

INSTRUCTIONS FOR PREPARING AND SUBMITTING QUANTITATIVE MEASUREMENT INFORMATION

Metrics Reporting Requirement:

Each banking entity directly supervised by the [Agency] that meets relevant thresholds specified in § __.20(d) must furnish quantitative measurements, as applicable, for each of its trading desks engaged in covered trading activity.¹ The quantitative measurements must comply with the Appendix. These instructions provide guidance for the submission of the Narrative Statement, the trading desk information schedule, the quantitative measurements information schedules, and each applicable quantitative measurement to the [Agency].² If a banking entity and one or more of its affiliates are required to report quantitative measurements to the [Agency] pursuant to § __.20(d), the banking entity and its affiliate(s) should prepare one combined submission to the [Agency] that follows the Appendix, these Instructions for Preparing and Submitting Quantitative Measurement Information, the Technical Specifications Guidance, and the XML Schema.

Who Must Report:

Banking entities with \$50 billion or more in total trading assets and liabilities³ are required to report metrics for each trading day of the month on a monthly basis to the [Agency]. Banking entities with total trading assets and liabilities equal to or exceeding \$10 billion but less than \$50 billion are required to report metrics for each trading day of the month on a quarterly basis.⁴

If a banking entity reports metrics on a monthly basis and subsequently determines, pursuant to § __.20(d), that it has total trading assets and liabilities equal to or exceeding \$10 billion but less than \$50 billion, the banking entity may report metrics on a quarterly basis beginning with the next calendar quarter.

If a banking entity reports metrics on a quarterly basis and subsequently determines, pursuant to § __.20(d), that it has total trading assets and liabilities of \$50 billion or more, the staffs of the Agencies expect that the banking entity will report metrics on a monthly basis beginning with the next calendar quarter.

If a banking entity reports metrics on a monthly or quarterly basis and subsequently determines, pursuant to § __.20(d), that it has total trading assets and liabilities of less than \$10 billion, the banking entity is not required to report metrics until the banking entity's total trading assets and liabilities are \$10 billion or more.

¹ A "trading desk" is the smallest discrete unit of organization of a banking entity that purchases or sells financial instruments for the trading account of the banking entity or an affiliate thereof. See § __.3(e)(13); Appendix.II. "Covered trading activity" is trading conducted under §§ __.4 (underwriting activity and market making-related activity), __.5 (risk-mitigating hedging), __.6(a) (trading in certain domestic government obligations), or __.6(b) (trading in certain foreign government obligations). A banking entity may also include in its covered trading activity trading conducted under §§ __.3(d) (specified exclusions from proprietary trading), __.6(c) (trading on behalf of customers), __.6(d) (certain trading by insurance companies and their affiliates), or __.6(e) (certain trading by foreign banking entities). See Appendix II.

² See Appendix III.e.

³ The measure of trading assets and liabilities for reporting thresholds is the average gross sum of relevant trading assets and liabilities over the previous consecutive four calendar quarters, as measured on the last day of each of the four prior calendar quarters. Reporting thresholds are determined on a worldwide consolidated basis (or combined U.S. operations basis for foreign banking entities), excluding trading assets and liabilities involving obligations of or guaranteed by the United States or any agency of the United States. Combined U.S. operations of a foreign banking entity include all subsidiaries, affiliates, branches, and agencies of the foreign banking entity operating, located, or organized in the United States. See § __.20(d).

⁴ Quarterly reporters should submit three electronic files per calendar quarter, one for each month during the calendar quarter.

If a banking entity has total trading assets and liabilities of less than \$10 billion as of December 31, 2016, and subsequently determines, pursuant to § __.20(d), that it has trading assets and liabilities equal to or exceeding \$10 billion, the staffs of the Agencies expect that the banking entity will report metrics for each trading day of the month on a monthly or quarterly basis (depending on the size of its trading assets and liabilities) beginning with the next calendar quarter.

Notwithstanding the preceding paragraphs contained in this “Who Must Report” section, pursuant to § __.20(d), [Agency] may notify a banking entity in writing that it must report on a different basis.⁵ Additionally, [Agency] may notify a banking entity with less than \$10 billion in trading assets and liabilities in writing that it must satisfy the reporting requirements contained in the Appendix.⁶

Frequency of Reporting:

Banking entities with \$50 billion or more in total trading assets and liabilities are required to report metrics for each calendar month within 20 days of the end of each calendar month, unless [Agency] notifies the banking entity in writing that it must report on a different basis. Banking entities with total trading assets and liabilities equal to or exceeding \$10 billion but less than \$50 billion are required to collect metrics for each calendar month and report these metrics within 30 days of the end of each calendar quarter, unless [Agency] notifies the banking entity in writing that it must report on a different basis.⁷

Narrative Statement

The banking entity must submit in a separate electronic document a Narrative Statement⁸ to the [Agency] describing any changes in calculation methods used, a description of and reasons for changes in the banking entity’s trading desk structure or trading desk strategies, and when any such change occurred. The Narrative Statement must include any information the banking entity views as relevant for assessing the information schedules or quantitative measurements, such as a further description of calculation methods used. If a banking entity does not have any information to report in a Narrative Statement, the banking entity must submit an electronic document stating that it does not have any information to report in a Narrative Statement.⁹ The banking entity should report the Narrative Statement in Portable Document Format (“PDF”).

