



FR 2052A Final Updated Reporting Requirements

January 2022

FR 2052a Overview and Evolution

Increased Transparency through Evolution



Increased Detail in recent generations of liquidity report

The recently finalized FR 2052a reporting rule is the next evolution of liquidity data reporting requirements, increasing the level of detail of on an institution's liquidity profile, including additional information on securities financing transactions, wholesale unsecured funding, deposits, loans, unfunded commitments, collateral, derivatives, and foreign exchange



Improved visibility across entities

Single, consolidated views in earlier versions of the FR 2052a left gaps in the transparency of an institution's liquidity profile within and across material entities



Monitoring liquidity reserves

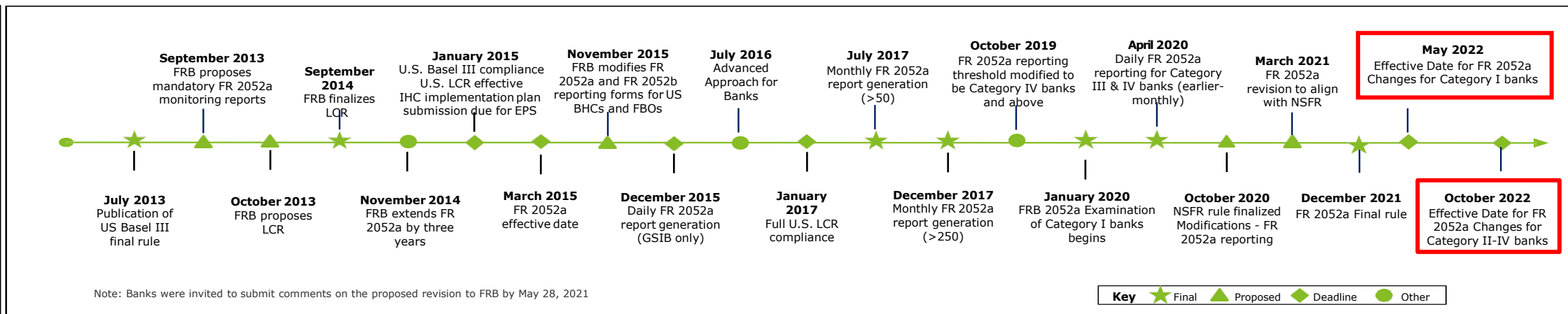
Ensures that supervised firms are adequately managing risks based on current supervisory expectations



Greater alignment to balance sheet, Net Stable Funding Ratio (NSFR), and Liquidity Coverage Ratio (LCR)

The latest generation of the report improved alignment with the NSFR, LCR and balance sheet

Timeline



FR 2052a Revised Rule

On March 29, 2021, the Federal Reserve Board (FRB) issued a proposed update to the FR 2052a, which was adopted largely as proposed in December 2021. The revised rule adds new reporting requirements that address the recently finalized NSFR requirements, specifications for calculating LCR and NSFR and aligns the reporting of the Liquidity Risk Management (LRM) Standards. The expansion of the FR 2052a report will challenge the industry by requiring integration of balance sheet data and processes; tighter alignment with the Liquidity Coverage Ratio (LCR) and NSFR data and calculation processes; and increased monitoring and control of data included across multiple FRB reports and regulations (e.g., Regulatory Capital, FR Y-14, Regulation Q).

Regulatory Requirements

- Federal Reserve will use the FR 2052a to **construct an accounting balance sheet** for a complete view
- **LCR and NSFR** ratios and supporting data are now **reportable in the FR 2052a**
- **Increased emphasis on derivatives** via reporting of gross derivative balance sheet values and cumulative settlements to date
- **New obligation** to report **assets pledged to Central Counterparties (CCPs) under mutual loss sharing commitments**, irrespective of balance sheet inclusion

Data Impact

- **Data supply chain will need GL and collateral management data**; current industry practice is to source data from risk systems
- Intangible asset values, deferred tax assets (DTAs), carrying value adjustments, regulatory capital and Total Loss Absorbing Capacity (TLAC) instruments would be **reportable**, as well as real assets
- Requires **data supply chain for LCR and NSFR data elements** (e.g., available/unavailable stable funding within subsidiaries)
- **Balance sheet value** and **cumulative settlements** requirements will likely mean new data sourcing and enrichment processes
- CCP commitment data **must separate commitments that include derivative transactions** from commitments that do not include derivative transactions

