, or holiday. Earlier submission aids the Federal Reserve in reviewing and processing the reports and is encouraged. No extensions of time for submitting reports are granted.

The reports are due by the end of the reporting day on the submission date (5:00 P.M. at each district Reserve Bank).

## **How to Prepare the Report**

### **a) Consolidation**

The data reported in FR 2590 should be reported at the level of the covered company or the covered foreign entity. The credit limits of the SCCL rule applies to aggregate net credit exposure, which means the sum of all net credit exposures of a covered company and all of its subsidiaries to a single counterparty, including all of its affiliates. The SCCL rule employs a financial consolidation standard to define "affiliates" and "subsidiaries." In particular, a "subsidiary" includes a company that is consolidated with the covered company on financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles, the International Financial Reporting Standards, or other similar standards. A subsidiary also includes a company that is not subject to such principles or standards, if consolidation would have occurred if such principles or standards had applied. An "affiliate" is defined with respect to a company as any subsidiary of the company and any other company that is consolidated with the company under applicable accounting standards;

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or, if the company is not subject to such principles or standards, any subsidiary of the company and any other company that would be consolidated with the company if such principles or standards had applied.

## **b) Adjusted Market Value**

Report the adjusted market value of assets, in millions of United States dollars. Adjusted market value means:

(1) With respect to the value of cash, securities, or other eligible collateral transferred by the covered company to a counterparty, the sum of: (i) The market value of the cash, securities, or other eligible collateral; and (ii) The product of the market value of the securities or other eligible collateral multiplied by the applicable collateral haircut in Table 1 to § 217.132 of the Board's Regulation Q (12 CFR 217.132); and

(2) With respect to cash, securities, or other eligible collateral received by the covered company from a counterparty: (i) The market value of the cash, securities, or other eligible collateral; minus (ii) The market value of the securities or other eligible collateral multiplied by the applicable collateral haircut in Table 1 to § 217.132 of the Board's Regulation Q (12 CFR 217.132).

## **c) Rounding**

Report all dollar amounts in millions of United States dollars, rounded to the nearest ten thousand. For example, if a credit exposure is \$3,732,500, then record that as "3.73" in the appropriate cell. If an exposure is \$2,557,200, then record that as "2.56" in the appropriate cell. If an exposure is \$225,000, record that as "0.23" in the appropriate cell. Credit exposures below \$5,000 should be recorded as "0" in the appropriate cell.

Round all ratios to two decimal places. For example, if the resulting net credit exposure ratio is 0.586, then record that as "0.59" in the appropriate cell; if the resulting ratio is 0.495, then record that as "0.5" in the appropriate cell.

## **d) Confidentiality**

The Board generally considers the information obtained through this report as confidential on the basis that disclosure of specific commercial or financial information relating to investments held for extended periods of time could result in substantial harm to the competitive position of the covered company or covered foreign entity. If, for any reason, the Board believes that particular information cannot be withheld from disclosure, the Board will inform the reporter of its views and give the reporter an opportunity to object, as required under section 261.15 of the Board's Rules Regarding Availability of Information, 12 CFR 261.15.

## **e) Verification and Signatures**

*Verification.* All arithmetic should be double-checked before reports are submitted. Totals and subtotals in supporting materials should be cross-checked to corresponding items elsewhere in the reports. Before a report is submitted, all amounts should be compared with the corresponding amounts in the previous report, if possible.

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*Signatures.* The submitted FR 2590 must be signed by the Chief Financial Officer of the covered company or of the covered foreign entity (or by the individual performing this equivalent function). By signing the cover page of this report, the authorized officer acknowledges that any knowing and willful misrepresentation or omission of a material fact on this report constitutes fraud in the inducement and may subject the officer to legal sanctions provided by 18 USC 1001 and 1007.

*Covered companies and covered foreign entities must maintain in their files a manually signed and attested printout of the data submitted.* The cover page of the Reserve Bank-supplied, covered company's or covered foreign entity's software, or from the Federal Reserve's website report form should be used to fulfill the signature and attestation requirement and this page should be attached to the printout placed in the covered company's or covered foreign entity's files.

## **f) Amended Reports**

When the Federal Reserve's interpretation of how these instructions should be applied to a specified event or transaction (or series of related events or transactions) differs from the reporting covered company's or the covered foreign entity's interpretation, the Federal Reserve may require the covered company or covered foreign entity to reflect the event(s) or transaction(s) in its FR 2590 in accordance with the Federal Reserve's interpretation and to amend previously submitted reports.

The Federal Reserve may require the filing of amended FR 2590 if reports as previously submitted contain significant errors. In addition, a covered company or covered foreign entity should file an amended report when internal or external auditors make audit adjustments that result in a restatement of financial statements previously submitted to the Federal Reserve.

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## GENERAL INFORMATION ON RESPONDENT ORGANIZATION

The reporting form begins by asking for the respondent organization's general information. The line items ask for the respondent organization's (i) full legal name, (ii) certification, (iii) tier 1 capital, (iv) capital stock and surplus, (v) total consolidated assets, and (vi) major status.

Table 1 below provides an illustration. Suppose XYZ Corporation is a U.S. bank holding company that is a G-SIB and is submitting the FR 2590 for the first quarter of 2020. Because XYZ Corporation is not a foreign banking organization, the certification question does not apply. XYZ Corporation has \$70 billion in tier 1 capital and \$1 trillion in total consolidated assets. XYZ Corporation records these figures in millions of United States dollars. Finally, XYZ Corporation is a major covered company because it is a G-SIB.

**Table 1: General Information**

| <b>Respondent Organization Information</b> | <b>Responses</b> |
|--|------------------|
| Line Item 1: Legal Name                    | XYZ Corporation  |
| Line Item 2: Certification                 |                  |
| Line Item 3: Tier 1 Capital                | 70,000           |
| Line Item 4: Capital Stock and Surplus     |                  |
| Line Item 5: Total Consolidated Assets     | 1,000,000        |
| Line Item 6: Major Status                  | 1                |

### **Line Item 1 Legal Name**

Report the full legal name of the respondent organization.

