from the Secretary of Energy. That document with the original signature and date is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

Signed in Washington, DC, on April 22, 2024.

Treena V. Garrett,

Federal Register Liaison Officer, U.S. Department of Energy.

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DEPARTMENT OF THE TREASURY

Office of Financial Research

12 CFR Part 1610

Ongoing Data Collection of Non-Centrally Cleared Bilateral Transactions in the U.S. Repurchase Agreement Market

AGENCY: Office of Financial Research, Treasury.

ACTION: Final rule.

SUMMARY: The Office of Financial Research (the ''Office'') within the U.S. Department of the Treasury (''Treasury'') is adopting a final rule (the ''Final Rule'') establishing a data collection for certain non-centrally cleared bilateral transactions in the U.S. repurchase agreement (''repo'') market. This collection requires daily reporting to the Office by certain brokers, dealers, and other financial companies with large exposures to non-centrally cleared bilateral repo (''NCCBR''). The collected data will be used to support the work of the Financial Stability Oversight Council (the ''Council''), its member agencies, and the Office to identify and monitor risks to financial stability.

DATES:

Effective date: July 5, 2024.

Compliance Dates: See the amendment to 12 CFR 1610.11(e).

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SUPPLEMENTARY INFORMATION:

I. Executive Summary

The Office is adopting the Final Rule to establish an ongoing data collection for certain non-centrally cleared bilateral transactions in the U.S. repo market. The Final Rule will require reporting by certain covered reporters for repo transactions that are not centrally cleared and have no tri-party custodian. The purpose is to enhance the ability of the Council, Council member agencies, and the Office to identify and monitor risks to financial stability. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the ''Dodd-Frank Act''), the Office is authorized to issue rules and regulations to collect and standardize data that supports the Council in fulfilling its duties and purposes, such as identifying risks to U.S. financial stability. In a 2022 statement on nonbank financial intermediation, the Council supported a recommendation that the Office consider ways to obtain better data on the NCCBR market segment, and in July 2022 and February 2024, the Office consulted with the Council on efforts to collect NCCBR data.[1]

This collection requires reporting on NCCBR transactions, which currently comprise the majority of repo activity by several key categories of financial companies, such as hedge funds. This collection will provide visibility and transparency into a crucial segment of the U.S. repo market, the one remaining market segment for which transaction-level data is not available to regulators.[2]

Collection of information on the NCCBR segment of the repo market is critical to understanding potential financial stability risks. The data to be collected under the Final Rule will enable the Office to monitor risks in this market. Because the Council's duties relate to monitoring and responding to potential financial stability risks, the collection will support the Office's statutory mandate to support the work of the Council.

The Office issued its Notice of Proposed Rule Making (''NPRM'' or ''proposed rules'') for a 60-day public comment period, ending on March 10, 2023.[3] In response, the Office received more than 30 comment letters conveying a range of perspectives.[4] Although the majority of commenters supported the proposed collection, noting the potential benefits to the monitoring of risks to financial stability, several identified issues that the Office has addressed in the discussion below and, in some cases, through regulatory text changes reflected in the Final Rule. In making these changes, the Office intends to minimize the burden of the Final Rule while ensuring that the purposes of the collection as expressed in the NPRM and below are met.

Since the publication of the NPRM, two new regulations were adopted that are relevant to the Office's collection. The Office believes that one of these will materially affect this collection. On December 13, 2023, the U.S. Securities and Exchange Commission (SEC) adopted rules under the Securities Exchange Act of 1934 (''Exchange Act'') to amend the standards applicable to covered clearing agencies for U.S. Treasury securities. The final rules require that every direct participant of the covered clearing agency submit for clearance and settlement all repo activity collateralized by U.S. Treasury securities to which it is a counterparty (the ''SEC's central clearing rules'').[5] On February 6, 2024, the SEC also adopted new rules to further define the phrase ''as part of a regular business'' as used in the statutory definitions of ''dealer'' and ''government securities dealer.'' [6] The Office has considered the likely

[1] Financial Stability Oversight Council Statement on Nonbank Financial Intermediation. February 4, 2022. *https://home.treasury.gov/news/press-releases/jy0587;* Meeting minutes. FSOC, July 28, 2022, page 7; Readout: Financial Stability Oversight Council Meeting on February 23, 2024. *https://home.treasury.gov/news/press-releases/jy2122.*

[2] Hempel, Samuel, R. Jay Kahn, Vy Nguyen, and Sharon Y. Ross. ''Non-centrally Cleared Bilateral Repo.'' OFR Blog. Office of Financial Research. August 24, 2022. *https://www.financialresearch.gov/the-ofr-blog/2022/08/24/non-centrally-cleared-bilateral-repo/.*

[3] Department of the Treasury. *Collection of Non-centrally Cleared Bilateral Transactions in the U.S. Repurchase Agreement Market.* Proposed Rule, 88 FR 1154 (January 9, 2023). *https://www.federalregister.gov/d/2022-28615,* hereafter cited as 88 FR 1154.

[4] Comment letters to the proposed rules may be found at *https://www.regulations.gov/document/TREAS-DO-2023-0001-0001/comment.*

[5] Securities and Exchange Commission. *Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule with Respect to U.S. Treasury Securities.* Final Rule, 89 FR 2714 (January 16, 2024). *https://www.federalregister.gov/d/2023-27860.*

[6] Securities and Exchange Commission. *Further Definition of ''As a Part of a Regular Business'' in the Definition of Dealer and Government Securities Dealer in Connection with Certain Liquidity Providers.* Final Rule, 89 FR 14938 (Feb. 29, 2024). (''Further Definition of 'As a Part of a Regular Business' '') *https://www.federalregister.gov/d/2024-02837.*

impact of these rules on its NCCBR collection, as described below.

II. Background and Description of the Final Rule

The following discussion summarizes the proposed rules, the comments received, and the Office's responses to those comments, including modifications reflected in the Final Rule.

II(a) Structure of the Repo Market and Purpose of the Final Rule

As noted in the NPRM, the collection of data pursuant to this Final Rule will support the Council, its member agencies, and the Office in carrying out their responsibilities through the use of the data to identify and monitor potential financial stability risks in the U.S. repo market.

The repo market can be divided into four segments, which span the different combinations of centrally cleared and non-centrally cleared, tri-party, and bilateral repo.[7] For three of these segments, data are currently collected by regulators. The collection under the Final Rule has been designed to fill a critical gap in regulators' information on the overall repo market by collecting data on the NCCBR segment, the last segment for which regulators do not have a transaction-level data source.

As noted in the NPRM, the need for a collection of data on this segment of the market to assist policymakers' understanding of the repo market has been recognized by the Council since 2016, when it first called for the Office to establish a permanent repo data collection.[8] This lack of visibility was felt acutely following two recent episodes of stress in repo markets. The first of these recent episodes involved a spike in repo market rates in September 2019 and the second a decline in Treasury prices, which spilled over to the repo market through higher rates, in March 2020. For both of these episodes, substantial portions of activity in these crucial funding markets could not be observed. In the wake of these episodes, market participants and the official sector have pointed to this segment as a critical blind spot in a market that plays a key role in financial stability.[9]

Both of these episodes illustrate that the NCCBR market segment may be subject to the systemic vulnerabilities discussed below and perhaps has become even more central to the functioning of U.S. securities and short-term funding markets. Though these vulnerabilities are present to a greater or lesser extent across the four segments of the repo market, certain characteristics of the NCCBR segment may be especially prone to such vulnerabilities and exacerbate the risks in other segments.

II(b) NCCBR Market Segment Characteristics That May Increase Financial Stability Risks

In the NPRM, the Office noted the framework set forth in its centrally cleared repo rule [10] for understanding activity in the overall repo market and the associated vulnerabilities across five functions that repo provides: (1) a low-risk cash investment, (2) monetization of assets, (3) transformation of collateral, (4) facilitation of hedging, and (5) more generally, a support for secondary market liquidity and pricing efficiency.[11]

Certain characteristics of the NCCBR market segment may increase the potential for risks to financial stability relative to other segments. However, data gaps have limited the ability of financial regulators to monitor risks and vulnerabilities in this segment. Additionally, because abrupt changes in these characteristics can have financial stability consequences, addressing data gaps is important.

The NPRM highlighted collateral risk as a key motivation for the collection. The NCCBR market segment generally involves riskier collateral than other repo segments, because centrally cleared markets are limited to Fedwire-eligible collateral, such as Treasuries and agency bonds. Data from the Federal Reserve Bank of New York's Primary Dealer Statistics show that 95% of primary dealer repo lending against non-Fedwire-eligible collateral (including asset-backed securities, corporate debt, and other securities) is conducted through the NCCBR market segment. These collateral types are riskier than Treasury and agency securities. Supported by riskier collateral, the NCCBR market segment may be more exposed to the risks associated with monetizing assets.

The NCCBR market segment also has counterparty complexity that warrants attention. Many counterparties in this market are not as active in the centrally cleared or tri-party repo markets, which are market segments about which more data are available to financial regulators. The NCCBR market segment facilitates a large amount of cash borrowing by highly leveraged entities such as hedge funds.[12] As a result, financial regulators and market participants do not have sufficient information on the overall complexity and extent of hedge funds' daily repo borrowing to assess potential risks. For instance, financial regulators did not have access to sufficient data to understand the risk management practices of Long-Term Capital Management (LTCM).[13] LTCM, a hedge fund that failed in 1998, built up large counterparty exposures through NCCBR.[14] The firm conducted its repo and reverse-repo transactions with 75 different counterparties, many of which were reportedly unaware of the nature of LTCM's total exposure. These large exposures created through repo were a key source of systemic stress from LTCM's failure, as liquidations of the

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[7] 88 FR 1154, 1156, citing Kahn, R. Jay, and Luke M. Olson. ''Who Participates in Cleared Repo?'' Brief no. 21–01, Washington, DC: Office of Financial Research, 2021. For more background, see Baklanova, Viktoria, Adam Copeland, and Rebecca McCaughrin. ''Reference Guide to U.S. Repo and Securities Lending Markets.'' Working Paper no. 15–17, Washington, DC: Office of Financial Research, 2015.

[8] Financial Stability Oversight Council. *2016 Annual Report,* page 14, Washington, DC: FSOC, 2016. *https://home.treasury.gov/system/files/261/FSOC-2016-Annual-Report.pdf.*

[9] Logan, Lorie K. ''Treasury Market Liquidity and Early Lessons from the Pandemic Shock.'' Remarks, Brookings-Chicago Booth Task Force on Financial Stability Meeting, 2020; International Monetary Fund. 2020. ''United States: Financial Sector Assessment Program Technical Note: Risk Oversight and Systemic Liquidity;'' Liang, Nellie, and Pat Parkinson. ''Enhancing Liquidity of the U.S. Treasury Market Under Stress.'' Working Paper no. 72, Washington, DC: Brookings Hutchins Center on Fiscal and Monetary Policy, 2020; BlackRock. 2020. ''Lessons from COVID–19: Market Structure Underlies Interconnectedness of the Financial Market Ecosystem.'' BlackRock ViewPoint; Bank Policy Institute. 2020. ''Necessary Dimensions of a Holistic Review of the Meltdown of U.S. Bond Markets in March;'' Citadel Securities. 2021. ''Enhancing Competition, Transparency, and Resiliency in U.S. Financial Markets;'' Feldberg, Greg. ''Fixing Financial Data to Assess Systemic Risk.'' Brookings Economic Studies, 2020; Brookings Hutchins Center on Fiscal and Monetary Policy. 2021. ''Report of the Task Force on Financial Stability.''

[10] Department of the Treasury. *Ongoing Data Collection of Centrally Cleared Transactions in the U.S. Repurchase Agreement Market.* Final Rule, 84 FR 4975 (Feb. 20, 2019). *https://www.federalregister.gov/d/2018-14706.*

[11] 88 FR 1154, 1157. *https://www.federalregister.gov/d/2022-28615.*

[12] Hempel, Samuel, R. Jay Kahn, Vy Nguyen, and Sharon Y. Ross. 2022. ''Non-centrally Cleared Bilateral Repo.'' August 24, 2022. The OFR Blog. Office of Financial Research. *https://www.financialresearch.gov/the-ofr-blog/2022/08/24/non-centrally-cleared-bilateral-repo/.*

[13] ''Long-Term Capital Management: Regulators Need to Focus Greater Attention on Systemic Risk: Report to Congressional Requesters,'' United States. General Accounting Office, 1999.

[14] Parkinson, Patrick M. ''Report on Hedge Funds, Leverage, and the Lessons of Long-Term Capital Management. Testimony, U.S. House, May 6, 1999, Congress, Washington, DC: Federal Reserve Board, 1999. *https://www.federalreserve.gov/boarddocs/testimony/1999/19990506.htm;* Dixon, Lloyd, Noreen Clancy, and Krishna B. Kumar. 2012. *Hedge Funds and Systemic Risk.* Santa Monica, California: RAND Corporation. *http://www.jstor.org/stable/10.7249/j.ctt1q60xr.11.*

underlying collateral in bankruptcy could have resulted in significantly depressed prices and broader market disruptions.[15] While transparency into other segments of the repo market has increased since 1998, the NCCBR market segment has remained opaque.

