

Proposed Amendments to the FR 2052a (6G) Implementing the Balance Sheet

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Overview of Today's Session

- Proposal background
- Changes to data structure
- Reporting frequency and timing
- Mapping the FR 2052a balance sheet:
 - Assets, liabilities, and equity
 - Carrying value adjustments and examples
- Additional resources

Proposal Background

- On March 29, 2021, the Federal Reserve proposed amendments to the FR 2052a data collection. The public comment period for this proposal ends on May 28, 2021.
- One of the principal objectives of these changes is to facilitate supervisory monitoring of banking organizations' structural funding, which includes monitoring compliance with the Net Stable Funding Ratio (NSFR) rule.
- Meeting this objective requires adaptation of the FR 2052a to enable alignment with U.S. Generally Accepted Accounting Principles (GAAP) balance sheet reporting.
- The proposed changes seek to bridge this gap, while relying as much as possible on the pre-existing data structures.

Changes to Data Structure

	New balance sheet products	Other new products	Moved/re-classified products	Added field(s) ¹	New table
Inflows					
Assets	✓			✓	
Unsecured	✓			✓	
Secured		✓ ²	✓	✓	
Other				✓	
Outflows					
Wholesale				✓	
Secured		✓ ²		✓	
Deposits		✓		✓	
Other				✓ ³	
Supplemental					
Derivatives & Collateral ⁴	✓ ⁴	✓ ⁴	✓ ⁴		✓ ⁴
Liquidity Risk Measurement ⁴		✓ ⁴	✓ ⁴		✓ ⁴
Balance Sheet	✓				✓
Informational			✓ ⁵	✓ ³	
Foreign Exchange ⁶				✓ ⁶	

Tailored reporting requirements:

¹Applicability of certain new fields limited to Category I banking organizations and banking organizations subject to the Liquidity Risk Measurement (LRM) standards

²Only applicable for banking organizations that engage in total return swap financing activity (e.g., synthetic prime brokerage)

³Only applicable for Category I banking organizations

⁴Not applicable for Category IV banking organizations with less than \$50bn in average weighted Short-term Wholesale Funding (w STWF)

⁵Category IV banking organizations required to disclose subsidiary trapped liquidity based on 30-day Internal Liquidity Stress Test (ILST) planning horizon (in lieu of Liquidity Coverage Ratio (LCR))

⁶Not applicable for Category IV banking organizations and Category III banking organizations with less than \$75 billion in average w STWF

Reporting Frequency and Timing

- The proposal includes frequencies and timing of submissions for products in the Supplemental – Balance Sheet¹ table and products related to the NSFR in the Supplemental – Liquidity Risk Measurement table that differ from the primary reporting frequencies and timing of submissions applicable to the FR 2052a.

Reporting firm cohort	Primary reporting frequency	Primary timing of submission	Reporting frequency for exceptional NSFR and balance sheet products	Timing of submission for exceptional NSFR and balance sheet products
Category I Category II Category III with \$75bn or more in wSTWF	Each business day	T+2	Monthly	T+15
Category III with less than \$75bn in wSTWF	Monthly	T+2	Monthly	T+15
Category IV with \$50bn or more in wSTWF	Monthly	T+10	Monthly	T+15
Category IV with less than \$50bn in wSTWF	Monthly	T+10	Quarterly	T+15 ²

¹ Category I firms would be required to submit S.B.5: Counterparty Netting each business day, T+2.

² Category IV firms with less than \$50bn in average wSTWF would be required to submit products in the Supplemental – Balance Sheet table, but not the Supplemental – Liquidity Risk Measurement table.