Information Schedules

Trading Desk Information Schedule

With each submission of quantitative measurements, the banking entity must provide the following information for each trading desk engaged in covered trading activities:¹⁰

1. Trading desk name. Provide the name of the trading desk used internally by the banking entity.
2. Trading desk identifier. Provide a unique character string to identify the trading desk. This identifier should generally remain constant for every quantitative measurements submission.¹¹

⁵ See § __.20(d)(3).

⁶ See § __.20(d)(1)(iii).

⁷ See § __.20(d)(3).

⁸ Quarterly reporters should submit three Narrative Statements per calendar quarter, one for each month during the calendar quarter. The Narrative Statements should describe any changes that occurred month-to-month and provide any additional information as relevant to a particular month.

⁹ See Appendix III.d.

¹⁰ See Appendix III.b.

3. Type of covered trading activity. Identify each covered trading activity in which the trading desk is engaged. Choose from the activity types listed in Table A at the end of these instructions to identify the relevant exemptions or exclusions, and provide the associated code for each type of covered trading activity selected.
4. Trading desk description. Provide a brief description of the general strategy of the trading desk.
5. Types of financial instruments and other products. List the types of financial instruments and other products purchased and sold by the trading desk; indicate which of these are the main financial instruments or products purchased and sold by the trading desk; and, for trading desks engaged in market making-related activities under § __.4(b), indicate whether each type of financial instrument is included in market-maker inventory or not included in market-maker inventory. In addition, indicate whether the trading desk is including in its quantitative measurements products excluded from the definition of “financial instrument” under § __.3(c)(2) (“excluded products”) and, if so, identify the particular excluded products being included.
6. Legal entities the trading desk uses. Provide the complete name of each legal entity that serves as a booking entity for covered trading activities conducted by the trading desk. For each such entity, the banking entity should provide any applicable identifier(s) from the list of identifiers in Table B.¹² In addition, indicate which of the identified legal entities are the main booking entities for covered trading activities of the desk.
7. Entity type identification. For each legal entity that serves as a booking entity for covered trading activities, specify any of the following applicable entity types for that legal entity:
 - National bank, Federal branch or Federal agency of a foreign bank, Federal savings association, Federal savings bank;
 - State nonmember bank, foreign bank having an insured branch, State savings association;
 - U.S.-registered broker-dealer, U.S.-registered security-based swap dealer, U.S.-registered major security-based swap participant;
 - Swap dealer, major swap participant, derivatives clearing organization, futures commission merchant, commodity pool operator, commodity trading advisor, introducing broker, floor trader, retail foreign exchange dealer;
 - State member bank;
 - Bank holding company, savings and loan holding company;
 - Foreign banking organization as defined in 12 CFR 211.21(o);
 - Uninsured State-licensed branch or agency of a foreign bank; or
 - Other entity type not listed above, including a subsidiary of a legal entity described above where the subsidiary itself is not an entity type listed above.
 - Briefly describe the entity type of any subsidiary that falls into this last category.
8. Currency reported. Specify the currency used by the trading desk.
9. Daily trading desk information.
 - Trading day indicator. Provide a list of calendar dates in the month, indicating for each date if it is a trading day or not a trading day¹³ for the desk.
 - Currency conversion rate. Specify the conversion rate for the specified currency to U.S. dollars for each trading day. If values for a trading desk are reported in a currency other than U.S. dollars,

¹¹ If a banking entity restructures its operations and merges two or more trading desks, the banking entity should assign a new trading desk identifier to the merged desk (i.e., the merged desk’s identifier should not replicate a trading desk identifier assigned to a previously unmerged trading desk) and permanently retire the unmerged desks’ identifiers.

¹² If the legal entity has none of the identifier(s) listed in Table B, the banking entity should report “None.”

¹³ As a general matter, a trading desk is not considered to be open for trading on a weekend. However, if a trading desk books positions into a banking entity on a calendar day that is not a business day (e.g., a day that falls on a weekend), then the desk is considered open for trading on that day. In addition, a trading desk may be open for trading on a national holiday. For example, if a trading desk spans a U.S. legal entity and a foreign legal entity and a national holiday occurs on a business day in the United States but a national holiday does not occur on the same day in the foreign jurisdiction, the date is a trading day because the trading desk is open to conduct trading in the foreign jurisdiction.

specify the multiplier conversion rate (not divisor) for the specified currency to U.S. dollars for the trading desk. For U.S. dollars, report 1.

Quantitative Measurements Information Schedules

With each submission of quantitative measurements, the banking entity must provide a Risk and Position Limits Information Schedule, a Risk Factor Sensitivities Information Schedule, a Risk Factor Attribution Information Schedule, a Limit/Sensitivity Cross-Reference Schedule, and a Risk Factor Sensitivity/Attribution Cross-Reference Schedule.¹⁴ Each banking entity must provide the required information for the entire banking entity's covered trading activity. A banking entity should not prepare multiple versions of the same schedule for each trading desk engaged in covered trading activity.

Risk and Position Limits Information Schedule

Risk and Position Limits are existing constraints that define the amount of risk that a trading desk is permitted to take at a point in time, as defined by the banking entity for a specific trading desk.¹⁵ Risk and Position Limits are often expressed in terms of risk measures, such as Value-at-Risk (VaR) and Risk Factor Sensitivities, but may also be expressed in terms of other observable criteria, such as net open positions.