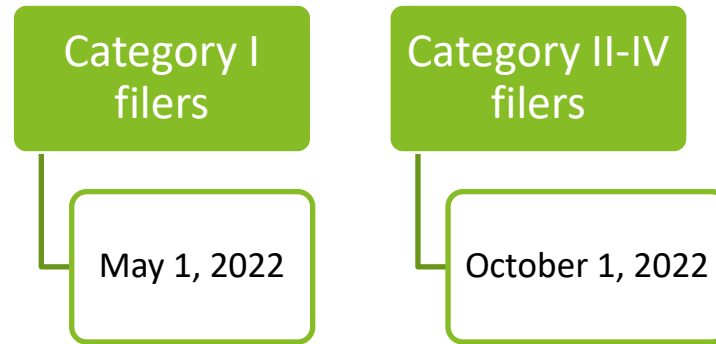
Operational & Control Impacts

- **Data availability** from systems that are not designed to support a daily reporting cadence
- **New controls** to confirm consistency across regulatory reports and across regulations (e.g., FR Y-14, Regulation Q, FR Y-9C)
- Real asset valuation and connection to secured cash flows requires **increased involvement of line of business (LoB) systems, necessitating reconciliation** and other controls
- **Directly connects FR 2052a data and the LCR and NSFR ratios**, requiring adoption of a single process and data supply chain for FR 2052a, LCR and NSFR
- Derivative valuation and flow projections will **increase reliance on valuation models**. Processes will need to **match daily/monthly FR 2052a cadences**.


Adopted changes in the final rule emphasize the need to integrate finance and risk data

FR 2052a – Final Implementation and Submission Dates

Compliance dates for the final FR 2052a rule were pushed out to May 1, 2022, for Category 1 banks and October 1, 2022, for Category II-IV banks. Submission timelines of T+2 for daily filers and T+10 for monthly filers were maintained. The final rule explicitly states that monthly filers will need to be prepared to file more frequently if requested.



 ***Impact: Planning, data sourcing, and automation implementation should begin immediately***


 ***Impact: Monthly filers have a sustainable process that can accommodate changes in frequency and delivery times.***


FR 2052a – Impacts of the Final Rule

The final rule adopted most proposed changes. While some additional clarification was provided, FR 2052a filers will need to develop and document approaches and methodologies to address rule requirements that have been deliberately left undefined. Mapping and analysis will need to be conducted and reconciliation tools developed to confirm that balance sheet information has been fully captured in the reported data.

Carrying Value Adjustments


The Final Rule adopted the concept of “Carrying Value Adjustments” (adjustment to make balance sheet amount to align with LRM standards). The rule is not prescriptive, stating that the adjustments be at a level “...to monitor and assess the adequacy of a banking organization’s assets and liabilities.”

 **Impact: Filers must develop methodologies that will provide the level needed that will materially present a balance sheet view using the data provided in the FR 2052 reporting.**

 **The methodology should include an assessment of the material effect and a cost benefit analysis of the level of adjustment (e.g., counterparty, product).**


Data Submission

Filers will not be required to resubmit data previously filed (e.g., daily) unless the FR 2052a contains material errors.

 **Impact: Firms will need to develop materiality thresholds and “post close” policies to determine if a revised filing should occur.**

Rule Data Mapping

The Federal Reserve did not provide any guidance for mapping to the balance sheet. The final rules states that the level of reconciliation to the balance sheet should be at a “broad level”.

 **Impact: Filers should develop reconciliation tools and analysis to insure complete coverage of the balance sheet.**

FR 2052a – Impacts of the Final Rule (continued)

The final rule adopted most proposed changes. While some additional clarification was provided, FR 2052a filers will need to develop and document approaches and methodologies to address rule requirements that have been left undefined. Organizations should execute a gap assessment and analysis of the final rule and the instructions to determine impacts to process and system changes.

Non-NSFR Material Entities

The Final Rule clarified that only material entities subject to the NSFR are required to submit certain NSFR-related data in the FR 2052a, thereby relieving US branches of foreign banking organizations (FBOs) from the reporting of NSFR-related fields on the FR 2052a.