### **Line Item 2 Certification**

If the respondent is a foreign banking organization, has it certified to the Board that it meets large exposure standards on a consolidated basis established by its home-country supervisor that are consistent with the large exposures framework published by the Basel Committee on Banking Supervision? The entries should be yes (enter "1"), no (enter "0"), or not applicable (leave blank). If the respondent enters "1" here, then the respondent does not need to complete the rest of this reporting form.

### **Line Item 3 Tier 1 Capital**

Report the amount of tier 1 capital, as defined in section 252.71 of the SCCL rule for U.S. bank holding companies and in section 252.171 of the SCCL rule for FBOs and U.S. IHCs.

### **Line Item 4 Capital Stock and Surplus**

Report the amount of capital stock and surplus defined in section 252.171 of the SCCL rule. This applies only to U.S. IHCs with at least \$50 billion but less than \$250 billion in total consolidated assets. For all other covered companies and covered foreign entities, the eligible capital base is tier 1 capital; these covered companies and covered foreign entities should leave the cell blank.

### **Line Item 5 Total Consolidated Assets**

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Report the amount of total consolidated assets, as defined in section 252.71 of the SCCL rule for U.S. BHCs and in section 252.171 of the SCCL rule for FBOs and U.S. IHCs.

## **Line Item 6 Major Status**

Report the major (or non-major) status of the respondent organization, as defined in section 252.70 of the SCCL rule for U.S. BHCs and in section 252.170 for FBOs and U.S. IHCs.



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## GENERAL INFORMATION ON COUNTERPARTIES

In filling out the five G schedules and the two M schedules, the respondent organization must report exposures by counterparty, with a single counterparty in each row. The form requires each respondent organization to report its top 50 counterparties. The counterparty rows should be the same across the G and M schedules. For example, if “ABC Corp.” is the counterparty listed in row 3, then row 3 in every subsequent schedule (besides Schedules A-1 and A-2) should correspond to exposures from “ABC Corp.”

The first column asks for the name of the counterparty; the second column asks for the type of the counterparty; the third asks for the counterparty’s classification; and the fourth asks for exemption status.

Table 2 below provides an illustration. The first counterparty is XYZ Corp., which is a company and categorized as major counterparty. It is also non-exempt for the purposes of credit limits. The second counterparty listed is Mr. Smith, who is a natural person, not a major counterparty, and non-exempt from the credit limits. The third counterparty is ABC Corp., which is a company, not a major counterparty, and non-exempt. For the five G schedules, the two M schedules, and the one summary schedule, row 1 will correspond to XYZ Corp., row 2 will correspond to Mr. Smith, and row 3 will correspond to ABC Corp.

**Table 2: Counterparty Information**

|     | Column A                 | Column B                 | Column C                           | Column D                             |
|-----|--------------------------|--------------------------|------------------------------------|--------------------------------------|
|     | <b>Counterparty Name</b> | <b>Counterparty Type</b> | <b>Counterparty Classification</b> | <b>Counterparty Exemption Status</b> |
| [1] | XYZ Corp.                | Company                  | 1                                  | 0                                    |
| [2] | Mr. Smith                | Natural Person           | 0                                  | 0                                    |
| [3] | ABC Corp.                | Company                  | 0                                  | 0                                    |

### **Column A Counterparty Name**

Report the full legal name of the counterparty.

### **Column B Counterparty Type**

Report the counterparty’s entity type. A counterparty’s type should be one of the following options: (i) natural person, (ii) company, (iii) CCP, (iv) U.S. state or municipality, (v) U.S. government, (vi) U.S. government agency, (vii) foreign sovereign (non-zero percent risk weight), (viii) foreign sovereign (zero percent risk weight), (ix) political subdivision of a foreign sovereign, (x) multi-lateral development bank, (xi) securitization, (xii) unknown single counterparty.

### **Column C Counterparty Classification**

Report the major (or non-major) status of the counterparty. The classification is binary, as defined in the SCCL rule. The entries should be major (enter “1”) or non-major (enter “0”).

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## **Column D Counterparty Exemption Status**

Report the exemption status of the counterparty. The exemption status is binary—the entries should be exempt (enter “1”) or non-exempt (enter “0”). The SCCL rule provides exemptions or exclusions for: (1) credit exposures to the U.S. government (including U.S. government agencies as well as Fannie Mae and Freddie Mac, while in conservatorship); (2) credit exposures to foreign sovereign entities that are assigned a zero percent risk weight under the Board’s capital rules; (3) intraday credit exposure to a counterparty; (4) trade exposures to qualifying central counterparties; (5) any credit transaction with the Bank for International Settlements, the International Monetary Fund, and the World Bank; (6) any credit transaction with the European Commission and the European Central Bank.

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## SCHEDULE G-1: GENERAL EXPOSURES

This schedule contains seven general gross credit exposure categories that are described in sections 252.73, 252.75, 252.173, and 252.175 of the SCCL rule: (i) deposits; (ii) loans and leases; (iii) debt securities or investments; (iv) equity securities or investments; (v) committed credit lines; (vi) guarantees and letters of credit; and (vii) securitization arising from the look-through approach. Notably, calculation of gross credit exposure as a result of item (vii) (securitization arising from the look-through approach) is described in sections 252.75 and 252.175 of the SCCL rule. Gross credit exposure to a securitization that does not require application of the look-through approach would be reported as either item (iii) (debt securities or investments) or item (iv) (equity securities or investments), as applicable. These seven gross exposures are summed together, by counterparty, in the final column of Schedule G-1.

Table 3 provides an illustration. Row 1 corresponds to the same counterparty listed in row 1 of Counterparty Information (namely, XYZ Corp.); row 2 corresponds to Mr. Smith; row 3 corresponds to ABC Corp. Each value is recorded in millions of United States dollars. The final column sums across the seven rows.

