

unique identifier of the agent accessing or returning the key(s).

(i) For Tier A and B operations, at least two (2) drop team agents are required to be present to access and return keys. For Tier C operations, at least three (3) drop team agents are required to be present to access and return keys.

(ii) For Tier A and B operations, at least two (2) count team agents are required to be present at the time count room and other count keys are issued for the count. For Tier C operations, at least three (two for card game drop box keys in operations with three tables or fewer) count team agents are required to be present at the time count room and other count keys are issued for the count.

(3) Documentation of all keys, including duplicates, must be maintained, including:

(i) Unique identifier for each individual key;

(ii) Key storage location;

(iii) Number of keys made, duplicated, and destroyed; and

(iv) Authorization and access.

(4) Custody of all keys involved in the drop and count must be maintained by a department independent of the count and the drop agents as well as those departments being dropped and counted.

(5) Other than the count team, no agent may have access to the drop box content keys while in possession of storage rack keys and/or release keys.

(6) Other than the count team, only agents authorized to remove drop boxes are allowed access to drop box release keys.

(7) Any use of keys at times other than the scheduled drop and count must be properly authorized and documented.

(8) Emergency manual keys, such as an override key, for computerized, electronic, and alternative key systems must be maintained in accordance with the following:

(i) Access to the emergency manual key(s) used to access the box containing the player interface drop and count keys requires the physical involvement of at least three agents from separate departments, including management. The date, time, and reason for access, must be documented with the signatures of all participating persons signing out/in the emergency manual key(s);

(ii) The custody of the emergency manual keys requires the presence of two agents from separate departments from the time of their issuance until the time of their return; and

(iii) Routine physical maintenance that requires access to the emergency manual key(s), and does not involve

accessing the player interface drop and count keys, only requires the presence of two agents from separate departments. The date, time, and reason for access must be documented with the signatures of all participating agents signing out/in the emergency manual key(s).

(9) Controls must be established and procedures implemented to safeguard the use, access, and security of keys for kiosks.

\* \* \* \* \*

■ 4. Amend § 543.18 by revising paragraph (d)(6)(v) to read as follows:

**§ 543.18 What are the minimum internal control standards for the cage, vault, kiosk, cash and cash equivalents?**

\* \* \* \* \*

(d) \* \* \*

(6) \* \* \*

(v) Dollar amount per financial instrument redeemed;

\* \* \* \* \*

■ 5. Amend § 543.23 by revising paragraph (c)(1)(viii) to read as follows:

**§ 543.23 What are the minimum internal control standards for audit and accounting?**

\* \* \* \* \*

(c) \* \* \*

(1) \* \* \*

(viii) Drop and count standards, including supervision, count room access, count team, card game drop standards, player interface and financial instrument drop standards, card game count standards, player interface financial instrument count standards, collecting currency cassettes and financial instrument storage components from kiosks, kiosk count standards, and controlled keys;

\* \* \* \* \*

■ 6. Amend § 543.24 by revising paragraphs (a) and (d)(5) to read as follows:

**§ 543.24 What are the minimum internal control standards for auditing revenue?**

(a) *Supervision.* Supervision must be provided as needed for revenue audit by an agent(s) with authority equal to or greater than those being supervised.

\* \* \* \* \*

(d) \* \* \*

(5) *Complimentary services or items.* At least monthly, review the reports required in § 543.13(c). These reports must be made available to those entities authorized by the TGRA or by tribal law or ordinance.

\* \* \* \* \*

Washington, DC.

Dated: December 12, 2018.

**Jonodev O. Chaudhuri,**  
*Chairman.*

Dated: December 12, 2018.

**Kathryn Isom-Clause,**  
*Vice Chair.*

Dated: December 17, 2018.

**E. Sequoyah Simermeyer,**  
*Associate Commissioner.*

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**BILLING CODE 7565–01–P**

**DEPARTMENT OF THE TREASURY**

**31 CFR Part 148**

**Qualified Financial Contracts Recordkeeping Related to Orderly Liquidation Authority**

**AGENCY:** Department of the Treasury.

**ACTION:** Notification of exemptions.

**SUMMARY:** The Secretary of the Treasury (the “Secretary”), as Chairperson of the Financial Stability Oversight Council (“FSOC”), after consultation with the Federal Deposit Insurance Corporation (the “FDIC”), is issuing a determination regarding requests for exemption from certain requirements of the rule implementing the qualified financial contracts (“QFC”) recordkeeping requirements of Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act” or the “Act”).

**DATES:** The exemptions granted are effective December 21, 2018.

**FOR FURTHER INFORMATION CONTACT:** Peter Phelan, Deputy Assistant Secretary for Capital Markets, (202) 622–1746; Peter Nickoloff, Financial Economist, Office of Capital Markets, (202) 622–1692; Steven D. Laughton, Assistant General Counsel (Banking & Finance), (202) 622–8413; or Stephen T. Milligan, Acting Deputy Assistant General Counsel (Banking & Finance), (202) 622–4051.

**SUPPLEMENTARY INFORMATION:**

**Background**

On October 31, 2016, the Secretary published a final rule pursuant to section 210(c)(8)(H) of the Dodd-Frank Act requiring certain financial companies to maintain records with respect to their QFC positions, counterparties, legal documentation, and collateral that would assist the FDIC as receiver in exercising its rights and fulfilling its obligations under Title II of the Act (the “final rule” or “rule”).<sup>1</sup>

<sup>1</sup> 31 CFR part 148; 81 FR 75624 (Oct. 31, 2016).

Section 148.3(c)(3) of the rule provides that one or more records entities may request an exemption from one or more of the requirements of the rule by writing to the Department of the Treasury (“Treasury”), the FDIC, and the applicable primary financial regulatory agency or agencies, if any.<sup>2</sup> The written request for an exemption must: (i) Identify the records entity or records entities or the types of records entities to which the exemption would apply; (ii) specify the requirements from which the records entities would be exempt; (iii) provide details as to the size, risk, complexity, leverage, frequency and dollar amount of QFCs, and interconnectedness to the financial system of each records entity, to the extent appropriate, and any other relevant factors; and (iv) specify the reasons why granting the exemption will not impair or impede the FDIC’s ability to exercise its rights or fulfill its statutory obligations under sections 210(c)(8), (9), and (10) of the Act.<sup>3</sup>

The rule provides that, upon receipt of a written recommendation from the FDIC, prepared in consultation with the primary financial regulatory agency or agencies for the applicable records entity or entities, that takes into consideration each of the factors referenced in section 210(c)(8)(H)(iv) of the Act<sup>4</sup> and any other factors the FDIC considers appropriate, the Secretary may grant, in whole or in part, a conditional or unconditional exemption from compliance with one or more of the requirements of the rule to one or more records entities.<sup>5</sup> The rule further provides that, in determining whether to grant an exemption, the Secretary will consider any factors deemed appropriate by the Secretary, including whether application of one or more requirements of the rule is not necessary to achieve the purpose of the rule.<sup>6</sup>

## Requests for Exemptions

### Overview

On August 23, 2017, The Clearing House Association L.L.C. (“TCH”) and the Securities Industry and Financial Markets Association (“SIFMA”) and, together with TCH, “TCH–SIFMA” or the “associations”), jointly submitted a written request for seven separate exemptions from certain recordkeeping requirements of the rule.<sup>7</sup> The associations’ request was submitted on

behalf of 33 corporate groups that are members of a working group organized by TCH–SIFMA.<sup>8</sup> As discussed in greater detail below, TCH–SIFMA requested an exemption (1) for cash market transactions, (2) for transactions that mature overnight, (3) for seeded funds, (4) for subsidiaries of excluded entities, (5) for corporate groups for which the preponderance of assets and derivatives exposures in the group are in an insured depository institution, (6) for entities that are not identified as material entities in a corporate group’s resolution plan, and (7) from the requirement to report, in the corporate organization master table, excluded entities and non-financial companies of a corporate group.

As discussed more fully in the preamble to the final rule,<sup>9</sup> the FDIC has the authority under Title II of the Dodd-Frank Act to transfer the assets and liabilities of any financial company for which it has been appointed receiver under Title II (a “covered financial company”) to either a bridge financial company established by the FDIC or to another financial institution.<sup>10</sup> The FDIC generally has broad discretion under Title II as to which QFCs it transfers to the bridge financial company or to another financial institution, subject to certain limitations, including the requirement that, if the FDIC is to transfer a QFC with a particular counterparty, it must transfer to a single financial institution (i) all QFCs between the covered financial company and such counterparty and (ii) all QFCs between the covered financial company and any affiliate of such counterparty.<sup>11</sup> Similarly, if the FDIC determines to disaffirm or repudiate any QFC with a particular counterparty, it must disaffirm or repudiate (i) all QFCs between the covered financial company

and such counterparty and (ii) all QFCs between the covered financial company and any affiliate of such counterparty.<sup>12</sup> This requirement is referred to as the “all or none rule.”