On the Risk and Position Limits Information Schedule, the banking entity must provide identifying and descriptive information for each limit that is reported in the Risk and Position Limits and Usage metric. Provide the following information:¹⁶

1. Limit ID. A character string to be used as the permanent unique identifier for the limit. The limit ID is permanent in the sense that it has the same meaning in all future quantitative measurements submissions, even if the set of trading desks to which the limit applies changes.
2. Limit name. The name of the limit.
3. Limit description. A description of the limit.
4. Intraday or end-of-day. Whether the limit is an intraday limit or an end-of-day limit.
5. Unit of measurement. The unit in which the limit is measured, e.g., basis points, USD, etc.
6. Net or gross. Whether the limit measures risk on a net or gross basis.
7. Type of limit. Identify which of the following categories best describes the limit.
 - a. VaR
 - b. Position limit
 - c. Sensitivity limit
 - d. Stress scenario
 - e. Other
8. If "Other" is chosen as a category of limit, provide a brief description of this category.

Risk Factor Sensitivities Information Schedule

Risk Factor Sensitivities are changes in a trading desk's Comprehensive Profit and Loss that are expected to occur in the event of a change in one or more underlying variables that are significant sources of the trading desk's profitability and risk.¹⁷ The number and type of Risk Factor Sensitivities that are monitored and managed by a trading desk will depend on the explicit risks assumed by the trading desk.

¹⁴ See Appendix III.c.

¹⁵ See Appendix IV.a.1.i.

¹⁶ See Appendix III.c.

¹⁷ See Appendix IV.a.2.i.

On the Risk Factor Sensitivities Information Schedule, the banking entity must provide identifying and descriptive information for each Risk Factor Sensitivity that is reported in the Risk Factor Sensitivities metric. Provide the following information:¹⁸

1. Sensitivity ID. A character string to be used as the permanent unique identifier for the Risk Factor Sensitivity. The sensitivity ID is permanent in the sense that it has the same meaning in all future quantitative measurements submissions, even if the set of desks for which the sensitivity is reported changes.
2. Sensitivity name. The name of the Risk Factor Sensitivity.
3. Sensitivity description. Provide a description of the Risk Factor Sensitivity.
4. Risk factor change units. Report the type of units of the risk factor change that the entity has identified that impact the portfolio value (for example, for a DV01, the unit is in basis points, while for Equity Delta, the unit is a dollar change in equity prices or percentage change in equity prices).

Risk Factor Attribution Information Schedule

The banking entity must report the profit and loss due to changes in the specific risk factors and other factors that are monitored and managed as part of the trading desk's overall risk management policies and procedures.¹⁹

On the Risk Factor Attribution Information Schedule, the banking entity must provide identifying and descriptive information for each risk factor attribution reported in Part 4.B. of the Comprehensive Profit and Loss Attribution metric. Provide the following information:²⁰

1. Risk Factor Attribution ID. A character string to be used as the permanent unique identifier for the risk factor or other factor attribution. The Risk Factor Attribution ID is permanent in the sense that it has the same meaning in all future quantitative measurements submissions, even if the set of trading desks for which the attribution is reported changes.
2. Risk factor name. The name of the risk factor or other factor.
3. Risk factor description. A description of the risk factor or other factor.
4. Risk factor change units. Report the type of units of the risk factor or other factor change that the entity has identified that impact the portfolio value (for example, for a DV01, the unit is in basis points, while for Equity Delta, the unit is a dollar change in equity prices or percentage change in equity prices).

Limit / Sensitivity Cross-Reference Schedule

Cross-reference a Limit ID to a Sensitivity ID when a particular limit that is reported in the Risk and Position Limits Information Schedule is associated with a sensitivity reported in the Risk Factor Sensitivities Information Schedule.²¹

Risk Factor Sensitivity / Attribution Cross-Reference Schedule

Cross-reference a Sensitivity ID to a Risk Factor Attribution ID when a particular risk factor that is reported as a sensitivity in the Risk Factor Sensitivities Information Schedule is associated with a risk factor attribution in the reported Risk Factor Attribution Information Schedule.²²

¹⁸ See Appendix III.c.

¹⁹ See Appendix IV.b.1.i.A.

²⁰ See Appendix III.c.

²¹ See *id.*

²² See *id.*

Daily Quantitative Measurements Schedule

Provide the following quantitative measurements, as applicable, for each trading day and for each trading desk engaged in covered trading activity.²³ Report the actual amounts in the currency utilized by a particular trading desk. Do not report amounts in abbreviated form, such as thousands. A banking entity should explain its inability to provide any quantitative measurement in the entity's Narrative Statement.

Under § __.3(c)(2), a banking entity's positions in excluded products (i.e., loans, spot commodities, and spot foreign exchange or currency) are not subject to the rule's restrictions on proprietary trading.²⁴ A banking entity may, however, include exposures in loans, spot commodities, and spot foreign exchange or currency that are related to the desk's covered trading activities in its quantitative measurements.²⁵ A banking entity should use a consistent approach for including or excluding any positions in products that are not securities, commodity futures contracts, derivatives, or options on any of these instruments when calculating metrics for a trading desk.²⁶

The appropriate approach to calculating quantitative measurements for a trading desk engaged in underwriting activity will depend on the banking entity's role in the distribution, as well as the particular facts and circumstances of the distribution. A banking entity that is a member of the underwriting syndicate should account for the banking entity's portion of any position attributable to the distribution, based on the number, amount, or percentage of securities the banking entity has purchased under the relevant underwriting agreement. In addition, to the extent the banking entity has responsibility for managing positions that are credited to the accounts of syndicate members collectively, the banking entity should account for those positions when calculating metrics for the relevant underwriting desk until the securities are disbursed to syndicate members.²⁷

A. Risk-Management Measurements

Part 1. Risk and Position Limits and Usage

A banking entity is required to report the Risk and Position Limits and Usage quantitative measurement for all trading desks engaged in covered trading activities.²⁸

²³ See Appendix IV.