**Table 3: General Exposures**

| Column A | Column B         | Column C                       | Column D                         | Column E               | Column F                         | Column G                                 | Column H                           |                    |
|----------|------------------|--------------------------------|----------------------------------|------------------------|----------------------------------|--|------------------------------------|--------------------|
| Deposits | Loans and Leases | Debt Securities or Investments | Equity Securities or Investments | Committed Credit Lines | Guarantees and Letters of Credit | Securitization Arising from Look-Through | Total Gross Exposure: G-1 Schedule |                    |
| [1]      | $x_1$            | $x_2$                          | $x_3$                            | $x_4$                  | $x_5$                            | $x_6$                                    | $x_7$                              | $\sum_{i=1}^7 x_i$ |
| [2]      | $y_1$            | $y_2$                          | $y_3$                            | $y_4$                  | $y_5$                            | $y_6$                                    | $y_7$                              | $\sum_{i=1}^7 y_i$ |
| [3]      | $z_1$            | $z_2$                          | $z_3$                            | $z_4$                  | $z_5$                            | $z_6$                                    | $z_7$                              | $\sum_{i=1}^7 z_i$ |

### Column A Deposits

Report gross credit exposure arising from deposits.

### Column B Loans and Leases

Report gross credit exposure arising from loans and leases.

### Column C Debt Securities or Investments

Report gross credit exposure arising from debt securities or investments.

### Column D Equity Securities or Investments

Report gross credit exposure arising from equity securities or investments.

### Column E Committed Credit Lines

Report gross credit exposure arising from committed credit lines.

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## **Column F Guarantees and Letters of Credit**

Report gross credit exposure arising from guarantees and letters of credit.

## **Column G Securitization Arising from Look-Through**

Report the gross credit exposure that arise in the context of investments in securitizations, investment funds, and other special purpose vehicles (collectively, “SPVs”). The look-through approach requires a covered company or covered foreign entity to recognize an exposure to the issuer of the assets held by the SPV that exceed 0.25 percent of tier 1 capital.

## **Column H Total Gross Exposures: G-1 Schedule**

Report the sum of exposures from columns A through G.

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## **SCHEDULE G-2: REPURCHASE AGREEMENT EXPOSURES**

This schedule collects gross credit exposures arising from repurchase agreements and reverse repurchase agreements as provided in sections 252.73 and 252.173 of the SCCL rule. It requires the respondent organization to identify the assets transferred and received in the transaction. Examples include sovereign debt, non-sovereign debt, main index equities, and cash. Notably, these values do not necessarily sum to the values in the penultimate column or the final column, as respondent organizations are allowed to use internal models or other risk-sensitive standardized methodology to calculate their exposures to repurchase and reverse repurchase agreements. The penultimate column asks for the total gross credit exposure under qualified master netting agreements, which is defined in sections 252.71(ee) and 252.171(ee) of the SCCL rule. The final column tallies the total gross credit exposure resulting from these transactions by counterparty.

When recording data on values of assets transferred and received in certain categories—sovereign issuers, non-sovereign issuers, and investment grade securitization—separate the assets by maturity. There are three maturity categories: one year or shorter; between one and five years; more than five years. For other categories—main index equities, other publicly traded equities, cash, and other—the assets do not need to be separated by maturity.

### **Sovereign Issuers (Zero Percent Risk Weight), Transferred**

Report the amount of sovereign issuers' assets transferred in repurchase agreements or reverse repurchase agreements.

#### **Column A One Year or Less**

Report the amount of such assets with maturities of one year or less.

#### **Column B Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

#### **Column C More than Five Years**

Report the amount of such assets with maturities greater than five years.

### **Sovereign Issuers (Zero Percent Risk Weight), Received**

Report the amount of sovereign issuers' assets received in repurchase agreements or reverse repurchase agreements.

#### **Column D One Year or Less**

Report the amount of such assets with maturities of one year or less.

#### **Column E Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

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## **Column F More than Five Years**

Report the amount of such assets with maturities greater than five years.

### **Sovereign Issuers (20 or 50 Percent Risk Weight), Transferred**

Report the amount of sovereign issuers' assets transferred in repurchase agreements or reverse repurchase agreements.

## **Column G One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column H Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column I More than Five Years**

Report the amount of such assets with maturities greater than five years.

### **Sovereign Issuers (20 or 50 Percent Risk Weight), Received**

Report the amount of sovereign issuers' assets received in repurchase agreements or reverse repurchase agreements.

## **Column J One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column K Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column L More than Five Years**

Report the amount of such assets with maturities greater than five years.

### **Sovereign Issuers (100 Percent Risk Weight), Transferred**

Report the amount of sovereign issuers' assets transferred in repurchase agreements or reverse repurchase agreements.

## **Column M One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column N Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

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## **Column O More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Sovereign Issuers (100 Percent Risk Weight), Received**

Report the amount of sovereign issuers' assets received in repurchase agreements or reverse repurchase agreements.

## **Column P One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column Q Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column R More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (20 Percent Risk Weight), Transferred**

Report the amount of non-sovereign issuers' assets transferred in repurchase agreements or reverse repurchase agreements.

## **Column S One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column T Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column U More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (20 Percent Risk Weight), Received**

Report the amount of non-sovereign issuers' assets received in repurchase agreements or reverse repurchase agreements.

## **Column V One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column W Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

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## **Column X More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (50 Percent Risk Weight), Transferred**

Report the amount of non-sovereign issuers' assets transferred in repurchase agreements or reverse repurchase agreements.

## **Column Y One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column Z Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AA More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (50 Percent Risk Weight), Received**

Report the amount of non-sovereign issuers' assets received in repurchase agreements or reverse repurchase agreements.

## **Column AB One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AC Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AD More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (100 Percent Risk Weight), Transferred**

Report the amount of non-sovereign issuers' assets transferred in repurchase agreements or reverse repurchase agreements.

## **Column AE One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AF Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.



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## **Column AG More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (100 Percent Risk Weight), Received**

Report the amount of non-sovereign issuers' assets received in repurchase agreements or reverse repurchase agreements.

## **Column AH One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AI Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AJ More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Investment Grade Securitization, Transferred**

Report the amount of investment grade securitization assets transferred in repurchase agreements or reverse repurchase agreements.

## **Column AK One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AL Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AM More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Investment Grade Securitization, Received**

Report the amount of investment grade securitization assets received in repurchase agreements or reverse repurchase agreements.