Treasury received a recommendation from the FDIC, prepared in consultation with the relevant primary financial regulatory agencies,<sup>13</sup> regarding the TCH–SIFMA exemption requests. After consultation with the FDIC, Treasury is making the determinations discussed below.<sup>14</sup> The remaining exemption requests by TCH–SIFMA will be addressed separately.

### Cash Market Transactions

TCH–SIFMA requested an exemption from all of the recordkeeping requirements of the rule for any cash market QFC that typically settles in accordance with a market standard settlement cycle. For purposes of this discussion, “cash market QFC” refers to an agreement to purchase or sell an equity or fixed income security or, in the case of a foreign exchange spot transaction, an agreement to purchase or sell one currency in exchange for another currency.<sup>15</sup>

The associations stated that requiring recordkeeping for these transactions is unnecessary because (1) cash market QFCs are standardized and do not have unique terms and, accordingly, the relevant data for FDIC decision making as to whether to transfer such QFCs would be limited to identifying counterparties to such QFCs and the net exposure with such counterparties; (2) records entities execute a high volume of cash market QFCs on a daily basis, making compliance with the daily recordkeeping requirements with respect to such transactions burdensome; (3) records entities already have systems in place for evaluating counterparty exposure on a net basis

<sup>8</sup> The participants in the TCH–SIFMA working group are Bank of America Corporation; BancWest Corporation; The Bank of New York Mellon Corporation; Barclays US LLC; BB&T Corporation; BMO Financial Corp.; Capital One Financial Corporation; Citigroup Inc.; Citizens Financial Group, Inc.; Comerica Incorporated; Credit Suisse Holdings (USA), Inc.; Deutsche Bank Trust Corporation; Fifth Third Bancorp; The Goldman Sachs Group, Inc.; HSBC North America Holdings Inc.; JPMorgan Chase & Co.; KeyCorp; M&T Bank Corporation; Morgan Stanley; MUFG Americas Holding Corporation; Nomura Holding America Inc.; Nuveen, LLC; The PNC Financial Services Group, Inc.; RBC USA Holdco Corporation; Regions Financial Corporation; Santander Holdings USA, Inc.; State Street Corporation; SunTrust Banks, Inc.; Teachers Insurance and Annuity Association of America; Toronto Dominion Holdings (U.S.A.), Inc.; US Bancorp; UBS Americas, Inc.; and Wells Fargo & Company.

<sup>9</sup> See 81 FR at 75624–25.

<sup>10</sup> See, e.g., 12 U.S.C. 5390(a)(1)(G)(i).

<sup>11</sup> 12 U.S.C. 5390(c)(9)(A).

<sup>12</sup> 12 U.S.C. 5390(c)(11).

<sup>13</sup> The FDIC consulted with staff of the Board of Governors of the Federal Reserve System (“Board of Governors”), the Commodity Futures Trading Commission (“CFTC”), and the Securities and Exchange Commission (“SEC”).

<sup>14</sup> All exemptions to the recordkeeping requirements of the rule are made at the discretion of the Secretary, and the Secretary’s discretion is not limited by any recommendations received from other agencies. Exemptions to the FDIC’s recordkeeping rules under 12 CFR part 371 (Recordkeeping Requirements for Qualified Financial Contracts) are at the discretion of the board of directors of the FDIC and entail a separate request and process and separate policy considerations. References to the FDIC in this notice should not be taken to imply that the FDIC has determined that similar exemptions under Part 371 would be available.

<sup>15</sup> Such transactions are qualified financial contracts as defined in Title II of the Dodd-Frank Act and the rule. See 12 U.S.C. 5390(c)(8)(D)(ii)(I), (vi)(I); 31 CFR 148.2(m).

<sup>2</sup> 31 CFR 148.3(c)(3).

<sup>3</sup> 12 U.S.C. 5390(c)(8), (9), and (10).

<sup>4</sup> 12 U.S.C. 5390(c)(8)(H)(iv).

<sup>5</sup> 31 CFR 148.3(c)(4)(i).

<sup>6</sup> 12 U.S.C. 148.3(c)(4)(ii).

<sup>7</sup> TCH has since been succeeded by the Bank Policy Institute.

and the FDIC should use these existing systems for cash market QFCs, rather than imposing the burden of new recordkeeping requirements for cash market QFCs, particularly since they are short-dated and thus most will not be in existence on any particular date when the FDIC is appointed receiver of a records entity; (4) these transactions pose little risk to records entities due to their limited leverage and complexity and short settlement period; and (5) the FDIC would likely focus on ensuring the settlement of cash market QFCs rather than repudiating or disaffirming them which, TCH-SIFMA argued, would undermine financial stability in the event of adverse market conditions.

The associations raised points similar to the foregoing in their comment letter submitted in response to Treasury's proposal of the rule.<sup>16</sup> In adopting the final rule, Treasury noted, with respect to this comment, that all QFCs, including cash market QFCs, are subject to the all or none rule. Treasury also stated that the large volume of these short-term transactions supports the determination that to be useful to the FDIC, any QFC records must be maintained in the standard format specified in the final rule to ensure rapid aggregation and evaluation of the information by the receiver. For these reasons, Treasury determined not to exclude or otherwise provide an exemption for cash market QFCs in the rule but noted the rule's provision for requests for further exemptive relief. Treasury further stated that any request for such an exemption would need to be defined in such a way as to ensure consistency of treatment by any records entity.<sup>17</sup>

In response to the present exemption request, Treasury believes that an exemption can be granted for cash market QFCs that would be consistent across records entities and that would permit the FDIC to comply with its obligations and fulfill its responsibilities under Title II of the Act, including the all or none rule. Specifically, Treasury is granting an exemption applicable to all records entities for cash market QFCs that have standardized terms and that have a "T plus 3"<sup>18</sup> or shorter settlement cycle, conditioned on records

entities maintaining certain limited records.

As noted by the associations, cash market QFCs present settlement risk—the risk that the counterparty to the QFC defaults on its obligation to perform on the settlement date. In the case of a securities transaction, settlement involves the payment of a fixed price against the delivery of a security; in the case of a foreign exchange spot transaction, settlement involves the payment of a fixed amount of one currency against the delivery of an amount of a second currency equal to the fixed amount adjusted by the foreign exchange spot rate as of the time the transaction is executed. Although settlement risk may increase during a period of general financial distress that could prevail during the resolution of a covered financial company under Title II, the risk that a settlement failure could occur and the risk of any loss to the covered financial company, or the bridge financial company (or other financial institution) if the QFC is transferred, are largely mitigated by, depending on the nature of the cash market QFC, collateral posted by the counterparty and central clearing and settlement. In addition, a cash market QFC could present market risk in that the market value of a security or foreign currency that the covered financial company has agreed to purchase could fall during the settlement period to a value below the purchase price, a risk that could also increase during a period of general financial distress. This risk is partially mitigated by the limited length of the settlement period.

The FDIC is required, to the extent practicable, to conduct its operations as receiver for a covered financial company, including making QFC transfer decisions, in a way that mitigates the potential for serious adverse effects to the financial system.<sup>19</sup> Given that cash market QFCs that meet the exemption criteria generally impose relatively limited risk, the FDIC's primary objectives in deciding whether to transfer cash market QFCs likely would be to maintain the continuity of the former operations of the covered financial company, to maintain the operations of the clearing agencies for cash market QFCs, and to otherwise avoid disruption to the financial markets. In such a case, the position level data provided by the recordkeeping requirements of the rule, as applied to cash market QFCs, would be less critical for the FDIC's transfer decisions.

With respect to QFCs other than cash market QFCs, other considerations would more likely bear on the FDIC's transfer decisions. In addition to considering financial stability implications, the FDIC would have to weigh whether the transfer of QFCs would be detrimental to the financial position of the bridge financial company. At a minimum, the FDIC would need to ensure that the bridge financial company would be solvent after the transfer of any assets and liabilities to it.<sup>20</sup> But given the all or none rule, for a covered financial company that has both cash market QFCs and non-cash market QFCs with a counterparty or with that counterparty's affiliates, the FDIC would need certain information about the cash market QFCs to inform its transfer decisions.

As noted above, TCH-SIFMA argued that with respect to any cash market QFCs, the records that records entities already maintain for their own business purposes and, in the case of broker-dealers, that are required by the SEC would be sufficient for the FDIC.<sup>21</sup> Given the time constraints imposed on the FDIC's decisionmaking by Title II, as discussed in the preamble to the final rule, the FDIC generally needs information about QFCs to be maintained in the standardized format provided by the rule.<sup>22</sup> As discussed below, the FDIC may be able to refer to existing records in certain cases to evaluate a covered financial company's exposure as a result of its cash market QFCs, but the FDIC nevertheless would need certain limited information to be maintained in the standardized format provided by the rule.

