

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## FEDERAL DEPOSIT INSURANCE CORPORATION

### 12 CFR Part 371

RIN 3064-AE54

#### Recordkeeping Requirements for Qualified Financial Contracts

**AGENCY:** Federal Deposit Insurance Corporation (FDIC).

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The FDIC proposes to amend its regulations regarding Recordkeeping Requirements for Qualified Financial Contracts (“Part 371”), which require insured depository institutions (“IDIs”) in a troubled condition to keep records relating to qualified financial contracts (“QFCs”) to which they are party. The proposed rule would expand the scope of QFC records required to be maintained by an IDI that is subject to the FDIC’s recordkeeping requirements and that has total consolidated assets equal to or greater than \$50 billion or is a member of a corporate group where one or more affiliates is subject to the QFC recordkeeping requirements set forth in the regulations adopted by the Department of the Treasury (a “full scope entity”); for all other IDIs subject to the FDIC’s QFC recordkeeping requirements, add and delete a limited number of data requirements and make certain formatting changes with respect to the QFC recordkeeping requirements; require full scope entities to keep QFC records of certain of their subsidiaries; and include certain other changes, including changes that would provide additional time for certain IDIs in a troubled condition to comply with the regulations.

**DATES:** Comments must be received on or before February 27, 2017.

**ADDRESSES:** You may submit comments by any of the following methods:

- **FDIC Web site:** <https://www.fdic.gov/regulations/laws/federal/>. Follow the instructions for submitting comments on the agency Web site.

- **Email:** [comments@fdic.gov](mailto:comments@fdic.gov). Include RIN 3064-AE54 on the subject line of the message.

- **Mail:** Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, DC 20429.

- **Hand Delivery:** Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

- **Public Inspection:** All comments received, including any personal information provided, will be posted generally without change to <https://www.fdic.gov/regulations/laws/federal/>.

#### FOR FURTHER INFORMATION CONTACT:

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#### SUPPLEMENTARY INFORMATION:

- I. Policy Objectives
- II. Background
- III. The Proposed Rule
  - A. Summary
  - B. Section-By-Section Analysis
    1. Scope, Purpose, and Compliance Dates
    2. Definitions
    3. Maintenance of Records
    4. Content of Records
    5. Transition for Existing Records Entities
    6. Enforcement Actions
    7. Appendix A
    8. Appendix B
- IV. Expected Effects
  - A. Limited Scope Entities
  - B. Full Scope Entities
  - C. All Covered Entities
- V. Alternatives Considered
- VI. Request for Comments
  - A. Scope of Coverage
  - B. Requirements
  - C. Implementation
  - D. Benefits and Costs
- VII. Regulatory Process
  - A. Paperwork Reduction Act
  - B. Regulatory Flexibility Act
  - C. The Treasury and General Government Appropriations Act of 1999
  - D. Plain Language

#### I. Policy Objectives

The proposed rule would enhance and update recordkeeping requirements as to QFCs of IDIs in troubled condition in order to facilitate the orderly resolution of IDIs with QFC portfolios. The proposed rule would revise the format of records required to be maintained in order to provide more

ready access to expanded QFC portfolio data. Additionally, the proposed rule would require that more comprehensive information be maintained to facilitate the FDIC’s understanding of complex QFC portfolios in receivership. The proposed changes to both the formatting and the quantity of information would enable the FDIC, as receiver, to make better informed and efficient decisions as to whether to transfer some or all of a failed IDI’s QFCs during the one-business-day stay period for the transfer of QFCs. This would help the FDIC achieve a least costly resolution.

Part 371 was adopted in 2008 pursuant to 12 U.S.C. 1821(e)(8)(H) (the “FDIA Recordkeeping Provision”) to enable the FDIC to have prompt access to detailed information about the QFC portfolios of IDIs for which the FDIC is appointed receiver.<sup>1</sup> In the eight years since Part 371 was adopted, the FDIC has obtained QFC information pursuant to Part 371 from many IDIs in troubled condition, ranging in size from large, complex institutions to small community banks. While the information obtained has proved useful to the FDIC as receiver, the necessity for more comprehensive information from institutions with complex QFC portfolios in formats that reflect recent developments in digital technology was evident.

In July 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>2</sup> (“Dodd-Frank Act”), section 210(c)(8)(H) (“Section 210(c)(8)(H)”) of which requires the adoption of regulations that require financial companies to maintain QFC records that are determined to be necessary or appropriate to assist the FDIC as receiver for a covered financial company in being able to exercise its rights and fulfill its obligations under section 210(c)(8), (9), or (10) of the Dodd-Frank Act. These sections of the Dodd-Frank Act are in most respects identical to 12 U.S.C. 1821(e) (8)–(10) of the FDIA and cover, among other subjects, the stay applicable to QFCs and the FDIC’s rights to transfer QFCs during the one-business-day stay period.

On October 31, 2016, in implementation of Section 210(c)(8)(H), the Department of the Treasury published regulations (Part 148) that require large U.S. financial holding

<sup>1</sup> 12 CFR part 371.

<sup>2</sup> 12 U.S.C. 5301 *et seq.*

companies and their U.S. subsidiaries (other than IDIs, certain IDI subsidiaries and insurance companies) to maintain QFC recordkeeping systems.<sup>3</sup> The scope of records required to be maintained by companies subject to Part 148 is more comprehensive than that required under Part 371 for IDIs in troubled condition. Part 148 was prepared in consultation with the FDIC. Its recordkeeping requirements reflect the insights obtained by the FDIC in administering Part 371. Part 148, as adopted, reflects comments received on the Part 148 notice of proposed rulemaking, and the input from those comments are, where appropriate, considered in this proposed rule. Part 148 requires companies that are subject to that rule to maintain comprehensive QFC records in formats that will enable the FDIC to expeditiously analyze the information in the event it is appointed as receiver for a covered financial company pursuant to Title II of the Dodd-Frank Act. The comprehensive data fields reflect the data that the FDIC has identified as important for it to make its determinations as to whether to transfer QFCs of a failed institution.

The proposed rule would harmonize the recordkeeping requirements under Part 371 for large IDIs and IDIs that are affiliates of financial companies subject to Part 148 with the recordkeeping requirements of Part 148. The harmonization would support the policy objective of enabling the FDIC to make judicious QFC transfer decisions and would enable the FDIC, as receiver of an IDI that is a member of a corporate group subject to Part 371, to rapidly obtain a complete picture of the QFC positions of the entire group by combining the records maintained under the two regulations. Such harmonization would also have the indirect benefit of reducing costs to IDIs that become subject to Part 371 and that are members of a corporate group subject to Part 148 by enabling such IDIs to utilize the information technology infrastructure established by their corporate group for purposes of complying with Part 148.

## II. Background

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005<sup>4</sup> includes the FDIA Recordkeeping Provision that authorizes the FDIC, in consultation with the appropriate Federal banking agencies, to prescribe regulations requiring more detailed recordkeeping by an IDI with respect to QFCs if such IDI is in a troubled

condition. Pursuant to this provision, in 2008 the FDIC adopted Part 371, which requires that IDIs in a troubled condition maintain information relating to QFCs to which they are party in a format set forth in two Appendices to the regulation. As the FDIC noted in the adopting release for Part 371, the FDIC as receiver has very little time—the period between the day on which the FDIC is appointed receiver and 5:00 p.m. Eastern time on the following business day—to determine whether to transfer QFCs to which a failed IDI is party.<sup>5</sup> The release stated that “[g]iven the FDIA Act’s short time frame for such decision by the FDIC, in the case of a QFC portfolio of any significant size or complexity, it may be difficult to obtain and process the large amount of information necessary for an informed decision by the FDIC as receiver unless the information is readily available to the FDIC in a format that permits the FDIC to quickly and efficiently carry out an appropriate financial and legal analysis.”<sup>6</sup> It was the FDIC’s expectation, when it adopted Part 371, that the regulations would provide the FDIC with QFC information in a format that would assist the FDIC in making these determinations.

In the eight years since it was adopted, Part 371 has proved very useful to the FDIC in connection with QFCs of IDIs for which it was appointed receiver. While these institutions, in general, had limited QFC portfolios, several large IDIs with significant QFC portfolios also became in a troubled condition and were required to comply with the recordkeeping requirements of Part 371. The process of working with these IDIs to achieve compliance with Part 371, in addition to being very useful in resolution planning for these institutions, was instructive for the FDIC and caused the FDIC to identify areas where additional data in a more accessible format would provide the FDIC, as receiver, with important benefits in making determinations as to whether to transfer the institution’s QFCs in a manner that would help preserve the value of the receivership and minimize losses to the Deposit Insurance Fund. The FDIC also gained experience with respect to the length of time that sometimes is necessary to complete QFC recordkeeping requirements, and identified areas where the requirements could be made clearer.

As previously noted, Part 148 requires more extensive record keeping than that required by Part 371 as currently in

effect (“Current Part 371”). The additional data include, among other data points, information on underlying QFCs where the QFC in question is a guarantee, additional information as to whether a QFC is guaranteed, information as to positions for which a QFC serves as a hedge, certain information as to the netting sets to which the QFCs pertain, information as to cross-default provisions in QFCs, information as to location of collateral, whether the collateral is segregated by the entity holding the collateral, whether the collateral is subject to re-hypothecation, and information as to the value of QFC positions in the currency applicable to the QFCs. This additional information could greatly assist the FDIC as receiver in making decisions as to the treatment of the receivership’s QFCs under the Dodd-Frank Act within the same, short one-business-day stay period that applies where the FDIC is appointed as receiver<sup>7</sup> for an IDI under the Federal Deposit Insurance Act (“FDIA”).<sup>8</sup>

## III. The Proposed Rule

### A. Summary

The proposed rule would amend and restate Part 371 in its entirety. The proposed rule would require full scope entities to maintain the full complement of data required by Part 148.<sup>9</sup> Full scope entities include IDIs with total consolidated assets of \$50 billion or more as well as IDIs (“Part 148 affiliates”) that are affiliates of one or more companies required to maintain records pursuant to Part 148. The additional data with respect to credit support and collateral, among other items, would provide the FDIC as receiver with important information as to the risks associated with the QFC portfolio and thus assist the FDIC in addressing more complex QFC portfolios. This is appropriate for larger institutions that are more likely to have significant and more complex QFC portfolios. It also is appropriate for Part 148 affiliates, regardless of size. Consistency of recordkeeping throughout the entire corporate group

<sup>7</sup> Most of the restrictions applicable to the treatment of QFCs by an FDIC receiver also apply to the FDIC in its conservatorship capacity. *See* 12 U.S.C. 1821(e)(8), (9), (10), and (11). While the treatment of QFCs by an FDIC conservator is not identical to the treatment of QFCs in a receivership, *see* 12 U.S.C. 1821(e)(8)(E) and (10)(B)(i)–(ii), for purposes of this preamble reference to the FDIC in its receivership capacity includes reference to its role as conservator under this statutory authority.

<sup>8</sup> 12 U.S.C. 1811 *et seq.*

<sup>9</sup> One data row, relating to the status of non-reporting subsidiaries under the provisions of Part 148, has been omitted from the proposed tables for full scope entities.

<sup>3</sup> 31 CFR part 148.

<sup>4</sup> Public Law 109–8, 119 Stat. 23.

<sup>5</sup> 73 FR 78162, 78163 (December 22, 2008).

<sup>6</sup> *Id.*

will provide additional functionality and useful information to the FDIC as receiver of an IDI in that group. Moreover, the additional burden of this scope of recordkeeping on smaller IDIs that are Part 148 affiliates should be mitigated, as the information technology infrastructure required to comply with Part 371 as proposed to be revised would be the same information technology infrastructure that the corporate group would need to construct in order to comply with Part 148.

The FDIC decided that the \$50 billion total consolidated asset threshold for full scope entities was appropriate for several reasons. Institutions with this higher threshold are more likely to have larger and more complex QFC portfolios. Also, this is the threshold used in 12 CFR part 360 to identify institutions that are required to file resolution plans<sup>10</sup> and, accordingly, was the subject of comments that were considered in the formulation of Part 360 as adopted. The considerations that merit additional resolution planning for these institutions also apply to the QFC recordkeeping requirements of this Part. This threshold also corresponds to the threshold that was established for determining which bank holding companies would be subject to enhanced supervision and prudential standards under Title I of the Dodd-Frank Act<sup>11</sup> and was also adopted by the Financial Stability Oversight Council as an initial threshold for identifying nonbank financial companies that merit further evaluation as to whether they should be designated under section 113 of the Dodd-Frank Act.<sup>12</sup> Part 148 also uses a \$50 billion threshold.<sup>13</sup> All of the previously described uses of the \$50 billion threshold reflect a consensus that it is a reasonable cut-off to identify institutions for heightened attention and, in the case of QFC records, for requirements that would provide quick

access to more comprehensive data in the event of failure.

The proposed rule makes only limited additions to the data required Current Part 371 for IDIs other than full scope entities (“limited scope entities”) because the data from the tables with the limited additions set forth in the proposed rule will provide sufficient information for the FDIC as receiver to take necessary actions with respect to QFC portfolios of all but the largest IDIs and IDIs that are part of a large group, with extensive QFC portfolios, that are subject to Part 148. It is unlikely that most limited scope entities will have QFC positions of a magnitude and complexity that would justify the added burden of being subject to the full scope of data requirements imposed by Part 148. In assessing what additions to information should be required for limited scope entities, FDIC staff was informed by its experience in administering Part 371.

Only certain portions of Current Part 371 would be substantively changed by the proposed rule. The changes include the following: (i) The recordkeeping requirements for full scope IDIs would be expanded; (ii) full scope IDIs would be required to keep records on the QFC activity of certain of their subsidiaries; (iii) the required format for QFC records for limited scope IDIs would be revised and a limited number of additional data fields would be added for these IDIs; (iv) the length of time that certain IDIs have to comply with the rule would be increased; (v) changes to the process for obtaining extensions and to the permitted duration of extensions for certain types of IDIs; (vi) clarifications relating to records access requirements; and (vii) certain other changes relating to transition and other matters.

### B. Section-By-Section Analysis

#### 1. Scope, Purpose, and Compliance Dates

Section 371.1 sets forth the scope and purpose of the proposed rule, as well as required compliance dates. The expressed purpose of Part 371—to establish recordkeeping requirements with respect to QFCs for IDIs in a troubled condition—would not change from Current Part 371.

Under Current Part 371, an IDI is required to comply with Part 371 after receiving written notice from the IDI’s appropriate Federal banking agency or the FDIC that it is in troubled condition under Part 371. Section 371.1(a) of the proposed rule would provide that Part 371 applies to an IDI that is a “records entity.” A records entity is an IDI that has received notice from its appropriate

Federal banking agency or the FDIC that it is in a troubled condition *and* has also received written notification from the FDIC that it is subject to the recordkeeping requirements of Part 371. The proposed rule would include a requirement that an IDI receive notification from the FDIC that it is subject to Part 371 in order ensure an orderly administration of Part 371 by the FDIC.

Section 371.1(c)(1) of the proposed rule would require that, within three business days of receiving notice that it is a records entity, an IDI must provide the FDIC with the contact information of the person who is responsible for the QFC recordkeeping under Part 371 and a directory of the electronic files that will be used by the IDI to maintain the information required to be kept under Part 371. These requirements are substantially similar to those set forth in Current Part 371, although the proposed rule would clarify that the contact person must be the person responsible for the recordkeeping system, rather than simply a knowledgeable person. The electronic file directory consists of the file path or paths of the electronic files located on the IDI’s systems.

The proposed rule would set forth a different compliance date schedule than that set forth in Current Part 371. Under Current Part 371, an IDI is required to comply with Part 371 within 60 days of being notified that it is in troubled condition under Part 371, unless it obtains an extension of this deadline. It has been the FDIC’s experience that some IDIs with significant QFC portfolios that were subject to Part 371 needed up to 270 days to establish systems that enabled them to maintain QFC records in accordance with Part 371. Because extensions under Current Part 371 are limited to 30 days, several extensions were necessary.

Under section 371.1(c)(2)(i) of the proposed rule, all IDIs except for an IDI that is an accelerated records entity (as defined in the next paragraph) would have 270 days to comply with Part 371. In addition, § 371.1(d)(1) of the proposed rule would authorize the FDIC to provide extensions of up to 120 days to records entities other than accelerated records entities. This proposed change would reduce or eliminate the need for repeated extensions for IDIs that are not accelerated records entities and thus would reduce the burden on such IDIs.

Accelerated records entities are IDIs with a composite rating of 4 or 5 or that are determined to be experiencing a significant deterioration of capital or significant funding difficulties or liquidity stress. In view of the increased risk of near-term failure of IDIs that are

<sup>10</sup> 12 CFR 360.10.

<sup>11</sup> 12 U.S.C. 5365(a).

<sup>12</sup> See Financial Stability Oversight Council Guidance for Nonbank Financial Company Determinations, 12 CFR part 1310, app. A, III.A.