²⁴ See §§ __.3(a); __.3(c)(2).

²⁵ Banking entities may elect to include such information in their quantitative measurements where doing so provides a more accurate picture of the risks associated with the trading desk. For example, a market maker in foreign exchange forwards or swaps that mitigates the risks of its market-maker inventory with spot foreign exchange may include in its metrics the spot foreign exchange positions.

²⁶ A banking entity should not incorporate excluded products in the quantitative measurements of a trading desk one month, and omit these products from the desk's measurements the following month. Excluded products should be reported consistently from period to period. If a banking entity decides to change its approach to excluded products with respect to the quantitative measurements of one or more trading desks, the banking entity must provide notice of this change in its Narrative Statement.

²⁷ For example, assume a lead manager manages an unsold allotment arising from the distribution for a period of time and then disburses any remaining securities proportionally to other syndicate members. For the period of time in which a banking entity that is the lead manager manages the unsold allotment, such unsold allotment should be accounted for in the metrics of that banking entity's underwriting desk. However, once the unsold allotment is disbursed to other syndicate members, a banking entity receiving the disbursement should begin to account for its position in the metrics of its underwriting desk and the lead manager need only account for its own positions and any remaining syndicate positions in its metrics.

²⁸ See Appendix IV.a.1.

For a trading desk engaged in market making-related activities or risk-mitigating hedging, the limits required under these exemptions must include appropriate metrics for the trading desk limits including, at a minimum, Risk Factor Sensitivities and VaR metrics except to the extent any of these measurements are demonstrably ineffective in measuring and monitoring risks of a trading desk based on the types of positions traded by, and risk exposures of, that desk.²⁹ Risk and Position Limits should be reported in the format used by the banking entity for the purposes of risk management of each trading desk.

The value of the daily usage of each limit must be reported for each trading desk where the limit applies.³⁰ Each type of limit may be reported on one or more trading desks, potentially with variations on the size of the limit for different trading desks.

For each trading desk, provide the following information for each limit reported pursuant to this metric for every trading day in a calendar month.³¹ If a limit is introduced or discontinued during a calendar month, report the following information for each trading day that the trading desk used the limit during the calendar month.

Item 1: Limit ID

Report the limit ID listed in the Risk and Position Limits Information Schedule.

Item 2.a: Limit Size—Upper Limit

Report the upper limit set by the banking entity that represents the amount of risk the trading desk is permitted to take at a point in time. An upper limit is one where value of the risk cannot go above the limit.

Item 2.b: Limit Size—Lower Limit

Report the lower limit set by the banking entity that represents the amount of risk the trading desk is permitted to take at a point in time. A lower limit is one where value of the risk cannot go below the limit.

Item 3: Value Usage

Report the value of the trading desk's risk or positions that are accounted for by the daily activity of the desk. For limits accounted for at the end of the day, report the value of usage as of the end of the day. For limits accounted for during the day (intraday), report the maximum value of usage. Report the actual value of the risk or positions, not the percentage of the upper or lower limit utilized.

Part 2. Risk Factor Sensitivities

A banking entity is required to report the Risk Factor Sensitivities quantitative measurement for all trading desks engaged in covered trading activities.³²

The number and type of Risk Factor Sensitivities that are monitored and managed by a trading desk will depend on the explicit risks assumed by the trading desk. A banking entity must report the Risk Factor Sensitivities that are monitored and managed as part of the trading desk's overall risk management policy. In general, reported Risk Factor Sensitivities must be sufficiently granular to account for a preponderance of the expected price variation in the trading desk's holdings.

²⁹ See *id.*

³⁰ See *id.*

³¹ See *id.*

³² See Appendix IV.a.2.

Banking entities should take into account any relevant factors in calculating Risk Factor Sensitivities for each trading desk, including, for example, the following with respect to particular asset classes:

Commodity derivative positions: Risk Factor Sensitivities with respect to the related commodities set out in 17 CFR § 20.2, the maturity of the positions, volatility, and/or correlation sensitivities (expressed in a manner that demonstrates any significant non-linearities), and the maturity profile of the positions;

Credit positions: Risk Factor Sensitivities with respect to credit spreads that are sufficiently granular to account for specific credit sectors and market segments, Risk Factor Sensitivities with respect to interest rates of relevant maturities, and the maturity profile of the positions;

Credit-related derivative positions: Risk Factor Sensitivities for credit spreads, shifts (parallel and non-parallel) in credit spreads – volatility, and/or correlation sensitivities (expressed in a manner that demonstrates any significant non-linearities), and the maturity profile of the positions;

Equity positions: Risk Factor Sensitivities for equity prices and risk factors that differentiate between important equity market sectors and segments, such as small capitalization equities and international equities;

Equity derivative positions: Risk Factor Sensitivities such as equity positions, volatility, and/or correlation sensitivities (expressed in a manner that demonstrates any significant non-linearities), and the maturity profile of the positions;

Foreign exchange derivative positions: Risk Factor Sensitivities with respect to major currency pairs and maturities, exposure to interest rates at relevant maturities, volatility, and/or correlation sensitivities (expressed in a manner that demonstrates any significant non-linearities), as well as the maturity profile of the positions; and

Interest rate positions, including interest rate derivative positions: Risk Factor Sensitivities with respect to major interest rate categories and maturities, volatility, and/or correlation sensitivities (expressed in a manner that demonstrates any significant non-linearities), and shifts (parallel and non-parallel) in the interest rate curve, as well as the maturity profile of the positions.