Under the terms of the exemption provided below, with respect to a counterparty that is a natural person, if a records entity only has cash market QFCs with that counterparty, the records entity would not be required to maintain any record of those QFCs because the all or none rule would apply only to those cash market QFCs. With respect to a counterparty that is a non-natural person, if the records entity's QFCs with the counterparty and the counterparty's affiliates, if any, are limited to cash market QFCs and other

<sup>16</sup> See Letter from TCH, SIFMA, the American Bankers Association, the Financial Services Roundtable, and the International Swaps and Derivatives Association, Inc. (April 7, 2015), pp. 21–22.

<sup>17</sup> 81 FR at 75637.

<sup>18</sup> "T plus 3" means the trade date plus three business days. The vast majority of cash market QFCs settle on a T plus 3 or shorter basis.

<sup>19</sup> See 12 U.S.C. 5390(a)(9)(E).

<sup>20</sup> As discussed in the preamble to the final rule, the FDIC is required to confirm that the aggregate amount of liabilities, including QFCs, of the covered financial company that are transferred to, or assumed by, the bridge financial company from the covered financial company do not exceed the aggregate amount of the assets of the covered financial company that are transferred to the bridge financial company from the covered financial company. See 12 U.S.C. 5390(h)(5)(F); 81 FR at 75626, 75649.

<sup>21</sup> See, e.g., 17 CFR 240.17a–3, 17a–4.

<sup>22</sup> See 81 FR at 75648.

exempt QFCs (*i.e.*, unless another exemption has been provided to a specific records entity, the overnight QFCs discussed separately below), the records entity would need to identify the date of the record (fields A1.1, A2.1, A3.1, and BL.1 of Tables A–1 through A–3 and the Booking Location Master Table, respectively, of Appendix A to the rule), the records entity identifier (fields A1.2, A2.2, A3.2, and BL.2), the position identifier (field A1.3), the counterparty identifier (fields A1.4, A1.10, A2.3, and A3.6), and the QFC type (field A1.7) and maintain the information required by the corporate organization master table and the counterparty master table. With respect to the QFC type field (field A1.7), the records entity would be permitted simply to record “cash market QFC” as the QFC type. This would permit the FDIC to verify that no additional QFCs would be subject to the all or none rule as a result of the transfer or retention of the cash market QFCs with that counterparty.

If a records entity, in addition to its cash market QFCs with the counterparty, also has non-exempt QFCs with either the counterparty (whether the counterparty is a natural person or not) or with its affiliates, if any, the same information with respect to cash market QFCs would be required to be maintained by the records entity as described in the paragraph above except that the QFC type (field A1.7) would be required to be recorded at the same level of specificity as the records entity classifies the QFC in its internal systems (*e.g.*, as a foreign exchange spot transaction or more specifically as a U.S. dollar/Japanese yen spot transaction, depending on how the records entity classifies the QFC in its internal systems), as is currently the case for QFCs not subject to any exemption. For such cases, a separate record would be required to be maintained for each such QFC type for each particular counterparty. Different cash market QFC types may present different considerations for the FDIC’s transfer determination, and including the QFC type in the standardized records of the records entity would permit the FDIC to identify quickly the QFC positions about which it may need more information. The FDIC may determine, for instance, that, given prevailing market conditions or the business of the covered financial company, it would need more information about the exposure of a covered financial company with respect to its spot transactions in a particular currency. The QFC product type is also

expected to be helpful to the FDIC in obtaining from the covered financial company the relevant internal records relating to such QFCs because corporate groups may use different internal systems to maintain records regarding different QFC types.

For the reasons discussed above, in order to be useful to the FDIC, the information specified above would have to be maintained in the same standardized format as applies to the recordkeeping requirements of the rule generally, but for fields other than those specified above, records entities may provide specified default entries. No entries relating to such exempted QFCs would need to be provided with respect to Table A–4 (collateral detail data) or the safekeeping agent master table. Tables specifying the data that would be required to be provided for exempted cash market QFCs and, as discussed below, overnight QFCs are set forth in Appendix A to this notice.

#### *Overnight QFCs*

TCH–SIFMA requested an exemption from all of the recordkeeping requirements of the rule for QFCs that are overnight repurchase agreements and reverse repurchase agreements or overnight securities borrowing and lending agreements (“overnight QFCs”).<sup>23</sup> Such overnight QFCs provide that the transaction will terminate on the business day following the day the transaction is entered into. The associations asserted that, for this reason, transaction-specific information regarding overnight QFCs is not relevant to any decision by the FDIC regarding which QFCs to transfer to the bridge financial company. The associations also asserted that, because the rule requires records to be maintained based on values and information that are no less current than previous end of day values, the records required by the rule would not include information regarding overnight QFCs that are outstanding on the day the receiver is appointed.

The one business day stay relating to QFCs of the covered financial company discussed in the preamble to the final rule lasts until the earlier of 5:00 p.m. Eastern Time on the business day following the date of the appointment of the FDIC as receiver or the FDIC’s notice to the counterparty of the transfer of the QFC.<sup>24</sup> During such stay, the FDIC may

<sup>23</sup> Overnight repurchase agreements and reverse repurchase agreements and overnight securities borrowing and lending agreements are qualified financial contracts as defined in Title II of the Dodd-Frank Act and the rule. See 12 U.S.C. 5390(c)(8)(D)(ii)(I), (v); 31 CFR 148.2(m).

<sup>24</sup> See 12 U.S.C. 5390(c)(10)(B)(i).

decide to structure asset transfers of a covered financial company such that QFCs would be transferred as of a time prior to the termination of the overnight QFCs, and the all or none rule would apply in connection with such a transfer. As with cash market QFCs, the FDIC could transfer overnight QFCs to the bridge financial company to help maintain the continuity of the former operations of the covered financial company and to otherwise avoid disruption to the financial markets. The settlement risk and market risk of overnight securities lending and repurchase and reverse repurchase agreements are partially mitigated by their short duration, collateralization requirements, and, with respect to much of the repurchase and reverse repurchase agreement market, central clearing. However, if the receiver decided to retain any non-overnight QFCs with a counterparty, it would also need to retain any overnight QFCs with that counterparty and that counterparty’s affiliates. TCH–SIFMA’s contention that the records would not provide information regarding any overnight QFCs entered into on the day the FDIC is appointed as receiver does not take into consideration the FDIC’s ability to obtain records on the day following its appointment as receiver of QFCs entered into on the day of its appointment as receiver.

Absent a transfer of the contract by the FDIC, an overnight QFC would remain with the covered financial company and simply terminate in accordance with its terms, and the counterparty to the overnight transaction would be able to exercise its rights under the terms of the QFC. If the FDIC were to contemplate retaining an overnight transaction in the receivership, the FDIC would need more information about the transaction in order to assess the effect of doing so. As with cash market QFCs, the limited recordkeeping requirements set forth below are expected to facilitate the FDIC’s ability to consult the records entity’s internal records to obtain the information needed to make this assessment.

Under the terms of the exemption, the same set of records would need to be maintained with regard to overnight QFCs as would be required to be maintained with respect to cash market QFCs as set forth above. Specifically, if the records entity’s QFCs with the counterparty and the counterparty’s affiliates, if any, are limited to overnight QFCs and other exempt QFCs (*i.e.*, unless another exemption has been provided to a specific records entity, the cash market QFCs discussed separately

above), the records entity would need to identify the date of the record (fields A1.1, A2.1, A3.1, BL.1), the records entity identifier (fields A1.2, A2.2, A3.2, and BL.2), the position identifier (field A1.3), the counterparty identifier (fields A1.4, A1.10, A2.3, and A3.6), and the QFC type (field A1.7) and would need to maintain the information required by the counterparty master table. With respect to the QFC type field (field A1.7), in this case, the records entity would be permitted simply to record “overnight QFC” as the QFC type. If a records entity, in addition to its overnight QFCs with the counterparty, also has non-exempt QFCs with either the counterparty or with its affiliates, if any, the same information with respect to overnight QFCs would be required to be maintained by the records entity as provided above except that the QFC type in field A1.7 would be recorded at the same level of specificity as the records entity classifies the QFC in its internal systems (e.g., as a repurchase agreement). For such cases, a separate record would be required to be maintained for each such QFC type for each particular counterparty.