## **Column AN One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AO Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

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## **Column AP More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Column AQ Main Index Equities, Transferred**

Report the amount of main index equities transferred in repurchase agreements or reverse repurchase agreements.

## **Column AR Main Index Equities, Received**

Report the amount of main index equities received in repurchase agreements or reverse repurchase agreements.

## **Column AS Other Publicly Traded Equities, Transferred**

Report the amount of other publicly traded equities transferred in repurchase agreements or reverse repurchase agreements.

## **Column AT Other Publicly Traded Equities, Received**

Report the amount of other publicly traded equities received in repurchase agreements or reverse repurchase agreements.

## **Column AU Cash, Transferred**

Report the amount of cash transferred in repurchase agreements or reverse repurchase agreements.

## **Column AV Cash, Received**

Report the amount of cash received in repurchase agreements or reverse repurchase agreements.

## **Column AW Other, Transferred**

Report the amount of other assets transferred in repurchase agreements or reverse repurchase agreements.

## **Column AX Other, Received**

Report the amount of other assets received in repurchase agreements or reverse repurchase agreements.

## **Internal Model Method**

If the respondent organization is authorized to use an internal model method (IMM), then it can report its IMM exposures in columns AY and AZ. Note that the respondent organization must still report the appropriate values in columns BA and BB.

## **Column AY Total Gross Exposure Under Bilateral Netting Agreements**

Using IMM, Report the total gross credit exposure arising from repurchase agreements and reverse repurchase agreements under bilateral netting agreements, which is defined in sections 252.71(ee) and 252.171(ee) of the SCCL rule.

# DRAFT

## **Column AZ Total Gross Exposure**

Using IMM, report the total gross exposure arising from repurchase agreements and reverse repurchase agreements.

## **Column BA Total Gross Exposure Under Bilateral Netting Agreements**

Report the total gross credit exposure arising from repurchase agreements and reverse repurchase agreements under bilateral netting agreements, which is defined in sections 252.71(ee) and 252.171(ee) of the SCCL rule.

## **Column BB Total Gross Exposure: G-2 Schedule**

Report the total gross exposure to the counterparty arising from repurchase agreements and reverse repurchase agreements.

# DRAFT

## **SCHEDULE G-3: SECURITIES LENDING EXPOSURES**

This schedule collects similar information to that collected in Schedule G-2 with respect to securities lending and securities borrowing transactions. Again, the final column tallies the total gross credit exposure resulting from these transactions by counterparty. Similarly, these exposure values do not necessarily sum to the values in the penultimate column or the final column, as respondent organizations are allowed to use internal models or other risk-sensitive standardized methodology to calculate their exposures to repurchase and reverse repurchase agreements.

### **Sovereign Issuers (Zero Percent Risk Weight), Transferred**

Report the amount of sovereign issuers' assets transferred in securities lending or securities borrowing transactions.

#### **Column A One Year or Less**

Report the amount of such assets with maturities of one year or less.

#### **Column B Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

#### **Column C More than Five Years**

Report the amount of such assets with maturities greater than five years.

### **Sovereign Issuers (Zero Percent Risk Weight), Received**

Report the amount of sovereign issuers' assets received in securities lending or securities borrowing transactions.

#### **Column D One Year or Less**

Report the amount of such assets with maturities of one year or less.

#### **Column E Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

#### **Column F More than Five Years**

Report the amount of such assets with maturities greater than five years.

### **Sovereign Issuers (20 or 50 Percent Risk Weight), Transferred**

Report the amount of sovereign issuers' assets transferred in securities lending or securities borrowing transactions.

#### **Column G One Year or Less**

Report the amount of such assets with maturities of one year or less.

# DRAFT

## **Column H Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column I More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Sovereign Issuers (20 or 50 Percent Risk Weight), Received**

Report the amount of sovereign issuers' assets received in securities lending or securities borrowing transactions.

## **Column J One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column K Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column L More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Sovereign Issuers (100 Percent Risk Weight), Transferred**

Report the amount of sovereign issuers' assets transferred in securities lending or securities borrowing transactions.

## **Column M One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column N Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column O More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Sovereign Issuers (100 Percent Risk Weight), Received**

Report the amount of sovereign issuers' assets received in securities lending or securities borrowing transactions.

## **Column P One Year or Less**

Report the amount of such assets with maturities of one year or less.

# DRAFT

## **Column Q Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column R More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (20 Percent Risk Weight), Transferred**

Report the amount of non-sovereign issuers' assets transferred in securities lending or securities borrowing transactions.

## **Column S One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column T Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column U More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (20 Percent Risk Weight), Received**

Report the amount of non-sovereign issuers' assets received in securities lending or securities borrowing transactions.

## **Column V One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column W Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column X More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (50 Percent Risk Weight), Transferred**

Report the amount of non-sovereign issuers' assets transferred in securities lending or securities borrowing transactions.

## **Column Y One Year or Less**

Report the amount of such assets with maturities of one year or less.

# DRAFT

## **Column Z Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AA More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (50 Percent Risk Weight), Received**

Report the amount of non-sovereign issuers' assets received in securities lending or securities borrowing transactions.

## **Column AB One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AC Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AD More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (100 Percent Risk Weight), Transferred**

Report the amount of non-sovereign issuers' assets transferred in securities lending or securities borrowing transactions.

## **Column AE One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AF Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AG More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Non-sovereign Issuers (100 Percent Risk Weight), Received**

Report the amount of non-sovereign issuers' assets received in securities lending or securities borrowing transactions.

## **Column AH One Year or Less**

Report the amount of such assets with maturities of one year or less.

# DRAFT

## **Column AI Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AJ More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Investment Grade Securitization, Transferred**

Report the amount of investment grade securitization assets transferred in securities lending or securities borrowing transactions.

## **Column AK One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AL Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AM More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Investment Grade Securitization, Received**

Report the amount of investment grade securitization assets received in securities lending or securities borrowing transactions.

## **Column AN One Year or Less**

Report the amount of such assets with maturities of one year or less.

## **Column AO Between One and Five Years**

Report the amount of such assets with maturities greater than one year but less than or equal to five years.

## **Column AP More than Five Years**

Report the amount of such assets with maturities greater than five years.