NCCBR market participants engage in varying risk management conventions, but insufficient information regarding these conventions is available to enable an assessment of their efficacy. These conventions include, but are not limited to, margining and settlement practices. For instance, the variation in margining practices across competing intermediaries may create competitive pressures that drive margins to lower levels than what prudent risk management would indicate.[16] There may also exist widely subscribed margining practices which could exacerbate financial stability vulnerabilities in times of stress. For instance, the cross-margining of repo, derivatives, and futures exposures could result in lower precautionary risk buffers, even in the presence of leverage, than if cross-margining practices were not in place. In times of stress, inadequate margins may be insufficient to buffer payment failures between firms and can result in consequential financial contagion. Additionally, risks exist in relation to operational aspects of the transaction lifecycle. For instance, the Treasury Market Practices Group found that settlement practices vary widely and expressed concern that ''bespoke bilateral processes may reflect differences in the level of understanding among market participants of the inherent risks of Securities Financing Transaction (SFT) clearing and settlement.'' [17] Collectively, NCCBR risk management concerns interrelationships between firms within this and other markets and spans risks that are not uniquely contained in the NCCBR segment.

Activity across the different segments of the repo market is linked. For example, the NCCBR market segment can serve as a close substitute for centrally cleared bilateral repo. This is particularly the case in the sponsored segment of the market for customers that are not direct clearing members of the Fixed Income Clearing Corporation (FICC), a subsidiary of the Depository Trust & Clearing Corporation, such as hedge funds and money market funds. These customers can participate in transactions with clearing members and have such transactions submitted to FICC for central clearing. As a result, migration to and from sponsored repo is also an area of interest for regulators concerned with a proper assessment of dealer balance sheets. Activity may move between sponsored repo and NCCBR in times of stress or in response to incentives created by financial reporting dates. Dealers' decisions to transact in NCCBR or in sponsored repo may also be affected by factors that affect the degree to which various constraints are binding for the dealers, including regulatory ratios and counterparty credit limits. Examples of these factors include changes in the supply of cash to the repo market from money market funds and the netting benefits provided by sponsored repo. To understand these shifts between NCCBR and sponsored repo, data on outstanding commitments in the NCCBR market segment are required.

The development of guaranteed repo is another factor that may affect flows between NCCBR and sponsored repo. A guaranteed repo is a repo in which the performance of one or both counterparties are guaranteed by a third-party guarantor. This is typically, but not exclusively, used to account for potential variation in value of the collateral provided by the cash borrower. Because guaranteed repo replicates the profile of offsetting legs of the same repo transaction with different counterparties yet has different balance sheet implications, guaranteed repo may be an alternative to sponsored repo. Since guaranteed repos would represent a similar exposure to offsetting repo transactions, it is essential to include these activities in this collection to gain a full understanding of the NCCBR segment of the repo market.

In addition to the specific data gaps noted above, because the NCCBR market segment has no central counterparty or tri-party custodian and due to the lack of transparency, lack of standardized risk management practices, the presence of riskier collateral underlying some trades, and counterparties with large exposures in the market, these data will provide insights into potential financial system vulnerabilities.[18] Many of the counterparties involved in the NCCBR segment, such as non-banks and non-primary dealers, are difficult to monitor with existing regulatory collections. Transaction-level data will provide the official sector with the granularity necessary to understand the exposures of market participants on a high-frequency basis. This is essential in a market where monthly or quarterly reporting may not provide timely indications of future stress or provide detailed data on recent periods of stress. Additionally, data on collateral will enable regulators to monitor exposures to particular classes of securities, margining practices that protect participants from fluctuations in collateral values, and the potential transmission of stress from the repo markets to securities markets or other markets. Timestamps and details of trading venues will allow regulators to monitor activity in a market that is often segmented and in which intraday liquidity concerns can play a key role in the creation or propagation of stress.

Thus, the collection of transaction-level data on the NCCBR segment of the repo market marks a significant step in carrying out the Council's recommendation to expand and make permanent the collection of data on the U.S. repo market.[19] It will assist the Council's effective identification and monitoring of emerging threats to the stability of the U.S. financial system by closing the remaining gap in coverage of the U.S. repo market, following the Office's previous rulemaking on the centrally cleared repo market. By collecting data from certain brokers, dealers, and other financial companies with more than $10 billion in extended guarantees and outstanding NCCBR cash borrowing, the Office initially expects to observe more than 90% of NCCBR transactions by volume, with approximately 40 covered reporters in Category 1 (as discussed below) expected at the time of publication of the Final Rule.

II(c) Effects of Recent Regulations on the Office's Collection

On December 13, 2023, the SEC adopted a final rule on central clearing in the U.S. Treasury market, and on February 12, 2024, the SEC adopted a

[15] Parkinson, Patrick M. ''Report on Hedge Funds, Leverage, and the Lessons of Long-Term Capital Management.'' Testimony, U.S. House, May 6, 1999, Congress, Washington, DC: Federal Reserve Board, 1999.

[16] See also Group of Thirty Working Group on Treasury Market Liquidity. *U.S. Treasury Markets: Steps Toward Increased Resilience.* Washington, DC: Group of Thirty, G30, 2021, which notes that competitive pressures in the repo market can often ''drive haircuts down (sometimes to zero).''

[17] Treasury Market Practices Group. ''TMPG Releases Updates for Working Groups on Clearing and Settlement Practices for Treasury SFTs, Treasury Market Data and Transparency.'' Press Release, November 5, 2021: TMPG. *https://www.newyorkfed.org/medialibrary/Microsites/tmpg/files/PressRelease_110521.pdf.*

[18] Schulhofer-Wohl, Sam; McCormick, Matthew. 2022. ''Expanded central clearing would increase Treasury market resilience.'' Dallas Fed Economics, December 23, 2022. *https://www.dallasfed.org/research/economics/2022/1223.*

[19] Financial Stability Oversight Council. 2016 Annual Report, page 14, Washington, DC: FSOC, 2016. *https://home.treasury.gov/system/files/261/FSOC-2016-Annual-Report.pdf.*

final rule expanding dealer registration. This section discusses the effects of these rules on the Office's collection under the Final Rule.

II(c)(1) SEC's Central Clearing Rules

The SEC's central clearing rules, adopted December 13, 2023, are designed to facilitate additional clearing of transactions involving U.S. Treasury securities. The rules require covered clearing agencies in the U.S. Treasury market to require that any direct participant of such covered clearing agency submit for clearance and settlement all the eligible secondary-market transactions to which the direct participant is a counterparty.[20] The compliance date for the SEC's requirements for the central clearing of repo transactions is June 30, 2026. After that date, the Office anticipates that a large portion of Treasury repo transactions will migrate from the NCCBR segment to the centrally cleared segments.

The Office has considered the effect of the SEC's central clearing rules on the riskiness of transactions that will remain in the NCCBR segment, the size of the NCCBR segment, the Office's coverage of the NCCBR segment, and the Office's coverage of repo transactions overall.

The Office expects transparency and financial stability of the repo market to improve following the implementation of the SEC's central clearing rules. However, the Office's collection will continue to be essential for monitoring a substantial portion of the riskiest trades in the repo market and will provide visibility into a segment that may grow and change in response to future developments.

Impact on the riskiness of NCCBR transactions: One reason that the collection of data from the NCCBR segment will remain important is that this segment will retain substantially all of the risks described above. While Treasury repo trades by financial companies that are members of covered clearing agencies will largely be centrally cleared as a result of the SEC's central clearing rules, the remaining trades will likely be riskier, such as those backed with lower-quality collateral or those with smaller, riskier financial companies that currently cannot be members of clearing agencies. Because the FICC is limited to Fedwire-eligible collateral, considerable volume in the NCCBR segment is backed by collateral that is generally considered to be riskier, such as private-label asset backed securities (ABS) and corporate debt.[21] [22] This collateral will comprise a larger share of the NCCBR segment after the migration of Treasury repo to central clearing. Similarly, the FICC imposes certain limits on direct membership that ensure only sounder counterparties can become direct and sponsoring members. Thus, after the SEC's central clearing rules are fully implemented, the remaining trades in the NCCBR segment will generally be conducted by riskier counterparties.

Impact on the size of the NCCBR segment: The Office expects the size of the NCCBR segment to shrink significantly when most Treasury -collateralized repo activity moves to central clearing. Although there is uncertainty associated with the effect of the SEC's central clearing rules on the structure of the repo market, the Office expects the rules to change the scope of the transactions reported under the Final Rule due to the reduction in the total volume of transactions in the NCCBR segment. In the NPRM, the Office estimated that the proposed rules' coverage of the NCCBR segment would be greater than 90%; using the same methodology, this segment coverage would decline to 75% after implementation of the SEC's central clearing rules.

However, because the NCCBR segment will materially change following full implementation of the SEC's central clearing rules, different estimation methodologies might be warranted. Accordingly, the Office developed two additional estimates. The first estimate assumes that all Treasury-collateralized repo activity moves into central clearing following full implementation of the SEC's central clearing rules. The second estimate assumes a modest amount of Treasury-collateralized repo remains in NCCBR. Certain exemptions to the SEC's central clearing rules make this modest amount realistic, as discussed below.

In the first estimate, the collection would cover 56% of the remaining NCCBR segment volume. The Office believes that this scenario is unlikely because it assumes that all Treasury repo will migrate to central clearing. In the second estimate, the collection would cover 75% of NCCBR volume if as little as 15% of the Treasury volume remains in the NCCBR segment. The assumption that 15% of volume remains is reasonable because certain Treasury-collateralized repo transactions are exempt from the SEC central clearing rules, including certain inter-affiliate trades. The Office's 2022 NCCBR pilot data collection suggests that the percentage of total NCCBR trading volume that is inter-affiliate may be much greater than 15%.

In addition, other Treasury repo transactions may be exempt from central clearing because they are not allowed under the FICC's sponsored clearing model. For example, trades with embedded optionality, such as open repos, are not allowed in sponsored repo, and it is uncertain how many of those trades will remain in the NCCBR segment after full implementation of the SEC's central clearing rules. Exceptions to the SEC's central clearing rules could therefore result in the collection covering more than 75% of the remaining NCCBR volume.

Under these two estimates, the NCCBR market segment would shrink from $2.3 trillion daily outstanding volume as of Q4 2021 to between roughly $300 billion and $600 billion daily outstanding volume. Although this will be a significant reduction in the size of the NCCBR segment, the Office believes a market of this size is large enough to warrant continued monitoring in light of the risks particular to this segment, as highlighted above and considered further below. A number of multibillion-dollar market segments are important to financial stability and are subject to reporting. For example, the Office currently collects information on the centrally cleared tri-party segment of the market, conducted under FICC's General Collateral Finance (GCF) Repo Service, which had $450 billion outstanding on January 22, 2024. While the GCF segment is similar in magnitude to what the Office projects for the NCCBR collection subsequent to the implementation of the SEC's central clearing rules, collateral quality is much lower in the NCCBR segment, because GCF is limited to Treasury and agency collateral. Further, counterparty risk in NCCBR is higher both because of the presence of a central counterparty in

[20] The definition of the term ''eligible secondary market transaction'' lists certain transactions that may be excluded from central clearing. Two notable exclusions are inter-affiliate trades and trades in which the direct member is a facilitator or agent rather than a direct counterparty. 89 FR 2829, *https://www.federalregister.gov/d/2023-27860.*

[21] For more detailed information on the use of non-Treasury collateral in the NCCBR market segment, see Baklanova, Caglio, Cipriani, and Copeland. ''The Use of Collateral in Bilateral Repurchase and Securities Lending Agreements.'' Federal Reserve Bank of New York Staff Reports, no. 758, 2016: *https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr758.pdf;* Hempel, Kahn, Paddrik, and Mann. 2023. ''Why is so much Repo Not Centrally Cleared? '' Brief no. 23–01, Washington, DC: Office of Financial Research, May 12, 2023: *https://www.financialresearch.gov/briefs/2023/05/12/why-is-so-much-repo-not-centrally-cleared/.*

[22] FICC is currently the sole provider of clearance and settlement services for U.S. Treasury securities.

GCF and because FICC imposes limits on direct membership.

Additionally, although the sizes of exposures to the NCCBR segment are likely to be smaller once the SEC's central clearing rules are implemented, exposures of this scale can still pose risks to financial stability. For example, the Council's Hedge Fund Working Group found that the failure of Archegos Capital, which had approximately $30 billion in capital borrowed through total return swaps that are in many ways similar to NCCBR transactions, ''transmitted material stress to large, interconnected financial institutions.'' [23]

Impact on the collection's coverage of the NCCBR segment: As stated above, the Office expects that the collection will cover between 56% and 75% of the transaction volume that remain in the NCCBR market segment. Because overall volumes in the NCCBR segment will decrease, the Office also expects the number of covered reporters to decrease. The Office estimates the number of covered reporters to decrease from 40 to 6 to 15, respectively, under the two estimates described above.

