

The Report of Selected Money Markets Rates (FR 2420)

Frequently Asked Questions

March 2014

General Reporting

1. **Question:** Where are the FR 2420 form and instructions located?

Answer: The FR 2420 form and instructions are located at the following link:
<http://www.newyorkfed.org/banking/reportingforms/index.html>

2. **Question:** Where are the regulation and reporting instructions that are referenced in the FR 2420 instructions located?

Answer: The links to the relevant regulation and report links are provided below:

- FFIEC 031/041 Report Instructions are located at:
<http://www.federalreserve.gov/apps/reportforms/default.aspx>
- FFIEC 002 Report Instructions are located at:
<http://www.federalreserve.gov/apps/reportforms/default.aspx>
- FR 2900 Report Instructions are located at:
<http://www.federalreserve.gov/apps/reportforms/default.aspx>
- Federal Reserve Regulation D is located at:
<http://www.federalreserve.gov/bankinfo/reglisting.htm#D>

3. **Question:** Where are reporting clarifications and other reference material on the FR 2420 located?

Answer: The link to the reference material, which includes these FAQ, supplemental clarifications, and training material, is provided below:

<http://www.newyorkfed.org/banking/reportingforms/index.html>

4. **Question:** Federal Funds and Eurodollar transaction data are due the next business day after the report date; CD data are due two business days after the report date. Given these different deadlines, are there specific instructions for filing the two separate data submissions?

Answer: Yes. Two files are required for submission of FR 2420 data: the FR 2420FE file for Federal Funds and Eurodollars transactions; and the FR 2420CD file for Certificates of Deposit transactions. The FR 2420FE is due by 7 a.m. EST, one business day after the report date. The FR 2420CD is due by 2 p.m. EST, two business days after the report date.

5. **Question:** If trading is complete for the day at 4:00 p.m., can the Fed Funds and Eurodollar data be submitted on the report date instead of the next business day by 7:00 a.m. EST?

Answer: Yes, the data can be submitted on the report date.

6. **Question:** If all of the data is complete and reviewed, can the Fed Funds, Eurodollar, and CD data be submitted at the same time instead of waiting until the second business day to file the CD data?

Answer: Yes, all of the data can be submitted when ready. You do not have to wait for the due date to submit the CD data. Both the FR 2420FE for Federal Funds and Eurodollars data, and the FR 2420CD for Certificates of Deposit data can be sent on the first business day.

7. **Question:** When the deadline for submission of the data falls on a weekend or a holiday, when should the data be filed?

Answer: When the submission deadline falls on a weekend or U.S. bank holiday, the data is due on the first business day after the weekend or holiday at 7 a.m. EST for Federal Funds and Eurodollar data and at 2 p.m. EST for CD data.

8. **Question:** What is the minimum dollar amount reported for each data type (Part A: Federal Funds, Part B: Eurodollars and Part C: Certificate of Deposit (CD))?

Answer: Transactions greater than or equal to \$1 million are reported.

9. **Question:** Are amounts rounded to the nearest millions of dollars with no decimals?

Answer: Yes. All dollar amounts must be reported in millions, with amounts rounded to the nearest million with no decimals. Transactions less than \$1 million should not be reported. For example:

- \$101,000,000.00 is reported as 101
- \$1,500,000.00 is reported as 2
- \$1,499,999.99 is reported as 1
- \$999,999.99 is not reported

10. **Question:** If there are no Fed Funds transactions on the report date, what should be filed?

Answer: If there are no transactions to report for a given report date and Part of the report (Part A: Fed Funds, Part B, Eurodollars, or Part C: Certificate of Deposit (CD)), report the dollar amount as "0."

11. **Question:** The instructions state that rates should be expressed in terms of five decimal places. For rates less than 1 percent, should a leading zero be reported (e.g., should ½ percent be reported as 0.50000)?

Answer: Yes, a leading zero should be reported.

12. **Question:** Who do I contact if I have questions on the FR 2420 reporting requirements?

Answer: You can contact:

- Monica Posen: Monica.posen@ny.frb.org; (212) 720-8239
- Peter Ensmenger: Peter.ensmenger@ny.frb.org; (212) 720-7589
- Denise Weist: Denise.weist@ny.frb.org; (212) 720-7484

13. **Question:** If we are unable to upload our files to the Reporting Central System due to a business continuity event, can the data be submitted by email or fax?