<sup>13</sup> \$50 billion is also one of the thresholds used in the OCC guidelines establishing standards for recovery planning by certain large IDIs. See 12 CFR part 30. In its preamble to its 2014 guidelines establishing heightened standards for certain large IDIs, the OCC stated that “the \$50 billion asset criteria is a well understood threshold that the OCC and other Federal banking regulatory agencies have used to demarcate larger, more complex banking organizations from smaller, less complex banking organizations.” 79 FR 54518, 54521–22 (September 11, 2014) (citing 12 CFR 46.1 (stress testing); 12 CFR 252.30 (enhanced prudential standards for bank holding companies with total consolidated assets of \$50 billion or more)).

accelerated records entities, accelerated records entities would remain subject to a 60-day compliance period and extensions for such entities would be limited to 30 days. The 270-day compliance period with extensions of up to 120 days is proposed for other records entities because those entities do not pose the same near-term failure risk as accelerated records entities. The proposed rule, under § 371.1(c)(2)(iii), would specify that if a records entity that was not initially an accelerated records entity becomes an accelerated records entity, the entity would be required to comply with this rule within the shorter of 60 days from the date it became an accelerated records entity or 270 days from the date it became a records entity.

Section 371.1(d)(3) of the proposed rule would retain the requirement of Current Part 371 that written extension requests be submitted not less than 15 days prior to the deadline for compliance, accompanied by a statement of the reasons why the deadline cannot be met. In order to reflect the FDIC's past practice in considering extension requests under Part 371, the proposed rule would also expressly require that all extension requests include a project plan for achieving compliance (including timeline) and a progress report.

## 2. Definitions

Section 371.2 contains definitions used in Part 371. The proposed rule would add new definitions that reflect the proposed changes to the text and tables of Part 371.

Newly defined terms include "records entity," which is added for clarity and conciseness to denote an IDI that is subject to Part 371. As previously discussed, the definition would provide that in order to be a records entity, and thus subject to Part 371, an IDI must receive notice from its appropriate Federal banking agency or the FDIC that it is in a troubled condition and must also receive notice from the FDIC that it is subject to the recordkeeping requirements of Part 371. The definition of records entity would include an IDI already subject to the recordkeeping requirements of Part 371 as of the effective date of the final rule.

Current Part 371 defines "troubled condition" to mean any IDI that (1) has a composite rating, as determined by its appropriate Federal banking agency in its most recent report of examination, of 3 (only for IDIs with total consolidated assets of \$10 billion dollars or greater), 4, or 5 under the Uniform Financial Institution Rating System, or in the case of an insured branch of a foreign bank,

an equivalent rating; (2) is subject to a proceeding initiated by the FDIC for termination or suspension of deposit insurance; (3) is subject to a cease-and-desist order or written agreement issued by the appropriate Federal banking agency, as defined in 12 U.S.C. 1813(q), that requires action to improve the financial condition of the IDI or is subject to a proceeding initiated by the appropriate Federal banking agency which contemplates the issuance of an order that requires action to improve the financial condition of the IDI, unless otherwise informed in writing by the appropriate Federal banking agency; (4) is informed in writing by the IDI's appropriate Federal banking agency that it is in troubled condition for purposes of 12 U.S.C. 1831i on the basis of the IDI's most recent report of condition or report of examination, or other information available to the IDI's appropriate Federal banking agency; or (5) is determined by the appropriate Federal banking agency or the FDIC in consultation with the appropriate Federal banking agency to be experiencing a significant deterioration of capital or significant funding difficulties or liquidity stress, notwithstanding the composite rating of the IDI by its appropriate Federal banking agency in its most recent report of examination.

While the proposed rule would make no change to the definition of troubled condition, the FDIC notes that the third prong of the definition, which addresses IDIs subject to a cease-and-desist order or written agreement issued by the appropriate Federal banking agency that requires action to improve the financial condition of the IDI<sup>14</sup> is intended to be broadly interpreted to include consent orders, or stipulations entered into by, or imposed upon, the IDI pursuant to 12 U.S.C. 1818(b) of the FDIA. Whether any such consent order or stipulation, or any cease-and-desist order or written agreement, requires "action to improve the financial condition" of the IDI will depend on the facts and circumstances surrounding the particular order or agreement, but it is not limited to an order or agreement that specifically mentions adequacy of capital. It may also include, where appropriate, factors relating to asset quality, management, earnings, liquidity, and sensitivity to market risk, as each factor is defined in the FDIC's notice of adoption of policy statement regarding the Uniform Financial Institutions Rating System.<sup>15</sup> For instance, in the case of management, an order or agreement that requires

improvements in risk management practices and internal policies and controls addressing the operations and risks of significant activities may fall within the scope of orders or agreements that require action to improve the financial condition of the IDI within the meaning of the proposed rule.<sup>16</sup> On the other hand, a cease-and-desist order or consent order relating to improvements with respect to Bank Secrecy Act reporting requirements may not fall within the meaning of an order to improve the financial condition of the IDI.

As discussed previously, the proposed rule would define an "accelerated records entity" as a records entity with a composite rating of 4 or 5 under the Uniform Financial Institution Rating System (or in the case of an insured branch of a foreign bank, an equivalent rating system), or that is determined to be experiencing a significant deterioration of capital or significant funding difficulties or liquidity stress, notwithstanding the composite rating of the institution by its appropriate Federal banking agency in its most recent report of examination.

The proposed rule would require different recordkeeping requirements for "full scope entities" and "limited scope entities," and adds definitions of those terms for clarity and conciseness. The rule would define a full scope entity as a records entity that has total consolidated assets equal to or greater than \$50 billion or that is a Part 148 affiliate. "Part 148 affiliate" is defined as a records entity that is a member of a corporate group one or more other members of which are required to maintain QFC records pursuant to Part 148. A limited scope entity would be defined as a records entity that is not a full scope entity. As discussed previously, the proposed rule would require full scope entities to keep more detailed QFC records than limited scope entities.

The proposed rule would require that full scope entities include, among other items, records for their reportable subsidiaries. A reportable subsidiary would be defined to include a subsidiary of an IDI that is not a functionally regulated subsidiary as defined in 12 U.S.C. 1844(c)(5), a security-based swap dealer as defined in 15 U.S.C. 78c(a)(71), or a major security-based swap participant as defined in 15 U.S.C. 78c(a)(67). Since QFC data for reportable subsidiaries is not required to be maintained under Part 148, requiring this information in Part 371 would provide the FDIC as receiver with more

<sup>14</sup> 12 CFR 371.2(f)(3) (2016).

<sup>15</sup> See 62 FR 752 (Jan. 6, 1997).

<sup>16</sup> *Id.* at 755.

complete recordkeeping for the largest entities, which are likely to have more subsidiaries and, as discussed previously, are likely to have larger and more complex QFC portfolios.

The proposed rule would also add a definition for “business day” that is consistent with the definition of this term used in 12 U.S.C. 1821(e)(10)(D) and a definition for “control” (used in the definition of the term “affiliate”), which is defined consistently with the definition of this term in the FDI Act.<sup>17</sup> In addition, the proposed rule would define “total consolidated assets,” used in the definition of troubled condition and in the definition of full scope entity, as total consolidated assets as reported on a records entity’s most recent audited consolidated statement of financial condition filed with its appropriate Federal banking agency.

Minor drafting changes to the definition of “qualified financial contract” are included in the proposed rule. These changes are for clarity only and are not intended to make substantive changes in the meaning of this term.

The proposed rule would also add certain terms in order to clarify portions of Part 371, including terms used in the proposed new data tables. These terms include “parent entity,” “corporate group,” “counterparty,” “amendment effective date,” “legal entity identifier” (LEI), and “subsidiary.”

### 3. Maintenance of Records

Section 371.3 of the proposed rule would set forth the requirements for maintaining QFC records. As under Current Part 371, paragraph (a) of the proposed rule would require that QFC records be maintained in electronic form in the format set forth in the Appendices to Part 371, unless the records entity qualifies for the exemption from electronic recordkeeping for institutions with fewer than 20 QFC positions, and that all such records in electronic form be updated on a daily basis. In recognition of the value to the FDIC of consistency of recordkeeping through an entire corporate group, the proposed rule would add a new requirement, in § 371.3(a)(4), that records maintained by a Part 148 affiliate are compiled consistently with records compiled by its affiliates pursuant to Part 148. This would require that an IDI subject to Part 371 use the same data inputs (for example, counterparty identifier) as the inputs used for reporting pursuant to Part 148. The proposed rule would

clarify that these updates be based on the previous end-of-day values. The proposed rule would require that the records entity be capable of providing the preceding day’s end-of-day values to the FDIC no later than 7:00 a.m. (Eastern Time) each day. The 7:00 a.m. deadline is proposed in light of the limited stay period for transfer of QFCs by the FDIC as receiver, which ends at 5:00 p.m. (Eastern Time) on the business day following the date of the appointment of the receiver.<sup>18</sup> This deadline represents a clarification of the requirement contained in Current Part 371 that IDIs subject to Part 371 maintain the capacity to produce records at the close of processing on a daily basis.<sup>19</sup> The next-day 7:00 a.m. deadline would be applicable, whether or not the day on which access would be required (the next day) is a business day, to allow the FDIC to have the maximum time to make necessary decisions and take necessary actions with respect to the QFC portfolio, even where the IDI is closed on a Friday. Even though, in the case of a Friday closing, the next day is not a business day, the next day deadline should impose no additional burden on an IDI since the proposed rule would require that the IDI be capable of providing records on the next day in all circumstances. Finally, the proposed rule would extend the 7:00 a.m. deadline if the FDIC does not request access to the records at least eight hours before the 7:00 a.m. deadline.

The proposed rule would also add a new requirement that electronic records be compiled in a manner that permits aggregation and disaggregation of such records by counterparty, and if a records entity is maintaining records in accordance with Appendix B, by records entity and reportable subsidiary. The proposed rule would add a requirement that a records entity maintain daily records for a period of not less than five business days in order to ensure that there are records available to the FDIC that indicate the trends in an institution’s QFC holdings even before the actual previous end-of-day’s records are available to the FDIC.

The proposed rule also would change the requirement in Current Part 371 with respect to the point of contact at the records entity to answer questions with respect to the electronic files being maintained at the records entity. Section 371.1(c) of the proposed rule would require that records entities provide the FDIC the name and contact information for the person responsible for

recordkeeping, and § 371.3(b) would require that the FDIC be notified within 3 business days of any change to such information.

The proposed rule would make no change to the requirement in Current Part 371 that a records entity may cease maintaining records one year after it ceases to be a records entity or, if it is acquired by or merges with an IDI entity that is not in troubled condition, following the time it ceases to be a separately insured IDI.

### 4. Content of Records

Section 371.4 of the proposed rule would set forth the requirements for the content of the QFC records that are required to be maintained by records entities. As discussed previously, Section 371.4(b) would require a full scope entity to maintain QFC records in accordance with Appendix B to Part 371, which requires significantly more comprehensive records than are required under Current Part 371. In general, full scope entities are likely to have significant QFC portfolios and the expanded recordkeeping will facilitate the decisions that must be made by the FDIC with respect to these QFC portfolios. Appendix B is substantially similar to the tables included in the Part 148 regulations and, accordingly, if a records entity is an affiliate of an entity that is required to keep records under Part 148, it is likely that it would be able to use the recordkeeping infrastructure developed to comply with Part 148. Consistency of the information as to the IDI and its reportable subsidiaries as well as the other entities in the corporate group will provide the FDIC with a more comprehensive understanding of the QFC exposure of the group.

Section 371.4 (a) of the proposed rule would require a limited scope entity to maintain less comprehensive QFC records under Appendix A, which is similar in scope to the Appendix to Current Part 371, with the changes discussed under “7. Appendix A”. Section 371.4(a) would give a limited scope entity the option to maintain the more comprehensive QFC records required under paragraph (b). The FDIC anticipates that if a limited scope entity expects to meet the criteria of a full scope entity at some point in the future, it might wish to maintain records under Appendix B in order to avoid changing its records system.

The QFC records under Appendices A and B are necessary to assist the FDIC in determining, during the short one-business-day stay period applicable to QFCs, whether to transfer QFCs.

<sup>17</sup> 12 U.S.C. 1813(w)(5), which uses the definition set forth in 12 U.S.C. 1841(a)(2).

<sup>18</sup> See 12 U.S.C. 1821(e)(10)(A).

<sup>19</sup> See 12 CFR 371.3.

The proposed rule also would require records entities that are subject to § 371.4(b) to include information on QFCs to which their reportable subsidiaries are a party. This information would be provided by the records entity, not the reportable subsidiary. As discussed previously, a reportable subsidiary would be defined to include a subsidiary of an IDI that is not a functionally regulated subsidiary as defined in 12 U.S.C. 1844(c)(5), a security-based swap dealer as defined in 15 U.S.C. 78c(a)(71), or a major security-based swap participant as defined in 15 U.S.C. 78c(a)(67). Like IDIs, reportable subsidiaries are excluded from the recordkeeping requirements of Part 148, while information as to subsidiaries that are not reportable subsidiaries would be available to the FDIC from information provided under Part 148. Without information as to QFCs of reportable subsidiaries, the FDIC, as receiver, might not have information that would allow it to assess the effect of its transfer and retention decisions for QFCs of an IDI on the entire group comprised of the IDI and its subsidiaries. While this information would also be useful from limited scope entities maintaining information in accordance with Appendix A, the FDIC does not believe that the advantage of having this information on reportable subsidiaries would outweigh the burden for these smaller IDIs which, individually or with their subsidiaries, are not expected to normally have significant QFC positions.

Section 371.4(c) of the proposed rule would provide requirements for a records entity that changes its recordkeeping status. It would require that a limited scope entity that is maintaining QFC records in accordance with the tables in Appendix A that subsequently becomes a full scope entity maintain QFC records in accordance with the tables in Appendix B within 270 days of becoming a full scope entity or, if it is an accelerated records entity, within 60 days. The proposed rule would require such an entity to continue to maintain the records under the tables in Appendix A until it maintains the QFC records specified in the tables to Appendix B. A full scope entity that subsequently becomes a limited scope entity would be permitted to opt to maintain records under the tables in Appendix A. This entity would be required to continue to maintain the records specified in the tables to Appendix B until it maintains the records in accordance with Appendix A. The FDIC is not requiring a time period for compliance in such

instance because the records under Appendix B are more comprehensive than the records under Appendix A.

If a limited scope entity that is not yet maintaining QFC records in accordance with Appendix A or B becomes a full scope entity, the proposed rule would require the records entity to maintain QFC records in accordance with Appendix B within 270 days of the date on which it became a records entity or, if it is an accelerated records entity, within 60 days. The same compliance timeframes would apply to a records entity that is a full scope entity that becomes a limited scope entity before it maintains QFC records in accordance with Appendix B. These compliance periods for records entities that change their recordkeeping status reflect the importance to the FDIC of promptly obtaining QFC records from IDIs in troubled condition.

Records entities that experience a change in status, like IDIs newly subject to Part 371, would be permitted to apply for extensions of time to comply under § 371.1(d).

The proposed rule would retain the de minimis exception included in Current Part 371. This provision allows a records entity with fewer than 20 QFC positions at the time it becomes a records entity to maintain these records in any format it chooses, including paper records, so long as the required records are capable of being updated daily, provided that the records entity does not subsequently have 20 or more QFC positions.

#### 5. Transition for Existing Records Entities

Section 371.5 of the proposed rule would provide rules for full scope entities that are subject to Current Part 371 immediately prior to the effective date of the amendments to Part 371 to transition to the new recordkeeping requirements included in the proposed rule. Limited scope entities that are subject to Current Part 371 immediately prior to the effective date of the amendments would not be required to transition to the new recordkeeping requirements. If, however, any such limited scope entity ceases to be subject to the recordkeeping requirements because it ceases to be in troubled condition for one year pursuant to § 371.3(d) but subsequently again becomes subject to the recordkeeping requirements, at such subsequent time the limited scope entity would be subject to the new recordkeeping requirements.

Under the proposed rule, a full scope entity that is maintaining QFC records in accordance with Current Part 371

immediately prior to the effective date of the amendments to Part 371 would be required to comply with all recordkeeping requirements of Part 371 within 270 days after the effective date of the amendments or, in the case of an accelerated records entity, 60 days. Any such records entity would also be required to continue to maintain the records required by Current Part 371 until it maintains the records required by § 371.4(b), as applicable.

Additionally, the proposed rule contains a provision that addresses the transition of a full scope entity that is required to keep records under the Current Part 371 but is not in compliance with Current Part 371's recordkeeping requirements immediately prior to the effective date of the amendments to Part 371. The proposed rule would require such a records entity to comply with the recordkeeping requirements of Part 371, as amended, within 270 days after the date that it first became a records entity or, in the case of an accelerated records entity, 60 days.

The effect of these provisions would be to provide more time for the transition to the recordkeeping requirements of Part 371, as amended, for full scope entities that are keeping the records required under Current Part 371 and less time for those that are not. The FDIC believes that it is reasonable to give IDIs that are actually maintaining the information required by Current Part 371 more time to transition to the recordkeeping requirements of the amendments to Part 371 because even in the worst case scenario where the IDI is placed into receivership prior to the transition, the FDIC will have some information on the QFCs of the IDI to use in making the transfer determination. If the transition provisions of the proposed rule were to give a full new 270 day period to an IDI already subject to Part 371, it might be the case that the IDI would be placed into receivership prior to providing any of the records required by Current Part 371 or the proposed rule.