## **Column AQ Main Index Equities, Transferred**

Report the amount of main index equities transferred in securities lending or securities borrowing transactions.

## **Column AR Main Index Equities, Received**

Report the amount of main index equities received in securities lending or securities borrowing transactions.



# DRAFT

## **Column AS Other Publicly Traded Equities, Transferred**

Report the amount of other publicly traded equities transferred in securities lending or securities borrowing transactions.

## **Column AT Other Publicly Traded Equities, Received**

Report the amount of other publicly traded equities received in securities lending or securities borrowing transactions.

## **Column AU Cash, Transferred**

Report the amount of cash transferred in securities lending or securities borrowing transactions.

## **Column AV Cash, Received**

Report the amount of cash received in securities lending or securities borrowing transactions.

## **Column AW Other, Transferred**

Report the amount of other assets transferred in securities lending or securities borrowing transactions.

## **Column AX Other, Received**

Report the amount of other assets received in securities lending or securities borrowing transactions.

## **Internal Model Method**

If the respondent organization is authorized to use an internal model method (IMM), then it can report its IMM exposures in columns AY and AZ. Note that the respondent organization must still report the appropriate values in columns BA and BB.

## **Column AY Total Gross Exposure Under Bilateral Netting Agreements**

Using IMM, Report the total gross credit exposure arising from securities lending or securities borrowing transactions under bilateral netting agreements, which is defined in sections 252.71(ee) and 252.171(ee) of the SCCL rule.

## **Column AZ Total Gross Exposure**

Using IMM, report the total gross exposure arising from securities lending or securities borrowing transactions.

## **Column BA Total Gross Exposure Under Bilateral Netting Agreements**

Report the total gross credit exposure arising from securities lending or securities borrowing transactions under bilateral netting agreements, which is defined in sections 252.71(ee) and 252.171(ee) of the SCCL rule.

## **Column BB Total Gross Exposure: G-3 Schedule**

# DRAFT

Report the total gross exposure to the counterparty arising from securities lending or securities borrowing transactions.

# DRAFT

## **SCHEDULE G-4: DERIVATIVES EXPOSURES**

Schedule G-4 first requires the respondent organization to report the gross notional of its derivatives transactions—interest rate, foreign exchange rate, credit, equity, commodity, or other—by counterparty, consistent with sections 252.73 and 252.173 of the SCCL rule. If the respondent organization has been approved by the Board to use an internal model, then it can report its exposures using the “Internal Model Method” columns. If the respondent organization has not been approved by the Board to use an internal model, these columns should remain blank. The penultimate column in Schedule G-4 is available for a respondent organization to report gross credit exposures resulting from qualified master netting agreements. All respondent organizations are required to complete the total gross credit exposure column.

### **Gross Notional by Product Type**

Report the gross notional value of the derivative transaction.

#### **Column A Interest Rate**

Report the gross notional value of interest rate derivatives.

#### **Column B Foreign Exchange Rate**

Report the gross notional value of foreign exchange rate derivatives.

#### **Column C Credit**

Report the gross notional value of credit derivatives.

#### **Column D Equity**

Report the gross notional value of equity derivatives.

#### **Column E Commodity**

Report the gross notional value of commodity derivatives.

#### **Column F Other**

Report the gross notional value of derivatives that do not fall into one of the preceding categories.

### **Internal Model Method**

If the respondent organization is authorized to use an internal model method (IMM), then it can report its IMM exposures in columns G and H. Note that the respondent organization must report the appropriate values in columns I and J.

#### **Column G Total Gross Exposure Under Qualifying Master Netting Agreements**

Using IMM, report the total gross exposure arising from derivatives transactions under qualified master netting agreements.

#### **Column H Total Gross Exposure**

# DRAFT

Using IMM, report the total gross exposure arising from derivatives transactions.

**Column I Total Gross Exposure Under Qualifying Master Netting Agreements**

Report the total gross exposure arising from derivatives transactions under qualified master netting agreements.

**Column J Total Gross Exposure: G-4 Schedule**

Report the total gross exposure arising from derivatives transactions.

# DRAFT

## SCHEDULE G-5: RISK SHIFTING EXPOSURES

Schedule G-5 collects information related to gross credit exposures that have been affected by the risk shifting requirements of sections 252.74 and 252.174 of the SCCL rule. Risk shifting is required when a respondent organization employs six types of credit risk mitigants: (i) eligible collateral; (ii) eligible guarantees; (iii) eligible credit derivatives; (iv) other eligible hedges; (v) unused portion of certain extensions of credit; and (vi) credit transactions involving excluded and exempt entities. Risk shifting may also be required in connection with credit transactions involving excluded and exempt entities. The final column aggregates the total gross exposure, by counterparty, due to risk shifting. Table 4 provides an illustration. Note that the values in the first six columns must sum to the value in the seventh column.

**Table 4: Risk Shifting Exposures**

|     | Column A            | Column B            | Column C                    | Column D              | Column E                                       | Column F   | Column G                           |
|-----|---------------------|---------------------|-----------------------------|-----------------------|--|--|------------------------------------|
|     | Eligible Collateral | Eligible Guarantees | Eligible Credit Derivatives | Other Eligible Hedges | Unused Portion of Certain Extensions of Credit | Credit Transactions Involving Excluded and Exempt Entities | Total Gross Exposure: G-5 Schedule |
| [1] | $x_1$               | $x_2$               | $x_3$                       | $x_4$                 | $x_5$  | $x_6$  | $\sum_{i=1}^6 x_i$                 |
| [2] | $y_1$               | $y_2$               | $y_3$                       | $y_4$                 | $y_5$  | $y_6$  | $\sum_{i=1}^6 y_i$                 |
| [3] | $z_1$               | $z_2$               | $z_3$                       | $z_4$                 | $z_5$  | $z_6$  | $\sum_{i=1}^6 z_i$                 |

### **Column A    Eligible Collateral**

Report the gross credit exposures arising from risk shifting of eligible collateral.

### **Column B    Eligible Guarantees**

Report the gross credit exposures arising from risk shifting of eligible guarantees.