Each Risk Factor Sensitivity may be reported on one or more trading desks. The methods used by a banking entity to calculate sensitivities to a common factor shared by multiple trading desks, such as an equity price factor, should be applied consistently across its trading desks so that the sensitivities can be compared from one trading desk to another.

For each trading desk, provide the following information for each Risk Factor Sensitivity that is reported pursuant to this metric for every trading day in a calendar month.³³ If a Risk Factor Sensitivity is introduced or discontinued during a calendar month, report the following information for each trading day the trading desk used the sensitivity during the calendar month.

Item 1: Sensitivity ID

Report the sensitivity ID listed in the Risk Factor Sensitivities Information Schedule.

Item 2: Change in Risk Factor

Report the magnitude of the change in the risk factor that is used to determine the Risk Factor Sensitivity (e.g., for a DV01, the magnitude is 1 or -1; for an Equity Delta, the magnitude is 1 or -1; and for a CS100, the magnitude is 100 or -100).

Item 3: Aggregate Change in Value Across All Positions

Report the aggregated change across all of the positions held by this trading desk on the specified trading day, given a change in the identified risk factor.

Example: For a DV01 measure of \$1,000,000 for a trading desk, report 1 in Item 2 and report \$1,000,000 in Item 3.

³³ See *id.*

Part 3. Value-at-Risk (VaR) and Stressed VaR

A banking entity is required to report the VaR quantitative measurement for all trading desks engaged in covered trading activities. A banking entity is required to report the Stressed VaR quantitative measurement for all trading desks engaged in covered trading activities, except trading desks whose covered trading activity is conducted exclusively to hedge excluded products.³⁴

When reporting the VaR and Stressed VaR measurements, report the risk of future financial loss in the value of the trading desk's aggregated positions at the 99% confidence level over a 1-day holding period.³⁵ Banking entities should compute and report VaR and Stressed VaR consistently with federal regulatory capital requirements.³⁶ If a trading desk does not have a standalone VaR or Stressed VaR calculation, but is part of a larger aggregation of positions for which a VaR or Stressed VaR calculation is performed, a VaR or Stressed VaR calculation that includes only the trading desk's holdings should be performed consistently with the VaR or Stressed VaR model and methodology used for the larger aggregation of positions.

For purposes of the VaR and Stressed VaR quantitative measurements, values representing a loss should be reported as a positive value.

For each applicable trading desk,³⁷ provide the following information for every trading day in a calendar month.³⁸

Item 1: VaR

Report the measurement of the risk of future financial loss in the value of the trading desk's aggregated positions at the 99% confidence level over a 1-day holding period, based on current market conditions. Banking entities may calibrate to a 1-day holding period using appropriate scaling of a VaR measure made for a different holding period.³⁹

Item 2: Stressed VaR

Report the measurement of the risk of future financial loss in the value of the trading desk's aggregated positions at the 99% confidence level over a 1-day holding period, based on market conditions during a period of significant stress,⁴⁰ consistent with the stress period used in the Market Risk Rule. Banking entities may calibrate to a 1-day holding period using appropriate scaling of a Stressed VaR measure made for a different holding period.⁴¹

B. Source-of-Revenue Measurements

³⁴ See Appendix IV.a.3.

³⁵ See *id.*

³⁶ Computation of VaR is described under Section 205 of the Market Risk Rule. Computation of Stressed VaR is described under Section 206 of the Market Risk Rule.

³⁷ See Appendix IV.a.3.iv.

³⁸ See Appendix IV.a.3.

³⁹ In cases where a banking entity does not have a regulatory VaR, the banking entity should use a VaR consistent with the banking agencies' regulatory capital requirements. Banking entities may scale their VaR or Stressed VaR to arrive at a 99th percentile confidence level over a 1-day time horizon, either by scaling the percentile, time horizon, or both.

⁴⁰ Model inputs should be calibrated to historical data from a continuous 12-month period that reflects a period of significant financial stress appropriate to the banking entity's current portfolio.

⁴¹ See *supra* note 40.

Part 4. Comprehensive Profit and Loss Attribution

A banking entity is required to report the Comprehensive Profit and Loss Attribution quantitative measurement for all trading desks engaged in covered trading activities. Comprehensive Profit and Loss Attribution is an analysis that attributes the daily fluctuation in the value of a trading desk's positions to various sources.⁴²

The daily profit and loss due to existing positions that is attributable to all risk factor and other factor changes in the aggregate must be reported in Part 4.A for each trading desk. Report the daily profit and loss due to existing positions that is attributable to individual risk factors and other factors in Part 4.B.⁴³ Each risk factor attribution may be reported on one or more trading desks. The methods used by a banking entity to calculate attribution to a common factor shared by multiple trading desks, such as an equity price factor, should be applied consistently across its trading desks so that the attributions can be compared from one trading desk to another.

Part 4.A: Comprehensive Profit and Loss Attribution Measurements

For each trading desk, provide the following information for every trading day in a calendar month.⁴⁴

Item 1: Comprehensive Profit and Loss

Report the trading desk's comprehensive profit and loss, which is determined by adding profit and loss on new and existing positions, as well as residual profit and loss that cannot be specifically attributed to existing or new positions. "New positions" are positions resulting from the current day's trading activity. "Existing positions" are positions that were also held by the trading desk as of the end of the prior trading day. Item 1 is equal to the sum of Item 2 plus Item 3 plus Item 4.