#### Seeded Funds

TCH-SIFMA requested an exemption from the rule for certain “covered funds” and registered investment companies and business development companies during their “seeding period” subject to restrictions imposed by section 13 of the Bank Holding Company Act of 1956, as amended,<sup>25</sup> (known as the “Volcker Rule”) and implementing rules. The requested exemption would apply only to a seeded fund that does not on its own meet the assets and derivatives thresholds for qualifying as a records entity.

Seeded funds are funds in which the sponsor has made an initial investment of seed capital, amounting to up to 100% of the equity of the fund, during a limited period in which the fund establishes an investment record and attracts third party investment. Because a member of a corporate group that includes records entities could, during the seeding period, own a sufficient amount of the capital of such a seeded fund that the seeded fund would become an affiliate of the sponsor under the rule, the seeded fund, no matter its size or level of derivatives activity, would be subject to the rule as well, provided it otherwise meets the records entity definition.

Treasury considered a similar issue in addressing two comments received in

response to the proposed rule that requested an exemption for seeded funds.<sup>26</sup> Treasury noted in response to these comments that changes made to the definition of “records entity” in the final rule should limit the circumstances in which a seeded fund would become a records entity by virtue of its sponsor’s investment.<sup>27</sup> Further, Treasury noted that, in the event that such a seeded fund were to be deemed a records entity under the rule, the fund would be able to request an exemption from the recordkeeping requirements of the final rule for the duration of the seeding period; otherwise, the seeded fund would be treated as any other financial company member of the corporate group of a records entity and required to maintain records of its QFCs if they exceed the *de minimis* threshold.<sup>28</sup>

In their request for an exemption, TCH-SIFMA stated that the final rule presents a significant burden with regard to corporate groups’ investments in seeded funds, sponsored by their members, that are records entities even with the revised definition adopted in the final rule. The associations argued that the pursuit of individual exemptions by each seeded fund would be impractical and burdensome given the limited duration of each such fund. Further, TCH-SIFMA raised a point not previously identified by the commenters to the proposed rule as to why an exemption would be appropriate for seeded funds. Specifically, TCH-SIFMA stated that the information barriers, such as corporate firewalls intended to protect trading positions and the confidentiality of asset management customers, that companies are required to establish between their seeded funds and the rest of the corporate group would significantly increase the cost of these funds’ compliance with the recordkeeping requirements of the rule. The final rule had presumed that companies would likely comply with the rules by utilizing a centralized recordkeeping system that would

obviate the need for each member of the corporate group to maintain its own recordkeeping system in order to comply with the rules.<sup>29</sup> While the additional costs imposed by information barriers established within corporate groups for regulatory and other reasons cannot be avoided in all cases, in this case, the additional cost may not be justified given that the fund would only be required to comply with the rules for the relatively short duration of its seeding period.

Given the additional burden faced by such funds and the reduced probability that the FDIC would need to have QFC information from one of these funds during the relatively short duration of its seeding period, Treasury has determined to grant an exemption for certain types of seeded funds that do not on their own meet the asset or derivative thresholds of the records entity definition. As proposed by TCH-SIFMA, the exemption is formulated to be consistent with the exemptions provided by the Volcker Rule and its implementing regulations with respect to such seeded funds. Although the Volcker Rule and this recordkeeping rule have different purposes, the limitations imposed on the exemptions—particularly the limitation on the seeding period discussed below—reduce the likelihood that the FDIC would need the QFC records of such a fund. Further, using the existing framework of the Volcker Rule permits records entities that are already subject to the Volcker Rule to rely on their compliance with the Volcker Rule in order to meet the conditions of this exemption.

The Volcker Rule imposes various prohibitions on proprietary trading by “banking entities” and on banking entities’ investments in and relationships with certain funds, including, generally, private equity and hedge funds, referred to as “covered funds.” The Volcker Rule and its implementing regulations provide an exemption from the general prohibition on banking entity investments in covered funds if the investment is for the purpose of establishing the fund and providing it with sufficient initial equity to permit it to attract unaffiliated investors.<sup>30</sup> Such a seed investment must not exceed, together with other permissible investments by the banking entity and its affiliates in covered funds,

<sup>26</sup> See Letter from TIAA-CREF (Apr. 7, 2015), p. 6; Letter from the Investment Company Institute (Apr. 7, 2015), p. 10.

<sup>27</sup> See 81 FR at 75633. In particular, Treasury adopted in the final rule the suggestion of commenters to revise the definition of “records entity” to identify which members of a corporate group are records entities by reference to whether they are consolidated under accounting standards rather than by reference to whether they are controlled for purposes of the Bank Holding Company Act. See *id.*

<sup>28</sup> See *id.* The final rule provides a *de minimis* exemption whereby a records entity that is a party to 50 or fewer open QFC positions is not required to maintain the records described in § 148.4 of the rule, other than the records described in § 148.4(i). See 31 CFR 148.3(c)(1).

<sup>29</sup> 81 FR at 75644.

<sup>30</sup> See 12 U.S.C. 1851(d)(4)(A); 12 CFR 248.12(a) (the rule adopted by the Board of Governors). The other agencies charged with implementing the Volcker Rule—the CFTC, the FDIC, the Office of the Comptroller of the Currency, and the SEC—have adopted substantively identical rules.

<sup>25</sup> 12 U.S.C. 1851.

3% of the tier 1 capital of the banking entity.<sup>31</sup> Further, during the seeding period, the banking entity and its affiliates must actively seek unaffiliated investors in order to reduce the banking entity's investment in the fund to 3% or less of the total number or value of shares or other ownership interests of the fund, and the seeding period may not last for more than one year, unless extended by the Board of Governors for up to a maximum of two additional years.<sup>32</sup> The exemption granted by Treasury for covered funds is subject to the condition that the investments by a corporate group in the covered fund that cause the covered fund to become a member of the corporate group must be permitted pursuant to the Volcker Rule's seeded funds exemption described above.

Separately, the Volcker Rule implementing regulations provide that registered investment companies, business development companies, and companies formed for the purpose of becoming registered investment companies and business development companies are excluded from the definition of "covered fund."<sup>33</sup> Further, the agencies implementing the Volcker Rule have provided staff guidance that such funds should not be considered to be banking entities under the implementing rules if the fund is established with a limited seeding period.<sup>34</sup> Without this relief, such funds (referenced as "registered investment companies and business development companies" in the exemption below) would themselves be subject to the prohibitions on proprietary trading and covered funds investments by banking entities. As to the length of the limited seeding period, the guidance cites, as an

example, the maximum three year limitation on the permissible investments in seeded funds by covered funds discussed above.<sup>35</sup> The agencies in their recent proposal to amend the implementing regulations raised questions as to whether the length of the permitted seeding period should be made more definite, perhaps with provision for extensions.<sup>36</sup> The exemption granted by Treasury provides relief for registered investment companies and business development companies that are not deemed to be banking entities as a result of being in their seeding periods pursuant to the above described guidance or the implementing regulations, should they be amended to provide for similar relief.

#### *Corporate Organization Table*

The rule requires that information regarding a records entity's affiliates be maintained in a corporate organization master data lookup table, set forth in appendix A to the rule. The rule requires this information to be maintained on a daily basis by a records entity with respect to itself and all of the members of its corporate group, which includes all of the records entity's affiliates whether or not those entities meet the definitions of "records entity" or "financial company" under the rule.

TCH-SIFMA requested an exemption from this requirement such that a records entity may exclude from the corporate organization master table any affiliate that is an excluded entity<sup>37</sup> or that is not a financial company because it is not organized under the provisions of Federal law or the laws of any U.S. state; *i.e.*, because it is a non-U.S. affiliate.<sup>38</sup> TCH-SIFMA stated that these requirements are burdensome; that the reasons cited in the preamble to the final rule for including affiliates in this table do not support the inclusion of such entities; and that information that would be included in the table about

these affiliates would not be useful to the FDIC as receiver.

Treasury determined in the final rule, and reaffirms in this notice, that it is important for the FDIC to have access to this information in the event it is appointed receiver of a covered financial company. As discussed in the preamble to the final rule, under section 210(c)(16) of the Dodd-Frank Act, the QFCs of subsidiaries or affiliates of a covered financial company that are guaranteed or otherwise supported by or linked to such covered financial company can be enforced by the FDIC as receiver of the covered financial company notwithstanding the insolvency, financial condition, or receivership of the covered financial company if the FDIC transfers the guarantee or other support to a bridge financial company or other third party.<sup>39</sup> The FDIC's decision as to whether to transfer such a guarantee or credit support pursuant to sections 210(c)(9) and (10) of the Act may be influenced by the information required to be maintained as to a records entity's affiliates. In particular, the FDIC as receiver may need to know whether the affiliate is a wholly-owned subsidiary or a partially-owned subsidiary since the extent of such control over the subsidiary would likely be a factor the FDIC considers in making any such transfer decision. Information about affiliates of the records entity will also provide the FDIC, in the event of a resolution of a covered financial company, with greater certainty that the required QFC records from each records entity have been maintained by allowing the FDIC to quickly ascertain, by reference to field CO.12 (regarding the entity's reporting status), whether the entity has not maintained records because it is not a party to any QFCs, has availed itself of the de minimis exemption (in which case the FDIC would need to manually review the available QFC records) or another exemption, or is excluded from the definition of "records entity."