### **Column C    Eligible Credit Derivatives**

Report the gross credit exposures arising from risk shifting of eligible credit derivatives.

### **Column D    Other Eligible Hedges**

Report the gross credit exposures arising from risk shifting of other eligible hedges.

### **Column E    Unused Portion of Certain Extensions of Credit**

Report the gross credit exposures arising from risk shifting of unused portion of certain extensions of credit.

### **Column F    Credit Transactions Involving Excluded and Exempt Entities**

Report the gross credit exposures arising from risk shifting of credit transactions involving excluded and exempt entities.

# DRAFT

## **Column G Total Gross Exposure: G-5 Schedule**

Report the total gross credit exposures arising from risk shifting. This is the sum of columns A through F.

# DRAFT

## SCHEDULE M-1: ELIGIBLE COLLATERAL

Sections 252.74 and 252.174 of the SCCL rule permits a respondent organization to subtract the value of any eligible collateral provided by a counterparty in connection with a particular transaction from its gross credit exposure for that transaction. The value of all such eligible collateral is reported in Schedule M-1. Eligible collateral include, but are not limited to, sovereign debt, non-sovereign debt, main index equities, other publicly traded equities, and cash. There are 10 eligible collateral columns. The final column sums the total credit risk mitigation impact due to the eligible collateral recorded in these 10 columns, by counterparty. As Table 5 shows, the eligible collateral values in the first 10 columns must sum to the value in the final column.

**Table 5: Eligible Collateral**

|     | Column A                                     | Column B   | Column C                                    | ... | Column I | Column J | Column K  |
|-----|--|--|---|-----|----------|----------|---|
|     | Sovereign issuers (zero percent risk weight) | Sovereign issuers (20 or 50 percent risk weight) | Sovereign issuers (100 percent risk weight) | ... | Cash     | Other    | <b>Total Credit Risk Mitigation: M-1 Schedule</b> |
| [1] | $x_1$  | $x_2$  | $x_3$                                       | ... | $x_9$    | $x_{10}$ | $\sum_{i=1}^{10} x_i$                             |
| [2] | $y_1$  | $y_2$  | $y_3$                                       | ... | $y_9$    | $y_{10}$ | $\sum_{i=1}^{10} y_i$                             |
| [3] | $z_1$  | $z_2$  | $z_3$                                       | ... | $z_9$    | $z_{10}$ | $\sum_{i=1}^{10} z_i$                             |

### Sovereign Issuers

Report the amount of eligible collateral provided by sovereign issuers in connection with a particular transaction.

#### Column A Zero Percent Risk Weight

Report the amount of eligible collateral provided by sovereign issuers with zero percent risk weight.

#### Column B 20 or 50 Percent Risk Weight

Report the amount of eligible collateral provided by sovereign issuers with 20 or 50 percent risk weight.

#### Column C 100 Percent Risk Weight

Report the amount of eligible collateral provided by sovereign issuers with 100 percent risk weight.

### Non-sovereign Issuers

Report the amount of eligible collateral provided by non-sovereign issuers in connection with a particular transaction.

#### Column D Zero Percent Risk Weight

# DRAFT

Report the amount of eligible collateral provided by non-sovereign issuers with zero percent risk weight.

**Column E 20 or 50 Percent Risk Weight**

Report the amount of eligible collateral provided by non-sovereign issuers with 20 or 50 percent risk weight.

**Column F 100 Percent Risk Weight**

Report the amount of eligible collateral provided by non-sovereign issuers with 100 percent risk weight.

**Column G Main Index Equities**

Report the amount of main index equities (including convertible bonds) and gold provided as eligible collateral in connection with a particular transaction.

**Column H Other Publicly Traded Equities**

Report the amount of other publicly traded equities (including convertible bonds) provided as eligible collateral in connection with a particular transaction.

**Column I Cash**

Report the amount of cash provided in connection with a particular transaction.

**Column J Other**

Report the amount of other assets provided as eligible collateral in connection with a particular transaction.

**Column K Total Credit Risk Mitigation: M-1 Schedule**

Report the total amount of credit risk mitigation. This is the sum of columns A through J.



# DRAFT

## SCHEDULE M-2: GENERAL RISK MITIGANTS

Schedule M-2 collects information related to credit risk mitigation techniques other than the receipt of collateral used by the firm to reduce its gross credit exposure in a given transaction. The five permitted credit risk mitigation methods—described in sections 252.74 and 252.174 of the SCCL rule—are: (i) eligible guarantees; (ii) eligible credit derivatives; (iii) other eligible hedges; (iv) unused portion of certain extensions of credit; and (v) credit transactions involving excluded and exempt entities. The final column sums the total credit risk mitigation effected by use of these techniques, by counterparty. Table 6 below shows that the value of the risk mitigants in the first five columns must sum to the value in the final column.

**Table 6: General Risk Mitigants**

|     | Column A            | Column B                    | Column C              | Column D                                       | Column E   | Column F  |
|-----|---------------------|-----------------------------|-----------------------|--|--|---|
|     | Eligible Guarantees | Eligible Credit Derivatives | Other Eligible Hedges | Unused Portion of Certain Extensions of Credit | Credit Transactions Involving Excluded and Exempt Entities | <b>Total Credit Risk Mitigation: M-2 Schedule</b> |
| [1] | $x_1$               | $x_2$                       | $x_3$                 | $x_4$  | $x_5$  | $\sum_{i=1}^5 x_i$                                |
| [2] | $y_1$               | $y_2$                       | $y_3$                 | $y_4$  | $y_5$  | $\sum_{i=1}^5 y_i$                                |
| [3] | $z_1$               | $z_2$                       | $z_3$                 | $z_4$  | $z_5$  | $\sum_{i=1}^5 z_i$                                |

### **Column A Eligible Guarantees**

Report the amount of eligible guarantees provided in connection with a particular transaction.

### **Column B Eligible Credit Derivatives**

Report the amount of eligible credit derivatives provided in connection with a particular transaction.

### **Column C Other Eligible Hedges**

Report the amount of eligible hedges provided in connection with a particular transaction.