Item 2: Profit and Loss Due to Existing Positions

Report the profit and loss attributable to a trading desk's existing positions.

The comprehensive profit and loss associated with existing positions must reflect changes in the value of these positions on the applicable day. The comprehensive profit and loss from existing positions must be further attributed, as applicable, to changes in (i) the specific risk factors and other factors that are monitored and managed as part of the trading desk's overall risk management policies and procedures (Item 5); and (ii) any other applicable elements, such as cash flows (Item 6), carry (Item 7), changes in reserves or valuation adjustments (Item 8), the correction, cancellation, or exercise of a trade (Item 9), and all other attributable elements to profit and loss on existing positions that are not included in Item 5 through Item 9 (Item 10).

Item 3: Profit and Loss Due to New Positions

Report the profit and loss attributable to new positions. The comprehensive profit and loss attributed to new positions must reflect commissions and fee income or expenses and market gains or losses associated with transactions executed on the applicable day. New positions include purchases and sales of financial instruments and other assets/liabilities and negotiated amendments to existing positions. The comprehensive profit and loss from new positions may be reported in the aggregate and does not need to be further attributed to specific sources.

The new position attribution is computed by calculating the difference between the value of the instruments when bought and/or sold and the value at which those instruments are marked to market at the close of business on that day. Any fees, commissions, or other payments received (paid) that are associated with transactions executed on

⁴² See Appendix IV.b.1.

⁴³ See *id.*

⁴⁴ See *id.*

that day are added (subtracted) from such difference. These factors should be measured consistently over time to facilitate historical comparisons.

Item 4: Residual Profit and Loss

Report the portion of comprehensive profit and loss that cannot be specifically attributed to existing or new positions.

Note: Items 5 through 10 reflect profit and loss attributable to existing positions and are therefore subsets of Item 2. Profit and loss are uniquely attributed to Items 5 through 10 (i.e., do not duplicate attributions in more than one item).

Item 5: Profit and Loss Due to Changes in Risk Factors and Other Factors from Existing Positions

Report the profit and loss due to changes in the specific risk factors and other factors that are monitored and managed as part of the trading desk's overall risk management policies and procedures.

Item 6: Profit and Loss Due to Actual Cash Flows from Existing Positions

Report the profit and loss due to actual cash flows, if not included elsewhere.

Item 7: Profit and Loss Due to Carry from Existing Positions

Report the profit and loss due to changes in carry. Generally this item includes funding costs. Note that Item 7 does not include items otherwise included in Item 5.

Item 8: Profit and Loss Due to Reserve or Valuation Adjustment Changes in Existing Positions

Report the profit and loss due to changes in reserves or valuation adjustments.

Item 9: Profit and Loss Due to Trade Changes in Existing Positions

Report the profit and loss due to changes emanating from the correction, cancellation, or exercise of a trade. Material amendments to the economic terms of existing financial instrument contracts (other than corrections, cancellations or exercises) are considered new trades and reported in accordance with Item 3.

Item 10: Other Attributable Profit and Loss from Existing Positions

Report all other attributable elements to profit and loss on existing positions that are not included in Item 5 through Item 9.

Part 4.B: Comprehensive Profit and Loss Attribution Measurements by Risk Factor

Report the risk factors and other factors that comprise Part 4.A, Item 5, Profit and Loss Due to Change in Risk Factors and Other Factors.⁴⁵ Banking entities must include enough risk factors to explain the preponderance of the profit or loss changes due to risk factor changes.

For each trading desk, provide the following information for every trading day in a calendar month.⁴⁶

⁴⁵ See Appendix IV.b.1. Examples of specific risk factors and other factors are provided in Part 2 of these instructions. Risk factors reported pursuant to the Risk Factor Sensitivities quantitative measurement need not necessarily match the risk factors reported pursuant to Part 4.B.

⁴⁶ See *id.*

Item 11: Risk Factor Attribution ID

Report the Risk Factor Attribution ID listed in the Risk Factor Attribution Information Schedule.

Item 12: Profit and Loss Due to Risk Factor Move

Report the amount of profit or loss due to the risk factor or other factor change.

C. Positions, Transaction Volumes, and Securities Inventory Aging Measurements

Each of the following quantitative measurements requires a banking entity to determine the “value” of a trading desk’s positions in applicable financial instruments.⁴⁷ Although these quantitative measurements are required only for trading desks that engage in certain types of covered trading activity,⁴⁸ the reported quantitative measurements must reflect all of the covered trading activities in applicable financial instruments conducted by the desk.⁴⁹

Part 5. Positions

A banking entity is required to report the Positions quantitative measurement for trading desks that rely on § __.4(a) or § __.4(b) to conduct underwriting activity or market making-related activity, respectively.

The Positions quantitative measurement represents the value of all securities and derivatives positions managed by the trading desk.⁵⁰ For purposes of the Positions quantitative measurement, do not include in the Positions calculation for “securities” those securities that are also “derivatives,” as those terms are defined under §§ __.2(bb) and __.2(i); instead, report those securities that are also derivatives as “derivatives.”⁵¹

For each applicable trading desk,⁵² provide the following information for every trading day in a calendar month.⁵³

Item 1: Market Value of All Long Securities Positions

Item 2: Market Value of All Short Securities Positions

Item 3: Market Value of All Derivatives Receivables

⁴⁷ See Appendix IV.c.