Furthermore, although the associations asserted the FDIC could obtain this information from other sources, particularly, in the case of bank holding companies, from the Report of Changes in Organizational Structure on Form FR Y-10, as with other elements of the recordkeeping requirements of the rule, it is important for the FDIC to have access to this information in a readily-usable format. In this case, the information in the corporate organization master data lookup table is linked to information recorded in the

<sup>31</sup> See 12 U.S.C. 1851(d)(4)(B)(ii)(III); 12 CFR 248.12(a)(1)(ii).

<sup>32</sup> See 12 U.S.C. 1851(d)(4)(B), (C), 12 CFR 248.12(a)(2).

<sup>33</sup> As relates to the funds discussed herein, this exemption extends to an entity (i) that is registered as an investment company under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), or that is formed and operated pursuant to a written plan to become a registered investment company as described in 12 CFR 248.20(e)(3) and that complies with the requirements of section 18 of the Investment Company Act of 1940 (15 U.S.C. 80a-18); or (ii) that has elected to be regulated as a business development company pursuant to section 54(a) of that Act (15 U.S.C. 80a-53) and has not withdrawn its election, or that is formed and operated pursuant to a written plan to become a business development company as described in 12 CFR 248.20(e)(3) and that complies with the requirements of section 61 of the Investment Company Act of 1940 (15 U.S.C. 80a-60). See 12 CFR 248.10(c)(12)(i), (iii).

<sup>34</sup> See Board of Governors, Frequently Asked Questions, No. 16, <https://www.federalreserve.gov/bankinforeg/volcker-rule/faq.htm>. (Substantively identical frequently asked questions have been issued by the other implementing agencies.)

<sup>35</sup> *Id.* The guidance provides that the seeding period generally would be measured from the date on which the investment adviser or similar entity begins making investments pursuant to the written investment strategy of the fund.

<sup>36</sup> See Proposed Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds, 83 FR 33432, 33444-45 (July 17, 2018).

<sup>37</sup> As defined in the final rule, "excluded entity" means an insured depository institution, certain subsidiaries of an insured depository institution, or an insurance company. 31 CFR 148.2(f).

<sup>38</sup> As defined in the final rule (by cross-reference to 12 U.S.C. 5381(a)(11)), the term "financial company" includes only companies that are "incorporated or organized under any provision of Federal law or the laws of any State." 31 CFR 148.2(g).

<sup>39</sup> See 12 U.S.C. 5390(c)(16); 81 FR at 75642.

other tables required under the final rule.

Nevertheless, Treasury accepts that the requirement to provide daily updating of information pertaining to excluded entity and non-U.S. affiliates imposes a significant burden on records entities. Treasury has determined to grant an exemption such that this information need only be updated within 30 days of a change. This 30-day period aligns with the existing requirement imposed by Form FR Y-10, and this accommodation should not significantly impair the FDIC's ability to make the determinations discussed above.

#### *Entities That Are Not Material Entities Under a Group's Resolution Plan*

TCH-SIFMA requested an exemption from the recordkeeping requirements of the rule for any records entity that is not identified as a "material entity" in its corporate group's resolution plan filed under section 165(d) of the Dodd-Frank Act. Certain financial companies—including bank holding companies with at least \$250 billion in total consolidated assets and nonbank financial companies for which the FSOC has made a determination under section 113 of the Act—are required to file plans with the FDIC, the Board of Governors, and FSOC for their resolution under the Bankruptcy Code.<sup>40</sup> Under the implementing rules jointly adopted by the FDIC and Board of Governors, such financial companies are required to identify and provide certain information regarding their material entities.<sup>41</sup> "Material entities" is defined by the implementing rules as including subsidiaries that are significant to the activities of a critical operation or core business line.<sup>42</sup> The term "core business lines" is defined as those business lines, including associated operations, services, functions and support that, in the view

of the financial company, upon failure of the financial company would result in a material loss of revenue, profit, or franchise value.<sup>43</sup> "Critical operations" is defined as the operations of a financial company, including associated operations, services, functions and support, the failure or discontinuance of which, in the company's view or as jointly directed by the Board of Governors and the FDIC, would pose a threat to the financial stability of the United States.<sup>44</sup> TCH-SIFMA stated that these material entities are the entities in a group that either would be the most likely to be subject to a Title II proceeding themselves or that would otherwise be material to such a proceeding.

TCH-SIFMA raised the same point in a comment letter submitted in response to the proposed rule and has not presented any additional information in support of this request.<sup>45</sup> As discussed in the preamble to the final rule,<sup>46</sup> Treasury noted that an entity that is part of a larger corporate group could be resolved under Title II without the Secretary making the systemic risk determination required under section 203(b) of the Act with respect to that particular entity. Section 210(a)(1)(E) of the Act provides that the FDIC may appoint itself as receiver of an entity if it is a "covered subsidiary" of a covered financial company of which the FDIC has been appointed as receiver and it is jointly determined by the FDIC and the Secretary that (i) the covered subsidiary is in default or in danger of default, (ii) the FDIC's appointment as receiver would avoid or mitigate serious adverse effects on the financial stability or economic conditions of the United States, and (iii) the FDIC's appointment as receiver would facilitate the orderly liquidation of the covered financial company.<sup>47</sup> As Treasury noted in the preamble to the final rule, if the FDIC appoints itself receiver of a covered subsidiary, that subsidiary is treated as a covered financial company for purposes of Title II, and the FDIC as receiver would have the same rights under the Act and the same obligations under sections 210(c)(8), (9), and (10) of

the Act as it does for other covered financial companies.<sup>48</sup>

Furthermore, the definition of "material entity" for purposes of the resolution plan is not well aligned with the likelihood of a company being resolved under Title II. In particular, the question of whether an entity is material to the financial company's core business lines is based on the materiality of its revenue, profit, or franchise value to the financial company. In contrast, Treasury, in making a systemic risk determination regarding a covered financial company under section 203(b) of the Act, and Treasury and the FDIC, in making a joint determination as to the FDIC's appointment as receiver of a covered subsidiary under section 210(a)(1)(E) of the Act, would be making a determination as to, among other things, the effects of the company's failure on U.S. financial stability. It is possible, for example, that an entity is not material to the core business lines of a financial company or to its critical operations and yet, because of the nature and extent of particular exposures the market has to that entity or because of the amount and nature of the assets it would liquidate if it were to be resolved in a disorderly manner outside of Title II, the entity could be resolved under Title II in order to preserve U.S. financial stability. It is not the case, therefore, that an entity that has not been identified as a material entity is, by virtue of not having been so identified, less likely to be resolved under Title II than an entity that has been identified as a material entity. Furthermore, because, as discussed above, the identification of an entity as a material entity is made based on the entity's materiality to its own corporate group, the proposed standard cannot be applied in a uniform way across corporate groups that are required to file resolution plans. For these reasons, Treasury has determined not to provide the requested exemption.

#### *Conditions of the Exemptions*

Any records entity subject to the rule may avail itself of the exemptions granted herein. With respect to each of the exemptions granted herein, Treasury reserves the right to rescind or modify the exemption at any time. Treasury intends to reassess the exemptions in five years. At that time, Treasury, in consultation with the FDIC and the primary financial regulatory agencies, would evaluate any relevant changes to market structure or applicable law or other relevant factors that might affect the reasons for granting the exemptions.

<sup>40</sup> See 12 U.S.C. 5365(d). Pursuant to section 165 of the Dodd-Frank Act, as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act, Public Law 115-174 (May 24, 2018), enhanced prudential standards, including the resolution plan requirements provided by section 165(d) of the Act, are applied to bank holding companies with \$250 billion or more in total consolidated assets and nonbank financial companies supervised by the Board of Governors. In addition, the Board of Governors has the authority to apply any such standard, including the resolution plan requirements provided by section 165(d) of the Act, to bank holding companies with \$100 billion or more in total consolidated assets if it determines that application of the standard is appropriate to prevent or mitigate risks to U.S. financial stability or to promote safety and soundness.

<sup>41</sup> See 12 CFR 243.4 (Board of Governors rule); 12 CFR 381.4 (FDIC rule).

<sup>42</sup> 12 CFR 243.2(l), 381.2(l).