Answer: Contact the Federal Reserve Bank of New York in the event that you are unable to submit your data. The FRB NY contacts for the FR 2420 are:

- Cheryl Rasmussen: Cheryl.rasmussen@ny.frb.org; (212) 720-5460
- Corona Johnson-Brissett: corona.johnsonbrissett@ny.frb.org; (212) 720-5582
- Kevin Wong: chun.wong@ny.frb.org; (212) 720-1561
- John Cruz: john.cruz@ny.frb.org; (212) 720-8208
- Peter Ensmenger: Peter.ensmenger@ny.frb.org; (212) 720-7589

Reporting Concepts

14. **Question:** Is the Cayman Branch of a U.S. bank required to submit a FR 2420 report?

Answer: No. Foreign branches of U.S. banks are not required to file a separate FR 2420. However, if the foreign branch has total assets exceeding \$2 billion booked for the report date, the U.S. bank would be required to report on Part B, Eurodollars, all unsecured liabilities in U.S. dollars booked at that branch.

15. **Question:** Why does the FR 2420 report exclude forward starting transactions?

Answer: These transactions are scoped out of the FR 2420 since they are priced differently than transactions with normal settlement dates, and therefore would skew the analysis of daily market activity.

Treatment of Transactions with Related Parties

16. **Question:** For the FR 2420, what is the reporting treatment for transactions with related parties?

Answer: All transactions between the reporting institution and its related parties are excluded from all parts of the FR 2420 report (i.e., intercompany transactions should be eliminated).

17. **Question:** Which entities are considered related parties for the FR 2420?

Answer: The entities that are considered related parties for domestic banks and for U.S. branches and agencies of foreign banks are provided below.

For domestic banks, related parties include:

- The bank's head office;
- All branches of the bank, domestic and foreign;
- All Intra-desks;
- Any IBF established by the bank;
- All majority-owned Edge and Agreements subsidiaries, including their IBFs, their foreign and domestic branches, and their significant subsidiaries;
- All majority-owned foreign banks held directly by the report bank;
- All other majority-owned subsidiaries that are significant, including domestic subsidiaries that are commercial banks, savings banks, or savings and loan associations; and
- All non-significant majority-owned subsidiaries that are consolidated.

For U.S. branches and agencies of foreign banks, related parties include:

- Any IBF established by the branch; and
- All entities in which the branch has a direct or indirect ownership interest of more than 50 percent of an entity's outstanding voting shares.

18. **Question:** Would fed funds purchased by a U.S. commercial bank from one of their majority-owned subsidiaries be reported on the FR 2420?

Answer: No. A majority-owned subsidiary is a related office; and transactions with related offices are excluded from the FR 2420 report.

Transactions with Affiliates

19. **Question:** For the FR 2420, what is the reporting treatment for transactions with affiliates?

Answer: Transactions between the reporting institution and its affiliates are excluded from all parts of the FR 2420 report.

20. **Question:** Which entities are considered affiliates for the FR 2420?

Answer: The entities that are considered affiliates for domestic banks and for U.S. branches and agencies of foreign banks are provided below.

For domestic banks, affiliates include:

- The reporting institution's bank holding company;
- The bank subsidiaries of the reporting institution's bank holding company; and
- The nonbank subsidiaries of the reporting institution's bank holding company.

For U.S. branches and agencies of foreign banks, affiliates include:

- The reporting institution's foreign parent bank;
- The other U.S. branches and agencies of the reporting institution's foreign parent bank;
- The bank subsidiaries of the reporting institution's foreign parent bank;
- The nonbank subsidiaries of the reporting institution's foreign parent bank;
- The holding company of the foreign parent bank;
- The bank subsidiaries of the holding company of the foreign parent bank; and
- The nonbank subsidiaries of the holding company of the foreign parent bank.

21. **Question:** Would a CD issued by the reporting institution to a subsidiary of the reporting institution's bank holding company be reported?

Answer: No, the deposit is not reported. A subsidiary of the reporting institution's bank holding company is an affiliate of the reporting institution. Transactions between the reporting institution and its affiliates are excluded from the FR 2420.

Federal Funds

22. **Question:** Are both overnight and term federal funds reported?

Answer: All unsecured borrowings of U.S. dollars made to the institution's U.S. offices are reported, regardless of maturity.

23. **Question:** Are borrowings from a Federal Home Loan Bank reported?

Answer: Advances from a Federal Home Loan Bank that are fully secured by collateral are not to be reported on the FR 2420.

24. **Question:** What is the difference between the definition of Federal Funds on the Call Report and the definition on the FR 2420?