Notwithstanding these changes, the Office believes collecting this data remains important. The remaining entities in this market will continue to be the largest participants in the repo market, and this market will still make up a material portion of their balance sheets, so capturing this exposure will be important for monitoring how financial stress in the NCCBR segment might spill over into the other segments of the repo market. The Office continues to view the $10 billion exposure threshold as a reasonable size for a financial company to be considered material in this segment and notes that although the NPRM included a question on this threshold, no commenters expressed concern with this number. Additionally, the Office believes that reporting by Category 1 and Category 2 covered reporters (as discussed below) with exposures above this threshold will provide material coverage of the NCCBR segment to monitor risks without imposing undue reporting burdens on the industry.

As further support for maintaining the $10 billion materiality threshold proposed in the NPRM, the Office notes that even exposures below the $10 billion threshold can have financial stability consequences, especially in short-term funding markets such as the repo market where run risk is present. For instance, the run on the Reserve Primary Fund, a money market mutual fund that failed to redeem investors at the $1.00 net asset value per share in September 2008 following the collapse of Lehman Brothers, was triggered by the fund's exposure to $785 million of commercial paper issued by Lehman Brothers. This exposure was far less than the Office's aggregate repo cash borrowing threshold of $10 billion in NCCBR, yet the Reserve Primary Fund contributed materially to a crisis of confidence in the financial system. The risks were illustrated by a 2013 study that found an additional 20 money market mutual funds faced par redemption challenges similar to the Reserve Primary Fund during the same week.[24] While those money market mutual fund exposures may have varied, the financial instability resulted from a source much smaller than the materiality threshold in the Final Rule.

Impact on the Office's overall coverage of the repo market: The combination of the SEC's central clearing rules and the Office's NCCBR data collection will significantly improve visibility into transactions that currently take place in the NCCBR segment. While the SEC's rules will have the effect of channeling more Treasury repo transactions into central clearing, the Office's Final Rule will cover data gaps that currently exist and could develop in NCCBR. Additionally, the Final Rule will provide transparency with respect to potential future market changes. An example of such a change is guaranteed repo, which could emerge as an alternative to centrally cleared repo. The Final Rule will provide insight into any changes in the size of the NCCBR market segment. Further, the Final Rule will provide transparency into repo activity involving collateral that is not eligible for central clearing. Therefore, after the implementation of the SEC's central clearing rules, the NCCBR collection will continue to fill a critical data gap because without the collection, regulators would have limited insight into risks in this segment.

II(c)(2) SEC's Expansion of Dealer Registration Requirements

On February 6, 2024, the SEC adopted new rules to further define the phrase ''as a part of a regular business'' as used in the statutory definitions of ''dealer'' and ''government securities dealer.'' [25] These new rules could affect the collection under the Final Rule because, as described in the NPRM and below, registered dealers and government securities dealers are subject to the requirement to report their transactions to the Office if their NCCBR activity exceeds the materiality threshold in the Final Rule. While the SEC's recent amendments will expand the population of dealers and government securities dealers, those changes are unlikely to expand the number of NCCBR covered reporters at this time, because companies that are newly defined as dealers or government securities dealers are unlikely to pass the materiality threshold in the Final Rule. The Office expects that substantially all newly registered dealers and government securities brokers and dealers will be either principal trading firms (PTFs) or hedge funds employing high-frequency trading (HFT) strategies. In both cases, these firms employ strategies that involve rapid trading throughout the day, matching buyers and sellers, and exploiting spreads between bid and ask prices. For firms that do not carry significant inventories, like some PTFs or HFTs, participation in repo is likely negligible since they have no inventories to fund. As a result, the Office expects that few, if any, of the additional firms registering as dealers or government securities dealers under the SEC's recent amendments will be subject to NCCBR reporting, so the implementation of these SEC rules should have limited effect on the NCCBR collection.

II(d) Uses of the Data Collection

The data to be collected pursuant to the Final Rule will be used by the Office to fulfill its purpose, responsibilities, and duties under Title I of the Dodd-Frank Act, including improving the Council's and Council member agencies' monitoring of the financial system and identification and assessment of potential financial stability risks. The data reported in this collection will facilitate the identification and evaluation of potential repo market vulnerabilities and trends that could be destabilizing or indicate stresses in the financial system. For example, risks might be reflected in indicators of the volume or cost of funding in the repo market, differentiated by the type and credit quality of participants, quality of underlying collateral, and tenor of

[23] Financial Stability Oversight Council Press Release, February 4, 2022: *https://home.treasury.gov/news/press-releases/jy0587* (accessed January 24, 2024).

[24] McCabe, P.E., Cipriani, M., Holscher, M. and Martin, A., 2013. ''The Minimum Balance at Risk: A Proposal to Mitigate the Systemic Risks Posed by Money Market Funds.'' Brookings Papers on Economic Activity, 2013(1), pages 211–278.I think.

[25] Further Definition of 'As a Part of a Regular Business,' 89 FR 14938. *https://www.federalregister.gov/d/2024-02837.*

transactions. Analyzing the collateral data from this collection together with other available data will enable a clearer understanding of collateral flows in securities markets and associated potential financial stability risks.

One use of the data will be to monitor the transition between the time that the NCCBR collection commences and when, under the SEC's central clearing rules, certain Treasury repo trades will be required to migrate to central clearing.[26] The NCCBR collection will provide contemporaneous information to regulators and policymakers on the progress of market participants in moving to central clearing. Because the SEC's central clearing rules will involve significant changes in market structure and there is uncertainty regarding how markets will respond to its implementation, this information on progress and risks associated with the transition will be invaluable.

The Office may also use the data to sponsor and conduct additional research. This research may include using these data to help fulfill the Office's duties and purposes under the Dodd-Frank Act relating to the responsibility of the Office's Research and Analysis Center to support the Council.[27] For example, access to data on NCCBRs will allow the Office to conduct research related to the Council's monitoring of potential risks arising from securities financing activities and nonbank financial companies.

As noted in the NPRM, and consistent with the Dodd-Frank Act, the Office may share the data collection and information with the Council, Council member agencies, and the Bureau of Economic Analysis and will also make the data available to the Council and member agencies as necessary to support their regulatory responsibilities. The NPRM also noted that data and information shared as described above must be maintained with at least the same level of security as used by the Office and may not be shared with any individual or entity without the permission of the Council. Such sharing will be subject to the confidentiality and security requirements of applicable laws, including the Dodd-Frank Act.[28] Pursuant to the Dodd-Frank Act, the submission of any non-publicly available data to the Office under this collection will not constitute a waiver of or otherwise affect any privilege arising under federal or state law to which the data or information is otherwise subject.[29]

After consulting with Council member agencies as consistent with the Dodd-Frank Act, the Office further advised in the NPRM that certain data, including aggregate or summary data from this collection, may be provided to financial industry participants and the general public to increase market transparency and facilitate research on the financial system. In doing so, it is important that intellectual property rights are not violated, business confidential information is properly protected, and the sharing of such information poses no significant threats to the U.S. financial system.[30]

Commenters identified concerns about data privacy and security, anonymization, and aggregation of the data when disclosing data as described above. One commenter encouraged the Office to require in the Final Rule that data be anonymized and aggregated prior to being disclosed to the public. One commenter stated that anonymization and aggregation of publicly reported data was required to prevent covered reporters from violating privacy regulations or contractual confidentiality terms. Other commenters indicated that disclosure of data not anonymized or aggregated could lead to negative effects for markets and market participants and depending on the timing and nature of the disclosure, disclosure of even aggregate repo transactions could inadvertently reveal proprietary information of financial companies. One comment letter recommended that the Office consult in advance with market participants regarding the timing and granularity of any disclosure. Another commenter recommended that public disclosure occur after two business days from the date of the report.

The Office reiterates that data will be available to the public and financial industry participants only to the extent that intellectual property rights are not violated, business confidential information is properly protected, and the sharing of such information poses no significant threats to the U.S. financial system.[31] The Office further confirms that it will not disclose raw data to the public and that any work product disclosed to the public will consist only of anonymized, aggregated, or otherwise masked data.

One comment letter requested that the Office clarify how it will anonymize the aggregated data for public reporting. The Office employs a number of techniques to protect underlying raw data from public disclosure, including the use of anonymization, summaries, aggregation, masking, compliance with applicable data security and privacy laws, and compliance with internal review and approval protocols designed to protect the underlying data from public disclosure.

One commenter recommended that when sharing data from the collection with other regulators, the Office should make clear that the information is confidential and subject to all applicable laws and regulations regarding subsequent sharing of the information. The commenter also recommended that Office employees and consultants be subject to additional confidentiality requirements regarding the use or dissemination of data collected under the Final Rule. Another comment letter requested that the Office specify any IT security protocols that will be used to guarantee the security of the data that will be collected. The Office has a statutory responsibility to ensure that data collected by the Office is kept securely and protected from unauthorized disclosure; and data shared with other regulatory agencies must be maintained with at least the same level of security as is used by the Office.[32] Additionally, for purposes of preventing unauthorized access to data or loss of data, the Federal Information Security Modernization Act of 2014 (FISMA) requires that federal agencies, including the Office and federal regulatory agencies, provide information security protections commensurate with the risk and magnitude of harm resulting from unauthorized access, use, or disclosure of information collected by or on behalf of an agency. The information collected pursuant to the Final Rule will be handled in accordance with the Office's data access, security, and control policies and procedures. The Office will comply with applicable privacy and data protection laws and regulations, including but not limited to FISMA, and will require that any regulatory agencies that receive business confidential information utilize appropriate confidentiality and security protocols in

[26] The Final Rule requires that a ''covered reporter whose volume falls below the $10 billion threshold for at least four consecutive calendar quarters would have its reporting obligations cease.'' As a result, the Office expects to collect data from approximately 40 reporters until as late as June 2027, 12 months after the SEC's June 30, 2026, compliance date for central clearing of Treasury repo trades.

[27] 12 U.S.C. 5344(c) discusses the various uses of data by the Office's Research and Analysis Center, and 12 U.S.C. 5344(b) discusses the duties of the Office's Data Center, on behalf of the Council.

[28] 12 U.S.C. 5343(b), 5344(b)(3).

[29] 12 U.S.C. 5322(d)(5).

[30] 12 U.S.C. 5344(b)(6).

[31] 12 U.S.C. 5344(b)(6).

[32] 12 U.S.C. 5343(b)(1) and 12 U.S.C. 5344(b)(3).

compliance with FISMA and other applicable laws.

III. Collection Design

The regulatory text lists the requirements specifically relevant to this collection. This includes a table describing the data elements that covered reporters will be required to submit. As outlined below, the Office is publishing reporting instructions and technical guidance on the Office's website regarding matters such as data submission mechanics and formatting in connection with the Final Rule.

III(a) Scope of Entities

The Final Rule establishes the scope of entities subject to reporting. Specifically, reporting is required by financial companies (as defined in the Final Rule) that fall within either of two categories:

- *Category 1:* a securities broker, securities dealer, government securities broker, or government securities dealer whose average daily outstanding commitments to borrow cash and extend guarantees in NCCBR transactions with counterparties over all business days during the prior calendar quarter is at least $10 billion,[33] and
- *Category 2:* any financial company that is not a securities broker, securities dealer, government securities broker, or government securities dealer and that has over $1 billion in assets or assets under management, whose average daily outstanding commitments to borrow cash and extend guarantees in NCCBR transactions, including commitments of all funds for which the company serves as an investment adviser, with counterparties that are not securities brokers, securities dealers, government securities brokers, or government securities dealers over all business days during the prior calendar quarter is at least $10 billion.

The Office intends to consider a financial company to have assets or assets under management exceeding $1 billion if the company meets one or more of the following criteria:

- if the firm is an investment adviser registered pursuant to the Investment Advisers Act of 1940 provides continuous and regular supervisory or management services to securities portfolios valued in the aggregate at $1 billion or more in assets under that law;
- if the firm files a required disclosure of its balance sheet with a federal or state financial regulator and has more than $1 billion in assets under any such disclosure;
- if the firm discloses its assets to investors or creditors in audited financial statements, and has more than $1 billion in assets under that disclosure;
- if the firm has disclosed assets in filings with the Internal Revenue Service and has more than $1 billion in assets under that disclosure.

As noted in the NPRM, the Office distinguishes between assets and assets under management in the criteria above in light of the manner in which an agent acts on the part of other parties. Investment advisers provide investment management services as fiduciaries, using a wide variety of models and vehicles. They engage in activities such as entering into repo, acting as cash borrowers, and buying and selling derivatives on behalf of clients. These activities can take place at the managed fund or portfolio level or at the adviser level with the resulting trades subsequently allocated to their managed funds or portfolios. Unlike other financial companies, the value of these assets is not fully reflected on the balance sheet of the adviser. As a result, the use of assets under management better represents the market value of investment activities provided and should be used in the threshold computation.