<sup>43</sup> 12 U.S.C. 243.2(d), 381.2(d).

<sup>44</sup> 12 U.S.C. 243.2(g), 381.2(g).

<sup>45</sup> See Letter from TCH, SIFMA, the American Bankers Association, the Financial Services Roundtable, and the International Swaps and Derivatives Association, Inc. (April 7, 2015), pp. 14-15.

<sup>46</sup> See 81 FR at 75630.

<sup>47</sup> 12 U.S.C. 5390(a)(1)(E)(i). "Covered subsidiary" is defined as any subsidiary of a covered financial company, other than an insured depository institution, an insurance company, or a covered broker or dealer. 12 U.S.C. 5381(a)(9).

<sup>48</sup> See 81 FR at 75630; 12 U.S.C. 5390(a)(1)(E)(ii).



Treasury expects that it would provide notice to records entities prior to any modification or rescission of any of the exemptions and that, in the event of a rescission or modification, Treasury would grant records entities a limited period of time in which to come into compliance with the applicable recordkeeping requirements of the rule.

**Terms and Conditions of the Exemptions**

The following exemptions from the requirements of 31 CFR 148.3 and 148.4 are hereby granted to any records entity subject to the rule. All terms undefined below but defined in 31 CFR 148.2 have the meanings set forth therein. Each of these exemptions is subject to modification or revocation at any time the Secretary determines that such action is necessary or appropriate in order to assist the FDIC as receiver for a covered financial company in being able to exercise its rights and fulfill its obligations under sections 210(c)(8), (9), or (10).

*Cash Market Transactions*

An exemption from the recordkeeping requirements of the rule for any QFC that is an agreement to purchase or sell an equity or fixed income security or a foreign exchange spot transaction (a “cash market QFC”), provided that (i) such cash market QFC is executed on standardized terms and settles within three business days of the trade date and (ii) the records entity maintains, with respect to such cash market QFC, the records as set forth in Appendix A to this notice in the format required under the rule, provided further that no such records are required to be maintained for cash market QFCs a records entity has with a counterparty that is a natural person if the only QFCs the records entity has with such counterparty are cash market QFCs. With respect to a counterparty that is a non-natural person, if the records entity’s QFCs with the counterparty and the counterparty’s affiliates, if any, are limited to cash market QFCs or other exempt QFCs, the records entity may simply record “cash market QFC” as the QFC type (field A1.7); otherwise, the records entity must record the QFC type (field A1.7)

for the cash market QFC at the same level of specificity as the records entity classifies the QFC in its internal systems.

*Overnight QFCs*

An exemption from the recordkeeping requirements of the rule for any QFC that is a repurchase agreement, reverse repurchase agreement, securities borrowing agreement, or securities lending agreement that terminates in accordance with its terms on the business day following the day it is entered into (each an “overnight QFC”), provided that the records entity maintains, with respect to such an overnight QFC, the records as set forth in Appendix A to this notice in the format required under the rule. If the records entity’s QFCs with the counterparty and the counterparty’s affiliates, if any, are limited to overnight QFCs or other exempt QFCs, the records entity may simply record “overnight QFC” as the QFC type (field A1.7); otherwise, the records entity must record the QFC type (field A1.7) for the overnight QFC at the same level of specificity as the records entity classifies the QFC in its internal systems.

*Seeded Funds*

An exemption for an entity that is (i) a member of a corporate group with one or more banking entities; (ii) a records entity solely as a result of the application of section 148.2(n)(1)(iii)(E) of the rule; and (iii) a covered fund, provided that the investments in the entity that cause the entity to be a member of the corporate group are permitted pursuant to the section 13 rules for the purposes of establishing the fund and providing it with sufficient initial equity for investment to permit it to attract unaffiliated investors.

An exemption for an entity that is (i) a member of a corporate group with one or more banking entities; (ii) a records entity solely as a result of the application of section 148.2(n)(1)(iii)(E) of the rule; and (iii) excluded from the definition of “covered fund” under the section 13 rules as a registered investment company or business development company, provided that

the entity is deemed not to be a “banking entity” as a result of it being in its seeding period as provided by the section 13 rules or relevant agency guidance.

For purposes of these exemptions, the “section 13 rules” refers to the rules of the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, or the Securities and Exchange Commission, as applicable, implementing section 13 of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1851); “covered fund” and “banking entity” have the meanings provided under the section 13 rules; “registered investment company” means a company registered as an investment company under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a–8) or a company formed and operated pursuant to a written plan to become such a company; and “business development company” means a company that has elected to be registered as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (15 U.S.C. 53–a) and has not withdrawn its election or a company formed and operated pursuant to a plan to become such a company.

*Corporate Organization Master Table*

An exemption from the requirement of section 148.3(b)(1) of the rule to update all records on a daily basis with respect to the information, referenced in the corporate organization master table set forth in appendix A to the rule, regarding any affiliate of a records entity that is an excluded entity or a non-U.S. affiliate, provided that such information is updated at least 30 days after a change in such information. For purposes of this exemption, “non-U.S. affiliate” means an affiliate that is not organized under any provision of Federal law or the laws of any State and “State” has the meaning provided in 12 U.S.C. 5301(16).

**Appendix A**

TABLE A–1—POSITION-LEVEL DATA

Field	Instructions and data application	Definition
A1.1 As of date .....	Provide data extraction date .....	YYYY–MM–DD.
A1.2 Records entity identifier .....	Provide LEI for records entity. Information needed to review position-level data by records entity.	Varchar(50).
A1.3 Position identifier .....	Provide a unique identifier. Should be used consistently across all record entities within the corporate group. Use the unique transaction identifier if available. Information needed to readily track and distinguish positions.	Varchar(100).



TABLE A-1—POSITION-LEVEL DATA—Continued

Field	Instructions and data application	Definition
A1.4 Counterparty identifier .....	Provide a counterparty identifier. Use LEI if counterparty has one. Should be used consistently by all record entities within the corporate group. Information needed to identify counterparty by reference to Counterparty Master Table.	Varchar(50).
A1.5 Internal booking location identifier	Information not required to be provided. Enter "exempt" .....	Varchar(50).
A1.6 Unique booking unit or desk identifier.	Information not required to be provided. Enter "exempt" .....	Varchar(50).
A1.7 Type of QFC .....	Provide type of QFC. Use unique product identifier if available. If records entity has only QFCs that are cash market QFCs or overnight QFCs with a counterparty and its affiliates, may enter "cash market QFCs" or "overnight QFCs," as applicable. If records entity has both cash market/overnight QFCs and non-exempt QFCs with a counterparty or with its affiliates, the QFC type must be recorded at the same level of specificity as the records entity classifies the QFC in its internal systems.	Varchar(100).
A1.7.1 Type of QFC covered by guarantee or other third party credit enhancement.	Information not required to be provided Enter "NA" .....	Varchar(500).
A1.7.2 Underlying QFC obligor identifier	Information not required to be provided Enter "NA" .....	Varchar(50).
A1.8 Agreement identifier .....	Information not required to be provided. Enter "exempt" .....	Varchar(50).
A1.9 Netting agreement identifier .....	Information not required to be provided. Enter "exempt" .....	Varchar(50).
A1.10 Netting agreement counterparty identifier.	Provide a netting agreement counterparty identifier. Use same identifier as provided in A1.4 if counterparty and netting agreement counterparty are the same. Use LEI if netting agreement counterparty has one. Information needed to identify unique netting sets.	Varchar(50).
A1.11 Trade date .....	Information not required to be provided. Enter "2099-12-31" .....	YYYY-MM-DD.
A1.12 Termination date .....	Information not required to be provided. Enter "2099-12-31" .....	YYYY-MM-DD.
A1.13 Next call, put, or cancellation date.	Information not required to be provided. Enter "2099-12-31" .....	YYYY-MM-DD.
A1.14 Next payment date .....	Information not required to be provided. Enter "2099-12-31" .....	YYYY-MM-DD.
A1.15 Local currency of position .....	Information not required to be provided. Enter "USD" .....	Char(3).
A1.16 Current market value of the position in local currency.	Information not required to be provided. Enter "0" .....	Num (25,5).
A1.17 Current market value of the position in U.S. dollars.	Information not required to be provided. Enter "0" .....	Num (25,5).
A1.18 Asset classification .....	Information not required to be provided. Enter "0" .....	Char(1).
A1.19 Notional or principal amount of the position in local currency.	Information not required to be provided. Enter "0" .....	Num (25,5).
A1.20 Notional or principal amount of the position In U.S. dollars.	Information not required to be provided. Enter "0" .....	Num (25,5).
A1.21 Covered by third-party credit enhancement agreement (for the benefit of the records entity)?	Information not required to be provided. Enter "N" .....	Char(1).
A1.21.1 Third-party credit enhancement provider identifier (for the benefit of the records entity).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A1.21.2 Third-party credit enhancement agreement identifier (for the benefit of the records entity).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A1.21.3 Covered by third-party credit enhancement agreement (for the benefit of the counterparty)?	Information not required to be provided. Enter "N" .....	Char(1).
A1.21.4 Third-party credit enhancement provider identifier (for the benefit of the counterparty).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A1.21.5 Third-party credit enhancement agreement identifier (for the benefit of the counterparty).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A1.22 Related position of records entity	Information not required to be provided. Enter "NA" .....	Varchar(100).
A1.23 Reference number for any related loan.	Information not required to be provided. Enter "NA" .....	Varchar(500).
A1.24 Identifier of the lender of the related loan.	Information not required to be provided. Enter "NA" .....	Varchar(500).