#### 6. Enforcement Actions

Section 371.6 of the proposed rule is unchanged from § 371.5 of Current Part 371. It provides that violation of Part 371 would subject a records entity to enforcement action under Section 8 of the FDI Act (12 U.S.C. 1818).

#### 7. Appendix A

Appendix A of the proposed rule would apply to a records entity that is

a limited scope entity.<sup>20</sup> The file structure for Appendix A would require two data tables: (1) Table A-1—Position-level data and (2) Table A-2—Counterparty Netting Set Data. It would also require two master data lookup tables: (1) Corporate Org Master Table and (2) Counterparty Master Table. Although the scope of Appendix A is generally similar to the scope of information required under Current Part 371, the approach to the format of the data required is changed. All of the proposed tables are expected to be data sets that allow for sorting and review using readily available tools which the FDIC expects will make them more useful to the institution as well as to the FDIC in the event it is appointed as receiver. To accommodate this change in format and to make it easier to input and to sort data, the lookup tables have been added.

*Table A-1.* Like Table A-1 of Current Part 371, Table A-1 would require position level information as to each QFC of a records entity. Certain changes have been made with respect to the information required on current Table A-1, however, with two data fields eliminated and a few others added in proposed Table A-1.

Specifically, Table A-1 of the proposed rule would make a limited number of additions to the rows included in Table A-1 of Current Part 371 in order to provide ready electronic access to information that FDIC staff has found to be important in determining whether to transfer or retain QFCs of a failed IDI. These additions include Row A1.1, which requires an “as of” date. This information is important because a records entity often derives data from multiple systems in multiple locations and the FDIC needs to be able to expeditiously determine whether, due to differences in time zone, legal holidays or other factors, any of the data is not current. Other additions are made to allow for systematic, electronic identification of parties. Row A1.2 would require that a records entity identifier be provided and Row A1.4 would require use of a counterparty identifier. Current Part 371 requires that a records entity provide a list of counterparty identifiers, but the new proposed format will facilitate the prompt and accurate identification of counterparties as well as the determination of whether they are affiliated entities. This is important because in an FDIA resolution, QFCs must be transferred on an all-or-none

basis with respect to all QFCs entered into with counterparties of the same affiliated group. This may, but does not always, comport with straightforward netting sets, so the efficient identification of affiliated counterparties is critical to the FDIC’s decisions that must be made within the short one-business-day stay period. In addition, proposed Table A-1 would require that the identifier used for records entities as well as counterparties be a Legal Entity Identifier (“LEI”), if the records entity or counterparty has one. LEIs are identifiers maintained for companies by a global organization and are increasingly used by financial institutions. Accordingly, their use in Part 371 would ensure that variations from formal names do not result in the misidentification of a records entity or counterparty and thus help ensure that the FDIC satisfies its obligation to transfer all, or none, of the QFC positions between a failed IDI and a counterparty and its affiliates.

Proposed new Rows A1.5 and A1.6, which would require that data include the internal booking location identifier and the unique booking unit or desk identifier of a QFC, are intended to improve the ability of the FDIC to identify individuals at a records entity who are familiar with a particular position. This can be of major importance to the FDIC in determining, during the one business day stay period, whether to retain or transfer a QFC. This requirement would replace the requirement in Current Part 371 that the table specify a portfolio location identifier and provide a list of booking locations.

Some of the new rows in Table A-1 are designed to provide the FDIC with information about other positions or assets of the records entity to which a QFC relates. For example, where an interest rate swap relates to a loan made by an IDI or to a different swap of the IDI, this information would be of critical importance to the FDIC in making its determination of whether to transfer or retain that QFC. The FDIA provides that a guarantee or other credit enhancement of a QFC is itself a QFC.<sup>21</sup> Under Current Part 371, a guarantee or other credit enhancement was reported in the same manner as any other QFC, but experience under Current Part 371 made clear that records on guarantees and credit enhancements would be clearer and more complete with clear information with respect to the type of QFC covered by the enhancement and the QFC party whose obligations are being credit enhanced be specified.

Accordingly, new rows A1.8 and A1.9 would require that information.

Rows A1.19–A1.21 would require additional information as to third party credit enhancements in favor of the records entity. This information is important to assessing credit risk and net exposure with respect to QFCs, which will facilitate decisions with respect to transfer of those QFCs. Rows A1.22–A1.24 would require information as to positions of the records entity to which the QFC relates. For example, these rows would indicate if obligations relating to a loan made by the failed IDI are being hedged by the QFC.

Other proposed changes are intended to facilitate the ability of the FDIC to electronically identify positions and governing agreements. Rows A1.10–A1.12 would require identifying information regarding the QFC master agreement or primary agreement (e.g., the guarantee agreement in the case of a guarantee) and, if different, netting agreement, in lieu of the requirement in Current Part 371 that these agreements be separately listed. Row A1.13 would add a requirement that the trade date of a position be specified in order to help the FDIC differentiate between different positions with the same counterparty.

Finally, Table A-1 does not include two data fields in Table A of Current Part 371 that in practice have not generally proved to elicit useful information. These are the rows that require that the purpose of the QFC position and that documentation status be identified.

*Table A-2.* Like Table A-2 of Current Part 371, Table A-2 would require information as to QFC positions aggregated by counterparty and maintained at each level of netting under the relevant governing agreement. If a master agreement covers multiple types of transactions, but does not require that the different types of transactions be netted against each other the net exposures under each type of transaction would need to be separately reported. Thus, for example, where a single Master Agreement covered both interest rate swaps and forward exchange transactions but did not require netting between the swap positions and the repo positions, the net exposures of the interest rate swaps would be reported separately from the net exposures of the repurchase agreements.

While there are several non-substantive, clarifying drafting changes and additions to rows included in the existing Table A-2, the substantive additions are limited. Like Table A-1, Table A-2 includes new rows that require records entity identifiers,

<sup>20</sup> As discussed previously, a limited scope entity may elect to report on the more comprehensive Appendix B.

<sup>21</sup> 12 U.S.C.(e)(8)(D).

information as to third party credit enhancements in favor of the records entity and additional information relating to the underlying contracts for QFCs that are themselves credit enhancements.

Rows A2.16–A2.17 would require information as to the next margin payment date in order to help the receiver or transferee avoid inadvertent defaults and analyze the positions.

Table A–2 would continue require information as to the net current market value of all positions under a netting agreement, but would also require that the current positive market value and current negative market value of all such positions be separately stated. This break down of information would assist the FDIC in its analysis of the net overall position.

*Corporate Org Master Table.* The proposed rule retains the requirement of Current Part 371 for complete information regarding the organizational structure of the records entity, however, proposed Appendix A would require that a records entity maintain that information in the corporate organizational master table in lieu of any other form of organizational chart. Requiring this information in this format will make this information more easily accessible to the FDIC with improved functionality.

*Counterparty Master Table.* The FDIA requires that in making a transfer of a QFC the receiver must either (1) transfer all QFCs between a records entity and a counterparty and the counterparty's affiliates to the same transferee IDI, or (2) transfer none of such QFCs.<sup>22</sup> Thus, an understanding of the relationship of the counterparties is critical to the FDIC's function as receiver. Current Part 371 required this information in the form of a list of affiliates of counterparties that are also counterparties to QFC transactions with a records entity or its affiliates. The proposed rule would require that a records entity maintain this information in the form of a counterparty organizational master table that would be completed with respect to each counterparty of a records entity. The listing on each such table of the immediate and ultimate parent entity of the counterparty would enable the FDIC to efficiently and reliably identify counterparties that are affiliates of each other without requiring full organizational charts of each counterparty group.

## 8. Appendix B

Appendix B of the proposed rule would apply to a records entity that is a full scope entity as well as to a limited scope entity that elects to use Appendix B rather than Appendix A. As discussed previously, Appendix B corresponds to the information required for records entities under Part 148. It includes all of the data discussed above that is required by Appendix A plus additional information that is important for understanding the larger and more complex QFC portfolios of the largest IDIs. The file structure for Appendix B would require four data tables: (1) Table A–1—Position-level data, (2) Table A–2—Counterparty Netting Set Data, (3) Table A–3—Legal Agreements and (4) Table A–4—Collateral Detail Data. It would also require four master data lookup tables: (1) Corporate Org Master Table, (2) Counterparty Master Table, (3) Booking Location Master Table and (4) Safekeeping Agent Master Table.

The most significant additional data required by Appendix B, as compared to Appendix A, is provided for in Tables A–3 and A–4 of Appendix B. In general, these Tables require additional information with respect to the master agreements or other contracts governing QFCs as well as additional information regarding collateral supporting QFCs.

In addition, Tables A–1 and A–2 for these entities require that the market value and notional amount of positions be expressed in local currencies, as well as in U.S. dollars, and that information as to amount of collateral subject to re-hypothecation be provided.

*Table A–3.* This table would require specific information as to each governing agreement, such as an ISDA master agreement or other netting agreement or, in the case of a QFC that is a credit enhancement, the agreement governing such credit enhancement. The required information would include the agreement's governing law, whether the agreement includes a cross-default determined by reference to an entity that is not a party to the agreement and, if so, the identity of such other party, and contact information for each counterparty.

The information as to governing law is needed to evaluate whether there is any likelihood of different treatment of transfer of the QFC, access to collateral or other matters under non-U.S. law. The cross-default information is necessary so that the likelihood of the QFC terminating on account of the insolvency or payment defaults or other matters relating to a third party can be analyzed. The counterparty contact information may be important in

connection with the FDIC's obligations under 12 U.S.C. 1821(e)(10) to take steps reasonably calculated to give notice of transfer of a QFC.

*Table A–4.* This table would require data as to the different items of collateral that support different netting sets. For each netting set, this table would require information as to the original face amount, local currency, market value, location and jurisdiction of each item of collateral provided. This table would also require an indication of whether the item of collateral is segregated from other assets of the safekeeping agent (which can be a third party or a party to the QFC), and whether re-hypothecation of the item of collateral is permitted. This data would help the FDIC evaluate the adequacy of collateral for each QFC netting set, as well as the potential for the collateral to be subject to ring-fencing by a foreign jurisdiction.

*Table A–1.* Proposed Table A–1 in Appendix B is very similar to proposed Table A–1 in Appendix A. In addition to requiring that data be expressed in U.S. dollars, the table as proposed to be included in Appendix B requires that certain data also be expressed in local currency in order to assist the FDIC's analysis of positions. It also requires that the fair value asset classification under GAAP, IFRs or other applicable accounting standards be set forth and that additional information be provided relating to credit enhancements that benefit a QFC counterparty of the records entity.

*Table A–2.* Table A–2 in Appendix B is very similar to Table A–2 in Appendix A. The only added rows would require information about collateral that is subject to re-hypothecation, information as to the identity of the safekeeping agent, *i.e.*, the party holding the collateral, which can be either a party to the QFC or a third party, and information as to credit enhancements that benefit a QFC counterparty of the records entity.

*Booking Location Master Table.* This master table would require certain additional information regarding each QFC, including internal booking location identifiers, and booking unit or desk contact information. This information would assist the FDIC in locating personnel at the IDI with knowledge of the QFC.

*Safekeeping Agent Master Table.* This table would provide information as to points of contact for each collateral safekeeping agent. This information would assist the FDIC in locating personnel at the safekeeping agent who are familiar with the collateral and the safekeeping arrangements.

<sup>22</sup> 12 U.S.C. 1821(e)(9).



#### IV. Expected Effects

The FDIC has considered the expected effects of the proposed rule on covered institutions, the financial sector and the U.S. economy. The proposed rule will likely pose some costs for covered institutions, but by expanding the QFC recordkeeping requirements for institutions in troubled condition the proposed rule will enable the FDIC to make better informed decisions on how to manage the QFC portfolio of covered institutions if they enter into receivership. The proposed rule also would harmonize the scope and format of Part 371's QFC recordkeeping requirements for full scope entities with the recordkeeping requirements under Part 148 and thereby permit IDIs that become subject to Part 371 and are members of corporate groups subject to Part 148 to use information technology systems developed by their Part 148 affiliates in order to comply with Part 371. Finally, by enabling the FDIC to more efficiently evaluate and understand QFC portfolios the proposed rule will help the FDIC as receiver minimize unintended defaults through failures to make timely payments or collateral deliveries to QFC counterparties.

During the financial crisis of 2008 and ensuing recession many banks failed, some of which were party to significant volumes of QFCs. Through its experience of working with banks in troubled condition that were establishing systems to comply with the recordkeeping requirements of Current Part 371, the FDIC concluded that institutions with larger and more complex portfolios of QFCs would be more difficult to resolve in an efficient manner unless more QFC information was readily accessible. Readily available information on collateral, guarantees, credit enhancements, etc. would be necessary to evaluate counterparty risk and maximize value to the receivership. The proposed rule should provide benefits by reducing the likelihood that a future failure of an insured depository institution with a large and complex portfolio of QFCs could result in unnecessary losses to the receivership.

##### Full Scope Entities

The proposed rule would likely result in large implementation costs for full scope entities. Significantly more information on QFCs is required to be maintained by the proposed rule relative to Current Part 371, including additional information as to collateral, guarantees and credit enhancements. The added information would enable the FDIC to more accurately assess and

understand the QFC portfolios of institutions this size, which are more likely to be large and complex than the QFC portfolios of limited scope entities. As of September 30th, 2016, based on Consolidated Reports of Condition and Income as of that date, there were 40 FDIC-insured institutions with consolidated assets in excess of \$50 billion. There are another 29 FDIC-insured institutions with consolidated assets of less than \$50 billion that are members of corporate groups that are subject to Part 148, resulting in a total of 69 potential full-scope entities. In the event that one of these institutions becomes in a troubled condition, as defined in the rule, the FDIC assumes that, on average, it will take approximately 3,000 labor hours to comply with the recordkeeping requirements of the proposed revisions to Part 371 for full scope entities over and above the amount of time that would be expected to be required in order to comply with Current Part 371 for comparable entities. The implementation costs borne by covered institutions primarily include costs that would be incurred in order to accommodate the proposed new data elements. They are anticipated to be incurred when an institution becomes in a troubled condition and begins maintaining the QFC information in accordance with Part 371. Full scope entities that are subject to Current Part 371 when the final rule becomes effective could incur some transition expenses. Ongoing costs of recordkeeping for the proposed rule are assumed to be approximately similar to those under Current Part 371. The labor hours necessary to comply with the proposed rule will vary greatly for each institution depending upon the size and complexity of the QFC portfolio, the efficiency of the institution's QFC information management system(s), and the availability and accessibility of information on QFCs. Therefore, they are difficult to accurately estimate. Additionally, some costs related to complying with the rule might be ameliorated for an institution that is part of a corporate group subject to the Part 148, since its parent company may have already developed the capacity to meet the recordkeeping requirements for Part 148, which cover the same information, in the same format, as the proposed rule.

Finally, any implementation costs of the proposed rule are contingent upon an entity becoming in a troubled condition and subject to the proposed rule. Based on FDIC supervisory experience, it is estimated that two full

scope entities per year, on average, will be subject to the recordkeeping requirements of the proposed rule. It is anticipated that the proposed rule would result in an additional 6,000 labor hours per year for covered institutions.<sup>23</sup> To comply with the recordkeeping requirements of the rule it is assumed that IDIs in troubled condition will employ attorneys, compliance officers, credit analysts, computer programmers, computer systems analysts, database administrators, financial managers, and computer information systems managers. The FDIC has estimated that the average hourly wage rate for recordkeepers to comply with the recordkeeping burden is approximately \$57 per hour based on average hourly wage information by occupation from the U.S. Department of Labor, Bureau of Labor Statistics.<sup>24</sup> Therefore the FDIC estimates that the proposed rule will pose approximately \$342,000 in expected additional compliance costs on average, each year, for full scope entities.

##### Limited Scope Entities

The proposed rule would likely pose some costs for limited scope entities, but those costs would be relatively small. Only slightly more QFC information is required to be maintained by limited scope entities to comply with the proposed rule relative to Current Part 371. The FDIC is proposing to remove three data elements from the Current Part 371 recordkeeping requirements while adding less than twenty additional data elements. The FDIC understands that most of the added data elements cover information

<sup>23</sup>This estimate is potentially somewhat greater than would be expected based upon past practice for two reasons. First, not all institutions that become in a troubled condition ultimately complete recordkeeping compliance, as their condition may improve so that they are no longer in a troubled condition before the commencement or completion of recordkeeping. Secondly, the same institution may have cycled in and out of troubled condition more than once in the 16-year look back period and therefore their recordkeeping costs may have been counted more than once. The additional recordkeeping costs could be significantly lower for subsequent instances of institutions becoming in troubled condition because the recordkeeping procedures and systems have already been established.