 **Impact: Significantly reduces reporting requirements and level of effort for FBOs.**

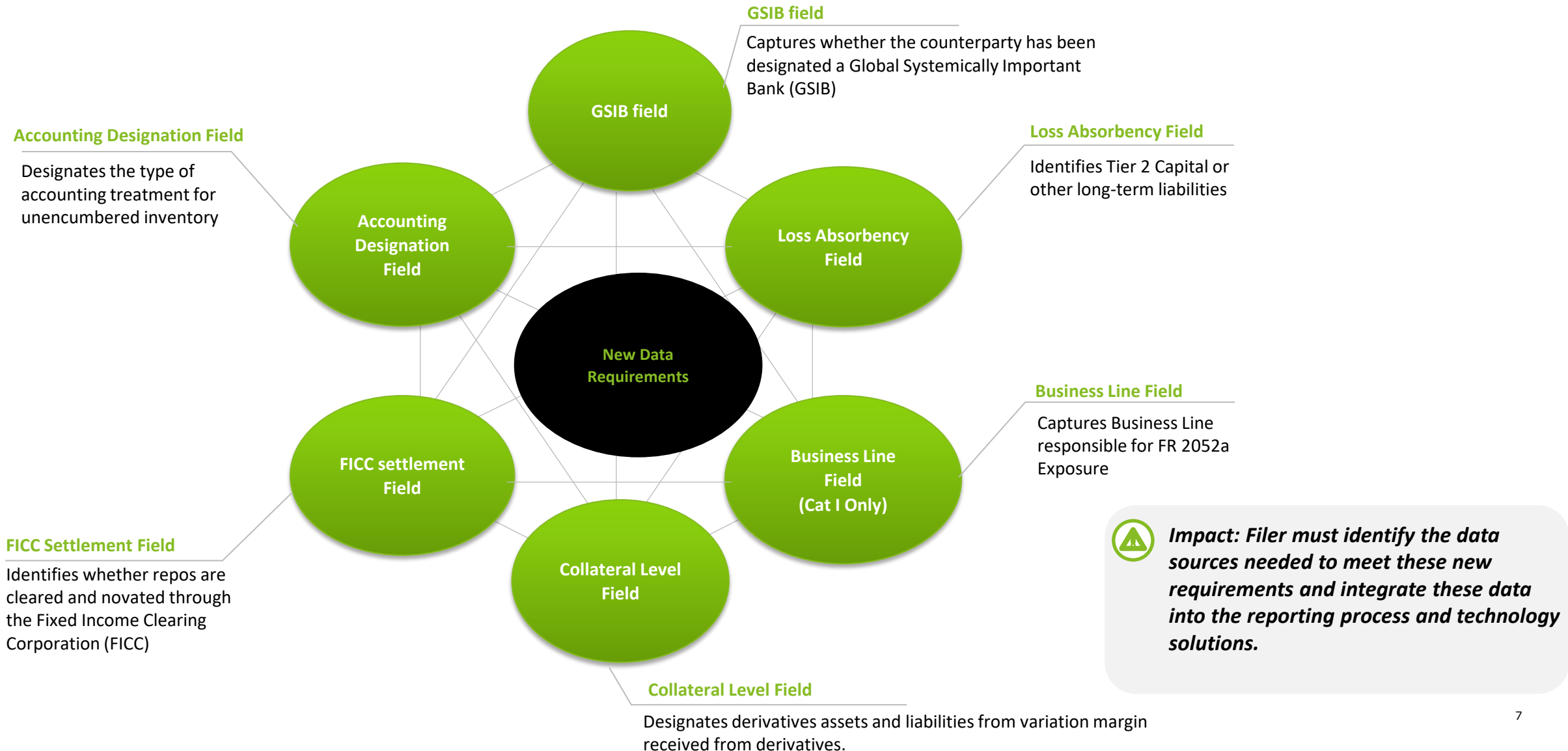
Instructional and Technical Changes

- Revised maturity buckets to match the NSFR standardized maturity buckets.
- Clarified the use of the “Evergreen” and “Accelerated” maturity designations
- Clarified the definition of collateral classification for US municipal obligations
- Confirms that the descriptions of data reported in the “Other” data fields may be reported monthly instead of daily
- Provided clarifications on the reporting of encumbered assets, inter-affiliate dividends, and noncash items.
- Confirmed that counterparty netting follows the NSFR rule on the FR 2052a
- Revisions were made to incorporate FAQs, correcting minor errors in the instructions, and removing several data field that are no longer needed.

 **Impact: Filers should conduct a complete analysis of the final rule and instructions to identify where process and system changes are needed.**

FR 2052a - Data Requirements of Final Rule

The final rule retains new data fields unrelated to the LRM standards. These data fields will be used by the regulator to monitor prudential and financial stability risks. In addition to the new fields, the final rule expanded on the granularity of counterparty types.