TABLE A-2—COUNTERPARTY NETTING SET DATA

Field	Instructions and data application	Definition
A2.1 As of date .....	Data extraction date .....	YYYY-MM-DD.
A2.2 Records entity identifier .....	Provide the LEI for the records entity .....	Varchar(50).
A2.3 Netting agreement counterparty identifier.	Provide an identifier for the netting agreement counterparty. Use LEI if counterparty has one.	Varchar(50).
A2.4 Netting agreement identifier .....	Information not required to be provided. Enter "exempt" .....	Varchar(50).

TABLE A-2—COUNTERPARTY NETTING SET DATA—Continued

Field	Instructions and data application	Definition
A2.4.1 Underlying QFC obligor identifier	Information not required to be provided. Enter "NA" .....	Varchar(50).
A2.5 Covered by third-party credit enhancement agreement (for the benefit of the records entity)?	Information not required to be provided. Enter "N" .....	Char(1).
A2.5.1 Third-party credit enhancement provider identifier (for the benefit of the records entity).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A2.5.2 Third-party credit enhancement agreement identifier (for the benefit of the records entity).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A2.5.3 Covered by third-party credit enhancement agreement (for the benefit of the counterparty)?	Information not required to be provided. Enter "N" .....	Char(1).
A2.5.4 Third-party credit enhancement provider identifier (for the benefit of the counterparty).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A2.5.5 Third-party credit enhancement agreement identifier (for the benefit of the counterparty).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A2.6 Aggregate current market value in U.S. dollars of all positions under this netting agreement.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.7 Current market value in U.S. dollars of all positive positions, as aggregated under this netting agreement.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.8 Current market value in U.S. dollars of all negative positions, as aggregated under this netting agreement.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.9 Current market value in U.S. dollars of all collateral posted by records entity, as aggregated under this netting agreement.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.10 Current market value in U.S. dollars of all collateral posted by counterparty, as aggregated under this netting agreement.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.11 Current market value in U.S. dollar of all collateral posted by records entity that is subject to re-hypothecation, as aggregated under this netting agreement.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.12 Current market value in U.S. dollars of all collateral posted by counterparty that is subject to re-hypothecation, as aggregated under this netting agreement.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.13 Records entity collateral—net .....	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.14 Counterparty collateral—net .....	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.15 Next margin payment date .....	Information not required to be provided. Enter "2099-12-31" .....	YYYY-MM-DD.
A2.16 Next margin payment amount in U.S. dollars.	Information not required to be provided. Enter "0" .....	Num (25,5).
A2.17 Safekeeping agent identifier for records entity.	Information not required to be provided. Enter "NA" .....	Varchar(50).
A2.18 Safekeeping agent identifier for counterparty.	Information not required to be provided. Enter "NA" .....	Varchar(50).

TABLE A-3—LEGAL AGREEMENTS

Field	Instructions and data application	Definition
A3.1 As of date .....	Data extraction date .....	*YYYY-MM-DD.
A3.2 Records entity identifier .....	Provide LEI for records entity .....	Varchar(50).
A3.3 Agreement identifier .....	Information not required to be provided. Enter "exempt" .....	Varchar(50).
A3.4 Name of agreement or governing document.	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.5 Agreement date .....	Information not required to be provided. Enter "2099-12-31" .....	YYYY-MM-DD.
A3.6 Agreement counterparty identifier	Use LEI if counterparty has one. Information needed to identify counterparty .....	Varchar(50).
A3.6.1 Underlying QFC obligor identifier	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.7 Agreement governing law .....	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.8 Cross-default provision? .....	Information not required to be provided. Enter "N" .....	Char(1).
A3.9 Identity of cross-default entities .....	Information not required to be provided. Enter "NA" .....	Varchar(500).

TABLE A-3—LEGAL AGREEMENTS—Continued

Field	Instructions and data application	Definition
A3.10 Covered by third-party credit enhancement agreement (for the benefit of the records entity)?.	Information not required to be provided. Enter "N" .....	Char(1).
A3.11 Third-party credit enhancement provider identifier (for the benefit of the records entity).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.12 Associated third-party credit enhancement agreement document identifier (for the benefit of the records entity).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.12.1 Covered by third-party credit enhancement agreement (for the benefit of the counterparty)?.	Information not required to be provided. Enter "N" .....	Char(1).
A3.12.2 Third-party credit enhancement provider identifier (for the benefit of the counterparty).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.12.3 Associated third-party credit enhancement agreement document identifier (for the benefit of the counterparty).	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.13 Counterparty contact information: name.	Information not required to be provided. Enter "NA" .....	Varchar(200).
A3.14 Counterparty contact information: address.	Information not required to be provided. Enter "NA" .....	Varchar(100).
A3.15 Counterparty contact information: phone.	Information not required to be provided. Enter "NA" .....	Varchar(50).
A3.16 Counterparty's contact information: email address.	Information not required to be provided. Enter "NA" .....	Varchar(100).

TABLE A-4—COLLATERAL DETAIL DATA

Field	Instructions and data application
A4.1 As of date .....	No entry required.
A4.2 Records entity identifier .....	No entry required.
A4.3 Collateral posted/collateral received flag .....	No entry required.
A4.4 Counterparty identifier .....	No entry required.
A4.5 Netting agreement identifier .....	No entry required.
A4.6 Unique collateral item identifier .....	No entry required.
A4.7 Original face amount of collateral item in local currency .....	No entry required.
A4.8 Local currency of collateral item .....	No entry required.
A4.9 Market value amount of collateral item in U.S. dollars .....	No entry required.
A4.10 Description of collateral item .....	No entry required.
A4.11 Asset classification .....	No entry required.
A4.12 Collateral or portfolio segregation status .....	No entry required.
A4.13 Collateral location .....	No entry required.
A4.14 Collateral jurisdiction .....	No entry required.
A4.15 Is collateral re-hypothecation allowed? .....	No entry required.

CORPORATE ORGANIZATION MASTER TABLE <sup>1</sup>

Field	Example	Instructions and data application	Definition
CO.1 As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.
CO.2 Entity identifier .....	888888888 .....	Provide unique identifier. Use LEI if available. Information needed to identify entity.	Varchar(50).
CO.3 Has LEI been used for entity identifier?.	Y/N .....	Specify whether the entity identifier provided is an LEI .....	Char(1).
CO.4 Legal name of entity .....	John Doe & Co .....	Provide legal name of entity .....	Varchar(200).
CO.5 Immediate parent entity identifier.	7777777 .....	Use LEI if available. Information needed to complete org structure ....	Varchar(50).
CO.6 Has LEI been used for immediate parent entity identifier?.	Y/N .....	Specify whether the immediate parent entity identifier provided is an LEI.	Char(1).
CO.7 Legal name of immediate parent entity.	John Doe & Co .....	Information needed to complete org structure .....	Varchar(200).
CO.8 Percentage ownership of immediate parent entity in the entity.	100.00 .....	Information needed to complete org structure .....	Num (5,2).

CORPORATE ORGANIZATION MASTER TABLE <sup>1</sup>—Continued

Field	Example	Instructions and data application	Definition
CO.9 Entity type .....	Subsidiary, foreign branch, foreign division.	Information needed to complete org structure .....	Varchar(50).
CO.10 Domicile .....	New York, New York.	Enter as city, state or city, foreign country .....	Varchar(50).
CO.11 Jurisdiction under which incorporated or organized.	New York .....	Enter as state or foreign jurisdiction .....	Varchar(50).
CO.12 Reporting status .....	REN .....	Indicate one of the following, as appropriate, given status of entity under this part. Information needed to validate compliance with the requirements of this part: REN = Records entity (reporting) NFC= Non-financial company (not reporting) EXC = Excluded entity (not reporting) ZER = Records entity with 0 QFCs (not reporting) DEM = Records entity de minimis exemption (not reporting) OTH = Records entity using another exemption (not reporting)	Char(3).