Answer: The Call Report defines federal funds purchased as “borrowings in immediately available funds under agreements or contracts that have an original maturity of one business day or roll over under continuing contract.” The Call Report further instructs that any borrowing of immediately available funds that has an original maturity of more than one business day, i.e., term fed funds, be reported as borrowings, not Federal Funds. In addition, both secured and unsecured borrowings are included in the definition of Federal Funds.

The FR 2420 defines Federal Funds as “all unsecured borrowings of U.S. dollars made to the institution’s U.S. offices.” This includes, not only federal funds as defined in the Call Report instructions if unsecured, but term federal funds, if unsecured, and any other unsecured borrowing of U.S. dollars, unless specifically excluded.

25. **Question:** Is an unsecured borrowing, such as commercial paper, reported as Federal Funds?

Answer: No. Commercial paper is a debt security and is excluded from the FR 2420.

26. **Question:** For the purposes of reporting unsecured borrowings, does the counterparty to the transaction matter?

Answer: No. All transactions that meet the definition of Federal Funds in the FR 2420 instructions are reported, regardless of counterparty, unless specifically excluded.

27. **Question:** If a fed funds transaction is executed on April 1 and settles on April 2, how is the transaction reported on the FR 2420?

Answer: The transaction is not reported. Only trades that are executed and settled on the report date (i.e., the date the trade is executed and the funds are made available to the reporting institution) are reported on the FR 2420.

Eurodollars

28. **Question:** Are liabilities booked in foreign offices reported, if the funds are client initiated and not related to the bank’s funding strategy?

Answer: All transactions that meet the definitions as outlined in the instructions are reported, regardless of purpose.

29. Question: If a Eurodollar trade is made today, with settlement tomorrow, on which report date is the transaction reported?

Answer: The transaction is not reported. Only trades that are executed and settled on the report date (i.e., the date the trade is executed and the funds are made available to the reporting institution) are reported on the FR 2420.

Certificates of Deposit (CDs)

30. Question: If a CD deal is executed today for settlement in two days, how is this reported on the FR 2420?

Answer: CD transactions are reported on the date the trade occurs (i.e., the date that terms are agreed upon). The amount reported for each transaction is the amount that is made available to the reporting institution.

31. **Question:** Why are market-linked CDs that use derivative transactions as hedges excluded?

Answer: These transactions have been scoped out of the FR 2420 due to the significant burden needed to report the rate related to the embedded derivative, and the fact that these products make up a small portion of the market. All other market-linked CDs are reported.

32. **Question:** With regard to CDs, what is the definition of negotiable and non-negotiable?

Answer: The definitions are provided below.

Negotiable: A negotiable CD is defined as a certificate of deposit of large value that can be bought and sold. The holder of the CD can sell it to a third party. As with all CDs, the CD cannot be redeemed before it has reached full maturity (without penalty) even if the CD is sold.

Non-negotiable: A non-negotiable CD cannot be bought and sold.

33. **Question:** Are time deposits, other than those referred to as certificates of deposit, reported on the FR 2420?

Answer: According to the FR 2420 instructions, time certificates of deposit are deposits evidenced by a negotiable or nonnegotiable instrument, or a deposit in book entry form evidenced by a receipt or similar acknowledgement issued by the bank, that provides, on its face, that the amount of such deposit is payable to the bearer, to any specified person, or to the order of a specified person as follows:

- On a certain date not less than seven days after the date of the deposit,
- At the expiration of a specified period not less than seven days after the date of the deposit, or
- Upon written notice to the bank which is to be given not less than seven days before the date of withdrawal.

If a time deposit meets the criteria above, the transaction should be reported on the FR 2420, even if the deposit is not specifically referred to as a certificate of deposit by the reporting institution. Typically, time deposits with a specified maturity date meet the definition of time certificates of deposit and therefore, should be reported on the FR 2420.

34. **Question:** For brokered CDs, what should be reported in the “Negotiable” field since individual transaction data is not always available?

Answer: Since brokered CDs are reported as one transaction and information may not be available from the broker on individual shares of the CD, the reporting institution should use all available information to determine whether the CD is negotiable or non-negotiable. If there is no information available, report the transaction as negotiable since brokered CDs are usually negotiable by definition.

35. **Question:** How should retail CDs that have an automatic renewal feature that allows the depositor a window of time (grace period) to modify the term be reported?

Answer: The renewal of an existing CD should be reported on the day it settles with its new terms. Therefore, the CD that becomes effective on the day it is automatically renewed should be reported as a transaction on the automatic renewal date ONLY, even if the customer modifies the term within the allowable window.

36. Question: With regard to CDs, define fixed rate and floating rate.

Answer: The definitions are provided below.