The Office received several comments relating to investment advisers within the framework of the proposed rules. One commenter stated that reporting by an investment adviser based on its aggregate assets under management is inappropriate, as investment advisers merely execute investment strategies on behalf of their managed funds, with each fund having an individualized strategy that may include repo transactions. It further stated that trading of fund assets and positions is never executed with the adviser as the principal obligor, but rather must be allocated to the appropriate fund as the principal obligor. The commenter suggested that the Office instead use the assets under management of individual funds since, notwithstanding any execution of trades on a bunched or similar basis, each individual fund is the principal obligor, and the investment adviser must act consistent with each fund's investment strategy. As the commenter acknowledged, trading may be executed on a bunched basis across multiple funds to obtain consistent pricing for each fund with allocation to individual funds to follow, consistent with the Office's stated reasoning for aggregating assets across funds in the calculation of assets under management. These transactions are conducted on the adviser level, and the Office believes that limiting the threshold calculation to individual funds would lead to an incomplete picture of the repo market, because the data would no longer contain the necessary context for determining the financial stability risks implied by an investment adviser's transactions. For example, margining practices are a risk the collection may be used to monitor. Since haircuts are a transaction term often negotiated at the level of the investment adviser, it is important to have the full set of transactions negotiated with a given haircut to assess the riskiness of margining practices. For these reasons, the Office does not consider the issue of principal obligor status to be important for the purposes of this type of monitoring.

Another commenter asserted that investment advisers to private funds are already subject to significant oversight and compliance obligations and, in the context of systemic risk, report extensive information on Form PF regarding collateral and counterparty exposures, among other information. They also stated that the scope of entities covered by the proposed rules would result in duplicative and costly reporting requirements on investment advisers, which, in turn, would dilute the quality of the data reported and increase costs to funds' investors. However, although investment advisers may be subject to other oversight and compliance obligations as noted in the NPRM, based on its review of existing data collections, the Office has found no other transaction-level, daily collection of this data. Moreover, commenters on the NPRM did not identify a duplicative data collection at this level of granularity and frequency that would otherwise enable the Office adequately to monitor financial stability risks in this market.

Another commenter similarly suggested that registered investment advisers (RIAs) be excluded from eligibility for Category 2 reporting, and that Category 1 be extended to include banking entities. The commenter stated that if Category 1 were to be extended in such a manner, an RIA would be unlikely to undertake covered transactions with a financial company that was not in Category 1, and as a result, the inclusion of RIAs in Category 2 would be redundant. It also asserted that if Category 1 were not extended to include banking entities, the potential for an RIA to become subject to Category

[33] The terms broker and dealer are defined in 15 U.S.C. 78c(a)(4) and (5), respectively. Broker and dealer registration requirements are contained in 15 U.S.C. 78o. The terms government securities broker and government securities dealer are defined in 15 U.S.C. 78c(a)(43) and (44), respectively. Government securities broker and government securities dealer registration requirements are contained in 15 U.S.C. 78o–5.

2 reporting could lead to Category 2 entities generally preferring to transact with Category 1 entities (where this does not impact the price at which they transact), leading to distortions. Accordingly, it suggested that excluding RIAs from Category 2 would not ultimately reduce the effectiveness of the Office's data collection. However, this commenter provided no data to support this assertion, and the Office sees such concerns about trading preferences as speculative in nature. In relation to this commenter's proposal to extend the definition of Category 1 covered reporters, the Office has declined to add banking entities to the enumerated categories of entities contained in Category 1, as discussed below. Additionally, given the gaps in visibility into this market, the risks from leveraged funds that are operated by RIAs, and the potential for future developments in this market that shift activity away from traditional intermediaries, the Office continues to view the collection of data from RIAs as essential to its ability to effectively monitor financial stability risks.

Several commenters stated that inter-affiliate repo transactions should not be required to be reported and should not count toward the Category 1 and Category 2 covered reporter thresholds. One commenter noted that inter-affiliate transactions occur for operational reasons, and another commenter noted that these transactions are typically risk transfers with no market impact. They additionally suggested that data on transactions between affiliates would not be useful for understanding the repo market. The Office believes that reporting on these trades can provide insight into the fragilities and sources of financing within entities and between financial companies. Additionally, in contrast to the views expressed by the commenters, recent research shows that transactions between affiliates can play an important role in repo markets.[34] Information on these transactions is important for risk monitoring purposes. For instance, large transfers of cash from banks to affiliated dealers can indicate decreasing liquidity for dealers that could be an early warning indicator of stress. Another example of inter-affiliate transactions that are important to monitor from a financial stability perspective are those in which broker-dealers engage in centrally cleared trades on behalf of affiliated asset managers and then conduct back-to-back non-centrally cleared legs between the broker-dealers and the affiliated asset managers. While one commenter stated that collecting data on these types of transactions would be duplicative of information already collected by FICC, it is in fact an example of the importance of collecting inter-affiliate transactions, because exposures to repo would be incorrectly attributed to broker-dealer affiliates instead of asset managers without data on this back-to-back leg. As the Office's intention is to collect information on the full scope of financial activity in repo markets and inter-affiliate transactions are valuable for financial stability monitoring, inter-affiliate transactions are to be considered when calculating Category 1 and Category 2 reporting thresholds and should be reported.

Another commenter suggested that other categories of potential covered reporters be removed from the rules' coverage. The commenter stated that subjecting buy-side entities, such as advisers of private funds that predominantly enter into transactions with financial intermediaries like broker-dealers or banks or their affiliates, to reporting would be unwarranted. The Office understands that, at present, the majority of NCCBR transactions involving private funds, funds managed by RIAs, and other buy-side entities is likely conducted with Category 1 counterparties. However, as noted in the NPRM, without a comprehensive collection, the extent of transactions without a Category 1 counterparty is not knowable. Additionally, even if today it is unlikely that an investment adviser, adviser to a private fund, or other buy-side financial company would undertake a transaction with a non-Category 1 financial company, the NPRM explicitly noted the Office's intention to cover potential future changes in repo market structure. These may include peer-to-peer repo that bypasses Category 1 financial companies.

Another commenter suggested that money market funds and mutual funds be exempted from reporting because such funds do not generally enter repo transactions in the role of borrower and are unlikely to have outstanding commitments to borrow cash in the bilateral repo markets that meet the reporting threshold. The Office agrees that money market funds are generally unlikely to borrow cash in repo markets and generally do not play roles resembling intermediaries in these markets, and the Office does not generally expect money market funds to fall within the scope of Category 1 or Category 2. However, mutual funds have been known to borrow in repo markets. To the extent an adviser for mutual funds may manage a number of investment vehicles or relationships that in the aggregate could exceed the reporting threshold, including them in the data collection would enhance the ability of the collection to provide information regarding run risks and liquidity risks.[35]

Several commenters suggested that the Office add banks to the set of financial companies covered by Category 1. One commenter stated that while U.S. broker-dealers represent a significant proportion of market activity, sizable positions are also maintained by foreign and domestic banks, including U.S. branches of foreign banks. Another commenter stated that there would be duplicative reporting from asset managers and funds if banks are included in Category 1. The Office has attempted in the structure of the Final Rule to limit duplicative reporting by financial companies. For instance, the exclusion of brokers and dealers from the reporting threshold calculation for Category 2 limits the scope of Category 2 covered reporters. However, requiring Category 2 companies to remove transactions with Category 1 companies from their reports under the Final Rule could increase their reporting burdens. In some cases, determining whether a transaction has already been reported may be more costly for covered reporters than simply reporting the duplicate transaction. Additionally, the Office notes that reducing the potential for dual reporting by assigning reporting responsibility solely to the dealer would not be possible in cases where the dealer is not subject to reporting requirements, such as a dealer that is not a U.S. financial company. Therefore, in the interest of keeping the determination of reporting obligations clear, the Office will continue with the reporting structure as outlined in the NPRM.

Another commenter suggested that the reporting burden would be lower if banks were included in Category 1 because banks may be affiliated with other Category 1 covered reporters. Commenters noted that if banks were

[34] See Ricardo Correa, Wenxin Du, and Gordon Y. Liao, 2020. ''U.S. Banks and Global Liquidity,'' International Finance Discussion Papers 1289, Board of Governors of the Federal Reserve System (U.S.); and Cecilia R. Caglio, Adam Copeland, and Antoine Martin, 2021. ''The Value of Internal Sources of Funding Liquidity: U.S. Broker-Dealers and the Financial Crisis,'' Staff Reports 969, Federal Reserve Bank of New York.

[35] See Antoine Bouveret, Antoine Martin, and Patrick E. McCabe, 2022. ''Money Market Fund Vulnerabilities: A Global Perspective,'' Staff Reports 1009, Federal Reserve Bank of New York; and Antoine Bouveret and Jie Yu, 2021. ''Risks and Vulnerabilities in the U.S. Bond Mutual Fund Industry,'' Working Paper 21/109, International Monetary Fund.

included in Category 1, transactions with banks would be excluded from the Category 2 threshold calculation, making it less likely that certain financial companies would qualify as Category 2 covered reporters. Two comment letters also asserted that if Category 1 is not expanded to include banks, it could lead to migration of repo trades from other entities to Category 1 financial companies.

The NPRM included within Category 1 SEC-registered brokers, dealers, government securities brokers, and government securities dealers. While many repo transactions by financial companies occur with counterparties other than those types of entities included in Category 1, the Office believes that the vast majority of transactions occur with Category 1 entities.

Analysis by the Office of data from call reports suggests that over 90% of gross repo by U.S. depository institutions is conducted by depository institutions that are registered as government securities dealers. Therefore, as stated in the NPRM, the Office continues to believe that nearly all NCCBR trades are intermediated by either dealers or are intermediated by financial companies that may be required to report under the Category 1 criteria, such as government securities dealers.[36] As such, the Office believes that any duplicative reporting from asset managers and others resulting from the exclusion of banks from Category 1 would be minimal. Additionally, unless incorporated or organized under federal or state law, U.S. branches of foreign banks are not considered financial companies as defined under the Final Rule. As a result, submissions by Category 2 covered reporters under the Final Rule would be the only way these trades would be reported to the Office. Additionally, in relation to the repo activities for foreign banks, as the NPRM noted, because of the lack of transparency in the existing market and the possibility of trades that bypass traditional intermediaries,[37] it is essential to include financial companies that are large cash borrowers from sources other than Category 1 to ensure a robust framework for monitoring financial stability in the repo market going forward.

One commenter suggested that RIAs be excluded from the Final Rule if Category 1 were extended to include banking entities. The commenter also noted that it would be unlikely that a fund managed by an RIA would undertake a covered transaction with an entity that was not in Category 1 and therefore, the inclusion of RIAs in Category 2 would be redundant. As discussed above, the Office has not added banking entities to Category 1. Nevertheless, the Office understands that it may be likely that RIAs currently conduct the majority of their NCCBR transactions with Category 1 financial companies, including banking entities' affiliates that are registered government securities dealers. However, without a comprehensive data collection, the extent of transactions without a Category 1 counterparty is unknown. Additionally, even if it is unlikely a fund managed by an RIA would undertake a transaction with a non-Category 1 financial company, the Office in the NPRM explicitly stated its intention to cover potential future expansions in repo such as peer-to-peer repo that bypasses Category 1 financial companies. To the extent that funds managed by RIAs engage in repo transactions exclusively with Category 1 entities, they would not be covered reporters under Category 2. However, if RIAs were to be excluded entirely from the Final Rule, any transactions with counterparties outside of Category 1 would not be captured, leaving a crucial gap in the ability of regulators to effectively monitor financial stability risks in this market.

The same commenter asserted that banking entities should be added to Category 1 because the definition of ''financial company'' used in 12 U.S.C. 5381 is limited because it relates to the operation of the Orderly Liquidation Authority under Title II of the Dodd-Frank Act. As a result, the commenter stated, such term should instead reference the definition in 12 U.S.C. 5344. For the reasons stated above, the Office has declined to add banking entities to Category 1.

One commenter also requested clarification on several points of interpretation related to Category 1 financial companies. First, the commenter incorrectly asserted that the NPRM's preamble text indicated that the reporting requirements would only apply in the context of a covered reporter that is a cash borrower, and that they believed that the Office intended to limit Category 1 to the enumerated financial companies when acting as cash borrowers and requested confirmation of such an understanding. Notwithstanding the fact that the same section of the NPRM also explicitly included the extension of guarantees within the transactional threshold applicable to Category 1 financial companies, the regulatory text in both the NPRM and the Final Rule makes clear that Category 1 is not limited to financial companies when acting as cash borrowers, but also includes financial companies when extending guarantees.

Second, the commenter noted that one instance of the description of Category 1 financial companies in the preamble to the NPRM did not explicitly reference the $10 billion materiality threshold and asked whether the Office intended to include a materiality threshold in both categories of financial companies. The NPRM and the Final Rule make clear that the $10 billion threshold applies to both Category 1 and Category 2 financial companies.