<sup>1</sup> Foreign branches and divisions shall be separately identified to the extent they are identified in an entity's reports to its PFRAs.

COUNTERPARTY MASTER TABLE

Field	Example	Instructions and data application	Definition
CP.1 As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.
CP.2 Counterparty identifier .....	888888888 .....	Use LEI if counterparty has one. Should be used consistently across all records entities within a corporate group. The counterparty identifier shall be the global legal entity identifier if one has been issued to the entity. If a counterparty transacts with the records entity through one or more separate foreign branches or divisions and any such branch or division does not have its own unique global legal entity identifier, the records entity must include additional identifiers, as appropriate to enable the FDIC to aggregate or disaggregate the data for each counterparty and for each entity with the same ultimate parent entity as the counterparty.	Varchar(50).
CP.3 Has LEI been used for counterparty identifier?	Y/N .....	Indicate whether the counterparty identifier is an LEI .....	Char(1).
CP.4 Legal name of counterparty	John Doe & Co	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(200).
CP.5 Domicile .....	New York, New York.	Enter as city, state or city, foreign country .....	Varchar(50).
CP.6 Jurisdiction under which incorporated or organized.	New York .....	Enter as state or foreign jurisdiction .....	Varchar(50).
CP.7 Immediate parent entity identifier.	77777777 .....	Provide an identifier for the parent entity that directly controls the counterparty. Use LEI if immediate parent entity has one.	Varchar(50).
CP.8 Has LEI been used for immediate parent entity identifier?	Y/N .....	Indicate whether the immediate parent entity identifier is an LEI .....	Char(1).
CP.9 Legal name of immediate parent entity.	John Doe & Co	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(200).
CP.10 Ultimate parent entity identifier.	666666666 .....	Provide an identifier for the parent entity that is a member of the corporate group of the counterparty that is not controlled by another entity. Information needed to identify counterparty. Use LEI if ultimate parent entity has one.	Varchar(50).
CP.11 Has LEI been used for ultimate parent entity identifier?	Y/N .....	Indicate whether the ultimate parent entity identifier is an LEI .....	Char(1).
CP.12 Legal name of ultimate parent entity.	John Doe & Co	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(100).

BOOKING LOCATION MASTER TABLE

Field	Instructions and data application	Definition
BL.1 As of date .....	Data extraction date .....	YYYY-MM-DD.
BL.2 Records entity identifier .....	Provide LEI .....	Varchar(50).
BL.3 Internal booking location identifier .....	Information not required to be provided. Enter "exempt" .....	Varchar(50).
BL.4 Unique booking unit or desk identifier .....	Information not required to be provided. Enter "exempt" .....	Varchar(50).
BL.5 Unique booking unit or desk description .....	Information not required to be provided. Enter "NA" .....	Varchar(50).
BL.6 Booking unit or desk contact—phone .....	Information not required to be provided. Enter "NA" .....	Varchar(50).
BL.7 Booking unit or desk contact—email .....	Information not required to be provided. Enter "NA" .....	Varchar(100).

## SAFEKEEPING AGENT MASTER TABLE

Field	Instructions and data application
SA.1 As of date .....	No entry required.
SA.2 Safekeeping agent identifier.	No entry required.
SA.3 Legal name of safekeeping agent.	No entry required.
SA.4 Point of contact—name.	No entry required.
SA.5 Point of contact—address.	No entry required.
SA.6 Point of contact—phone.	No entry required.
SA.7 Point of contact—email.	No entry required.

Dated: December 14, 2018.

**Peter Phelan,**

Deputy Assistant Secretary for Capital Markets.

[FR Doc. 2018-27758 Filed 12-20-18; 8:45 am]

**BILLING CODE 4810-25-P**

## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

#### 33 CFR Part 165

[Docket Number USCG-2013-0705]

RIN 1625-AA00

#### Regulated Navigation Area and Safety Zone: Tappan Zee Bridge Construction Project, Hudson River; South Nyack and Tarrytown, NY

**AGENCY:** Coast Guard, DHS.

**ACTION:** Temporary interim rule and request for comments.

**SUMMARY:** The Coast Guard is extending the effective period of the temporary regulated navigation areas and safety zone for the navigable waters of the Hudson River, NY, surrounding the Tappan Zee Bridge. This rule will extend the effective period of the existing temporary interim rule for an additional year, now ending on December 31, 2019. This rule will continue to prohibit all persons and vessel traffic from the safety zone and enforce speed and wake restrictions for the Eastern and Western regulated navigation areas as cited in this rule unless exceptions are authorized by the First District Commander or a designated representative. These regulated navigation areas and safety zone continue to be necessary to protect personnel, vessels, and the marine environment from potential hazards during the removal of the existing Tappan Zee Bridge and construction of a new bridge.

**DATES:** The effective period of § 165.T01-0174 is extended to December 31, 2019. The amendments in this rule are effective from December 31, 2018, through December 31, 2019.

Comments and related material must be received by the Coast Guard on or before April 1, 2019.

**ADDRESSES:** To view documents mentioned in this preamble as being available in the docket, go to <http://www.regulations.gov>, type USCG-2013-0705 in the “SEARCH” box and click “SEARCH.” Click on Open Docket Folder on the line associated with this rule. You may submit comments identified by docket number USCG-2013-0705 using the Federal eRulemaking Portal at <http://www.regulations.gov>. See the “Public Participation and Request for Comments” portion for further instructions on submitting comments.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this rule, call or email Mr. Craig Lapiejko, Waterways Management at Coast Guard First District, telephone 617-223-8351, email [craig.lapiejko@uscg.mil](mailto:craig.lapiejko@uscg.mil) or, Mr. Jeff Yunker, Coast Guard Sector New York Waterways Management Division, U.S. Coast Guard; telephone 718-354-4195, email [jeff.m.yunker@uscg.mil](mailto:jeff.m.yunker@uscg.mil).

#### SUPPLEMENTARY INFORMATION:

##### I. Table of Abbreviations

CFR Code of Federal Regulations  
 COTP Captain of the Port  
 DHS Department of Homeland Security  
 FR Federal Register  
 NYSTA New York State Thruway Authority  
 RNA Regulated Navigation Area  
 NPRM Notice of proposed rulemaking  
 TIR Temporary Interim Rule  
 § Section  
 U.S.C. United States Code

##### II. Background Information and Regulatory History

On September 26, 2013, the Coast Guard published a temporary interim rule (TIR) establishing a regulated navigation area (RNA) on the navigable waters of the Hudson River, NY, for the Tappan Zee Bridge replacement project (78 FR 59231). We received no comments on the September 26, 2013, TIR. No public meeting was requested, and none was held. Construction on the Tappan Zee Bridge replacement project began on October 1, 2013.

On July 25, 2014, the Coast Guard published a change to the original TIR which established a new safety zone and expanded the RNA to create both an Eastern and Western RNA for the Tappan Zee Bridge replacement project on navigable waters of the Hudson River, NY (79 FR 43250). We received

two comments on the July 25, 2014, TIR. The first comment referenced an unrelated rulemaking effort to establish anchorage locations along the Hudson River. The second comment merely provided the environmental checklist for the TIR. No public meeting was requested, and none was held.

Today’s TIR extends the effective period of the rule for one year until December 31, 2019, due to delays of the Tappan Zee Bridge replacement project.

On August 23, 2018, the NYSTA requested the RNAs and safety zone be extended until December 31, 2019, to complete all remaining contract operations in and over the Hudson River, including, but not limited to steel erection, concrete bridge deck placements, installation of navigation lighting, and removal of the original Tappan Zee Bridge.

The Coast Guard is issuing this temporary interim rule without prior notice and opportunity to comment pursuant to authority under section 4(a) of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)). This provision authorizes an agency to issue a rule without prior notice and opportunity to comment when the agency for good cause finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” Under 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a NPRM with respect to this rule because doing so would be impracticable and contrary to the public interest. The notice allowing the construction project to proceed and providing updated timelines for the project was only recently finalized and provided to the Coast Guard, which did not give the Coast Guard enough time to publish a NPRM, take public comments, and issue a final rule before the existing regulation expires. Timely action is needed to respond to the potential safety hazards associated with removal of the original bridge and construction of a new replacement bridge. It would be impracticable and contrary to the public interest to publish a NPRM because we must extend the effective period of the safety zone and RNAs as soon as possible to protect the safety of the waterway users, construction crew, and other personnel associated with the bridge project. A delay of the project to accommodate a full notice and comment period would delay necessary operations, result in increased costs, and delay the completion date of the bridge project and subsequent reopening of the Hudson River for normal operations.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for