⁴⁸ See Appendix IV.c.1.iv; 2.iv; 3.iv.

⁴⁹ For example, if a trading desk relies on § __.4(b) and § __.5 to conduct market making-related activity and risk-mitigating hedging activity, respectively, the reported Securities Inventory Aging metric for the desk must reflect the risk-mitigating hedging activity and market making-related activity associated with the desk’s securities positions. The trading desk in this example is not required to include trading activity conducted under §§ __.3(d), __.6(c), __.6(d), or __.6(e) in the proposed Securities Inventory Aging metric, unless the banking entity includes such activity as “covered trading activity” for the desk under the Appendix. This is consistent with the definition of “covered trading activity,” which provides that a banking entity may include in its covered trading activity trading conducted under §§ __.3(d), __.6(c), __.6(d), or __.6(e).

⁵⁰ The reported values should be based on the trading desk’s end-of-day positions for a given trading day.

⁵¹ See Appendix IV.c.1; see also §§ __.2(h), (y). For example, under the rule, a security-based swap is both a “security” and a “derivative.” For purposes of the Positions quantitative measurement, security-based swaps are reported as derivatives rather than as securities.

⁵² See Appendix IV.c.1.iv.

⁵³ See Appendix IV.c.1.

Item 4: Market Value of All Derivatives Payables

Item 5: Notional Value of All Derivatives Receivables

Item 6: Notional Value of All Derivatives Payables

Part 6. Transaction Volumes

A banking entity is required to report the Transaction Volumes quantitative measurement for trading desks that rely on § __.4(a) or § __.4(b) to conduct underwriting activity or market making-related activity, respectively.

The Transaction Volumes metric measures four exclusive categories of security and derivative transactions conducted by a trading desk. Specifically, a banking entity must report the value and number of security and derivative transactions conducted by the trading desk with: (i) customers, excluding internal transactions; (ii) non-customers, excluding internal transactions; (iii) trading desks and other organizational units where the transaction is booked in the same banking entity; and (iv) trading desks and other organizational units where the transaction is booked into an affiliated banking entity. For purposes of calculating the Transaction Volumes quantitative measurement, do not include in the Transaction Volumes calculation for “securities” those “securities” that are also “derivatives,” as those terms are defined under §§ __.2(h) and __.2(y); instead, report those securities that are also derivatives as “derivatives.”⁵⁴

For commodity derivatives the gross notional value means the gross notional value in the desk’s reporting currency, i.e., the current dollar market value of the quantity of the commodity underlying the derivative (e.g., a derivative on 100,000 barrels of a certain grade of oil would have a notional value of 100,000 multiplied by the current market value of a barrel of that grade of oil). For all other derivatives, value means the gross notional value.⁵⁵

For a trading desk engaged in market making-related activity, a counterparty is considered to be a customer of the trading desk if the counterparty is a market participant that makes use of the banking entity’s market making-related services by obtaining such services, responding to quotations, or entering into a continuing relationship with respect to such services. However, a trading desk or other organizational unit of another banking entity would not be a customer of the trading desk engaged in market making-related activity if the other entity has trading assets and liabilities of \$50 billion or more as measured in accordance with § __.20(d)(1), unless the market-making desk documents how and why a particular trading desk or other organizational unit of the entity should be treated as a customer of the market-making desk or the transaction is conducted anonymously on an exchange or similar trading facility that permits trading on behalf of a broad range of market participants.⁵⁶

For a trading desk engaged in underwriting activity, a counterparty is considered to be a customer of the trading desk if the counterparty is a market participant that may transact with the banking entity in connection with a particular distribution for which the banking entity is acting as underwriter.⁵⁷

For purposes of the Transaction Volumes quantitative measurement, transactions conducted with customers exclude internal transactions (i.e., inter-affiliate and intra-company transactions). For purposes of the Transaction Volumes quantitative measurement, transactions conducted with non-customers exclude internal transactions (i.e., inter-

⁵⁴ See Appendix IV.c.2; see also §§ __.2(h), (y).

⁵⁵ See Appendix IV.c.2.i.

⁵⁶ See § __.4(b)(3); Appendix IV.c.2.i.

⁵⁷ See § __.4(a)(7); Appendix IV.c.2.i.

affiliate and intra-company transactions). Material amendments to the economic terms of existing financial instrument contracts (other than corrections, cancellations, or exercises) are considered new trades.⁵⁸

For each applicable trading desk,⁵⁹ provide the following information for every trading day in a calendar month.⁶⁰

Item 1: Gross market value of all securities transactions conducted with customers

Item 2: Number of all securities transactions conducted with customers

Item 3: Gross notional value of all derivatives transactions conducted with customers

Item 4: Number of all derivatives transactions conducted with customers

Item 5: Gross market value of all securities transactions conducted with non-customers

Item 6: Number of all securities transactions conducted with non-customers

Item 7: Gross notional value of all derivatives transactions conducted with non-customers

Item 8: Number of all derivatives transactions conducted with non-customers

Item 9: Gross market value of all securities transactions where the transaction is booked in the same banking entity

Item 10: Number of all securities transactions where the transaction is booked in the same banking entity

Item 11: Gross notional value of all derivatives transactions where the transaction is booked in the same banking entity

Item 12: Number of all derivatives transactions where the transaction is booked in the same banking entity

Item 13: Gross market value of all securities transactions where the transaction is booked in an affiliated banking entity

Item 14: Number of all securities transactions where the transaction is booked in an affiliated banking entity

Item 15: Gross notional value of all derivatives transactions where the transaction is booked in an affiliated banking entity

Item 16: Number of all derivatives transactions where the transaction is booked in an affiliated banking entity

⁵⁸ For example, unwinds, partial terminations, novations, assignments of financial instrument contracts, a change to the end date for a financial instrument contract, or a change in the cash flows or rates originally reported for a financial instrument contract generally should be treated as additive trade count events for purposes of the Transaction Volumes quantitative measurement.