Third, the commenter requested clarification as to whether Category 1 is intended to cover only principal transactions (and not agency transactions) by financial companies. Consistent with the explanation in the NPRM, the Category 1 calculation should include obligations of the financial company and guarantees extended by the financial company. For purposes of calculating the Category 1 threshold, a financial company should exclude transactions in which it acts as an agent—such that it incurs no obligation and extends no guarantee. Unlike investment advisers, the Office is not aware of dealers, brokers, government securities dealers, or government securities brokers that package their trades together with those of their clients that use the dealers or brokers as their agent. The case in which a Category 1 financial company acts as an agent for a customer but not as an investment adviser is therefore distinct from the case of investment advisers conducting batched trades on behalf of the funds they advise as described above.

Fourth, the commenter requested clarification as to whether, when a financial company is registered as a government securities broker or dealer for certain limited activities, the proposed rules would apply only to those certain limited activities of the registered financial company or whether all activity of the financial company would be captured by the Category 1 calculation. As set forth in the regulatory text in both the NPRM and the Final Rule, all commitments to borrow cash or extend guarantees in NCCBR transactions should be included in the determination of total commitments for the purposes of reporting, regardless of whether the firm is acting in its capacity as a government securities broker or dealer or in some other capacity. Similarly, all

[36] 88 FR 1154, 1163.

[37] Id.

commitments to borrow cash or lend cash in repo or transactions where guarantees are extended by the firm should be reported to the Office.

Finally, the commenter requested clarification, for the purpose of determining the $10 billion threshold in Category 2, about whether foreign banks and foreign broker-dealers should be treated as Category 1 financial companies and how transactions should be considered if the foreign entity is an affiliate of a U.S. bank or broker-dealer. As set forth in the Final Rule, for purposes of calculating the $10 billion threshold, potential Category 2 covered reporters should exclude repo borrowing and guarantees extended to counterparties that are securities brokers, securities dealers, government securities brokers, or government securities dealers (as each such term is defined in the Final Rule), regardless of whether those counterparties are Category 1 covered reporters. If a counterparty is an affiliate of a securities broker, securities dealer, government securities broker, or government securities dealer (as each such term is defined in the Final Rule), but is not one of these types of financial companies, transactions with the counterparty should be included in the calculation of the Category 2 threshold.

III(b) Scope of Transactions

Consistent with the NPRM, the Final Rule defines a non-centrally cleared bilateral repurchase agreement transaction as an agreement in which one party agrees to sell securities to a second party in exchange for the receipt of cash, and the simultaneous agreement of the former party to later reacquire the same securities (or any subsequently substituted securities) from that same second party in exchange for the payment of cash; or an agreement of a party to acquire securities from a second party in exchange for the payment of cash, and the simultaneous agreement of the former party to later transfer back the same securities (or any subsequently substituted securities) to the latter party in exchange for the receipt of cash. In all cases, the agreement neither involves a tri-party custodian nor is cleared through a central counterparty. This definition includes, but is not limited to, transactions that are executed under a Master Repurchase Agreement (MRA) or Global Master Repurchase Agreement (GMRA), or which are agreed to by the parties as subject to the provisions of 11 U.S.C. 559. Notwithstanding the above, transactions conducted under a Securities Lending Agreement (SLA), a Master Securities Lending Agreement (MSLA), or Global Master Securities Lending Agreement (GMSLA) are not considered repurchase agreements, nor are repurchase agreements arising from either participation in a commercial mortgage loan or the initial securitization of a residential mortgage loan. The Office has chosen to exclude SLA, MSLA, and GMSLA transactions from the Final Rule because reporting of data related to such transactions to the Office could be redundant (and therefore unnecessary) in light of the required reporting of securities lending information to a registered national securities association as provided for in the SEC's recent securities lending transparency rules.[38]

The NPRM requested comment on whether sell/buy-back transactions should be excluded from the Final Rule. While sell/buy-back agreements accomplish similar goals to repo transactions, the Office proposed not to include sell/buy-back agreements with the understanding that these agreements are recorded differently from MRA, GMRA, MSLA, and GMSLA agreements and may have different characteristics and names from the preceding types.[39] In response, one commenter noted that sell/buy-backs are now almost entirely documented (*e.g.,* under the Buy/Sell Back Annex to the GMRA and a similar annex to the SIFMA MRA). Further, this commenter noted that differences in methods of quoting and terminology of sell/buy-back agreements are legacies that are insubstantial and have dwindled in importance. Excluding sell/buy-backs from the Final Rule could be costly in requiring covered reporters to distinguish between nearly identically documented agreements and might also enable covered reporters to avoid disclosing a transaction by executing such economically similar transactions under a different form of agreement. Therefore, sell/buy-back agreements are included within the scope of transactions covered under the Final Rule.

Several commenters posed questions regarding guarantees, specifically with respect to the calculation of reporting thresholds and whether various guarantee arrangements fall within the scope of reporting. As noted in the NPRM, the extension of a guarantee to a repo transaction replicates the profile of traditional repo intermediation by offsetting direct transactions with the counterparties to the guaranteed repo, and therefore its inclusion in the data collection is essential to providing regulators a complete picture of the repo market. Guarantees encompass any agreement pursuant to which a financial company that is not one of the two direct counterparties to a repo transaction commits to provide protection against the risk of a failure to perform for that repo transaction under the terms of the repo by one of the direct counterparties. For every transaction, including guaranteed repo transactions, all the data elements should be reported as detailed below and in the reporting instructions.

One commenter asked whether, for purposes of determining if a financial company has met the position thresholds to be a covered reporter, the financial company should aggregate the repos in which the firm is a cash borrower together with the repos for which the firm is a guarantor on behalf of a cash borrower, and whether a separate file should be submitted for guarantee arrangements. The same commenter also asked whether a firm would be considered a covered reporter if its repo cash borrowings exceed the applicable threshold for the prior quarter, but the firm does not guarantee any repos (or the firm's repo guarantees do not exceed the applicable threshold). Data on guarantee arrangements should be submitted in the same file. The $10 billion threshold for Category 1 or Category 2 is calculated based on the aggregate combined amount of a financial company's cash borrowings in NCCBR transactions and the guarantees extended by the financial company in NCCBR transactions.

One commenter asked whether the $10 billion threshold calculation include repo transactions with and guarantees extended to affiliates. A repo transaction or an extension of a guarantee to an affiliate creates an exposure of the covered reporter to its affiliate. The resulting risks are within scope of the Final Rule's purpose, and the transaction should be reported and included in the total transaction volume used for the Category 1 and Category 2 thresholds.

Another commenter asked whether indemnified repo entered into as part of cash collateral reinvestment associated with securities lending should be included under guarantees. Because these transactions replicate the profile of offsetting legs between a securities lender and the securities lending agent and between the securities lending agent and a third party, and because the resulting risks are within scope of the Final Rule's purpose, this would be reported to the Office. However, the commenter asserted that nearly all of

[38] Securities and Exchange Commission. *Reporting of Securities Loans,* Final Rule, 88 FR 75644 (Nov. 3, 2023). *https://www.federalregister.gov/d/2023-23052.*

[39] 88 FR 1154, 1164.

the indemnified repo is done with Category 1 financial companies as counterparties or is centrally cleared. The Office notes that guarantees extended to centrally cleared repo transactions, sponsored repo transactions, and tri-party transactions are not covered by the scope of this Final Rule, and that transactions with Category 1 financial companies are not included in the calculation of reporting thresholds for Category 2 financial companies, reducing the potential for duplicative reporting associated with indemnified repo.

Two commenters requested clarification around whether ''shortfall guarantees,'' transactions in which a financial company offers a guarantee only on the uncollateralized portion of a repo, would be considered guarantees and if so, whether reporters should consider the full amount of the repo transaction being guaranteed or only the size of the shortfall guarantee when calculating their repo commitments. A shortfall guarantee replicates the exposure of an intermediary standing between a cash borrower and a cash lender, since repo transactions are all collateralized and the loss the intermediary is exposed to is the size of the uncollateralized portion of the repo transaction. As such, the resulting risks are within scope of the Final Rule's purpose and should be included in reporting and, since the exposure replicated is the same as the exposure the intermediary would undertake if it were intermediating the full amount of the transaction, the amount used to calculate a potential covered reporter's transaction volume should be the full amount. To illustrate, for $95 lent against a market value of $90 in collateral, the measurement of guarantee obligations used to calculate transaction volume should be reported as $95 rather than a shortfall exposure. Since the cash amount being guaranteed is the $95, rather than the shortfall value, this is considered the exposure for the purpose of the threshold calculation. This exposure would then be added to the total commitments by the borrower to borrow cash or lend cash in repo transactions for the purposes of calculating the total threshold based on repo exposure, and the repo transaction would be reported in the same file as other transactions. One of the commenters requested clarification on the manner by which a covered reporter should report the various data elements for a guarantee that does not have a specified cap, or a guarantee on behalf of a non-U.S. entity. For all guarantee transactions, regardless of the existence of any cap or whether the relevant entity is a U.S. entity, the reported data elements should cover the entirety of the underlying transaction.

The NPRM noted that some transactions covered under the proposed rules would likely be with counterparties outside of the United States, noting the potential benefit of greater information on cross-border exposures associated with repo borrowing and the concern of potential circumvention.[40] This would include transactions by the covered reporter settled internationally or denominated in currencies other than in U.S. dollars. Some commenters sought clarification of how the rules would apply to a U.S. branch of a foreign financial company, a foreign branch or affiliate of a U.S. financial company, or a transaction conducted internationally. As noted in the NPRM, the definition of ''financial company'' includes only entities that are incorporated or organized under Federal or state law, including subsidiaries. Entities that are not incorporated or organized under Federal or state law, or branches of entities that are not incorporated or organized under Federal or state law, are not subject to the Final Rule's reporting requirements. However, as stated in the NPRM, transactions conducted outside the United States by covered reporters are within scope, because their exclusion could allow covered reporters to avoid reporting by settling a transaction outside the U.S., and these transactions contain information on cross-border exposures that are relevant for financial stability monitoring.[41] Therefore, transactions conducted by financial companies (as defined in the Final Rule) that are settled or otherwise take place outside of the United States as well as transactions settled in currencies other than the U.S. dollar are included both in the transactions reported to the Office and in the volumes used to determine the Category 1 and Category 2 thresholds.

One commenter suggested that the rules should exclude transactions by non-U.S. sub-advisers under the management of a U.S. adviser as well as *de minimis* transactions between Category 2 financial companies denominated in currencies other than U.S. dollars. This commenter suggested these transactions be excluded from the collection because such information is not relevant to regulators' understanding of the U.S. repo market and *de minimis* transactions pose little systemic risk to the United States. Also, they suggested that the burden of reporting these transactions outweighs the benefit. The Office does not agree with these reasons. Financial companies can flexibly utilize financing from sources outside the United States as needed. Excluding transactions of a non-U.S. sub-adviser under the management of a U.S. adviser or transactions denominated in other currencies could eliminate important information about cross-border exposures relevant to financial stability. Additionally, the practice of structuring transactions into smaller cash amounts does not remove their relevance to financial stability analysis. As a result, the Office declines to exclude these transactions. These transactions should be included both in the transactions reported to the Office and in the volumes used to determine Category 1 and Category 2 disclosure thresholds.

III(c) Information Required

Pursuant to § 1610.11(c) of the Final Rule, covered reporters must submit information on all NCCBR transactions in which the covered reporter participates. The word ''all'' should be interpreted broadly; the set of transactions to be included in a covered reporter's disclosures is wider than that used to determine whether a financial company is a covered reporter. Transactions should be reported regardless of whether the covered reporter is a cash lender or cash borrower, a direct participant, guarantor, or other relevant third party. Further, covered reporters should report transactions in this market segment regardless of the tenor, optionality, or the collateral underlying the transaction. Additionally, covered reporters should report transactions regardless of the domicile of the other entities taking part in the transaction or the location in which the transaction is settled. Additionally, the covered reporter should report all transactions that occur within the larger organization (including affiliates and subsidiaries of the covered reporter) to which the covered reporter participates. Along the same lines, Category 2 reporters should report any transactions that occur with potential or actual Category 1 reporters.

III(c)(1) Line Items

The Final Rule requires reporting on NCCBR trades, including detailed reporting about the securities used to collateralize these trades and contractual details of the underlying repurchase agreements.

As adopted, the required data elements are listed in the table in section § 1610.11(c) of the Final Rule's

[40] 88 FR 1154, 1164.

[41] Id.

text. The table is tailored to capture information regarding covered transactions in a manner that the Office believes largely reflects the data generated by covered reporters in the ordinary course of business. This table lists each required element and a brief description of that element.

While commenters addressed the data elements in varying ways, for ease of reference, the following discussion follows the order of the data elements as they appear in the table of data elements in the NPRM. Additional instructions relating to data submission mechanics and the formatting of individual data elements will be contained in reporting instructions published concurrently with the Final Rule.

Cash Lender Name and Cash Borrower Name

One commenter suggested that these elements were unnecessary because the Legal Entity Identifiers (LEIs) of the cash lender and cash borrower were to be collected and, because LEIs are unambiguous values, LEIs should be sufficient to identify the parties to the transaction. LEIs are not available in every circumstance and the Office has therefore determined that the cash lender and cash borrower names should remain as required data elements.