<sup>24</sup>Wage estimate is in nominal dollars and has not been adjusted for inflation. The average hourly wage estimate is derived from May 2015 Occupational Employment Statistics (OES) from the Bureau of Labor Statistics (BLS) for occupations in depository credit intermediation organizations. Hourly wage rates represent the 75th percentile for Legal Occupations (\$75.90), Computer Programmers (\$49.86), Computer Systems Analyst (\$53.12), Database Administrators (\$54.25), Compliance Officers (\$38.40), Credit Analysts (\$44.99), Financial Managers (\$63.22), and Computer and Information Systems Managers (\$78.17).

that is either information that an IDI would need to ascertain in order to comply with Current Part 371 or that would otherwise be readily available to the IDI.

As of September 30th, 2016 there were 6,009 FDIC-insured institutions with total consolidated assets less than \$50 billion. Of those institutions only 1,238 (21 percent) reported some amount of QFCs.<sup>25</sup> To estimate the number of institutions affected by the proposed rule the FDIC analyzed the frequency with which FDIC-insured institutions with consolidated assets of less than \$50 billion became in a troubled condition. Based on supervisory experience, it is estimated that limited scope entities become in a troubled condition 310 times per year on average. The annual average estimate of institutions in troubled condition with consolidated assets of less than \$50 billion is adjusted to 65 to reflect the number of institutions in troubled condition that are likely to be a party to some volume of QFCs, and therefore subject to the proposed rule.<sup>26</sup>

In the event that a limited scope entity becomes in a troubled condition, the FDIC assumes that it will take approximately 5 labor hours, on average, to comply with the added recordkeeping requirements of the proposed revisions to Part 371. The implementation costs borne by covered institutions primarily include costs that would be incurred in order to accommodate the proposed new data elements. They are anticipated to be incurred when an institution becomes in a troubled condition and begins maintaining the QFC information in accordance with Part 371. Ongoing costs of recordkeeping for the proposed rule are assumed to be approximately similar to those under Current Part 371. Therefore, the FDIC estimates that the added compliance costs associated with the proposed rule are 325 hours annually<sup>27</sup> for limited scope entities that are likely to become in a troubled condition.<sup>28</sup> However, assuming that the

proportion of limited scope entities that become in a troubled condition in future years remains constant, 29 of the 65 estimated average annual limited scope entities that are likely to become in a troubled condition have less than \$550 million in assets. They are therefore likely to have insignificant volumes of QFCs and an associated burden estimate of 1 hour or less. The labor hours necessary to comply with the proposed rule will vary greatly for each institution depending upon the size and complexity of its QFC portfolio, the efficiency of the institution's QFC information management system(s) and the availability and accessibility of information on QFCs. Therefore, the added compliance costs associated with the proposed rule are difficult to accurately estimate.

To comply with the recordkeeping requirements of the rule it is assumed that entities in troubled condition will employ attorneys, compliance officers, credit analysts, computer programmers, computer systems analysts, database administrators, financial managers, and computer information systems managers. The FDIC has estimated that the average hourly wage rate for recordkeepers to comply with the initial recordkeeping burden is approximately \$57 per hour based on average hourly wage information by occupation from the U.S. Department of Labor, Bureau of Labor Statistics.<sup>29</sup> Therefore the FDIC estimates that the proposed rule would pose approximately \$19,000 in expected compliance costs each year on average, for limited scope entities. However, the costs realized by limited scope entities as a result of the proposed rule are likely to be lower in the first few years given that the proposed rule allows covered entities already maintaining information in accordance with the current Part 371 rule to continue to do so.

condition may improve so that they are no longer in a troubled condition before the commencement or completion of recordkeeping. Secondly, some institutions may be double-counted, because the same institution may have cycled in and out of troubled condition more than once in the 16-year look back period. The additional recordkeeping costs could be significantly lower the second time around.

<sup>29</sup> Wage estimate is in nominal dollars and has not been adjusted for inflation. The average hourly wage estimate is derived from May 2015 Occupational Employment Statistics (OES) from the Bureau of Labor Statistics (BLS) for depository credit intermediation occupations. Hourly wage rates represent the 75th percentile for Legal Occupations (\$75.90), Computer Programmers (\$49.86), Computer Systems Analyst (\$53.12), Database Administrators (\$54.25), Compliance Officers (\$38.40), Credit Analysts (\$44.99), Financial Managers (\$63.22), and Computer and Information Systems Managers (\$78.17).

#### All Covered Entities

The total estimated compliance costs for all covered entities, both full scope and limited scope, is approximately \$361,000 each year. The realized compliance costs for covered entities are dependent upon future utilization rates of QFCs, and the propensity of institutions to become troubled. Therefore it is difficult to accurately estimate.

The proposed rule provides some relief from compliance costs relative to Current Part 371 by extending the time period allotted for an institution in troubled condition to start maintaining the required QFC information from 60 days to 270 days, with the exception of accelerated records entities. It has been the FDIC's experience that large institutions with complex QFC portfolios had difficulty meeting the current 60-day compliance deadline. Failure to meet the initial deadline necessitated multiple rounds of extension requests that were cumbersome and time-consuming for institutions in troubled condition and their primary regulator. By extending the compliance period to 270 days for all institutions, both "full scope" and "limited scope" entities, the proposed rule will reduce the overall compliance costs. Along with the extended compliance period the proposed rule also requires institutions to include a project plan with their extension request. However, the proposed inclusion of the project plan provision reflects current FDIC practice, and therefore, poses no additional burden.

The proposed rule would harmonize QFC recordkeeping requirements for full scope entities in troubled condition with the Part 148 requirements for other members of their corporate groups. This harmonization benefits these IDIs by enabling them to reduce costs by using information technology created for compliance with Part 148 by other members of their corporate group. Moreover, consistency of reporting across the corporate group would benefit the FDIC as receiver by enabling it to better analyze how an IDI's QFC positions relate to QFC positions of other members of the corporate group.

The proposed rule should also provide indirect benefits to QFC counterparties of institutions in troubled condition by helping the FDIC as receiver avoid unintended payment or delivery disruptions. The additional information required by the proposed rule includes detailed information about collateral, guarantees and credit enhancements which will significantly enhance the ability of the FDIC to

<sup>25</sup> Consolidated Reports of Condition and Income, September 30, 2016.

<sup>26</sup> 1,238 FDIC-insured institutions out of 6,009 reported some volume of QFCs on their Consolidated Reports of Condition and Income. Therefore it is estimated that only 21 percent of the historical average annual rate of institutions in a troubled condition had some volume of QFCs ( $310 \times 0.21 = 65$ ).

<sup>27</sup> The estimated average annual compliance burden hours for limited scope entities is the calculated as  $65 \times 5$  hours, which equals 325 hours.

<sup>28</sup> As discussed previously with respect to full scope entities, this estimate is potentially somewhat greater than would be expected based upon past practice for two reasons. First, not all institutions that become in a troubled condition ultimately complete recordkeeping compliance, as their

judiciously exercise its rights and responsibilities related to QFC portfolios for institutions in troubled condition within the statutory one-business day stay period.

## V. Alternatives Considered

The FDIC considered a number of alternatives in developing the proposed rule. The major alternatives include: (i) Expanding the recordkeeping scope to include IDIs subject to any cease-and-desist order by, or written agreement with, the appropriate federal banking agency; (ii) expanding the recordkeeping scope for records entities to include all subsidiaries; (iii) recordkeeping thresholds of above and below \$10 billion or \$50 billion in total consolidated assets; (iv) requiring all records entities to maintain QFC records under the tables in Appendix B; (v) requiring the same compliance period for all records entities; (vi) not requiring existing full scope records entities to transition to the new recordkeeping requirements; and (vii) requiring existing limited scope entities to transition to the new recordkeeping requirements.

The FDIC considered expanding the definition of “troubled condition” to include all cease-and-desist orders or written agreements issued by the appropriate Federal banking agency in addition to those requiring action to improve the financial condition of an IDI. In reviewing the types of orders and agreements, including stipulations and consent orders, that may be issued or entered into, the FDIC determined that the requirement with respect to an action to improve the financial condition of the IDI is appropriate because it is more likely that such orders relate to an institution for which failure is less remote than is likely the case in connection with other types of orders and agreements. As a result, the FDIC decided not to expand this prong of the definition of “troubled condition.” Nonetheless, this preamble clarifies (in section III.B.2) that an “action to improve the financial condition,” for purposes of this Part, may include, but is not limited to, an action to improve capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk.

The FDIC also considered requiring IDIs that report on Appendix B to report QFC information for all subsidiaries rather than only “reportable subsidiaries.” However, expanding the scope of recordkeeping to all subsidiaries would be burdensome and would also be redundant for corporate groups that are subject to Part 148 because QFC information for subsidiaries that are not reportable

subsidiaries (other than IDIs and insurance companies) is required under Part 148.

In determining the scope of recordkeeping for records entities, the FDIC considered total consolidated asset thresholds above and below \$50 billion. As discussed under “III.A The Proposed Rule, Summary”, the FDIC determined the \$50 billion threshold was appropriate because institutions at or above this threshold are more likely to have complex QFC portfolios and it is an asset level used in the several regulations cited in the above section that has been deemed appropriate for enhanced regulation and supervision. The FDIC determined that a threshold below \$50 billion would impact smaller IDIs and unduly burden community banks.

The proposed rule requires certain records entities, as described previously, to maintain QFC records according to the tables in Appendix A or B depending on the size of the records entity.

The FDIC considered requiring the same compliance period for all records entities subject to this Part. Based on its experience, the FDIC has found that the longer period (270 days) is appropriate for larger entities. Larger entities that are required to report on Appendix B due to a composite CAMEL rating of 3 generally need a longer period to comply and, because an entity with a composite CAMEL rating of 3 is less likely to fail imminently, the additional time for recordkeeping should not pose significant additional risks that the FDIC as receiver will lack the information it needs with respect to the QFC portfolio. Entities with a composite CAMEL rating of 4 or 5 pose greater risk of near-term failure. For the same reason, the proposed rule would not increase the length of extensions available for 4 and 5 rated entities (30 days), regardless of their size. Although it may not be feasible for large entities with complex QFC portfolios to complete the recordkeeping requirements within 60 days, the short deadline with the requirement that extension requests be accompanied by progress reports and action plans will help assure that the recordkeeping requirements are being met in the most expeditious manner and that appropriate resources are being devoted to the effort by the IDI in troubled condition.

Finally, the FDIC considered other transition requirements. The alternative of not requiring transition to the new recordkeeping requirements by full scope entities was rejected because of the importance of having available for these entities, that are more likely to

have complex QFC portfolios, all of the additional information included in the proposed rule, should such an entity become subject to receivership. The FDIC also considered requiring existing limited scope entities to transition to the new recordkeeping requirements, but determined that given the limited nature of almost all existing limited scope entity QFC portfolios the added burden would exceed the benefit of requiring this transition.

## VI. Request for Comments

The FDIC invites comments on all aspects of the proposed rule and requests feedback on the following specific questions.

### A. Scope of Coverage

The proposed rule requires records entities, which are IDIs in troubled condition that receive notice from the FDIC that it is subject to this rule, to maintain QFC records in compliance with the provisions of this Part.

- Should the definition of “troubled condition” be modified to increase or decrease the scope of IDIs that potentially may be subject to this rule? If so, how?

### B. Requirements

Records entities would be required to maintain QFC records subject to the provisions of this Part. The FDIC requests comments on all aspects of the proposed requirement. In particular:

- Should the same compliance periods apply to all records entities, including accelerated records entities and existing records entities?
- Are the compliance periods in the proposed rule appropriate? If not, how much time should be provided?
  - A full scope entity is a records entity that has total consolidated assets equal to or greater than \$50 billion or that is a member of a corporate group where at least one affiliate is required to maintain QFC records pursuant to 31 CFR part 148. Is the full scope entity threshold of \$50 billion in total consolidated assets appropriate? If not, what threshold would be more appropriate and why?
  - Are the differences in recordkeeping requirements between full scope and limited scope entities appropriate? Are the additional requirements of Appendix B appropriate?
  - Should a limited scope entity be required to report under the tables in Appendix A, Appendix B, or be given the option of either Appendix A or B?
  - Should a records entity be provided a compliance timeframe when transitioning from being required to

maintain records under the tables in Appendix B to deciding on maintaining records under the tables in Appendix A?

- Should a limited scope entity have the option to maintain records under Appendix B in anticipation of meeting the criteria of a full scope entity at some point in the future?

- Are there any data fields in the proposed tables of Appendix A or Appendix B that should be modified? Which fields and why?

- Are there any additional data fields that should be included in the tables of Appendix A or Appendix B? What fields and why?

- Is the proposed 7:00 a.m. deadline for an IDI to be capable of providing records to the FDIC unduly burdensome?

- Is the new information that would be required of limited scope entities information that such entities would maintain in order to comply with Current Part 371 or information that is otherwise readily available to such entities? For example, would an IDI with a QFC that benefits from a guarantee ordinarily keep records concerning the guarantor? Would an IDI that is required to provide margin under its QFC ordinarily keep track of current margin delivery requirements either by keeping its own records or having access to data made available by its counterparty? Do the proposed changes to the recordkeeping requirements for limited scope entities impose a significant new burden on these entities as compared to the requirements currently in effect? If so, which aspects of the proposed requirements are significantly burdensome? Please be as specific as possible in your comments and quantify costs where possible.

### C. Implementation

The FDIC recognizes implementing information technology systems that will be required for compliance with this Part will take time and has proposed 270 days for records entities other than accelerated records entities

and 60 days for accelerated records entities.

- Are there any aspects of the requirements that would take more time to implement? Which aspects and why? How much more time would be required?

- Should accelerated records entities be given more or less time to comply with the recordkeeping requirements than is provided in the proposed rule? How much time and why?

- Regarding § 371.5 (Transition for Existing Records Entities), should records entities that are not maintaining records under Part 371 at the time the proposed amendments to Part 371 become effective be given the same amount of time to comply with the recordkeeping requirements of this Part, as amended, as records entities that are maintaining such records on the effective date?

- Should existing full scope entities that are maintaining records in accordance with Part 371 when the proposed amendments become effective be required to transition to the new recordkeeping requirements?

- Should existing limited scope entities be required to transition to the new recordkeeping requirements?

### D. Benefits and Costs

The proposed rule would impose costs on certain records entities, but it would also provide some benefits.

- To what extent would the proposed rule impact the QFC recordkeeping operations and IT systems normally maintained by IDIs?

- What would be the costs or savings associated with these changes?

- By aligning the data requirements of Part 371 with those of Part 148, would it reduce the burden on corporate groups that are subject to the QFC recordkeeping requirements of both Part 148 and that contain an IDI subject to Part 371? Please quantify costs or burden to the extent possible.

- How burdensome would it be for a records entity that is maintaining records according to the appendix and

tables in the existing Part 371 to transition to the requirements of Appendix B? What costs would be associated with that burden?

## VII. Regulatory Process

### A. Paperwork Reduction Act

In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501 *et seq.*, the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The FDIC has determined that this proposed rule would revise an existing collection of information. The FDIC will request approval from the OMB for this proposed information collection. OMB will assign an OMB control number.

Certain provisions of the proposed rule contain “collection of information” requirements within the meaning of the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501–3521). In accordance with the requirements of the PRA, the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently-valid Office of Management and Budget (OMB) control number. The OMB control number is 3064–0163 and will be revised. The information collection requirements contained in this proposed rulemaking will be submitted by the FDIC to OMB for review and approval under section 3507(d) of the PRA (44 U.S.C. 3507(d)) and § 1320.11 of the OMB’s implementing regulations (5 CFR 1320.11).

As discussed above, the FDIC proposes to amend its regulations regarding Part 371 which requires IDIs in a troubled condition to keep records relating to QFCs to which they are party. The FDIC estimates that the total compliance burden for covered entities, including full scope and limited scope entities, is as follows:

Title	Type of burden	Estimated number of respondents	Estimated number of responses	Estimated time per response (hours)	Frequency of response	Total annual estimated burden (hours)
Full Scope Entities: Recordkeeping related to QFCs to which they are a party when they are in troubled condition.	Recordkeeping .....	2	1	3,000	On Occasion .....	6,000
Limited Scope Entities: Recordkeeping related to QFCs to which they are a party when they are in troubled condition.	Recordkeeping .....	65	1	5	On Occasion .....	325
<b>Total Burden</b> .....	.....	.....	.....	.....	.....	<b>6,325</b>

Comments are invited on:

(a) Whether the collections of information are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;

(b) The accuracy of the estimates of the burden of the information collections, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(d) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

All comments will become a matter of public record. Comments on aspects of this notice that may affect reporting, recordkeeping, or disclosure requirements and burden estimates should be sent to the addresses listed in the **ADDRESSES** section of this document. A copy of the comments may also be submitted to the OMB desk officer for the agencies: By mail to U.S. Office of Management and Budget, 725 17th Street NW., #10235, Washington, DC 20503; by facsimile to (202) 395-5806; or by email to: [oira\\_submission@omb.eop.gov](mailto:oira_submission@omb.eop.gov), Attention, Federal Banking Agency Desk Officer.

**B. Regulatory Flexibility Act**

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601 *et seq.*, requires an agency to provide an initial regulatory flexibility analysis with a proposed rule, unless the agency certifies that the rule would not have a significant economic impact on a substantial number of small entities (defined by the Small Business Administration for purposes of the RFA to include banking entities with total assets of \$550 million or less).