⁵⁹ See Appendix IV.c.2.iv.

⁶⁰ See Appendix IV.c.2.

Part 7. Securities Inventory Aging

A banking entity is required to report the Securities Inventory Aging quantitative measurement for trading desks that rely on § __.4(a) or § __.4(b) to conduct underwriting activity or market making-related activity, respectively.

Securities Inventory Aging generally describes a schedule of the market value of a trading desk's securities positions and the amount of time that those securities positions have been held.⁶¹ Securities Inventory Aging must measure the age profile of the trading desk's securities positions for the following periods: 0-30 calendar days; 31-60 calendar days; 61-90 calendar days; 91-180 calendar days; 181-360 calendar days; and greater than 360 calendar days.⁶² Securities Inventory Aging is calculated as the "current date" less the "trade date" (therefore the age profile of a new trade would be zero).⁶³ Banking entities should apply a First In, First Out (FIFO) method in measuring the age profile. For purposes of the Securities Inventory Aging quantitative measurement, do not include securities that are also "derivatives," as those terms are defined under §§ __.2(h) and __.2(y).⁶⁴

Securities Inventory Aging includes two schedules, a security asset-aging schedule and a security liability-aging schedule. For each schedule, record the market value of assets or liabilities over all holding periods.⁶⁵

"To be announced (TBA)" agency mortgage-backed securities (MBS) should be aged as cash from the initial trade date. Aging is reset upon settlement of the TBA into an agency MBS, at such point the MBS is then aged from day zero.

For each applicable trading desk,⁶⁶ provide the following information for every trading day in a calendar month.⁶⁷

Part 7.A: Security Asset-Age Profile

Item 1: Market Value of Security Assets Held 0 through 30 Calendar Days

Item 2: Market Value of Security Assets Held 31 through 60 Calendar Days

Item 3: Market Value of Security Assets Held 61 through 90 Calendar Days

Item 4: Market Value of Security Assets Held 91 through 180 Calendar Days

Item 5: Market Value of Security Assets Held 181 through 360 Calendar Days

Item 6: Market Value of Security Assets Held more than 360 Calendar Days

Part 7.B: Security Liability-Age Profile

Item 7: Market Value of Security Liabilities Held 0 through 30 Calendar Days

⁶¹ See Appendix IV.c.3.

⁶² See Appendix IV.c.3.

⁶³ For purposes of Securities Inventory Aging, if a position is transferred between different desks within the same banking entity (i.e., an intra-company trade), the age of the position does not reset. In the case of an inter-affiliate trade, the age of the position may be reset.

⁶⁴ See §§ __.2(h), (y).

⁶⁵ See Appendix IV.c.3.i.

⁶⁶ See Appendix IV.c.3.iv.

⁶⁷ See Appendix IV.c.3.

Item 8: Market Value of Security Liabilities Held 31 through 60 Calendar Days

Item 9: Market Value of Security Liabilities Held 61 through 90 Calendar Days

Item 10: Market Value of Security Liabilities Held 91 through 180 Calendar Days

Item 11: Market Value of Security Liabilities Held 181 through 360 Calendar Days

Item 12: Market Value of Security Liabilities Held more than 360 Calendar Days

TABLE A
Type of Covered Trading Activity

Code	Type of Covered Trading Activity
UW	Underwriting activity exempted under § __.4(a)
MM	Market making-related activity exempted under § __.4(b)
Hedging	Risk-mitigating hedging activity exempted under § __.5 with respect to financial instruments
Hedging of Excluded	Risk-mitigating hedging activity exempted under § __.5, conducted exclusively to hedge excluded products
US Gov	Trading in domestic government obligations exempted under § __.6(a)
Foreign Gov	Trading in foreign government obligations exempted under § __.6(b)
Fiduciary	Fiduciary transactions exempted under § __.6(c)(1)
RP	Riskless principal transactions exempted under § __.6(c)(2)
Insurance	Trading by an insurance company or its affiliate exempted under § __.6(d)
TOTUS	Trading by a foreign banking entity exempted under § __.6(e)
Repo	Activity excluded under § __.3(d)(1)
Sec Lending	Activity excluded under § __.3(d)(2)
Liquidity Mgmt	Activity excluded under § __.3(d)(3)
DCO/CA	Activity excluded under § __.3(d)(4)
Clearing Member	Activity excluded under § __.3(d)(5)
Delivery	Activity excluded under § __.3(d)(6)(i)
Judicial	Activity excluded under § __.3(d)(6)(ii)
Agent	Activity excluded under § __.3(d)(7)
Employee	Activity excluded under § __.3(d)(8)
DPC	Activity excluded under § __.3(d)(9)

TABLE B
Identifiers

Identifier
Legal Entity Identifier (LEI)
Central Registration Depository (CRD) number
Research, Statistics, Supervision and Regulation, and Discount and Credit Database (RSSD) ID
Central Index Key (CIK)
None