### **Column D Unused Portion of Certain Extensions of Credit**

Report the amount of unused portion of certain extensions of credit provided in connection with a particular transaction.

### **Column E Credit Transactions Involving Excluded and Exempt Entities**

Report the amount of credit transactions involving excluded and exempt entities provided in connection with a particular transaction.

### **Column F Total Credit Risk Mitigation: M-2 Schedule**

Report the amount of total credit risk mitigation. This is the sum of columns B through F.

# DRAFT

## SUMMARY OF NET CREDIT EXPOSURES

The reporting form contains a summary sheet that sums the respondent organization’s aggregate gross credit exposure (as reported in the final columns of each of the five G schedules); calculates the respondent organization’s aggregate net credit exposures by reducing its aggregate gross credit exposure by its aggregate credit risk mitigants (calculated by taking the sum of the final columns of the two M schedules); and divides the respondent organization’s aggregate net credit exposure by its eligible capital base. As noted above, a respondent organization’s aggregate net credit exposure limits under the SCCL rule are based on a percentage of either its capital stock and surplus or its tier 1 capital, depending on the size of the respondent organization. The resulting ratio shows whether the respondent organization’s aggregate net credit exposures comply with the limits of the SCCL rule. Table 7 illustrates the required calculations.

**Table 7: Summary**

|     | A     | B     | C     | D     | E     | F                           | G     | H     | I                           | J                                     |
|-----|-------|-------|-------|-------|-------|-----------------------------|-------|-------|-----------------------------|---------------------------------------|
|     | G-1   | G-2   | G-3   | G-4   | G-5   | Gross<br>Credit<br>Exposure | M-1   | M-2   | Credit<br>Risk<br>Mitigants | Aggregate Net<br>Credit Exposure      |
| [1] | $x_1$ | $x_2$ | $x_3$ | $x_4$ | $x_5$ | $\sum_{i=1}^5 x_i$          | $a_1$ | $a_2$ | $\sum_{i=1}^2 a_i$          | $\sum_{i=1}^5 x_i - \sum_{i=1}^2 a_i$ |
| [2] | $y_1$ | $y_2$ | $y_3$ | $y_4$ | $y_5$ | $\sum_{i=1}^5 y_i$          | $b_1$ | $b_2$ | $\sum_{i=1}^2 b_i$          | $\sum_{i=1}^5 y_i - \sum_{i=1}^2 b_i$ |
| [3] | $z_1$ | $z_2$ | $z_3$ | $z_4$ | $z_5$ | $\sum_{i=1}^5 z_i$          | $c_1$ | $c_2$ | $\sum_{i=1}^2 c_i$          | $\sum_{i=1}^5 z_i - \sum_{i=1}^2 c_i$ |

**Column A Total G-1**

Report the value from the corresponding row in column H of Schedule G-1.

**Column B Total G-2**

Report the value from the corresponding row in column BB of Schedule G-2.

**Column C Total G-3**

Report the value from the corresponding row in column BB of Schedule G-3.

**Column D Total G-4**

Report the value from the corresponding row in column J of Schedule G-4.

**Column E Total G-5**

Report the value from the corresponding row in column G of Schedule G-5.

**Column F Gross Credit Exposure**

Report the sum of columns A through E.

**Column G Total M-1**

Report the value from the corresponding row in column K of Schedule M-1.

**Column H Total M-2**

# DRAFT

Report the value from the corresponding row in column F of Schedule M-2.

## **Column I    Aggregate Credit Risk Mitigants**

Report the sum of columns G and H.

## **Column J    Aggregate Net Credit Exposure**

Subtract column I from column F. Report the difference here.

## **Column K    Eligible Capital Base**

If the respondent organization is a U.S. IHC that has total consolidated assets of at least \$50 billion but less than \$250 billion, then report the IHC's capital stock plus surplus. All other covered companies and covered foreign entities should report tier 1 capital.

## **Column L    Net Credit Exposure Ratio**

Divide column J by column K. Report the resulting ratio here. Round to two decimal places. For example, if the resulting ratio is 0.586, then record that as "0.59" in the appropriate cell; if the resulting ratio is 0.495, then record that as "0.5" in the appropriate cell.

# DRAFT

## **SCHEDULE A-1: ECONOMIC INTERDEPENDENCE**

Sections 252.76(b) and 252.176(b) of the SCCL rule require a covered company or covered foreign entity to aggregate its net credit exposures to counterparties that are economically interdependent—meaning that the underlying risk of one counterparty’s financial distress or failure would cause the financial distress or failure of another counterparty. Those sections enumerate specific factors that a covered company or covered foreign entity must consider in order to assess whether counterparties are economically interdependent. Such factors include whether 50 percent or more of one counterparty’s gross revenue is derived from the other counterparty, or whether two or more counterparties rely on the same source for the majority of their funding. The SCCL rule requires that counterparties that must be aggregated be treated as a single counterparty (reported in Schedule A-1 as an “interconnected counterparty group”) for purposes of the aggregate net credit exposure limits of the SCCL rule. Schedule A-1 requires the respondent organization to provide its aggregate net credit exposure to each member of the interconnected counterparty group (one per column). The final column of Schedule A-1 sums the total net credit exposure of the respondent organization to each connected counterparty group.

Note that a U.S. IHC with at least \$50 billion but less than \$250 billion in total consolidated assets does not have to perform this test. All other covered companies and covered foreign entities are required to conduct an assessment for economic interdependence only if its aggregate net credit exposure to a counterparty exceeds 5 percent of its tier 1 capital. If none of the enumerated factors are met, then the covered company or covered foreign entity need not aggregate exposures to those counterparties unless the Board determines that one or more other counterparties of the covered company or covered foreign entity are economically interdependent.

Table 8 shows what Schedule A-1 could look like for XYZ Corp. It has to run through the assessment of economic interdependence when its exposure to a counterparty exceeds 5 percent of XYZ Corp.’s tier 1 capital. In the first case, suppose XYZ Corp. has a net credit exposure to Global Corp. that is 7 percent of XYZ Corp.’s tier 1 capital. Suppose further that Global Corp. sells 40 percent of its output to Tractor Corp. and another 30 percent of its output to Mr. Smith. In this scenario, the interconnected counterparty group consists of Global Corp., Tractor Corp., and Mr. Smith. XYZ Corp. would have to aggregate its net credit exposures for all three counterparties and report that in the final column.