Appendix

Summary of FR 2052a final rule changes

FR 2052a Finalized Changes By Overarching Theme (1/2)

Below summarizes the FR 2052a revisions finalized by FRB to accurately reflect the NSFR final rule and to capture other data elements necessary to monitor banking organizations' liquidity positions and compliance with LRM standards.

	Revision	Impact														
Product Scope Change	<ul style="list-style-type: none"> The proposed revision introduces 3 new data tables (Supplemental Balance Sheet, Supplemental Derivatives & Collateral, Supplemental Liquidity Risk Measurement) and 32 new products (See Appendix I for complete list of New Products proposed) The proposed revision removed Unencumbered Asset Hedges - Early Termination Inflows from the product scope 	<ul style="list-style-type: none"> ✓ Banks need to create new data tables in FR 2052a reporting system ✓ Data sourcing process and transformation logic need to be developed for the new product ✓ Additional data validation controls are required to ensure data completeness and accuracy of the new product 														
Product Reclassification	<ul style="list-style-type: none"> 15 products in Supplemental Information Table are reclassified to Supplemental Derivatives and Collateral Table 4 products in Supplemental Information Table are reclassified to Supplemental Liquidity Risk Measurement Table 	<ul style="list-style-type: none"> ✓ Banks need to update the product mapping in the FR 2052a reporting system and include additional data attributes per the data table requirements 														
Revised Product Definition	<ul style="list-style-type: none"> The definition for 11 products are revised in the FR 2052a Instruction <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: black; color: white;">Product</th> <th style="background-color: black; color: white;">Product</th> </tr> </thead> <tbody> <tr> <td>Unencumbered Assets</td> <td>Variation Margin Posted - House</td> </tr> <tr> <td>Outstanding Draws on Unsecured Revolving Facilities</td> <td>Variation Margin Posted - Customer</td> </tr> <tr> <td>Transactional Accounts</td> <td>Variation Margin Received</td> </tr> <tr> <td>Initial Margin Posted - House</td> <td>Sleeper Collateral Deliverables</td> </tr> <tr> <td>Initial Margin Posted - Customer</td> <td>Other Collateral Substitution</td> </tr> <tr> <td>Initial Margin Received</td> <td>Capacity</td> </tr> </tbody> </table>	Product	Product	Unencumbered Assets	Variation Margin Posted - House	Outstanding Draws on Unsecured Revolving Facilities	Variation Margin Posted - Customer	Transactional Accounts	Variation Margin Received	Initial Margin Posted - House	Sleeper Collateral Deliverables	Initial Margin Posted - Customer	Other Collateral Substitution	Initial Margin Received	Capacity	<ul style="list-style-type: none"> ✓ Banks need to revisit and update the product classification and data sourcing logic per the revised definition
Product	Product															
Unencumbered Assets	Variation Margin Posted - House															
Outstanding Draws on Unsecured Revolving Facilities	Variation Margin Posted - Customer															
Transactional Accounts	Variation Margin Received															
Initial Margin Posted - House	Sleeper Collateral Deliverables															
Initial Margin Posted - Customer	Other Collateral Substitution															
Initial Margin Received	Capacity															
Additional Reporting Frequency	<ul style="list-style-type: none"> The proposed revision introduces for the first-time additional reporting cycles and deadlines for specific tables. Bank institutions would report the Supplemental Balance Sheet and Supplemental LRM on a monthly or quarterly cadence depending on the category level. 	<ul style="list-style-type: none"> ✓ Banks need to update their FR 2052a reporting processes and controls to meet the requirement of different reporting cycles 														

FR 2052a Finalized Changes By Overarching Theme (2/2)