For the same reasons as stated in the NPR of the existing Part 371 (73 FR 43635, 43640 (July 28, 2008)), the proposed rule would not have a significant economic impact on a

substantial number of small entities. Most small entities do not participate in capital markets involving QFCs since QFCs are "generally sophisticated financial instruments that are usually used by larger financial institutions to hedge assets, provide funding, or increase income." *Id.* According to data from the September 30th, 2016 Consolidated Reports of Condition and Income the FDIC insures 4,748 small depository institutions and 543 (11 percent) report some volume of QFCs. To estimate the number of small institutions affected by the proposed rule the FDIC analyzed the frequency with which FDIC-insured institutions with consolidated assets less than \$550 million became in a troubled condition. Based on FDIC supervisory experience, it is estimated that small institutions became in a troubled condition 267 times per year on average. The annual average estimate of institutions in troubled condition with consolidated assets less than \$550 million is adjusted to 29 to reflect the number of institutions in troubled condition that are likely to be a party to some volume of QFCs, and therefore subject to the proposed rule.<sup>30</sup>

In the event that one of these small institutions becomes in a troubled condition, the FDIC assumes that it will take approximately one labor hour, on average, to comply with the added recordkeeping requirements of the proposed revisions to Part 371. Small depository institutions generally do not have large and complex portfolios of QFCs and, therefore, the anticipated burden hours associated with the proposed rule is going to be low. Accordingly, the FDIC estimates that the

<sup>30</sup> 543 small FDIC-insured institutions out of 4,748 reported some volume of QFCs on their Consolidated Reports of Condition and Income. Therefore it is estimated that only 11 percent of the historical average annual rate of small institutions in a troubled condition had some volume of QFCs (267\*0.11 = 29).

added compliance costs associated with the proposed rule are 29 hours annually for all small institutions with some volume of QFCs that become in a troubled condition. The labor hours necessary to comply with the proposed rule will vary greatly for each institution depending upon the size and complexity of the QFC portfolio, the efficiency of the institution's QFC information management system(s) and the availability and accessibility of information on QFCs.

To comply with the recordkeeping requirements of the rule it is assumed that entities in troubled condition will employ attorneys, compliance officers, credit analysts, computer programmers, computer systems analysts, database administrators, financial managers, and computer information systems managers. The FDIC has estimated that the average hourly wage rate for recordkeepers to comply with the initial recordkeeping burden is approximately \$57 per hour based on average hourly wage information by occupation from the U.S. Department of Labor, Bureau of Labor Statistics.<sup>31</sup> Therefore the FDIC estimates that the proposed rule would pose \$1,653 in expected compliance costs each year on average, for small depository institutions. However, the costs realized by limited scope entities as a result of the proposed rule are likely to be lower in the first few years given that the proposed rule allows covered entities already maintaining information in accordance with the

<sup>31</sup> Wage estimate is in nominal dollars and has not been adjusted for inflation. The average hourly wage estimate is derived from May 2015 Occupational Employment Statistics (OES) from the Bureau of Labor Statistics (BLS) for depository credit intermediation occupations. Hourly wage rates represent the 75th percentile for Legal Occupations (\$75.90), Computer Programmers (\$49.86), Computer Systems Analyst (\$53.12), Database Administrators (\$54.25), Compliance Officers (\$38.40), Credit Analysts (\$44.99), Financial Managers (\$63.22), and Computer and Information Systems Managers (\$78.17).

current Part 371 rule to continue to do so. For these reasons, the FDIC hereby certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities.

### C. The Treasury and General Government Appropriations Act, 1999

The FDIC has determined that the proposed rule will not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (Pub. L. 105–277, 112 Stat. 2681).

### D. Plain Language

Section 722 of the Gramm-Leach-Bliley Act (Pub. L. 106–102, sec. 722, 113 Stat. 1338, 1471 (1999)) requires the FDIC to use plain language in all proposed and final rules published after January 1, 2000. The FDIC invites your comments on how to make this proposed rule easier to understand. For example:

- Has the FDIC organized the material to suit your needs? If not, how could this material be better organized?
- Are the requirements in the proposed regulation clearly stated? If not, how could the regulation be stated more clearly?
- Does the proposed regulation contain language or jargon that is unclear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the regulation easier to understand? If so, what changes to the format would make the regulation easier to understand?
- What else could the FDIC do to make the regulation easier to understand?

### Text of the Proposed Rule

#### Federal Deposit Insurance Corporation

#### 12 CFR Chapter III

#### List of Subjects in 12 CFR Part 371

Administrative practice and procedure, Bank deposit insurance, Banking, Banks, Reporting and recordkeeping requirements, Securities, State non-member banks.

#### Authority and Issuance

For the reasons set forth in the preamble, the Federal Insurance Deposit Corporation proposes to revise 12 CFR part 371 to read as follows:

### PART 371—RECORDKEEPING REQUIREMENTS FOR QUALIFIED FINANCIAL CONTRACTS

Sec.

371.1 Scope, purpose, and compliance dates.

371.2 Definitions.

371.3 Maintenance of records.

371.4 Content of records.

371.5 Enforcement actions.

Appendix A to Part 371—File structure for qualified financial contract records for Limited Scope Entities.

Appendix B to Part 371—File structure for qualified financial contract records for Full Scope Entities.

**Authority:** 12 U.S.C. 1819(a)(Tenth); 1820(g); 1821(e)(8)(D) and (H); 1831g; 1831i; and 1831s.

#### § 371.1 Scope, purpose, and compliance dates.

(a) *Scope.* This part applies to each insured depository institution that qualifies as a “records entity” under the definition set forth in § 371.2(q).

(b) *Purpose.* This part establishes recordkeeping requirements with respect to qualified financial contracts for insured depository institutions that are in a troubled condition.

(c) *Compliance Dates.* (1) Within 3 business days of becoming a records entity, the records entity shall provide to the FDIC, in writing, the name and contact information for the person at the records entity who is responsible for recordkeeping under this part and, unless not required to maintain files in electronic form pursuant to § 371.4(d), a directory of the electronic files that will be used to maintain the information required to be kept by this part.

(2) Except as provided in § 371.5:

(i) A records entity, other than an accelerated records entity, shall comply with all applicable recordkeeping requirements of this part within 270 days after it becomes a records entity.

(ii) An accelerated records entity shall comply with all applicable recordkeeping requirements of this part within 60 days after it becomes a records entity.

(iii) Notwithstanding paragraphs (c)(2)(i) and (ii) of this section, a records entity that becomes an accelerated records entity after it became a records entity shall comply with all applicable recordkeeping requirements of this part within 60 days after it becomes an accelerated records entity or its original 270 day compliance period, whichever time period is shorter.

(d) *Extensions of time to comply.* The FDIC may, in its discretion, grant one or more extensions of time for compliance with the recordkeeping requirements of this part.

(1) Except as provided in paragraph (d)(2) of this section, no single extension for a records entity shall be for a period of more than 120 days.

(2) For a records entity that is an accelerated records entity at the time of a request for an extension, no single extension shall be for a period of more than 30 days.

(3) A records entity may request an extension of time by submitting a written request to the FDIC at least 15 days prior to the deadline for its compliance with the recordkeeping requirements of this part. The written request for an extension must contain a statement of the reasons why the records entity cannot comply by the deadline for compliance, a project plan (including timeline) for achieving compliance, and a progress report describing the steps taken to achieve compliance.

#### § 371.2 Definitions.

For purposes of this part:

(a) *Accelerated records entity* means a records entity that:

(1) Has a composite rating, as determined by its appropriate Federal banking agency in its most recent report of examination, of 4 or 5 under the Uniform Financial Institution Rating System, or in the case of an insured branch of a foreign bank, an equivalent rating; or

(2) Is determined by the appropriate Federal banking agency or by the FDIC in consultation with the appropriate Federal banking agency to be experiencing a significant deterioration of capital or significant funding difficulties or liquidity stress, notwithstanding the composite rating of the institution by its appropriate Federal banking agency in its most recent report of examination.

(b) *Affiliate* means any entity that controls, is controlled by, or is under common control with another entity.

(c) *Amendment Effective Date* means [insert effective date of amendment].

(d) *Appropriate Federal banking agency* means the agency or agencies designated under 12 U.S.C. 1813(q).

(e) *Business day* means any day other than any Saturday, Sunday or any day on which either the New York Stock Exchange or the Federal Reserve Bank of New York is closed.

(f) *Control.* An entity controls another entity if:

(1) The entity directly or indirectly or acting through one or more persons owns, controls, or has power to vote 25 per centum or more of any class of voting securities of the other entity;

(2) The entity controls in any manner the election of a majority of the directors or trustees of the other entity; or

(3) The Board of Governors of the Federal Reserve System has determined, after notice and opportunity for hearing in accordance with 12 CFR 225.31, that the entity directly or indirectly exercises a controlling influence over the management or policies of the other entity.

(g) *Corporate group* means an entity and all affiliates of that entity.

(h) *Counterparty* means any natural person or entity (or separate non-U.S. branch of any entity) that is a party to a QFC with a records entity or, if the records entity is required or chooses to maintain the records specified in § 371.4(b), a reportable subsidiary of such records entity.

(i) *Full scope entity* means a records entity that has total consolidated assets equal to or greater than \$50 billion or that is a Part 148 affiliate.

(j) *Insured depository institution* means any bank or savings association, as defined in 12 U.S.C. 1813, the deposits of which are insured by the FDIC.

(k) *Legal entity identifier* or *LEI* for an entity means the global legal entity identifier maintained for such entity by a utility accredited by the Global LEI Foundation or by a utility endorsed by the Regulatory Oversight Committee. As used in this definition:

(1) *Regulatory Oversight Committee* means the Regulatory Oversight Committee (of the Global LEI System), whose charter was set forth by the Finance Ministers and Central Bank Governors of the Group of Twenty and the Financial Stability Board, or any successor thereof; and

(2) *Global LEI Foundation* means the not-for-profit organization organized under Swiss law by the Financial Stability Board in 2014, or any successor thereof.

(l) *Limited scope entity* means a records entity that is not a full scope entity.

(m) *Parent entity* with respect to an entity means an entity that controls that entity.

(n) *Part 148 affiliate* means a records entity that is a member of a corporate group one or more other members of which are required to maintain QFC records pursuant to 31 CFR part 148.

(o) *Position* means an individual transaction under a qualified financial contract and includes the rights and obligations of a person or entity as a party to an individual transaction under a qualified financial contract.

(p) *Qualified financial contract* or *QFC* means any qualified financial contract as defined in 12 U.S.C. 1821(e)(8)(D), and any agreement or transaction that the FDIC determines by

regulation, resolution, or order to be a QFC, including without limitation, any securities contract, commodity contract, forward contract, repurchase agreement, and swap agreement.

(q) *Records entity* means any insured depository institution that has received written notice from the institution's appropriate Federal banking agency or the FDIC that it is in a troubled condition and written notice from the FDIC that it is subject to the recordkeeping requirements of this part.

(r) *Reportable subsidiary* means any subsidiary of a records entity that is not:

(1) A functionally regulated subsidiary as defined in 12 U.S.C. 1844(c)(5);

(2) A security-based swap dealer as defined in 15 U.S.C. 78c(a)(71); or

(3) A major security-based swap participant as defined in 15 U.S.C. 78c(a)(67).

(s) *Subsidiary* has the meaning set forth in 12 U.S.C. 1813(w)(4).

(t) *Total consolidated assets* means the total consolidated assets of a records entity and its consolidated subsidiaries as reported in the records entity's most recent year-end audited consolidated statement of financial condition filed with the appropriate Federal banking agency.

(u) *Troubled condition* means an insured depository institution that:

(1) Has a composite rating, as determined by its appropriate Federal banking agency in its most recent report of examination, of 3 (only for insured depository institutions with total consolidated assets of \$10 billion or greater), 4 or 5 under the Uniform Financial Institution Rating System, or in the case of an insured branch of a foreign bank, an equivalent rating;

(2) Is subject to a proceeding initiated by the FDIC for termination or suspension of deposit insurance;

(3) Is subject to a cease-and-desist order or written agreement issued by the appropriate Federal banking agency, as defined in 12 U.S.C. 1813(q), that requires action to improve the financial condition of the insured depository institution or is subject to a proceeding initiated by the appropriate Federal banking agency which contemplates the issuance of an order that requires action to improve the financial condition of the insured depository institution, unless otherwise informed in writing by the appropriate Federal banking agency;

(4) Is informed in writing by the insured depository institution's appropriate Federal banking agency that it is in troubled condition for purposes of 12 U.S.C. 1831i on the basis of the institution's most recent report of condition or report of examination, or

other information available to the institution's appropriate Federal banking agency; or

(5) Is determined by the appropriate Federal banking agency or the FDIC in consultation with the appropriate Federal banking agency to be experiencing a significant deterioration of capital or significant funding difficulties or liquidity stress, notwithstanding the composite rating of the institution by its appropriate Federal banking agency in its most recent report of examination.

### § 371.3 Maintenance of records.

(a) *Form and availability.*

(1) Unless it is not required to maintain records in electronic form as provided in § 371.4(d), a records entity shall maintain the records described in § 371.4 in electronic form and shall be capable of producing such records electronically in the format set forth in the appendices of this part.

(2) All such records shall be updated on a daily basis and shall be based upon values and information no less current than previous end-of-day values and information.

(3) Except as provided in § 371.4(d), a records entity shall compile the records described in § 371.4(a) or § 371.4(b) (as applicable) in a manner that permits aggregation and disaggregation of such records by counterparty. If the records are maintained pursuant to § 371.4(b), they must be compiled by the records entity on a consolidated basis for itself and its reportable subsidiaries in a manner that also permits aggregation and disaggregation of such records by the records entity and its reportable subsidiary.

(4) Records maintained pursuant to § 371.4(b) by a records entity that is a Part 148 affiliate shall be compiled consistently, in all respects, with records compiled by its affiliate(s) pursuant to 31 CFR part 148.

(5) A records entity shall maintain each set of daily records for a period of not less than five business days.

(b) *Change in Point of Contact.* A records entity shall provide to the FDIC, in writing, any change to the name and contact information for the person at the records entity who is responsible for recordkeeping under this part within 3 business days of any change to such information.

(c) *Access to Records.* A records entity shall be capable of providing the records specified in § 371.4 (based on the immediately preceding day's end-of-day values and information) to the FDIC no later than 7:00 a.m. (Eastern Time) each day. A records entity is required to make such records available to the FDIC

following a written request by the FDIC for such records. Any such written request shall specify the date such records are to be made available (and the period of time covered by the request) and shall provide the records entity at least 8 hours to respond to the request. If the request is made less than 8 hours before such 7:00 a.m. deadline, the deadline shall be automatically extended to the time that is 8 hours following the time of the request.

(d) *Maintenance of records after a records entity is no longer in a troubled condition.* A records entity shall continue to maintain the capacity to produce the records required under this part on a daily basis for a period of one year after the date that the appropriate Federal banking agency or the FDIC notifies the institution, in writing, that it is no longer in a troubled condition as defined in § 371.2 (u).

(e) *Maintenance of records after an acquisition of a records entity.* If a records entity ceases to exist as an insured depository institution as a result of a merger or a similar transaction with an insured depository institution that is not in a troubled condition immediately following the transaction, the obligation to maintain records under this part on a daily basis will terminate when the records entity ceases to exist as a separately insured depository institution.

#### § 371.4 Content of records.

(a) *Limited scope entities.* Except as provided in § 371.5, a limited scope entity must maintain (at the election of such records entity) either the records described in paragraph (b) of this section or the following records:

(1) The position-level data listed in Table A–1 in Appendix A of this part with respect to each QFC to which it is a party, without duplication.

(2) The counterparty-level data listed in Table A–2 in Appendix A of this part with respect to each QFC to which it is a party, without duplication.

(3) The corporate organization master table in Appendix A of this part for the records entity and its affiliates.

(4) The counterparty master table in Appendix A of this part with respect to each QFC to which it is a party, without duplication.

(5) All documents that govern QFC transactions between the records entity and each counterparty, including, without limitation, master agreements and annexes, schedules, netting agreements, supplements, or other modifications with respect to the agreements, confirmations for each QFC position that has been confirmed and all trade acknowledgments for each QFC

position that has not been confirmed, all credit support documents including, but not limited to, credit support annexes, guarantees, keep-well agreements, or net worth maintenance agreements that are relevant to one or more QFCs, and all assignment or novation documents, if applicable, including documents that confirm that all required consents, approvals, or other conditions precedent for such assignment or novation have been obtained or satisfied.

(6) A list of vendors directly supporting the QFC-related activities of the records entity and the vendors' contact information.

(b) *Full scope entities.* A full scope entity must maintain the following records:

(1) The position-level data listed in Table A–1 in Appendix B of this part with respect to each QFC to which it or any of its reportable subsidiaries is a party, without duplication.

(2) The counterparty-level data listed in Table A–2 in Appendix B of this part with respect to each QFC to which it or any of its reportable subsidiaries is a party, without duplication.

(3) The legal agreements information listed in Table A–3 in Appendix B of this part with respect to each QFC to which it or any of its reportable subsidiaries is a party, without duplication.