Guarantee

Two commenters requested more guidance on the meaning of this element and the manner of reporting. Guarantees in the context of this element are to be understood as having the same meaning as stated above in section III.b ''Scope of Transactions.'' As proposed in the NPRM, guarantees must be reported simply with an indicator for whether the covered reporter issued a guarantee with respect to the transaction. The Office will provide further clarification on data submission mechanics in the reporting instructions.

Netting Set

Two commenters asked that this field be dropped from the collection. As discussed below in this section under ''Risk Management,'' the Office is not including the netting set data element in the collection at this time.

Transaction ID

One commenter asked for clarification of the word ''respondent'' in the data element explanation provided in the NPRM. This term means ''covered reporter'' in this instance, and the Office has made corresponding changes in the Final Rule.

Trading Platform

One commenter asked if this field would be a free-text field or if the Office would provide specific values for a covered reporter to select. It is a free-text field for the name of the trading platform used to perform/submit the corresponding transaction. The Office will provide examples in the reporting instructions.

End Date

One commenter asked for clarification on the use of this element in the cases of open and evergreen repos and made a suggestion about the ability to distinguish between open and evergreen repos. For the purposes of this collection, the Office will collect the Minimum Maturity Date for all transactions. To preserve the granularity between repos with different optionality structures, the Office will provide a field for special instructions, notes, or comments that should be used, among other things, to differentiate between these different transaction types. Examples and clarifications will be provided in the reporting instructions.

Cash Lender Internal Identifier and Cash Borrower Internal Identifier

One commenter requested clarification as to whether the cash lender internal identifier or cash borrower internal identifier should be reported when the covered reporter itself is the relevant counterparty. This field should always be reported, including when the covered reporter is the direct counterparty to the transaction. Covered reporters are free to develop their own internal identifiers for self-identification.

Start Leg Amount

One commenter suggested removing this element because some financial companies do not track this value on a historical basis and the Office would have this information previously reported by the firm (and associated to the same transaction identifier reported by the firm) as long as the firm was a covered reporter as of the inception of the repo. However, removing this field would mean that it would never be collected, even for the date the transaction was initiated. On this basis, the Office deems the suggestion unworkable. The element is retained in the collection.

Close Leg Amount

Two commenters questioned how to calculate this value for floating-rate repos. The Office clarifies in the Reporting Instructions that it does not expect this value to be calculated for floating-rate repos. The field should still be provided in accordance with the reporting instructions.

Current Cash Amount

One commenter requested that accrued interest not be included in daily reporting of this element or that including accrued interest in this field be optional, with the addition of another field for reporters to indicate whether accrued interest was included. The commenter stated that the Office could calculate the accrued interest data based on the start leg amount and the spread and benchmark for the applicable transaction identifier. The Office understands that this element is not solely composed of start leg cash value and accrued interest and may also contain other adjustments. Moreover, the purpose of this field is to collect the reporter's assessment of its current cash amounts without having to infer these adjustments. The Office therefore does not see the need for a separate data element and declines to change the reporting of the field.

Rate

One commenter requested confirmation that this field would be reportable for both fixed- and floating-rate repo transactions and, if so, whether a firm would report the sum of the benchmark rate and the spread in this field in the case of a floating-rate transaction. The Office will clarify this in the reporting instructions.

Floating Rate

One commenter requested clarification as to whether this field was intended to identify the benchmark used for determining the rate for the floating-rate transaction and if so, suggested renaming the field. The Office confirms that the identification of the benchmark name is the data to be reported and has made clarifying revisions in the Final Rule.

Securities Identifier Type

One commenter asked if this is a free-text field. It is not. The Office will enumerate the choices available for this field in the reporting instructions.

Securities Value at Inception

One commenter suggested removing this element because some financial companies do not track this value on a historical basis and the Office would have this information previously reported by the firm (and associated to the same transaction identifier reported by the firm) as long as the firm was a covered reporter as of the inception of the repo. However, removing this field would mean that it would never be collected, even for the date the transaction was initiated. On this basis, the Office deems the suggestion unworkable. The element is retained in the collection.

Haircut

One commenter suggested removing this element because some financial companies do not track this value on a historical basis and that the Office would have this information previously reported by the firm (and associated with the same transaction identifier reported by the firm) as long as the firm was a covered reporter as of the inception of the repo. However, removing this field would mean that it would never be collected, even for the date the transaction was initiated. On this basis, the Office deems the suggestion unworkable. The element is retained in the collection.

As noted above, some commenters addressed data element issues on a more thematic basis. One commenter requested clarification as to whether matching unique transaction identifiers (UTIs) with a counterparty would be necessary for reporting. It is not contemplated for this collection that matching elements across reporters, including UTIs, will be necessary.

III(c)(2) Collateral Information

Several commenters stated that the collection of data should be restricted to transactions that use U.S. Treasuries as the underlying collateral, due to the operational complexity and burden of reporting trades backed by other collateral. Two of these commenters incorrectly asserted that the Office's interest in the proposed collection was driven solely by stability and liquidity in the U.S. Treasury securities market and that the operational build-out to cover non-U.S. dollar-denominated securities, U.S. agency debt, or U.S. corporate debt would provide questionable insight into overall systemic stability in U.S. or global financial markets. The collection is intended to fill a critical gap in regulators' information on the repo market by collecting data on the NCCBR market segment, in order to provide a comprehensive view of the last segment for which regulators do not have a transaction-level data source.[42] The NPRM specifically contemplated collateral other than U.S. Treasuries by noting the need to better understand collateral risk, which has implications for financial stability, and that the NCCBR market segment generally contains riskier collateral than other segments because the cleared market segments are limited to Fedwire-eligible collateral.[43]

As additionally noted in the NPRM, collecting data on collateral will provide valuable insight into financial stability matters because vulnerabilities associated with two of the five repo market functions–monetization of assets and transformation of collateral–allow for the propagation of shocks from the repo market to the secondary market for the underlying collateral or for a shock in one of these securities markets to propagate to the repo market and then potentially spread into other markets.[44] The collateral underlying a repurchase agreement is crucial to assessing the exposures and risk management in the repo market. Information about securities delivered into repo will allow the Office to assess common risk exposures across counterparties. The fields proposed will also allow the Office to assess the extent to which specific securities are tied to the repo market and therefore the potential for spillovers from the repo market into the underlying securities market, with potential effects on liquidity and price efficiency. The Office continues to believe that understanding paths of potential spillovers through various collateral classes is critical to monitoring stability in the repo market.

One commenter stated that there would be additional complexity of reporting trades that use other collateral on the basis that these trades are less standardized. While standardization is not the primary purpose of this collection, as noted in the NPRM, standardization in this decentralized market as a result of the Final Rule's reporting process may also improve the ability to reconcile records between financial companies in the event of severe market stresses.[45]

Additionally, the Office believes that the reporting thresholds established by the Final Rule will restrict the collection to large, sophisticated financial companies for which the cost of reporting information on all trades will be relatively minor. Further, as discussed below, the compliance timelines for both Category 1 and Category 2 covered reporters have been lengthened in the Final Rule compared to those proposed in the NPRM, which the Office believes will allow covered reporters ample time to set up and test for reporting.

Finally, one commenter suggested a staged approach to reporting, in which the collection is initially limited to trades backed by U.S. Treasury securities and would provide the Office with a significant portion of the remaining segment of the repo market for which it currently does not have information, without imposing unduly burdensome reporting obligations on market participants. It also asserted that such an approach would prove less disruptive to the orderly operation of the repo market and give the Office valuable information regarding the compliance costs of implementing a repo reporting regime before it imposes additional reporting obligations. For the same reasons as noted above, the Office has an interest in collecting data with respect to all types of collateral, and in light of the anticipated sophistication of covered reporters and the additional time provided for a newly qualifying financial company to begin reporting, the Office declines to adopt a two-stage reporting timeline with respect to collateral type. For all of the reasons noted above, the Office is not limiting the collection of data in the Final Rule only to those transactions that use U.S. Treasuries as the underlying collateral.

III(c)(3) Risk Management

In the NPRM, the Office proposed to collect information on a covered reporter's risk management practices. The Office sought to collect information on whether the covered reporter nets counterparty exposures across asset classes and instruments outside of repo and the terms on which netting occurs when the covered reporter does not net counterparty exposures across asset classes and instruments outside of repo.

The Office received two comments on its proposal to collect data on netting. One commenter stated that reporting the field as proposed was not workable because netting is not captured on a trade-by-trade basis and does not represent an economic term of a trade like the other proposed fields. It also stated that if the Office intends to review netting as it relates to capital, other existing rules govern the collections of that information by federal financial regulators.

The other commenter stated that given the various netting arrangements that could apply, reporting as proposed would require financial companies to make subjective and complex interpretations for each reported position. It also stated that netting could be based on a written agreement or the specific course of dealing and policies and procedures of each party. Finally, the commenter requested that the Office

[42] 88 FR 1154, 1156.

[43] 88 FR 1154, 1158.

[44] 88 FR 1154, 1157.

[45] 88 FR 1154, 1160.

provide additional clarity as to the specific types of netting that the Office intended to cover and how netting should be reported in order to achieve consistent reporting across covered reporters.

The Office has concluded that while additional information on netting arrangements, including cross-product margining, would be useful for financial stability monitoring, the range of netting practices and documentation, along with the resultant potential inconsistency in reporting, suggest that other means of gathering such information might be more effective. Therefore, the Final Rule does not include this field. However, the financial stability rationale for the collection of information on netting arrangements and other risk management practices was not contested by comment letters. Such a collection may be addressed by the Office in the future.

III(d) Submission Process and Implementation

In its NPRM, the Office stated that it was reviewing options for the submission process and implementation of the collection and, should the proposed rules be adopted, may require submission either through the Office or through a collection agent.[46]

Two commenters suggested that the Office consider using a collection agent, although they identified different candidates. Based on the Office's experience with the Ongoing Data Collection of Centrally Cleared Transactions in the U.S. Repurchase Agreement Market, the Office has determined it has the ability to efficiently manage the collection of data under the Final Rule. The Office has developed and launched a data collection utility and specifies under the Final Rule that covered reporters are required to submit data directly to the Office rather than through a collection agent. However, the Office reserves the option to designate a collection agent in the future.

One commenter requested clarification as to whether, when a firm reports data for a particular observation date, it should report its positions as of the close of business on that observation date, whether a repo that is opened and closed on the same day is reportable, and whether reporting applies only to U.S. business days. The Office has considered this issue and made changes to the regulatory text in the Final Rule to include the definition of a business day. In addition to transactions that are opened or rolled over, the NPRM was clear that transactions that open and close on the same day must be reported as part of that business day's data submission. The Final Rule also adds a definition of File observation date, and this definition is consistent with the usage in the NPRM.

One commenter asked whether a covered reporter's reporting responsibilities under the rules could be delegated to a counterparty or platform in order to manage reporting costs and provided an explanation of potential benefits of doing so. The Office distinguishes between trade-by-trade delegation to a counterparty or trading platform and delegation of its daily data submission (and any corrections thereto) to a provider of outsourced processing. The Office acknowledges that outsourcing certain business processes is an accepted industry practice for some financial companies, including those that may be covered reporters under the Final Rule. On the other hand, delegation that might spread the daily data submission of a covered reporter across several filings or from day to day among various entities is unworkable from an operational perspective and could create risks of errors in reported data. In light of these considerations, the Office will allow covered reporters to use a third party to submit data on their behalf, subject to the following constraints:

- The covered reporter may delegate a maximum of one third party at a time for daily file submission and corrections.
- The completed file is consistently submitted from a single source (either the covered reporter or the delegated third party), and the source may not change without advance notice to the Office.
- The covered reporter provides the Office at least 90 days advance notice of any proposed change to the submitter of the daily file.

Adherence to the above-listed constraints will allow covered reporters to use third parties to meet operational needs while furthering data quality. In any case, the covered reporter will remain fully responsible for the data submission and compliance with the Final Rule; any issues will be addressed directly between the covered reporter and the Office.

Under the NPRM, covered reporters were to submit the required data for each business day by 11 a.m. Eastern Time on the following business day. Several commenters stated that this reporting deadline should be extended for reasons of data quality and burden. One of these commenters also stated that financial companies also should have the ability to report between T+1 and T+3 because for some financial companies the positions would have matured off their system after T+1, and it would be difficult to determine what was outstanding three days before the filing deadline. Two commenters mentioned cross-border transactions as difficulties to T+1 reporting, with one commenter additionally asserting that a T+1 reporting requirement could discourage covered reporters from entering into NCCBR transactions, particularly with respect to repo transactions with non-U.S. counterparties.

Taking concerns regarding burdens and data quality and availability into account, the Office believes that 11 a.m. Eastern Time T+1 is an appropriate reporting deadline. Non-U.S. trades are likely to take place earlier in the 24-hour cycle than U.S. transactions, because most non-U.S. markets close earlier in the 24-hour cycle than U.S. markets, so for any given day a transaction on a foreign market already has more time for processing. Since this deadline occurs after most international financial exchanges have closed for the evening, the Office does not believe that this reporting cadence will materially affect choice of venue or otherwise distort the market.