	Proposed Revision	Impact																
Attribute Scope Change	<ul style="list-style-type: none"> 13 new data attributes are added in the revised FR 2052a instruction <table border="1"> <thead> <tr> <th>Data Attribute</th> <th>Data Attribute</th> </tr> </thead> <tbody> <tr> <td>Accounting Designation</td> <td>Loss Absorbency</td> </tr> <tr> <td>Business Line</td> <td>Maturity Optionality</td> </tr> <tr> <td>Collateral Level</td> <td>Netting Eligible</td> </tr> <tr> <td>Collection</td> <td>Product Reference</td> </tr> <tr> <td>Collection Reference</td> <td>Risk Weight</td> </tr> <tr> <td>Encumbrance Type</td> <td>Sub-Product Reference</td> </tr> <tr> <td>G-SIB</td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> The latest FR 2052a Instruction removed the below data attributes Collateral Currency, Currency 1, Currency 1 Converted, Currency 2, Currency 2 Converted, Prime Brokerage, Table.¹ 	Data Attribute	Data Attribute	Accounting Designation	Loss Absorbency	Business Line	Maturity Optionality	Collateral Level	Netting Eligible	Collection	Product Reference	Collection Reference	Risk Weight	Encumbrance Type	Sub-Product Reference	G-SIB		<ul style="list-style-type: none"> ✓ Banks need to define the new attributes and create new data transformation logic and data sourcing process to generate the required information
Data Attribute	Data Attribute																	
Accounting Designation	Loss Absorbency																	
Business Line	Maturity Optionality																	
Collateral Level	Netting Eligible																	
Collection	Product Reference																	
Collection Reference	Risk Weight																	
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Revised Attribute Requirements	<ul style="list-style-type: none"> The revised FR 2052a Instruction updates the definition for below attributes <table border="1"> <thead> <tr> <th>Data Attribute</th> <th>Data Attribute</th> </tr> </thead> <tbody> <tr> <td>Collateral Class</td> <td>Sub-Product</td> </tr> <tr> <td>Counterparty</td> <td>Sub-Product 2</td> </tr> <tr> <td>Maturity Bucket</td> <td>Market Value</td> </tr> <tr> <td>Settlement</td> <td></td> </tr> </tbody> </table>	Data Attribute	Data Attribute	Collateral Class	Sub-Product	Counterparty	Sub-Product 2	Maturity Bucket	Market Value	Settlement		<ul style="list-style-type: none"> ✓ Banks need to update their FR 2052a data tables in the reporting engine to incorporate additional attributes ✓ Banks need to update their data sourcing logic per the revised attribute definition and update the data lineage/business requirement documentation accordingly 						
Data Attribute	Data Attribute																	
Collateral Class	Sub-Product																	
Counterparty	Sub-Product 2																	
Maturity Bucket	Market Value																	
Settlement																		
Extended Attribute Applicability	<ul style="list-style-type: none"> Three data attributes (Effective Maturity Bucket, Collateral Value, and Treasury Control) are applied on additional products 	<ul style="list-style-type: none"> ✓ Banks need to apply the data sourcing logic for the three attributes on additional products 																

1. Two data attributes “Currency” and “Converted” are removed from the data tables in Appendix I while their definitions remain in the Instruction. A few numeric ID attributes (PID, CID, SID, SID2) are removed from the Instruction while the corresponding description name (product, counterparty, sub-product, and sub-product 2) remain, which doesn’t effectively release bank’s effort to prepare the report

FR 2052a Finalized Changes - New Products

PID	Product	PID	Product
I.A.7	Encumbered Assets	S.DC.12	Other CCP Pledges and Contributions
I.U.7	Cash Items in the Process of Collection	S.DC.16	Required Collateral Deliverables
I.U.8	Short-Term Investments	S.L.2	Subsidiary Liquidity Available for Transfer
I.S.7	Outstanding Draws on Secured Revolving Facilities	S.L.6	Liquidity Coverage Ratio
I.S.9	Synthetic Customer Longs	S.L.7	Subsidiary Funding That Cannot Be Transferred
I.S.10	Synthetic Firm Sourcing	S.L.8	Subsidiary Funding Available for Transfer
O.D.5	Excess Balances in Operational Accounts	S.L.9	Additional Funding Requirement for Off-Balance Sheet Rehypothecated Assets
O.D.9	Stable Affiliated Sweep Accounts Balances	S.L.10	Net Stable Funding Ratio
O.D.10	Less Stable Affiliated Sweep Account Balances	S.B.1	Regulatory Capital Element
O.S.9	Synthetic Customer Shorts	S.B.2	Other Liabilities
O.S.10	Synthetic Firm Financing	S.B.3	Non-Performing Assets
S.DC.1	Gross Derivative Asset Values	S.B.4	Other Assets
S.DC.2	Gross Derivative Liability Values	S.B.5	Counterparty Netting
S.DC.3	Derivative Settlement Payments Delivered	S.B.6	Carrying Value Adjustment
S.DC.4	Derivative Settlement Payments Received	S.I.6	Subsidiary Liquidity Not Transferrable
S.DC.11	Derivative CCP Default Fund Contribution		



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