(4) The collateral detail data listed in Table A–4 in Appendix B of this part with respect to each QFC to which it or any of its reportable subsidiaries is a party, without duplication.

(5) The corporate organization master table in Appendix B of this part for the records entity and its affiliates.

(6) The counterparty master table in Appendix B of this part with respect to each QFC to which it or any of its reportable subsidiaries is a party, without duplication.

(7) The booking location master table in Appendix B of this part for each booking location used with respect to each QFC to which it or any of its reportable subsidiaries is a party, without duplication.

(8) The safekeeping agent master table in Appendix B of this part for each safekeeping agent used with respect to each QFC to which it or any of its reportable subsidiaries is a party, without duplication.

(9) All documents that govern QFC transactions between the records entity (or any of its reportable subsidiaries) and each counterparty, including, without limitation, master agreements and annexes, schedules, netting agreements, supplements, or other modifications with respect to the agreements, confirmations for each QFC

position that has been confirmed and all trade acknowledgments for each QFC position that has not been confirmed, all credit support documents including, but not limited to, credit support annexes, guarantees, keep-well agreements, or net worth maintenance agreements that are relevant to one or more QFCs, and all assignment or novation documents, if applicable, including documents that confirm that all required consents, approvals, or other conditions precedent for such assignment or novation have been obtained or satisfied.

(10) A list of vendors directly supporting the QFC-related activities of the records entity and its reportable subsidiaries and the vendors' contact information.

(c) *Change in recordkeeping status.* (1) A records entity that was a limited scope entity maintaining the records specified in paragraphs (a)(1) through (a)(6) of this section and that subsequently becomes a full scope entity must maintain the records specified in paragraph (b) of this section within 270 days of becoming a full scope entity (or 60 days of becoming a full scope entity if it is an accelerated records entity). Until the records entity maintains the records required by paragraph (b) of this section it must continue to maintain the records required by paragraphs (a)(1) through (a)(6) of this section.

(2) A records entity that was a full scope entity maintaining the records specified in paragraph (b) of this section and that subsequently becomes a limited scope entity may continue to maintain the records specified in paragraph (b) of this section or, at its option, may maintain the records specified in paragraphs (a)(1) through (a)(6) of this section, provided however, that such records entity shall continue to maintain the records specified in paragraph (b) of this section until it maintains the records specified in paragraphs (a)(1) through (a)(6) of this section.

(3) A records entity that changes from a limited scope entity to a full scope entity and at the time it becomes a full scope entity is not yet maintaining the records specified in paragraph (a) of this section or paragraph (b) of this section must satisfy the recordkeeping requirements of paragraph (b) of this section within 270 days of first becoming a records entity (or 60 days of first becoming a records entity if it is an accelerated records entity).

(4) A records entity that changes from a full scope entity to a limited scope entity and at the time it becomes a limited scope entity is not yet maintaining the records specified in



paragraph (b) of this section must satisfy the recordkeeping requirements of paragraph (a) of this section within 270 days of first becoming a record entity (or 60 days of first becoming a record entity if it is an accelerated records entity).

(d) *Records entities with fewer than 20 QFC positions.* Notwithstanding any other requirement of this part, if a records entity and, if it is a full scope entity, its reportable subsidiaries, have fewer than 20 open QFC positions in total (without duplication) on the date the institution becomes a records entity, the records required by this section are not required to be recorded and maintained in electronic form as would otherwise be required by this section, so long as all required records are capable of being updated on a daily basis. If at any time after it becomes a records entity, the institution and, if it is a full scope entity, its reportable subsidiaries, if applicable, have 20 or more open QFC positions in total (without duplication), it must record and maintain records in electronic form as required by this section within 270 days (or, if it is an accelerated records entity at that time, within 60 days). The records entity must provide to the FDIC, within 3 business days of reaching the 20-QFC threshold, a directory of the electronic files that will be used to maintain the information required to be kept by this section.

**§ 371.5 Transition for existing records entities.**

(a) *Limited Scope Entities.* Notwithstanding any other provision of this part, an insured depository institution that became a records entity prior to the Amendment Effective Date and constitutes a limited scope entity on the Amendment Effective Date shall continue to comply with this part as in effect immediately prior to the Amendment Effective Date or, if it elects to comply with this part as in effect on and after such date, as so in effect, for so long as the entity remains a limited scope entity that has not ceased to be required to maintain the capacity to produce records pursuant to § 371.3(d).

(b) *Transition for full scope entities maintaining records on effective date.* If an insured depository institution that constitutes a full scope entity on the Amendment Effective Date became a records entity prior to the Amendment Effective Date and is maintaining the records required by this part immediately prior to the Amendment Effective Date, such records entity shall comply with all recordkeeping requirements of this part within 270 days after the Amendment Effective Date (or no later than 60 days after the Amendment Effective Date if it is an accelerated records entity). Until the records entity maintains the records

required by § 371.4(a) or § 371.4(b), as applicable, it must continue to maintain the records required by this part immediately prior to the Amendment Effective Date.

(c) *Transition for full scope entities not maintaining records on effective date.* If an insured depository institution that constitutes a full scope entity on the Amendment Effective Date became a records entity prior to the Amendment Effective Date but is not maintaining the records required by this part immediately prior to the Amendment Effective Date, such records entity shall comply with all recordkeeping requirements of this part within 270 days after the date that it first became a records entity (or no later than 60 days after it first became a records entity if it is an accelerated records entity).

**§ 371.6 Enforcement Actions.**

Violating the terms or requirements set forth in this part constitutes a violation of a regulation and subjects the records entity to enforcement actions under Section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818).

**Appendix A to Part 371—File Structure for Qualified Financial Contract (QFC) Records for Limited Scope Entities**

TABLE A-1—POSITION-LEVEL DATA

	Field	Example	Instructions and data application	Definition	Validation
A1.1 ...	As of date .....	2015-01-05 .....	Provide data extraction date ...	YYYY-MM-DD.	
A1.2 ...	Records entity identifier .....	999999999 .....	Provide LEI for records entity if available. Information needed to review position-level data by records entity.	Varchar(50) .....	Validated against CO.2.
A1.3 ...	Position identifier .....	20058953 .....	Provide a position identifier. Use the unique transaction identifier if available. Information needed to readily track and distinguish positions.	Varchar(100).	
A1.4 ...	Counterparty identifier .....	888888888 .....	Provide a counterparty identifier. Use LEI if counterparty has one. Information needed to identify counterparty by reference to Counterparty Master Table.	Varchar(50) .....	Validated against CP.2
A1.5 ...	Internal booking location identifier.	New York, New York.	Provide office where the position is booked. Information needed to determine system on which the trade is booked and settled.	Varchar(50).	
A1.6 ...	Unique booking unit or desk identifier.	xxxxxx .....	Provide an identifier for unit or desk at which the position is booked. Information needed to help determine purpose of position.	Varchar(50).	

TABLE A-1—POSITION-LEVEL DATA—Continued

	Field	Example	Instructions and data application	Definition	Validation
A1.7 ...	Type of QFC .....	Credit, equity, foreign exchange, interest rate (including cross-currency), other commodity, securities repurchase agreement, securities lending, loan repurchase agreement, guarantee or other third party credit enhancement of a QFC.	Provide type of QFC. Use unique product identifier if available. Information needed to determine the nature of the QFC.	Varchar(100).	
A1.8 ...	Type of QFC covered by guarantee or other third party credit enhancement.	Credit, equity, foreign exchange, interest rate (including cross-currency), other commodity, securities repurchase agreement, securities lending, or loan repurchase agreement.	If QFC type is guarantee or other third party credit enhancement, provide type of QFC that is covered by such guarantee or other third party credit enhancement. Use unique product identifier if available. If multiple asset classes are covered by the guarantee or credit enhancement, enter the asset classes separated by comma. If all the QFCs of the underlying QFC obligor identifier are covered by the guarantee or other third party credit enhancement, enter "All."	Varchar(200) .....	Only required if QFC type (A1.7) is a guarantee or other third party credit enhancement.
A1.9 ...	Underlying QFC obligor identifier.	88888888 .....	If QFC type is guarantee or other third party credit enhancement, provide an identifier for the QFC obligor whose obligation is covered by the guarantee or other third party credit enhancement. Use LEI if underlying QFC obligor has one. Complete the counterparty master table with respect to a QFC obligor that is a non-affiliate.	Varchar(50) .....	Only required if QFC asset type (A1.7) is a guarantee or other third party credit enhancement. Validated against CO.2 if affiliate or CP.2 if non-affiliate.
A1.10	Agreement identifier .....	xxxxxxxx .....	Provide an identifier for primary governing documentation, e.g. the master agreement or guarantee agreement, as applicable.	Varchar(50).	
A1.11	Netting agreement identifier ....	xxxxxxxx .....	Provide an identifier for netting agreement. If this agreement is the same as provided in A1.10, use same identifier. Information needed to identify unique netting sets.	Varchar(50).	
A1.12	Netting agreement counterparty identifier.	xxxxxxxx .....	Provide a netting agreement counterparty identifier. Use same identifier as provided in A1.4 if counterparty and netting agreement counterparty are the same. Use LEI if netting agreement counterparty has one. Information needed to identify unique netting sets.	Varchar(50) .....	Validated against CP.2.

TABLE A-1—POSITION-LEVEL DATA—Continued

	Field	Example	Instructions and data application	Definition	Validation
A1.13	Trade date .....	2014-12-20 .....	Provide trade or other commitment date for the QFC. Information needed to determine when the entity's rights and obligations regarding the position originated.	YYYY-MM-DD.	
A1.14	Termination date .....	2014-03-31 .....	Provide date the QFC terminates or is expected to terminate, expire, mature, or when final performance is required. Information needed to determine when the entity's rights and obligations regarding the position are expected to end.	YYYY-MM-DD.	
A1.15	Next call, put, or cancellation date.	2015-01-25 .....	Provide next call, put, or cancellation date.	YYYY-MM-DD.	
A1.16	Next payment date .....	2015-01-25 .....	Provide next payment date .....	YYYY-MM-DD.	
A1.17	Current market value of the position in U.S. dollars.	995000 .....	In the case of a guarantee or other third party credit enhancements, provide the current mark-to-market expected value of the exposure. Information needed to determine the current size of the obligation/benefit associated with the QFC.	Num (25,5).	
A1.18	Notional or principal amount of the position In U.S. dollars.	1000000 .....	Provide the notional or principal amount, as applicable, in U.S. dollars. In the case of a guarantee or other third party credit enhancements, provide the maximum possible exposure. Information needed to help evaluate the position.	Num (25,5).	
A1.19	Covered by third-party credit enhancement agreement (for the benefit of the records entity)?.	Y/N .....	Indicate whether QFC is covered by a guarantee or other third-party credit enhancement. Information needed to determine credit enhancement.	Char(1) .....	Should be "Y" or "N"
A1.20	Third-party credit enhancement provider identifier (for the benefit of the records entity).	999999999 .....	If QFC is covered by a guarantee or other third-party credit enhancement, provide an identifier for provider. Use LEI if available. Complete the counterparty master table with respect to a provider that is a non-affiliate.	Varchar(50) .....	Required if A1.20 is "Y". Validated against CP.2
A1.21	Third-party credit enhancement agreement identifier (for the benefit of the records entity).	.....	If QFC is covered by a guarantee or other third-party credit enhancement, provide an identifier for the agreement.	Varchar(50) .....	Required if A1.20 is "Y".
A1.22	Related position of records entity.	3333333 .....	Use this field to link any related positions of the records entity . All positions that are related to one another should have same designation in this field.	Varchar(100).	
A1.23	Reference number for any related loan.	9999999 .....	Provide a unique reference number for any loan held by the records entity or a member of its corporate group related to the position (with multiple entries delimited by commas).	Varchar(500).	

TABLE A-1—POSITION-LEVEL DATA—Continued

	Field	Example	Instructions and data application	Definition	Validation
A1.24	Identifier of the lender of the related loan.	999999999 .....	For any loan recorded in A1.23, provide identifier for records entity or member of its corporate group that holds any related loan. Use LEI if entity has one.	Varchar(500).	

TABLE A-2—COUNTERPARTY NETTING SET DATA

	Field	Example	Instructions and data application	Def	Validation
A2.1 ...	As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.	
A2.2 ...	Records entity identifier .....	999999999 .....	Provide the LEI for the records entity if available.	Varchar(50) .....	Validated against CO.2.
A2.3 ...	Netting agreement counterparty identifier.	888888888 .....	Provide an identifier for the netting agreement counterparty. Use LEI if counterparty has one.	Varchar(50) .....	Validated against CP.2.
A2.4 ...	Netting agreement identifier ...	xxxxxxxxx .....	Provide an identifier for the netting agreement.	Varchar(50).	
A2.5 ...	Underlying QFC obligor identifier.	888888888 .....	Provide identifier for underlying QFC obligor if netting agreement is associated with a guarantee or other third party credit enhancement. Use LEI if available.	Varchar(50) .....	Validated against CO.2 or CP.2.
A2.6 ...	Covered by third-party credit enhancement agreement (for the benefit of the records entity)?	Y/N .....	Indicate whether the positions subject to the netting set agreement are covered by a third-party credit enhancement agreement.	Char(1) .....	Should be "Y" or "N".
A2.7	Third-party credit enhancement provider identifier (for the benefit of the records entity).	999999999 .....	Use LEI if available. Information needed to identify third-party credit enhancement provider.	Varchar(50) .....	Required if A2.6 is "Y". Should be a valid entry in the Counterparty Master Table. Validated against CP.2.
A2.8 ...	Third-party credit enhancement agreement identifier (for the benefit of the records entity).	4444444 .....	.....	Varchar(50) .....	Required if A2.6 is "Y". Validated against A3.3.
A2.9 ...	Aggregate current market value in U.S. dollars of all positions under this netting agreement.	- 1000000 .....	Information needed to help evaluate the positions subject to the netting agreement.	Num (25,5) .....	Market value of all positions in A1 for the given netting agreement identifier should be equal to this value. A2.9 = A2.10 + A2.11.
A2.10	Current market value in U.S. dollars of all positive positions, as aggregated under this netting agreement.	3000000 .....	Information needed to help evaluate the positions subject to the netting agreement.	Num (25,5) .....	Market value of all positive positions in A1 for the given netting agreement identifier should be equal to this value. A2.9 = A2.10 + A2.11.
A2.11	Current market value in U.S. dollars of all negative positions, as aggregated under this netting agreement.	- 4000000 .....	Information needed to help evaluate the positions subject to the netting agreement.	Num (25,5) .....	Market value of all negative positions in A1 for the given Netting Agreement Identifier should be equal to this value. A2.9 = A2.10 + A2.11.
A2.12	Current market value in U.S. dollars of all collateral posted by records entity, as aggregated under this netting agreement.	950000 .....	Information needed to determine the extent to which collateral has been provided by records entity.	Num (25,5).	
A2.13	Current market value in U.S. dollars of all collateral posted by counterparty, as aggregated under this netting agreement.	50000 .....	Information needed to determine the extent to which collateral has been provided by counterparty.	Num (25,5).	

TABLE A-2—COUNTERPARTY NETTING SET DATA—Continued

	Field	Example	Instructions and data application	Def	Validation
A2.14	Records entity collateral—net	950,000 .....	Provide records entity's collateral excess or deficiency with respect to all of its positions, as determined under each applicable agreement, including thresholds and haircuts where applicable.	Num (25,5) .....	Should be less than or equal to A2.15.
A2.15	Counterparty collateral—net ...	950,000 .....	Provide counterparty's collateral excess or deficiency with respect to all of its positions, as determined under each applicable agreement, including thresholds and haircuts where applicable.	Num (25,5) .....	Should be less than or equal to A2.16.
A2.16	Next margin payment date .....	2015-11-05 .....	Provide next margin payment date for position.	YYYY-MM-DD.	
A2.17	Next margin payment amount in U.S. dollars.	150,000 .....	Use positive value if records entity is due a payment and use negative value if records entity has to make the payment.	Num (25,5).	

CORPORATE ORGANIZATION MASTER TABLE \*

	Field	Example	Instructions and data application	Def	Validation
CO.1 ..	As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.	
CO.2 ..	Entity identifier .....	888888888 .....	Provide unique identifier. Use LEI if available. Information needed to identify entity.	Varchar(50) .....	Should be unique across all record entities.
CO.3 ..	Has LEI been used for entity identifier?	Y/N .....	Specify whether the entity identifier provided is an LEI.	Char(1) .....	Should be "Y" or "N".
CO.4 ..	Legal name of entity .....	John Doe & Co .....	Provide legal name of entity ...	Varchar(200).	
CO.5 ..	Immediate parent entity identifier.	77777777 .....	Use LEI if available. Information needed to complete org structure.	Varchar(50).	
CO.6 ..	Has LEI been used for immediate parent entity identifier?	Y/N .....	Specify whether the immediate parent entity identifier provided is an LEI.	Char(1) .....	Should be "Y" or "N".
CO.7 ..	Legal name of immediate parent entity.	John Doe & Co .....	Information needed to complete org structure.	Varchar(200).	
CO.8 ..	Percentage ownership of immediate parent entity in the entity.	100.00 .....	Information needed to complete org structure.	Num (5,2).	
CO.9 ..	Entity type .....	Subsidiary, foreign branch, foreign division.	Information needed to complete org structure.	Varchar(50).	
CO.10	Domicile .....	New York, New York.	Enter as city, state or city, foreign country.	Varchar(50).	
CO.11	Jurisdiction under which incorporated or organized.	New York .....	Enter as state or foreign jurisdiction.	Varchar(50).	