Additionally, following the same logic out of consideration of the operating hours of international financial exchanges, the Final Rule defines ''business day'' as the period beginning at 6 p.m. Eastern Time on any day that the Fedwire Funds Service is open to 6 p.m. Eastern Time on the next day that the Fedwire Funds Service is open.[47] For example, the business day of January 24, 2024, began at 6 p.m. Eastern Time on January 23, 2024, and ended at 6 p.m. Eastern Time on January 24, 2024.

One commenter additionally noted the need for some covered reporters to build reporting systems to comply with the rules and therefore recommended T+3 should be used. The Office rejects this reasoning because a T+1 system should generally be similar in implementation to a T+3 system. Further, another commenter noted that existing systems for some covered reporters would be burdened by waiting until T+3 to report.

Overall, the Office has concluded that the T+1 proposal of the NPRM to be appropriate for both covered reporters

[46] 88 FR 1154, 1167).

[47] Refer to the schedule published on the *FRBservices.org* website, currently available at *https://www.frbservices.org/resources/financial-services/wires/operating-hours.html,* but subject to change.

and the Office. Allowing transactions to be submitted across multiple days would affect the ability of the Office to manage submissions, resubmissions due to errors, and overall data quality. This conclusion is based in part on the Office's experience with the cleared repo data collection, which has been that even a relatively high-volume system—one with more transactions per day than any one covered reporter under the Final Rule will have—works efficiently at a T+1 cadence.

The NPRM stated that if the proposal were to be adopted, the Final Rule would go into effect 60 days after its publication in the **Federal Register** and that covered reporters would be required to comply with the Final Rule 90 days after its effective date. The Office believed this implementation period would provide adequate time for covered reporters to comply with the proposed requirements but sought public comment on this matter.

Five commenters responded to the Office's questions related to the implementation timeline. Each requested more time to allow for building infrastructure and resources to meet compliance and reporting requirements. Several provided examples of activities that would need to be completed before compliance, such as changes to user interfaces, databases, and other existing systems, as well as implementing systems for processing rejections, resubmissions, and modifications and automating the process for generating and reporting the daily file.

Two of these commenters stated that the Office should allow 18 months for covered entities to begin reporting, in part due to the need to calculate the reporting thresholds. Both stated that the Office should consider a tiered or incremental approach for reporting, with one citing the European Securities and Markets Authority's (ESMA's) Securities Financing Transactions Regulation (SFTR) as an example. The other commenter recommended that the Office start with imposing a reporting obligation on Category 1 covered reporters, suggesting that after receiving their data for a period of time, the Office may learn that it has sufficient visibility into the repo market such that Category 2 entities would no longer need to report. Two of these commenters stated that the Office should allow 12 months for covered entities to begin reporting. Two commenters also pointed out that a longer implementation timeline was needed because the rules would add to several other global regulatory changes underway that will affect financial companies' reporting obligations. Several commenters tied their requests for additional implementation time to the date the Office finalizes technical specifications or reporting instructions that cover matters like report formats and connectivity protocols.

One commenter asserted as another reason for an extended reporting implementation timeline that the Office's collection of centrally cleared repo transactions allowed for a longer implementation timeframe while covering only a single reporting entity, as opposed to the multiple reporting parties expected under the Office's proposed collection of NCCBR transactions. However, the Office's centrally cleared repo collection is not an analogous basis for comparison. The Office's earlier collection required more than 70 data elements across three separate data file submissions. In comparison, this collection requires only a single data file to be submitted with 32 data elements.

Two commenters noted that the NPRM did not specify whether the Office or a collection agent would receive the data submissions. One asserted that once the collection agent is specified, the Office should issue technical details for notice and comment to maximize efficiency and consistency. The Office has previously engaged on these topics with market participants, regulators responsible for financial data collections, and industry associations through its NCCBR data collection and outreach pilot of 2022.[48] It is with this knowledge that the Office's Technical Guidance, including such matters as data submission mechanics and formatting, have been developed and are being published in concert with the Final Rule at *https://www.financialresearch.gov/data/non-centrally-cleared-bilateral-repo-data/.*

[48] The OFR secured the voluntary participation of nine dealers for its pilot data collection. These dealers include primary dealers and nonprimary dealers, bank affiliated and nonbank affiliated dealers, and both purely domestic dealers and dealers that are affiliates of foreign institutions. Hempel, Samuel J., R. Jay Khan, Robert Mann, and Mark Paddrik. 2022. The OFR Blog (blog). ''OFR's Pilot Provides Unique Window into the Non-centrally Cleared Bilateral Repo Market.'' December 5, 2022. *https://www.financialresearch.gov/the-ofr-blog/2022/12/05/fr-sheds-light-on-dark-corner-of-the-repo-market/.*

The Office does not intend to solicit additional public input on its Reporting Instructions nor its Technical Guidance at this time. These documents, along with the Final Rule, confirm that covered reporters will be required to submit their data directly to the Office. Additionally, the Technical Guidance will provide information on how to transmit data to the Office in the manner described in the Reporting Instructions.

Two commenters discussed the need for testing, with one requesting that the Office provide details regarding testing facilities and processes. This commenter further recommended that one month be allocated for testing submissions. The Office has considered this comment and will accept covered reporter data as of the Final Rule's effective date. The Office agrees that testing is important and expects that most covered reporters will use the time between the effective date and compliance date to submit data on a test basis. The Office encourages all covered reporters to test submissions as early as possible but at least 90 days before their compliance deadline.

The Office acknowledges that covered entities may need to establish or adapt their infrastructure to comply with their reporting obligations. However, as stated in the NPRM, the collection of these data is key to the Council's effective identification and monitoring of emerging threats to the stability of the U.S. financial system and any significant delay to reporting would hinder such efforts. To strike a balance in addressing these competing concerns, the Office is extending the amount of time that covered reporters have to comply with the Final Rule. The timeline has been extended in the Final Rule for Category 1 covered reporters by approximately 66%, from the proposed 90 days after the effective date to 150 days after the effective date, and for Category 2 covered reporters by 200%, from the proposed 90 days after the effective date to 270 days after the effective date. The Office believes that by extending the overall implementation timeline, as well as establishing staggered compliance dates, with an additional 120 days for Category 2 covered reporters compared to Category 1 covered reporters, it has appropriately addressed the identified concerns. The effective date of the rule remains as proposed at 60 days after the Final Rule is published.

TABLE 1—TIMELINE FOR FINANCIAL COMPANIES THAT MEET REPORTING THRESHOLDS AS OF THE EFFECTIVE DATE OF THE FINAL RULE

	Publication date	Effective date	Compliance date
Category 1 covered reporter	T	T+60 days	Effective Date + 150 days.
Category 2 covered reporter	T	T+60 days	Effective Date + 270 days.

One commenter requested clarification of the basis for determining whether financial companies meet reporting thresholds based on various compliance date scenarios. Consistent with the NPRM, the reporting threshold is met when a financial company's average daily total outstanding commitments to borrow cash and extend guarantees through NCCBR contracts over all business days during the prior calendar quarter is at least $10 billion.[49]

One commenter had questions about implementation time for financial companies that begin to meet reporting thresholds after the Final Rule's effective date. The NPRM stated that any financial company that becomes a covered reporter after the effective date of this section shall comply with the reporting requirements pursuant to this section on the first business day of the third full calendar quarter following the calendar quarter when such financial company becomes a covered reporter.[50] In light of the revised timeline for financial companies that qualify as covered reporters as of the Final Rule's effective date, and to improve consistency and clarity, the Office is also revising the timeline for financial companies that become covered reporters after the Final Rule's effective date. For a Category 1 company that becomes a covered reporter after the effective date, the compliance date has been revised to 150 days after the last day of the calendar quarter when the company becomes a covered reporter. For a Category 2 company that becomes a covered reporter after the Final Rule's effective date, the timeline has been revised to 270 days after the last day of the calendar quarter when the company becomes a covered reporter.

The Final Rule enumerates all compliance timelines in terms of days, and not quarters, to eliminate any confusion when interpreting the compliance timelines discussed above. Where the NPRM previously instructed financial companies that become covered reporters after the Final Rule's effective date to comply on the first business day of a quarter, the Final Rules will now articulate a compliance date that is a set number of days after the last day of the calendar quarter when such financial company becomes a covered reporter. The following table illustrates these timelines.

TABLE 2—TIMELINE FOR FINANCIAL COMPANIES THAT MEET REPORTING THRESHOLDS AFTER THE EFFECTIVE DATE OF THE FINAL RULE

	Last day of threshold quarter *	Compliance date
Category 1 covered reporter	T	T+150 days.
Category 2 covered reporter	T	T+270 days.

* The threshold quarter is the calendar quarter when the financial company first exceeds the thresholds stated in 12 CFR 1610.11(b)(2).

One commenter requested clarification on what happens when a covered reporter falls below the reporting thresholds and subsequently meets the thresholds again. As the NPRM stated, a covered reporter whose volume falls below the $10 billion threshold for at least four consecutive calendar quarters would have its reporting obligations cease.[51] However, if that same financial company once again meets the reporting threshold, it is subject to the same requirements as any financial company that becomes a covered reporter after the Final Rule's effective date, as illustrated in Figure 2.

As contemplated in the NPRM, the Office is publishing concurrently with the Final Rule specific reporting instructions and technical guidance on the Office's website at *https://www.financialresearch.gov/data/non-centrally-cleared-bilateral-repo-data/* regarding matters such as data submission mechanics and formatting. The Office may update these materials from time to time and will publish any updates on its website.

VI. Administrative Law Matters

VI(a) Paperwork Reduction Act

The information collection contained in the Final Rule has been reviewed and approved by the Office of Management and Budget (''OMB'') under OMB Control No. 1505–0279. In accordance with the requirements of the Paperwork Reduction Act (the ''PRA''), the Office may not conduct or sponsor, and a covered reporter is not required to respond to, an information collection unless it displays a currently valid OMB control number.

Commenters on the proposed rules generally acknowledged the need for the Office to collect certain information on repo transactions in support of the work of the Council, its member agencies, and the Office in connection with identifying and monitoring risks to financial stability.

Commenters also requested various modifications to, or relief from, aspects of the proposed rules that they stated would entail burdens that outweighed the benefits to the Office. This included recommendations from expected covered reporters for a phased implementation process over a longer period of time than the Office had proposed. However, none of the commenters provided comments, empirical data, estimates of costs or benefits, or other analyses directly addressing matters pertaining to the PRA discussion.

The Office's ability to collect non-centrally cleared repo data through this collection derives in part from the authority to promulgate regulations regarding the type and scope of financial transaction and position data from financial companies on a schedule determined by the Director of the Office

[49] 88 FR 1154, 1162.

[50] 88 FR 1154, 1170.

[51] 88 FR 1154, 1163.

in consultation with the Council.[52] In a 2022 statement on nonbank financial intermediation, the Council supported a recommendation made by the Council's Hedge Fund Working Group that the Office consider ways to collect NCCBR data [53] and, in July 2022 and February 2024, the Office consulted with the Council on efforts to collect NCCBR data.[54]

The Office also has authority to promulgate regulations pursuant to the Office's general rulemaking authority under Dodd-Frank Act section 153, which authorizes the Office to issue rules, regulations, and orders to the extent necessary to carry out certain purposes and duties of the Office.[55] In particular, the purposes and duties of the Office include supporting the Council in fulfilling its purposes and duties, and supporting Council member agencies, by collecting data on behalf of the Council and providing such data to the Council and Council member agencies, and standardizing the types and formats of data reported and collected.[56] The Office must consult with the Chairperson of the Council prior to the promulgation of any rules under section 153 [57]—these consultations occurred both before and after the publication of the NPRM.

As noted above, commenters generally did not provide comments, empirical data, or other analyses directly addressing the Office's estimates in the PRA discussion. As outlined in detail above, the Final Rule incorporates changes from the proposed rules to provide for a phased implementation process over a longer period of time than the Office had proposed. However, this change does not impact the scope of financial companies subject to the requirements of the Final Rule, nor the estimated annual burden on a covered reporter once the Final Rule is fully implemented.

As a result, the Office's estimate of an annual burden of 756 hours per covered reporter remains unchanged. This figure is arrived at by estimating the daily reporting time to be approximately 3 hours for each submission and multiplying that figure by an average of 252 business days in a year, the typical number of days per year that do not fall either on weekends or on holidays widely observed by the market.

To estimate hourly wages for purposes of this Final Rule, the Office used data from the May 2022 Bureau of Labor Statistics Occupational Employment Statistics for credit intermediation and related activities (NAICS 522000). For hourly compensation, a figure of $91 per hour was used, which is an average of the 90th percentile wages in seven different categories of employment (compliance officers, accountants and auditors, lawyers, management occupations, financial analysts, software developers, and statisticians), plus an additional 44.5 percent to cover subsequent wage gains and non-wage benefits, which yields an estimate of $131 per hour.