Mapping Balance Sheet Assets

FR 2052a tables	Examples of applicable balance sheet components
Inflows – Assets	<ul style="list-style-type: none">• Central bank balances• Securities inventory• Commodities and physical property
Inflows – Unsecured	<ul style="list-style-type: none">• Unsecured placements (including deposits at other banks)• Other unsecured loans• Other cash item receivables
Inflows – Secured	<ul style="list-style-type: none">• Cash lending securities financing transactions (e.g., reverse repo)• Other secured lending (e.g., mortgage loans)
Inflows – Other	<ul style="list-style-type: none">• Interest and dividends receivable
Supplemental – Derivatives & Collateral	<ul style="list-style-type: none">• Derivative assets• Derivative margin and default fund receivables
Outflows – Secured	<ul style="list-style-type: none">• Trade-date receivables• Receivables for failed sales
Supplemental – Balance Sheet	<ul style="list-style-type: none">• All other assets

Mapping Balance Sheet Liabilities and Equity

FR 2052a tables

Examples of applicable balance sheet components

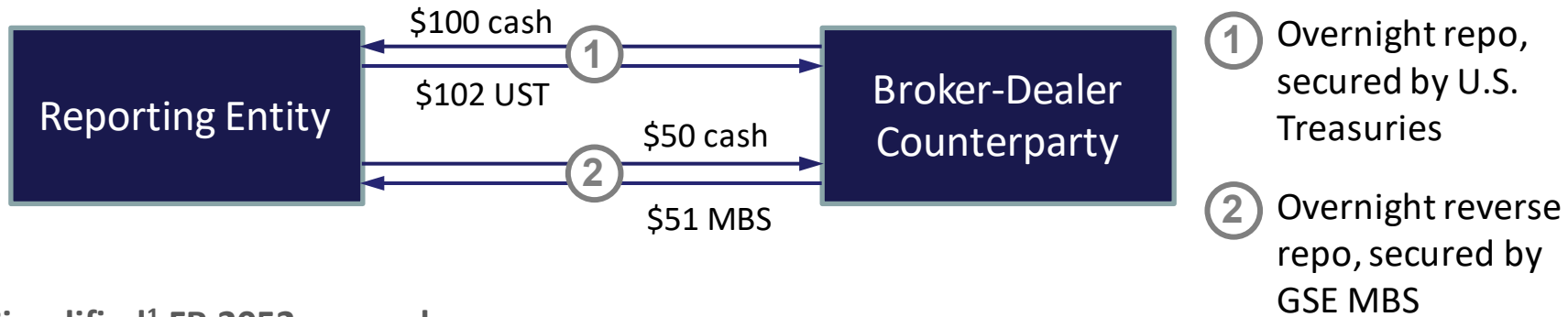
Outflows – Deposits	<ul style="list-style-type: none"> • Retail and wholesale deposits
Outflows – Wholesale	<ul style="list-style-type: none"> • Vanilla and structured debt issuance • Wholesale unsecured funds purchased • Other unsecured payables
Outflows – Secured	<ul style="list-style-type: none"> • Cash borrowing securities financing transactions (e.g., repo) • Customer short payables • Firm short positions (trading liabilities) • Other secured liabilities
Outflows – Other	<ul style="list-style-type: none"> • Interest and dividends payable
Supplemental – Derivatives & Collateral	<ul style="list-style-type: none"> • Derivative liabilities • Payables for derivative margin received
Inflows – Assets	<ul style="list-style-type: none"> • Trade date payables • Payables for failed purchases
Supplemental – Balance Sheet	<ul style="list-style-type: none"> • Other liabilities • Equity

Carrying Value Adjustments

- The Supplemental – Balance Sheet table includes two new products designed to reconcile the primary reporting basis for FR 2052a assets, liabilities, and equity with their appropriate carrying values as per section 102 of the Liquidity Risk Measurement standards.¹
- These products would have unique features as compared to other data elements. For example:
 - Reported attributes (e.g., “Collection Reference” and “Product Reference” fields) would link adjustments to other data elements.
 - S.B.5: Counterparty Netting would require a negative value, while S.B.6: Carrying Value Adjustment would accept both positive and negative values.
- Designed to be flexible in application, facilitate balance sheet reconciliation, and enhance transparency

¹ Section 102 establishes: (a) the NSFR as a balance sheet metric, (b) the netting of certain transactions, and (c) the treatment of securities received in an asset exchange by a securities lender.