\* Foreign branches and divisions shall be separately identified to the extent they are identified in an entity's reports to its PFRAs.

## COUNTERPARTY MASTER TABLE

	Field	Example	Instructions and data application	Def	Validation
CP.1 ... CP.2 ...	As of date ..... Counterparty identifier .....	2015-01-05 ..... 888888888 ..... .....	Data extraction date ..... Use LEI if counterparty has one. The counterparty identifier shall be the global legal entity identifier if one has been issued to the entity. If a counterparty transacts with the records entity through one or more separate foreign branches or divisions and any such branch or division does not have its own unique global legal entity identifier, the records entity must include additional identifiers, as appropriate to enable the FDIC to aggregate or disaggregate the data for each counterparty and for each entity with the same ultimate parent entity as the counterparty.	YYYY-MM-DD. Varchar(50).	
CP.3 ...	Has LEI been used for counterparty identifier?	Y/N .....	Indicate whether the counterparty identifier is an LEI.	Char(1) .....	Should be "Y" or "N".
CP.4 ...	Legal name of counterparty ....	John Doe & Co .....	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(200).	
CP.5 ...	Domicile .....	New York, New York .....	Enter as city, state or city, foreign country.	Varchar(50).	
CP.6 ...	Jurisdiction under which incorporated or organized.	New York .....	Enter as state or foreign jurisdiction.	Varchar(50).	
CP.7 ...	Immediate parent entity identifier.	77777777 .....	Provide an identifier for the parent entity that directly controls the counterparty. Use LEI if immediate parent entity has one.	Varchar(50).	
CP.8 ...	Has LEI been used for immediate parent entity identifier?	Y/N .....	Indicate whether the immediate parent entity identifier is an LEI.	Char(1) .....	Should be "Y" or "N".
CP.9 ...	Legal name of immediate parent entity.	John Doe & Co .....	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(200).	
CP.10	Ultimate parent entity identifier	66666666 .....	Provide an identifier for the parent entity that is a member of the corporate group of the counterparty that is not controlled by another entity. Information needed to identify counterparty. Use LEI if ultimate parent entity has one.	Varchar(50).	
CP.11	Has LEI been used for ultimate parent entity identifier?	Y/N .....	Indicate whether the ultimate parent entity identifier is an LEI.	Char(1) .....	Should be "Y" or "N".
CP.12	Legal name of ultimate parent entity.	John Doe & Co .....	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(100).	

DETAILS OF FORMATS

Format	Content in brief	Additional explanation	Examples
YYYY-MM-DD ..	Date .....	YYYY = four digit date, MM = 2 digit month, DD = 2 digit date.	2015-11-12.
Num (25,5) .....	Up to 25 numerical characters including 5 decimals.	Up to 20 numerical characters before the decimal point and up to 5 numerical characters after the decimal point. The dot character is used to separate decimals.	1352.67. 12345678901234567890.12345.0. - 20000.25. - 0.257.
Char(3) .....	3 alphanumeric characters .....	The length is fixed at 3 alphanumeric characters.	USD. X1X. 999.
Varchar(25) .....	Up to 25 alphanumeric characters .....	The length is not fixed but limited at up to 25 alphanumeric characters.	asgaGEH3268EFdsagtTRCF543.

**Appendix B to Part 371—File Structure for Qualified Financial Contract Records for Full Scope Entities**<sup>32</sup>

TABLE A-1—POSITION-LEVEL DATA

	Field	Example	Instructions and data application	Definition	Validation
A1.1 .....	As of date .....	2015-01-05 .....	Provide data extraction date ..	YYYY-MM-DD ..	Validated against CO.2.
A1.2 .....	Records entity identifier .....	999999999 .....	Provide LEI for records entity. Information needed to review position-level data by records entity.	Varchar(50) .....	
A1.3 .....	Position identifier .....	20058953 .....	Provide a position identifier. Should be used consistently across all records entities. Use the unique transaction identifier if available. Information needed to readily track and distinguish positions.	Varchar(100) .....	
A1.4 .....	Counterparty identifier .....	888888888 .....	Provide a counterparty identifier. Use LEI if counterparty has one. Should be used consistently by all records entities. Information needed to identify counterparty by reference to Counterparty Master Table.	Varchar(50) .....	Validated against CP.2.
A1.5 .....	Internal booking location identifier.	New York, New York.	Provide office where the position is booked. Information needed to determine system on which the trade is booked and settled.	Varchar(50) .....	Combination A1.2 + A1.5 + A1.6 should have a corresponding unique combination BL.2 + BL.3 + BL.4 entry in Booking Location Master Table.
A1.6 .....	Unique booking unit or desk identifier.	xxxxxx .....	Provide an identifier for unit or desk at which the position is booked. Information needed to help determine purpose of position.	Varchar(50) .....	Combination A1.2 + A1.5 + A1.6 should have a corresponding unique combination BL.2 + BL.3 + BL.4 entry in Booking Location Master Table.

<sup>32</sup> Pursuant to § 374(b), the records entity is required to provide the information required by

Appendix B for itself and each of its reportable subsidiaries in manner that can be disaggregated by

legal entities (*i.e.*, the records entity and each reportable subsidiary).

TABLE A-1—POSITION-LEVEL DATA—Continued

	Field	Example	Instructions and data application	Definition	Validation
A1.7 .....	Type of QFC .....	Credit, equity, foreign exchange, interest rate (including cross-currency), other commodity, securities repurchase agreement, securities lending, loan repurchase agreement, guarantee or other third party credit enhancement of a QFC.	Provide type of QFC. Use unique product identifier if available. Information needed to determine the nature of the QFC.	Varchar(100).	
A1.7.1 ...	Type of QFC covered by guarantee or other third party credit enhancement.	Credit, equity, foreign exchange, interest rate (including cross-currency), other commodity, securities repurchase agreement, securities lending, or loan repurchase agreement.	If QFC type is guarantee or other third party credit enhancement, provide type of QFC of the QFC that is covered by such guarantee or other third party credit enhancement. Use unique product identifier if available. If multiple asset classes are covered by the guarantee or credit enhancement, enter the asset classes separated by comma. If all the QFCs of the underlying QFC obligor identifier are covered by the guarantee or other third party credit enhancement, enter "All".	Varchar(500) .....	Only required if QFC type (A1.7) is a guarantee or other third party credit enhancement.
A1.7.2 ...	Underlying QFC obligor identifier.	888888888 .....	If QFC type is guarantee or other third party credit enhancement, provide an identifier for the QFC obligor whose obligation is covered by the guarantee or other third party credit enhancement. Use LEI if underlying QFC obligor has one. Complete the counterparty master table with respect to a QFC obligor that is a non-affiliate.	Varchar(50) .....	Only required if QFC asset type (A1.7) is a guarantee or other third party credit enhancement. Validated against CO.2 if affiliate or CP.2 if non-affiliate.
A1.8 .....	Agreement identifier .....	xxxxxxxx .....	Provide an identifier for the primary governing documentation, e.g., the master agreement or guarantee agreement, as applicable.	Varchar(50) .....	Validated against A3.3.
A1.9 .....	Netting agreement identifier ...	xxxxxxxx .....	Provide an identifier for netting agreement. If this agreement is the same as provided in A1.10, use same identifier. Information needed to identify unique netting sets.	Varchar(50) .....	Validated against A3.3.
A1.10 ....	Netting agreement counterparty identifier.	xxxxxxxx .....	Provide a netting agreement counterparty identifier. Use same identifier as provided in A1.4 if counterparty and netting agreement counterparty are the same. Use LEI if netting agreement counterparty has one. Information needed to identify unique netting sets.	Varchar(50) .....	Validated against CP.2.



TABLE A-1—POSITION-LEVEL DATA—Continued

	Field	Example	Instructions and data application	Definition	Validation
A1.11 ....	Trade date .....	2014-12-20 .....	Provide trade or other commitment date for the QFC. Information needed to determine when the entity's rights and obligations regarding the position originated.	YYYY-MM-DD.	
A1.12 ....	Termination date .....	2014-03-31 .....	Provide date the QFC terminates or is expected to terminate, expire, mature, or when final performance is required. Information needed to determine when the entity's rights and obligations regarding the position are expected to end.	YYYY-MM-DD.	
A1.13 ....	Next call, put, or cancellation date.	2015-01-25 .....	Provide next call, put, or cancellation date.	YYYY-MM-DD.	
A1.14 ....	Next payment date .....	2015-01-25 .....	Provide next payment date ....	YYYY-MM-DD.	
A1.15 ....	Local Currency Of Position ....	USD .....	Provide currency in which QFC is denominated. Use ISO currency code.	Char(3).	
A1.16 ....	Current market value of the position in local currency.	995000 .....	Provide current market value of the position in local currency. In the case of a guarantee or other third party credit enhancements, provide the current mark-to-market expected value of the exposure. Information needed to determine the current size of the obligation or benefit associated with the QFC.	Num (25,5).	
A1.17 ....	Current market value of the position in U.S. dollars.	995000 .....	In the case of a guarantee or other third party credit enhancements, provide the current mark-to-market expected value of the exposure. Information needed to determine the current size of the obligation/benefit associated with the QFC.	Num (25,5).	
A1.18 ....	Asset Classification .....	1 .....	Provide fair value asset classification under GAAP, IFRS, or other accounting principles or standards used by records entity. Provide "1" for Level 1, "2" for Level 2, or "3" for Level 3. Information needed to assess fair value of the position.	Char(1).	
A1.19 ....	Notional or principal amount of the position in local currency.	1000000 .....	Provide the notional or principal amount, as applicable, in local currency. In the case of a guarantee or other third party credit enhancement, provide the maximum possible exposure. Information needed to help evaluate the position.	Num (25,5).	

TABLE A-1—POSITION-LEVEL DATA—Continued

	Field	Example	Instructions and data application	Definition	Validation
A1.20 ....	Notional or principal amount of the position in U.S. dollars.	1000000 .....	Provide the notional or principal amount, as applicable, in U.S. dollars. In the case of a guarantee or other third party credit enhancements, provide the maximum possible exposure. Information needed to help evaluate the position.	Num (25,5).	
A1.21 ....	Covered by third-party credit enhancement agreement (for the benefit of the records entity)?.	Y/N .....	Indicate whether QFC is covered by a guarantee or other third-party credit enhancement. Information needed to determine credit enhancement.	Char(1) .....	Should be "Y" or "N".
A1.21.1	Third-party credit enhancement provider identifier (for the benefit of the records entity).	999999999 .....	If QFC is covered by a guarantee or other third-party credit enhancement, provide an identifier for provider. Use LEI if available. Complete the counterparty master table with respect to a provider that is a non-affiliate.	Varchar(50) .....	Required if A1.21 is "Y". Validated against CP.2.
A1.21.2	Third-party credit enhancement agreement identifier (for the benefit of the records entity).	4444444 .....	If QFC is covered by a guarantee or other third-party credit enhancement, provide an identifier for the agreement.	Varchar(50) .....	Required if A1.21 is "Y." Validated against A3.3.
A1.21.3	Covered by third-party credit enhancement agreement (for the benefit of the counterparty)?.	Y/N .....	Indicate whether QFC is covered by a guarantee or other third-party credit enhancement. Information needed to determine credit enhancement.	Char(1) .....	Should be "Y" or "N".
A1.21.4	Third-party credit enhancement provider identifier (for the benefit of the counterparty).	999999999 .....	If QFC is covered by a guarantee or other third-party credit enhancement, provide an identifier for provider. Use LEI if available. Complete the counterparty master table with respect to a provider that is a non-affiliate.	Varchar(50) .....	Required if A1.21.3 is "Y". Validated against CO.2 or CP.2.
A1.21.5	Third-party credit enhancement agreement identifier (for the benefit of the counterparty).	4444444 .....	If QFC is covered by a guarantee or other third-party credit enhancement, provide an identifier for agreement.	Varchar(50) .....	Required if A1.21.3 is "Y". Validated against A3.3.
A1.22 ....	Related position of records entity.	3333333 .....	Use this field to link any related positions of the records entity. All positions that are related to one another should have same designation in this field.	Varchar(100).	
A1.23 ....	Reference number for any related loan.	9999999 .....	Provide a unique reference number for any loan held by the records entity or a member of its corporate group related to the position (with multiple entries delimited by commas).	Varchar(500).	
A1.24 ....	Identifier of the lender of the related loan.	999999999 .....	For any loan recorded in A1.23, provide identifier for records entity or member of its corporate group that holds any related loan. Use LEI if entity has one.	Varchar(500).	

TABLE A-2—COUNTERPARTY NETTING SET DATA

	Field	Example	Instructions and data application	Def	Validation
A2.1 ...	As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD ..	
A2.2 ...	Records entity identifier .....	999999999 .....	Provide the LEI for the records entity.	Varchar(50) .....	Validated against CO.2.
A2.3 ...	Netting agreement counterparty identifier.	888888888 .....	Provide an identifier for the netting agreement counterparty. Use LEI if counterparty has one.	Varchar(50) .....	Validated against CP.2.
A2.4 ...	Netting agreement identifier ....	xxxxxxxxx .....	Provide an identifier for the netting agreement.	Varchar(50) .....	Validated against A3.3.
A2.4.1	Underlying QFC obligor identifier.	888888888 .....	Provide identifier for underlying QFC obligor if netting agreement is associated with a guarantee or other third party credit enhancement. Use LEI if available.	Varchar(50) .....	Validated against CO.2 or CP.2.
A2.5 ...	Covered by third-party credit enhancement agreement (for the benefit of the records entity)?	Y/N .....	Indicate whether the positions subject to the netting set agreement are covered by a third-party credit enhancement agreement.	Char(1) .....	Should be "Y" or "N".
A2.5.1	Third-party credit enhancement provider identifier (for the benefit of the records entity).	999999999 .....	Use LEI if available. Information needed to identify third-party credit enhancement provider.	Varchar(50) .....	Required if A2.5 is "Y". Validated against CP.2.
A2.5.2	Third-party credit enhancement agreement identifier (for the benefit of the records entity).	4444444 .....	.....	Varchar(50) .....	Required if A2.5 is "Y". Validated against A3.3.
A2.5.3	Covered by third-party credit enhancement agreement (for the benefit of the counterparty)?	Y/N .....	Information needed to determine credit enhancement.	Char(1) .....	Should be "Y" or "N".
A2.5.4	Third-party credit enhancement provider identifier (for the benefit of the counterparty).	999999999 .....	Use LEI if available. Information needed to identify third-party credit enhancement provider.	Varchar(50) .....	Required if A2.5.3 is "Y". Should be a valid entry in the Counterparty Master Table. Validated against CP.2.
A2.5.5	Third-party credit enhancement agreement identifier (for the benefit of the counterparty).	4444444 .....	Information used to determine guarantee or other third-party credit enhancement.	Varchar(50) .....	Required if A2.5.3 is "Y". Validated against A3.3.
A2.6 ...	Aggregate current market value in U.S. dollars of all positions under this netting agreement.	- 1000000 .....	Information needed to help evaluate the positions subject to the netting agreement.	Num (25,5) .....	Market value of all positions in A1 for the given netting agreement identifier should be equal to this value. $A2.6 = A2.7 + A2.8$ .
A2.7 ...	Current market value in U.S. dollars of all positive positions, as aggregated under this netting agreement.	3000000 .....	Information needed to help evaluate the positions subject to the netting agreement.	Num (25,5) .....	Market value of all positive positions in A1 for the given netting agreement identifier should be equal to this value. $A2.6 = A2.7 + A2.8$ .
A2.8 ...	Current market value in U.S. dollars of all negative positions, as aggregated under this netting agreement.	- 4000000 .....	Information needed to help evaluate the positions subject to the netting agreement.	Num (25,5) .....	Market value of all negative positions in A1 for the given Netting Agreement Identifier should be equal to this value. $A2.6 = A2.7 + A2.8$ .
A2.9 ...	Current market value in U.S. dollars of all collateral posted by records entity, as aggregated under this netting agreement.	950000 .....	Information needed to determine the extent to which collateral has been provided by records entity.	Num (25,5) .....	Market value of all collateral posted by records entity for the given netting agreement Identifier should be equal to sum of all A4.9 for the same netting agreement identifier in A4.