In the second case, suppose that XYZ Corp. has a net credit exposure to ABC Corp. that is 6 percent of XYZ Corp.’s tier 1 capital. Suppose further that ABC Corp. derives 55 percent of its gross revenue from Green Corp. In this scenario, ABC Corp. and Green Corp. would be considered economically interdependent, and so XYZ Corp. would have to aggregate its net credit exposures to the two counterparties.

In the third case, XYZ Corp. has a net credit exposure to Insurer Corp. that is 7 percent of XYZ Corp.’s tier 1 capital. Suppose further that XYZ Corp. has a net credit exposure to Widget Corp. that is 4 percent of XYZ Corp.’s tier 1 capital. Insurer Corp. has fully guaranteed the exposure to Widget Corp., meaning that if Widget Corp. goes bankrupt, Insurer Corp. would have to pay back the loan in full to XYZ Corp. Under this scenario, XYZ Corp. would have to aggregate the exposures of Insurer Corp. and Widget Corp.

# DRAFT

**Table 8: Economic Interdependence**

|                                   | Column A                      | Column B                      | Column C                      | Column D                      | Column E                      | Column F                |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------|
| Interconnected Counterparty Group | Interdependent Counterparty 1 | Interdependent Counterparty 2 | Interdependent Counterparty 3 | Interdependent Counterparty 4 | Interdependent Counterparty 5 | Total Exposure to Group |
| [1]                               | Global Corp.                  | Tractor Corp.                 | Mr. Smith                     | -                             | -                             | $\sum_{i=1}^3 x_i$      |
| [2]                               | ABC Corp.                     | Green Corp.                   | -                             | -                             | -                             | $\sum_{i=1}^2 y_i$      |
| [3]                               | Insurer Corp.                 | Widget Corp.                  | -                             | -                             | -                             | $\sum_{i=1}^2 z_i$      |

## Interconnected Counterparty Group

Report economically interdependent counterparties in groups. There should be a minimum of two counterparties per group.

### Column A Interdependent Counterparty 1

Report the full legal name of the first economically interdependent counterparty.

### Column B Interdependent Counterparty 2

Report the full legal name of the second economically interdependent counterparty.

### Column C Interdependent Counterparty 3

Report the full legal name of the third economically interdependent counterparty, if applicable.

### Column D Interdependent Counterparty 4

Report the full legal name of the fourth economically interdependent counterparty, if applicable.

### Column E Interdependent Counterparty 5

Report the full legal name of the fifth economically interdependent counterparty, if applicable.

### Column F Total Exposure to Interconnected Counterparty Group

Report the aggregated value of the net credit exposure ratios.

# DRAFT

## SCHEDULE A-2: CONTROL RELATIONSHIPS

Sections 252.76(c) and 252.176(c) of the SCCL rule require a covered company or covered foreign entity to aggregate exposures to counterparties due to the presence of certain control relationships. These sections require that counterparties connected by certain specified control relationships be treated as a single counterparty (reported in Schedule A-2 as a “control counterparty group”) for purposes of the aggregate net credit exposure limits of the SCCL rule. Schedule A-2 requires the respondent organization to provide its aggregate net credit exposure to each member of the control counterparty group (one per column). The final column of Schedule A-2 sums the total net credit exposure of the respondent organization to each control counterparty group.

Once again, U.S. IHCs with at least \$50 billion but less than \$250 billion in total consolidated assets do not have to perform this test. All other covered companies and covered foreign entities are required to conduct an assessment for certain control relationships only if its aggregate net credit exposure to a counterparty exceeds 5 percent of its tier 1 capital.

Table 9 shows what Schedule A-2 could look like for XYZ Corp. It has to run through the assessment of certain control relationships when its exposure to a counterparty exceeds 5 percent of its tier 1 capital. In the first case, suppose XYZ Corp. has a net credit exposure to Global Corp. that is 7 percent of XYZ Corp.’s tier 1 capital. Suppose further that Global Corp. owns 45 percent of Red Corp.’s voting shares. In this case, XYZ Corp. would have to aggregate the net credit exposures of Global Corp. and Red Corp. and report it as the net credit exposure to the first control counterparty group.

In the second example, suppose that XYZ Corp. has a net credit exposure to ABC Corp. that is 6 percent of XYZ Corp.’s tier 1 capital. Suppose further that ABC Corp. controls the majority of the directors of Green Corp. In this case, XYZ Corp. would have to aggregate the net credit exposures of ABC Corp. and Green Corp., and report the sum as the net credit exposure to the second control counterparty group.

**Table 9: Control Relationships**

|                            | Column A               | Column B               | Column C               | Column D               | Column E               | Column F                |
|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
| Control Counterparty Group | Control Counterparty 1 | Control Counterparty 2 | Control Counterparty 3 | Control Counterparty 4 | Control Counterparty 5 | Total Exposure to Group |
| [1]                        | Global Corp.           | Red Corp.              | -                      | -                      | -                      | $\sum_{i=1}^2 x_i$      |
| [2]                        | ABC Corp.              | Green Corp.            | -                      | -                      | -                      | $\sum_{i=1}^2 y_i$      |
| [3]                        | -                      | -                      | -                      | -                      | -                      | -                       |

### Control Counterparty Group

Report control counterparties in groups. There should be a minimum of two counterparties per group.

#### Column A Control Counterparty 1

Report the full legal name of the first control counterparty.

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**Column B Control Counterparty 2**

Report the full legal name of the second control counterparty.

**Column C Control Counterparty 3**

Report the full legal name of the third control counterparty, if applicable.

**Column D Control Counterparty 4**

Report the full legal name of the fourth control counterparty, if applicable.

**Column E Control Counterparty 5**

Report the full legal name of the fifth control counterparty, if applicable.

**Column F Total Exposure to Control Counterparty Group**

Report the aggregated value of the net credit exposure ratios.