Example: Offsetting Securities Financing Transactions



Simplified¹ FR 2052a records

①

Reporting Entity	Product	Maturity Amount	Maturity Bucket	Collateral Class	Collateral Value	Counterparty
Entity A	O.S.1: Repo	\$100	Day 1	A-1-Q	\$102	Broker-Dealer

B/S Adj.

Reporting Entity	Product	Maturity Amount	Maturity Bucket	Collection Reference	Product Reference	Collateral Class	Counterparty
Entity A	S.B.5: Counterparty Netting	(\$50)	Day 1	O.S	Repo	A-1-Q	Broker-Dealer

②

Reporting Entity	Product	Maturity Amount	Maturity Bucket	Collateral Class	Collateral Value	Counterparty
Entity A	I.S.1: Reverse Repo	\$50	Day 1	G-2-Q	\$51	Broker-Dealer

B/S Adj.

Reporting Entity	Product	Maturity Amount	Maturity Bucket	Collection Reference	Product Reference	Collateral Class	Counterparty
Entity A	S.B.5: Counterparty Netting	(\$50)	Day 1	I.S	Reverse Repo	G-2-Q	Broker-Dealer

¹ Excludes certain required fields to simplify illustration of adjustments

Example: Loans Held in Trading Portfolio at Fair Value

- A reporting entity (“Entity A”) holds \$100mm in commercial mortgage loans to non-financial corporates maturing in 4.5 years in its trading portfolio.
- The fair value of the loans is \$1.5mm below the outstanding principal amount.

Simplified¹ FR 2052a records

Loans

Reporting Entity	Product	Maturity Amount	Maturity Bucket	Collateral Class	Collateral Value	Counterparty	Risk Weight
Entity A	I.S.8: Other Secured Loans (Non-rehyp)	\$100	>4 Yr <= 5 Yr	P-2	\$125	Non-Financial Corporate	1.00

B/S Adj.

Reporting Entity	Product	Maturity Amount	Maturity Bucket	Collection Reference	Product Reference	Collateral Class	Counterparty	Risk Weight
Entity A	S.B.6: Carrying Value Adjustment	(\$1.5)	>4 Yr <= 5 Yr	I.S	Other Secured Loans (Non-rehyp)	P-2	Non-Financial Corporate	1.00

¹ Excludes certain required fields to simplify illustration of adjustments

Additional Resources

Resource	Location
Federal Register notice (including process for submitting comments)	https://www.federalregister.gov/documents/2021/03/29/2021-06379/proposed-agency-information-collection-activities-comment-request
Proposed FR 2052a instructions	https://www.federalreserve.gov/reportforms/formsreview/FR%202052a%20Draft%20Instructions%20.pdf
Draft guidance for mapping proposed FR 2052a instructions to LCR and STWF component of G-SIB surcharge	https://www.federalreserve.gov/reportforms/formsreview/Updated%20Appendix%20VI%20and%20VII_LCR%20and%20STWF.pdf
Draft guidance for mapping proposed FR 2052a instructions to NSFR	https://www.federalreserve.gov/reportforms/formsreview/Appendix%20VIII_NSFR.pdf
Public comments received on FR 2052a proposal	https://www.federalreserve.gov/apps/foia/ViewComments.aspx?doc_id=ICP%2D202115&doc_ver=1
NSFR rule Federal Register notice	https://www.federalregister.gov/documents/2021/02/11/2020-26546/net-stable-funding-ratio-liquidity-risk-measurement-standards-and-disclosure-requirements
Inter-agency inbox for LCR and NSFR interpretive questions	LCR-NSFR.INFO@occ.treas.gov

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