TABLE A-2—COUNTERPARTY NETTING SET DATA—Continued

	Field	Example	Instructions and data application	Def	Validation
A2.10	Current market value in U.S. dollars of all collateral posted by counterparty, as aggregated under this netting agreement.	50000 .....	Information needed to determine the extent to which collateral has been provided by counterparty.	Num (25,5) .....	Market value of all collateral posted by counterparty for the given netting agreement identifier should be equal to sum of all A4.9 for the same netting agreement identifier in A4.
A2.11	Current market value in U.S. dollars of all collateral posted by records entity that is subject to re-hypothecation, as aggregated under this netting agreement.	950,000 .....	Information needed to determine the extent to which collateral has been provided by records entity.	Num (25,5).	
A2.12	Current market value in U.S. dollars of all collateral posted by counterparty that is subject to re-hypothecation, as aggregated under this netting agreement.	950,000 .....	Information needed to determine the extent to which collateral has been provided by records entity.	Num (25,5).	
A2.13	Records entity collateral—net	950,000 .....	Provide records entity's collateral excess or deficiency with respect to all of its positions, as determined under each applicable agreement, including thresholds and haircuts where applicable.	Num (25,5) .....	Should be less than or equal to A2.9.
A2.14	Counterparty collateral—net ...	950,000 .....	Provide counterparty's collateral excess or deficiency with respect to all of its positions, as determined under each applicable agreement, including thresholds and haircuts where applicable.	Num (25,5) .....	Should be less than or equal to A2.10.
A2.15	Next margin payment date .....	2015-11-05 .....	Provide next margin payment date for position.	YYYY-MM-DD.	
A2.16	Next margin payment amount in U.S. dollars.	150,000 .....	Use positive value if records entity is due a payment and use negative value if records entity has to make the payment.	Num (25,5).	
A2.17	Safekeeping agent identifier for records entity.	888888888 .....	Provide an identifier for the records entity's safekeeping agent, if any. Use LEI if safekeeping agent has one.	Varchar(50) .....	Validated against SA.2.
A2.18	Safekeeping agent identifier for counterparty.	888888888 .....	Provide an identifier for the counterparty's safekeeping agent, if any. Use LEI if safekeeping agent has one.	Varchar(50) .....	Validated against SA.2.

TABLE A-3—LEGAL AGREEMENTS

	Field	Example	Instructions and data application	Def	Validation
A3.1 .....	As of Date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.	Validated against CO.2.
A3.2 .....	Records entity identifier .....	999999999 .....	Provide LEI for records entity	Varchar(50) .....	
A3.3 .....	Agreement identifier .....	xxxxxx .....	Provide identifier for each master agreement, governing document, netting agreement or third-party credit enhancement agreement.	Varchar(50).	
A3.4 .....	Name of agreement or governing document.	ISDA Master 1992 or Guarantee Agreement or Master Netting Agreement.	Provide name of agreement or governing document.	Varchar(50).	

TABLE A-3—LEGAL AGREEMENTS—Continued

	Field	Example	Instructions and data application	Def	Validation
A3.5	Agreement date	2010-01-25	Provide the date of the agreement.	YYYY-MM-DD.	
A3.6	Agreement counterparty identifier.	888888888	Use LEI if counterparty has one. Information needed to identify counterparty.	Varchar(50)	Validated against field CP.2.
A3.6.1	Underlying QFC obligor identifier.	888888888	Provide underlying QFC obligor identifier if document identifier is associated with a guarantee or other third party credit enhancement. Use LEI if underlying QFC obligor has one.	Varchar(50)	Validated against CO.2 or CP.2.
A3.7	Agreement governing law	New York	Provide law governing contract disputes.	Varchar(50).	
A3.8	Cross-default provision?	Y/N	Specify whether agreement includes default or other termination event provisions that reference an entity not a party to the agreement ("cross-default Entity"). Information needed to determine exposure to affiliates or other entities.	Char(1)	Should be "Y" or "N".
A3.9	Identity of cross-default entities.	777777777	Provide identity of any cross-default entities referenced in A3.8. Use LEI if entity has one. Information needed to determine exposure to other entities.	Varchar(500)	Required if A3.8 is "Y". ID should be a valid entry in Corporate Org Master Table or Counterparty Master Table, if applicable. Multiple entries comma separated.
A3.10	Covered by third-party credit enhancement agreement (for the benefit of the records entity)?	Y/N	Information needed to determine credit enhancement.	Char(1)	Should be "Y" or "N".
A3.11	Third-party credit enhancement provider identifier (for the benefit of the records entity).	999999999	Use LEI if available. Information needed to identify Third-Party Credit Enhancement Provider.	Varchar(50)	Required if A3.10 is "Y". Should be a valid entry in the Counterparty Master Table. Validated against CP.2.
A3.12	Associated third-party credit enhancement agreement document identifier (for the benefit of the records entity).	333333333	Information needed to determine credit enhancement.	Varchar(50)	Required if A3.10 is "Y". Validated against field A3.3.
A3.12.1	Covered by third-party credit enhancement agreement (for the benefit of the counterparty)?	Y/N	Information needed to determine credit enhancement.	Char(1)	Should be "Y" or "N".
A3.12.2	Third-party credit enhancement provider identifier (for the benefit of the counterparty).	999999999	Use LEI if available. Information needed to identify Third-Party Credit Enhancement Provider.	Varchar(50)	Required if A3.12 is "Y". Should be a valid entry in the Counterparty Master. Validated against CP.2.
A3.12.3	Associated third-party credit enhancement agreement document identifier (for the benefit of the counterparty).	333333333	Information needed to determine credit enhancement.	Varchar(50)	Required if A3.12.2 is "Y". Validated against field A3.3.
A3.13	Counterparty contact information: name.	John Doe & Co	Provide contact name for counterparty as provided under notice section of agreement.	Varchar(200).	
A3.14	Counterparty contact information: address.	123 Main St, City, State Zip code.	Provide contact address for counterparty as provided under notice section of agreement.	Varchar(100).	
A3.15	Counterparty contact information: phone.	1-999-999-9999	Provide contact phone number for counterparty as provided under notice section of agreement.	Varchar(50).	

TABLE A-3—LEGAL AGREEMENTS—Continued

	Field	Example	Instructions and data application	Def	Validation
A3.16 ...	Counterparty's contact information: email address.	<i>Jdoe@JohnDoe.com.</i>	Provide contact email address for counterparty as provided under notice section of agreement.	Varchar(100).	

TABLE A-4—COLLATERAL DETAIL DATA

	Field	Example	Instructions and data application	Def	Validation
A4.1 ...	As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.	
A4.2 ...	Records entity identifier .....	999999999 .....	Provide LEI for records entity	Varchar(50) .....	Validated against CO.2.
A4.3 ...	Collateral posted/collateral received flag.	P/N .....	Enter "P" if collateral has been posted by the records entity. Enter "R" for collateral received by Records Entity.	Char(1).	
A4.4 ...	Counterparty identifier .....	888888888 .....	Provide identifier for counterparty. Use LEI if counterparty has one.	Varchar(50) .....	Validated against CP.2.
A4.5 ...	Netting agreement identifier ...	xxxxxxxx .....	Provide identifier for applicable netting agreement.	Varchar(50) .....	Validated against field A3.3.
A4.6 ...	Unique collateral item identifier	CUSIP/ISIN .....	Provide identifier to reference individual collateral posted.	Varchar(50).	
A4.7 ...	Original face amount of collateral item in local currency.	1500000 .....	Information needed to evaluate collateral sufficiency and marketability.	Num (25,5).	
A4.8 ...	Local currency of collateral item.	USD .....	Use ISO currency code .....	Char(3).	
A4.9 ...	Market value amount of collateral item in U.S. dollars.	850000 .....	Information needed to evaluate collateral sufficiency and marketability and to permit aggregation across currencies.	Num (25,5) .....	Market value of all collateral posted by Records Entity or Counterparty A2.9 or A2.10 for the given netting agreement identifier should be equal to sum of all A4.9 for the same netting agreement identifier in A4.
A4.10	Description of collateral item ..	U.S. Treasury Strip, maturity 2020/6/30.	Information needed to evaluate collateral sufficiency and marketability.	Varchar(200).	
A4.11	Asset classification .....	1 .....	Provide fair value asset classification for the collateral item under GAAP, IFRS, or other accounting principles or standards used by records entity. Provide "1" for Level 1, "2" for Level 2, or "3" for Level 3.	Char(1) .....	Should be "1" or "2" or "3".
A4.12	Collateral or portfolio segregation status.	Y/N .....	Specify whether the specific item of collateral or the related collateral portfolio is segregated from assets of the safekeeping agent.	Char(1) .....	Should be "Y" or "N".
A4.13	Collateral location .....	ABC broker-dealer (in safekeeping account of counterparty).	Provide location of collateral posted.	Varchar(200).	
A4.14	Collateral jurisdiction .....	New York, New York.	Provide jurisdiction of location of collateral posted.	Varchar(50).	
A4.15	Is collateral re-hypothecation allowed?	Y/N .....	Information needed to evaluate exposure of the records entity to the counterparty or vice-versa for re-hypothecated collateral.	Char(1) .....	Should be "Y" or "N".

CORPORATE ORGANIZATION MASTER TABLE \*

	Field	Example	Instructions and data application	Def	Validation
CO.1 ..	As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.	
CO.2 ..	Entity identifier .....	888888888 .....	Provide unique identifier. Use LEI if available. Information needed to identify entity.	Varchar(50) .....	Should be unique across all records entities.
CO.3 ..	Has LEI been used for entity identifier?	Y/N .....	Specify whether the entity identifier provided is an LEI.	Char(1) .....	Should be "Y" or "N".
CO.4 ..	Legal name of entity .....	John Doe & Co .....	Provide legal name of entity	Varchar(200).	
CO.5 ..	Immediate parent entity identifier.	77777777 .....	Use LEI if available. Information needed to complete org structure.	Varchar(50).	
CO.6 ..	Has LEI been used for immediate parent entity identifier?.	Y/N .....	Specify whether the immediate parent entity identifier provided is an LEI.	Char(1) .....	Should be "Y" or "N".
CO.7 ..	Legal name of immediate parent entity.	John Doe & Co .....	Information needed to complete org structure.	Varchar(200).	
CO.8 ..	Percentage ownership of immediate parent entity in the entity.	100.00 .....	Information needed to complete org structure.	Num (5,2).	
CO.9 ..	Entity type .....	Subsidiary, foreign branch, foreign division.	Information needed to complete org structure.	Varchar(50).	
CO.10	Domicile .....	New York, New York.	Enter as city, state or city, foreign country.	Varchar(50).	
CO.11	Jurisdiction under which incorporated or organized.	New York .....	Enter as state or foreign jurisdiction.	Varchar(50).	

\* Foreign branches and divisions shall be separately identified to the extent they are identified in an entity's reports to its PFRAs.

COUNTERPARTY MASTER TABLE

	Field	Example	Instructions and data application	Def	Validation
CP.1 ...	As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.	
CP.2 ...	Counterparty identifier .....	888888888 .....	Use LEI if counterparty has one. Should be used consistently across all records entities within a corporate group. The counterparty identifier shall be the global legal entity identifier if one has been issued to the entity. If a counterparty transacts with the records entity through one or more separate foreign branches or divisions and any such branch or division does not have its own unique global legal entity identifier, the records entity must include additional identifiers, as appropriate to enable the FDIC to aggregate or disaggregate the data for each counterparty and for each entity with the same ultimate parent entity as the counterparty.	Varchar(50).	
CP.3 ...	Has LEI been used for counterparty identifier?	Y/N .....	Indicate whether the counterparty identifier is an LEI.	Char(1) .....	Should be "Y" or "N".
CP.4 ...	Legal name of counterparty ....	John Doe & Co .....	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(200).	

## COUNTERPARTY MASTER TABLE—Continued

	Field	Example	Instructions and data application	Def	Validation
CP.5 ...	Domicile .....	New York, New York.	Enter as city, state or city, foreign country.	Varchar(50).	
CP.6 ...	Jurisdiction under which incorporated or organized.	New York .....	Enter as state or foreign jurisdiction.	Varchar(50).	
CP.7 ...	Immediate parent entity identifier.	77777777 .....	Provide an identifier for the parent entity that directly controls the counterparty. Use LEI if immediate parent entity has one.	Varchar(50).	
CP.8 ...	Has LEI been used for immediate parent entity identifier?	Y/N .....	Indicate whether the immediate parent entity identifier is an LEI.	Char(1) .....	Should be "Y" or "N".
CP.9 ...	Legal name of immediate parent entity.	John Doe & Co .....	Information needed to identify and, if necessary, communicate with counterparty.	Varchar(200).	
CP.10	Ultimate parent entity identifier	66666666 .....	Provide an identifier for the parent entity that is a member of the corporate group of the counterparty that is not controlled by another entity. Information needed to identify counterparty. Use LEI if ultimate parent entity has one.	Varchar(50).	
CP.11	Has LEI been used for ultimate parent entity identifier?	Y/N .....	Indicate whether the ultimate parent entity identifier is an LEI.	Char(1) .....	Should be "Y" or "N".
CP.12	Legal name of ultimate parent entity.	John Doe & Co .....	Information needed to identify and, if necessary, communicate with Counterparty.	Varchar(100).	

## BOOKING LOCATION MASTER TABLE

	Field	Example	Instructions and data application	Def	Validation
BL.1 ...	As of date .....	2015-01-05 .....	Data extraction date .....	YYYY-MM-DD.	Should be a valid entry in the Corporate Org Master Table.
BL.2 ...	Records entity identifier .....	99999999 .....	Provide LEI .....	Varchar(50) .....	
BL.3 ...	Internal booking location identifier.	New York, New York.	Provide office where the position is booked. Information needed to determine the headquarters or branch where the position is booked, including the system on which the trade is booked, as well as the system on which the trade is settled.	Varchar(50).	
BL.4 ...	Unique booking unit or desk identifier.	xxxxxx .....	Provide unit or desk at which the position is booked. Information needed to help determine purpose of position.	Varchar(50).	
BL.5 ...	Unique booking unit or desk description.	North American trading desk.	Additional information to help determine purpose of position.	Varchar(50).	
BL.6 ...	Booking unit or desk contact—phone.	1-999-999-9999 .....	Information needed to communicate with the booking unit or desk.	Varchar(50).	
BL.7 ...	Booking unit or desk contact—email.	Desk@Desk.com ...	Information needed to communicate with the booking unit or desk.	Varchar(100).	



SAFEKEEPING AGENT MASTER TABLE

	Field	Example	Instructions and data application	Def	Validation
SA.1 ... SA.2 ...	As of date ..... Safekeeping agent identifier ...	2015-01-05 ..... 888888888 ..... .....	Data extraction date ..... Provide an identifier for the safekeeping agent. Use LEI if safekeeping agent has one.	YYYY-MM-DD. Varchar(50).	
SA.3 ...	Legal name of safekeeping agent.	John Doe & Co ..... .....	Information needed to identify and, if necessary, communicate with the safekeeping agent.	Varchar(200).	
SA.4 ...	Point of contact—name .....	John Doe ..... .....	Information needed to identify and, if necessary, communicate with the safekeeping agent.	Varchar(200).	
SA.5 ...	Point of contact—address .....	123 Main St, City, State Zip Code.	Information needed to identify and, if necessary, communicate with the safekeeping agent.	Varchar(100).	
SA.6 ...	Point of contact—phone .....	1-999-999-9999 .. .....	Information needed to identify and, if necessary, communicate with the safekeeping agent.	Varchar(50).	
SA.7 ...	Point of contact—email .....	Jdoe@ JohnDoe.com.	Information needed to identify and, if necessary, communicate with the safekeeping agent.	Varchar(100).	

DETAILS OF FORMATS

Format	Content in brief	Additional explanation	Examples
YYYY-MM-DD ..	Date .....	YYYY = four digit date, MM = 2 digit month, DD = 2 digit date.	2015-11-12.
Num (25,5) .....	Up to 25 numerical characters including 5 decimals.	Up to 20 numerical characters before the decimal point and up to 5 numerical characters after the decimal point. The dot character is used to separate decimals.	1352.67. 12345678901234567890.12345. 0. -20000.25. -0.257.
Char(3) .....	3 alphanumeric characters .....	The length is fixed at 3 alphanumeric characters.	USD. X1X. 999.
Varchar(25) .....	Up to 25 alphanumeric characters .....	The length is not fixed but limited at up to 25 alphanumeric characters.	asgaGEH3268EFdsagtTRCF543.

Dated at Washington, DC, this 13th day of December 2016.

By order of the Board of Directors.  
Federal Deposit Insurance Corporation.

**Valerie J. Best,**  
*Assistant Executive Secretary.*

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**BILLING CODE 6714-01-P**

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

**[Docket No. FAA-2016-9531; Directorate Identifier 2015-CE-011-AD]**

**RIN 2120-AA64**

**Airworthiness Directives; M7 Aerospace LLC Airplanes**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to adopt a new airworthiness directive (AD) for certain M7 Aerospace LLC Models SA226-T, SA226-AT, SA226-T(B), SA226-TC, SA227-AC (C-26A), SA227-AT, SA227-BC (C-26A), SA227-CC, SA227-

DC (C-26B), and SA227-TT airplanes. This proposed AD was prompted by detachment of the power lever linkage to the TPE331 engine propeller pitch control. This proposed AD would require installing a secondary retention device and repetitively inspecting the propeller pitch control for proper torque, with corrections as necessary. We are proposing this AD to correct the unsafe condition on these products.

**DATES:** We must receive comments on this proposed AD by February 13, 2017.

**ADDRESSES:** You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Fax:* 202-493-2251.