In addition, and as described in the NPRM, each covered reporter must also obtain and maintain an LEI. Those costs have reduced since the publication of the NPRM, with the initial application now costing $50 and the annual renewal costing $40.

Using these assumptions, the Office estimates the recurring total estimated annual cost to a covered reporter is $99,076.

VI(b) Regulatory Flexibility Act

Congress enacted the Regulatory Flexibility Act (the ''RFA'') to address concerns related to the effects of agency rules on small entities.[58] The Office is sensitive to the impact its rules may impose on small entities. The RFA requires agencies either to provide an initial regulatory flexibility analysis with a proposed rule for which general notice of proposed rulemaking is required, or to certify that the proposed rule will not have a significant economic impact on a substantial number of small entities.[59] In accordance with section 3(a) of the RFA, the Office is certifying that the Final Rule will not have a significant economic impact on a substantial number of small entities.

As discussed above, this collection will apply to certain brokers, dealers, and other financial companies whose average daily outstanding commitments to borrow cash and extend guarantees in NCCBR with certain counterparties over all business days during the prior calendar quarter is at least $10 billion.

Under regulations issued by the Small Business Administration, a ''small entity'' includes those firms within the ''Finance and Insurance'' sector with asset sizes that vary from $15 million in assets up to $850 million in assets.[60] For purposes of the RFA, entities that are banks are considered small entities if their assets are less than or equal to $850 million. The level of the activity-based threshold under the Final Rule ensures that any respondent will be well beyond these small entity definitions.

Pursuant to the Regulatory Flexibility Act, 5 U.S.C. 605(b), it is hereby certified that this final rule will not have a significant economic impact on a substantial number of small entities.

VI(c) Congressional Review Act

This rule is not a major rule pursuant to the Congressional Review Act (CRA), 5 U.S.C. 801 *et seq.*

List of Subjects in 12 CFR Part 1610

Banks, Banking, Confidential business information, Securities.

For the reasons stated in the preamble, the Office of Financial Research amends 12 CFR part 1610 as follows:

PART 1610—REGULATORY DATA COLLECTIONS

■ 1. The authority citation for part 1610 continues to read as follows:

Authority: 12 U.S.C. 5343 and 5344.

■ 2. Add § 1610.11 to read as follows:

§ 1610.11 Non-centrally Cleared Bilateral Repurchase Agreement Data.

(a) *Definitions.* The terms used in this section have the following meanings:

Business day is the period beginning at 6 p.m. Eastern Time on any day that the Fedwire Funds Service is open to 6 p.m. Eastern Time on the next day that the Fedwire Funds Service is open.

Covered reporter means any financial company that meets the criteria set forth in paragraph (b)(2) of this section; provided, however, that any covered reporter shall cease to be a covered reporter only if it does not meet the dollar thresholds specified in paragraph (b)(2) of this section for at least four consecutive calendar quarters.

File observation date means the date on which any business day ends.

Financial company has the same meaning as in 12 U.S.C. 5341(2).

[52] 12 U.S.C. 5344(b)(1)(B)(iii).

[53] Financial Stability Oversight Council. ''Statement on Nonbank Financial Intermediation.'' Press Release, February 4, 2022: FSOC. *https://home.treasury.gov/news/press-releases/jy0587.* (accessed April 17, 2024)

[54] Financial Stability Oversight Council. Meeting minutes. FSOC, July 28, 2022, p. 7. *https://home.treasury.gov/system/files/256/FSOC_20220728_Minutes.pdf.*

[55] 12 U.S.C. 5343(a), (c)(1).

[56] 12 U.S.C. 5343(a). The Council's purposes and duties include identifying risks to U.S. financial stability; responding to emerging threats to the stability of the U.S. financial system; monitoring the financial services marketplace in order to identify potential threats to U.S. financial stability; making recommendations in such areas that will enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets; and identifying gaps in regulation that could pose risks to the financial stability of the United States. 12 U.S.C. 5322(a).

[57] 12 U.S.C. 5343(c)(1).

[58] 5 U.S.C. 601 *et seq.*

[59] 5 U.S.C. 603(a).

[60] 13 CFR 121.201.

Government securities broker means any financial company registered as a government securities broker under the Securities Exchange Act of 1934.

Government securities dealer means any financial company registered as a government securities dealer under the Securities Exchange Act of 1934.

Investment adviser means any financial company registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

Non-centrally cleared bilateral repurchase agreement transaction means an agreement of one party to sell securities to a second party in exchange for the receipt of cash, and the simultaneous agreement of the former party to later reacquire the same securities (or any subsequently substituted securities) from that same second party in exchange for the payment of cash; or an agreement of a party to acquire securities from a second party in exchange for the payment of cash, and the simultaneous agreement of the former party to later transfer back the same securities (or any subsequently substituted securities) to the latter party in exchange for the receipt of cash. The agreement does not involve a tri-party custodian and is not cleared with a central counterparty. This definition includes, but is not limited to, transactions that are executed under a Master Repurchase Agreement (MRA) or Global Master Repurchase Agreement (GMRA), or which are agreed to by the parties as subject to the provisions of 11 U.S.C. 559. Notwithstanding the above, transactions conducted under a Securities Lending Agreement (SLA) or a Master Securities Lending Agreement (MSLA) are not considered repurchase agreements, nor are repurchase agreements arising from either participation in a commercial mortgage loan or the initial securitization of a residential mortgage loan.

Outstanding commitment means the amount of financial obligations entered into pursuant to any repurchase agreement that opens on any business day or is outstanding as of the end of any business day, including transactions which both opened and closed on the same business day. These financial obligations include all of those that exist prior to netting.

Securities broker means any financial company registered as a broker with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Securities dealer means any financial company registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

(b) *Purpose and scope*—(1) *Purpose.* The purpose of this data collection is to require the reporting of certain information to the Office about non-centrally cleared bilateral repurchase agreement transactions. The information will be used by the Office to fulfill its responsibilities under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including support of the Council and Council member agencies by facilitating financial stability monitoring and research consistent with support of the Council and its member agencies.

(2) *Scope of application.* Reporting under this section is required by any financial company that participates in a non-centrally cleared bilateral repurchase agreement transaction and that is:

(i) A securities broker, securities dealer, government securities broker, or government securities dealer whose average daily outstanding commitments to borrow cash and extend guarantees in non-centrally cleared bilateral repurchase agreement transactions with counterparties over all business days during the prior calendar quarter is at least $10 billion, or

(ii) Any other financial company with over $1 billion in assets or assets under management whose average daily outstanding commitments to borrow cash and extend guarantees in non-centrally cleared bilateral repurchase agreement transactions, including commitments of all funds for which the company serves as an investment adviser, with counterparties that are not securities brokers, securities dealers, government securities brokers, or government securities dealers over all business days during the prior calendar quarter is at least $10 billion.

(c) *Data required.* (1) Covered reporters shall report trade and collateral information on all non-centrally cleared bilateral repurchase agreement transactions, subject to paragraph (c)(2) of this section, in accordance with the prescribed reporting format in this section.

(2) Covered reporters shall only report trade and collateral information with respect to any non-centrally cleared bilateral repurchase agreement transaction which opens on, or is outstanding at any time during the business day, including transactions which both opened and closed during the business day.

(3) Covered reporters shall submit the following data elements for all transactions:

TABLE 1 TO PARAGRAPH (c)(3)

Data element	Explanation
File observation date	The date on which the business day ends.
Covered reporter LEI	The Legal Entity Identifier of the covered reporter.
Cash lender LEI	The Legal Entity Identifier of the cash lender.
Cash lender name	The legal name of the cash lender.
Cash borrower name	The legal name of the cash borrower.
Cash borrower LEI	The Legal Entity Identifier of the cash borrower.
Guarantee	Indicator for whether the covered reporter issued a guarantee with respect to the transaction.
Transaction ID	The covered reporter-generated unique transaction identifier in an alphanumeric string format.
Unique transaction ID	If available, the Unique Transaction Identifier (UTI).
Trading platform	For transactions arranged using an outside vendor's platform, the provider of the platform.
Trade timestamp	The timestamp that the trade became an obligation of the covered reporter or the covered reporter's affiliate or subsidiary.
Start date	The start date of the repo.
End date	The date the repo matures.
Minimum maturity date	The earliest possible date on which the transaction could end in accordance with its contractual terms (taking into account optionality).
Cash lender internal identifier	The internal identifier assigned to the cash lender by the covered reporter, if the covered reporter is not the cash lender.
Cash borrower internal identifier	The internal identifier assigned to the cash borrower by the covered reporter, if the covered reporter is not the cash borrower.

TABLE 1 TO PARAGRAPH (c)(3)—Continued

Data element	Explanation
Start leg amount	The amount of cash transferred to the cash borrower on the open leg of the transaction at the inception of the transaction.
Close leg amount	The amount of cash to be transferred by the cash borrower on the end date of the transaction.
Current cash amount	The amount of cash to be transferred by the cash borrower, inclusive of principal, accrued interest and other adjustments, as of the end of the business day.
Start leg currency	The currency which is used in the Start leg amount field.
Rate	The rate of interest paid by the cash borrower on the transaction, expressed as an annual percentage rate on an actual/360-day basis.
Floating rate benchmark	The name of the benchmark interest rate upon which the transaction is based.
Floating rate reset frequency	The time period, in calendar days, describing the frequency of the floating rate resets.
Spread	The contractual spread over (or below) the benchmark rate referenced in the repurchase agreement.
Securities identifier type	The identifier type for the securities transferred between cash borrower and cash lender.
Security identifier	The identifier of securities transferred between the cash borrower and the cash lender in the repo.
Securities quantity	The number of units (e.g., shares, bonds, bills, notes) transferred to the cash lender as of the end of the business day.
Securities value	The market value of the transferred securities as of the end of the business day, inclusive of accrued interest.
Securities value at inception	The market value of the transferred securities at the inception of the transaction, inclusive of accrued interest.
Securities value currency	The currency used in the Securities value and Securities value at inception fields.
Haircut	The difference between the market value of the transferred securities and the purchase price paid at the inception of the transaction.
Special instructions, notes, or comments	The covered reporter may characterize any detail of the transaction with special instructions, notes, or comments.

(d) *Reporting process.* Covered reporters shall submit the required data for each business day by 11 a.m. Eastern Time on the following business day. The Office may either collect the data itself or designate a collection agent for that purpose.

(e) *Compliance date.* (1) Any financial company that meets the criteria set forth in paragraph (b)(2)(i) of this section as of the effective date of this section shall comply with the reporting requirements pursuant to this section 150 days after the effective date of this section. Any such covered reporter's first submission shall be submitted on the first business day after such compliance date.

(2) Any financial company that meets the criteria set forth in paragraph (b)(2)(ii) of this section as of the effective date of this section shall comply with the reporting requirements pursuant to this section 270 days after the effective date of this section. Any such covered reporter's first submission shall be submitted on the first business day after such compliance date.

(3) Any financial company not described in subparagraph (e)(1) or (2) of this section that meets the criteria set forth in paragraph (b)(2)(i) of this section after the effective date of this section shall comply with the reporting requirements pursuant to this section 150 days after the last day of the calendar quarter in which such financial company becomes a covered reporter.

(4) Any financial company not described in subparagraph (e)(1) or (2) of this section that meets the criteria set forth in paragraph (b)(2)(ii) of this section after the effective date of this section shall comply with the reporting requirements pursuant to this section 270 days after the last day of the calendar quarter in which such financial company becomes a covered reporter.

James D. Martin,

Acting Director.

[FR Doc. 2024–08999 Filed 5–3–24; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2024–0036; Project Identifier MCAI–2023–00731–E; Amendment 39–22739; AD 2024–08–06]

RIN 2120–AA64

Airworthiness Directives; Rolls-Royce Deutschland Ltd & Co KG

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for all Rolls-Royce Deutschland Ltd & Co KG (RRD) Model Trent 1000–A, Trent 1000–A2, Trent 1000–AE, Trent 1000–AE2, Trent 1000–C, Trent 1000–C2, Trent 1000–CE, Trent 1000–CE2, Trent 1000–D, Trent 1000–D2, Trent 1000–E, Trent 1000–E2, Trent 1000–G, Trent 1000–G2, Trent 1000–H, Trent 1000–H2, Trent 1000–J2, Trent 1000–K2, and Trent 1000–L2 engines. This AD was prompted by reports of wear in the combining spill valve (CSV) assembly of certain hydro-mechanical units (HMUs). This AD requires removing certain HMUs from service and replacing with a serviceable part. This AD also prohibits the installation of certain HMUs unless the HMU is a serviceable part or the CSV assembly has been replaced, as specified in a European Union Aviation Safety Agency (EASA) AD, which is incorporated by reference The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective June 10, 2024.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of June 10, 2024.

ADDRESSES:

AD Docket: You may examine the AD docket at regulations.gov under Docket No. FAA–2024–0036; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the mandatory continuing airworthiness information (MCAI), any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.