Definition of a Fixed Interest Rate: A CD with a fixed interest rate has a rate that is specified at the origination of the transaction, is fixed and invariable during the term, and is known to both the borrower and the lender. Also treated as having a fixed interest rate is a CD with a predetermined interest rate which is a rate that changes during the term of the CD on a predetermined basis (i.e., there is a predetermined reset at which time the interest rate changes to a predetermined rate which was set at origination). The exact rate of interest over the life of the CD is known with certainty to both the borrower and the lender at the origination of the CD.

Definition of a Floating Interest Rate: A CD with a floating rate has a rate that varies, or can vary, in relation to an index, to some other interest rate such as the rate on certain U.S. Government securities or the "prime rate," or to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact rate the CD carries at any subsequent time cannot be known at the time of origination.

37. Question: According to the instructions, CDs with a reset period are reported as fixed rate. A floating rate CD has a rate that resets based on a reference rate. So, for the FR 2420 report what is reported as a fixed rate CD and what is reported as a floating rate CD?

Answer: The reporting instruction should be "CDs with a **reset to a predetermined interest rate** are reported as a fixed rate CD." Additional information on what is reported as a fixed rate CD and what is reported as a floating rate CD is provided below.

Fixed Rate CD:

- a. A CD with a fixed interest rate that is specified at origination is fixed and invariable for the full term of the CD. Therefore at origination, the exact rate of interest paid over the life of the CD is known with certainty to both the borrower and the lender.

Example: A CD is issued with a 12 month term and an interest rate based on prime plus 20 basis points which equates to 1.5 percent on the date of origination. The rate remains fixed at 1.5 percent for the 12 month term. The CD is negotiable.

Since the rate is specified when the CD is issued and is fixed, this CD would be reported on the FR 2420 as follows:

- Amount: Enter the dollar amount in millions
- Maturity Date: Enter in YYYYMMDD format
- Interest Rate Field: Enter 1.50000
- Floating or Fixed Field: Enter 2 (Fixed)
- Reset Period Field: Enter 0 (No Reset)
- Reference Rate Field: Enter 0 (NA)
- Negotiable Field: Enter Y (negotiable)

- b. A CD with a predetermined interest rate which is a rate that changes during the term of the CD on a predetermined basis. There is a predetermined reset at which time the interest rate changes to a predetermined rate which was set at origination. There may be more than one reset over the term of the CD. At origination, the exact rate of interest paid over the life of the CD is known with certainty to both the borrower and the lender.

A CD with a “step up” feature where the interest rate increases after a predetermined amount of time to the step-up rate(s), which is set at origination, falls under this category of fixed rate CD.

Example: A CD is issued with a 12 month term and an interest rate based on prime plus 20 basis points which equates to 1.5 percent on the date of origination. The rate resets to 1.75 percent at the 4 month mark and then resets again to 1.95 percent at the 7 month mark. The CD is non-negotiable.

Since the rate is specified when the CD is issued and the rate changes based on predetermined rates and resets at a predetermined time, this CD is fixed and reported on the FR 2420 as follows:

- Amount Field: Enter the dollar amount in millions
- Maturity Date Field: Enter in YYYYMMDD format
- Interest Rate Field: Enter 1.50000
- Floating or Fixed Field: Enter 2 (Fixed)
- Reset Period Field: Enter 6 (Reset period is Other)
- Reference Rate Field: Enter 2 (Prime)
- Negotiable Field: Enter N (non-negotiable)

Floating Rate CD:

- a. A CD with a rate that varies, or can vary, in relation to a reference rate the exact value of which is not known in advance. Therefore, the exact rate the CD carries over the term is not known in advance.

Example: A CD is issued with a 12 month term and an interest rate based on prime plus 20 basis points which equates to 1.5 percent on the date of origination. The rate resets monthly based on prime plus 20 basis points. The CD is negotiable.

Since the rate changes according to the reference rate at each reset date over the term of the CD, this CD would be reported on the FR 2420 as follows:

- Amount Field: Enter the dollar amount in millions
- Maturity Date Field: Enter in YYYYMMDD format
- Interest Rate Field: Enter 1.50000
- Floating or Fixed Field: Enter 1 (Floating)
- Reset Period Field: Enter 2 (Resets Monthly)
- Reference Rate Field: Enter 2 (Prime)
- Negotiable Field: Enter Y (negotiable)

38. **Question:** If a CD is issued that pays a periodic coupon (accrued interest) every 30 days based on a floating interest rate tied to the fed funds rate, how would this CD be reported?

Answer: Since the rate of this CD will vary and the exact rate at any subsequent point in time after the issuance of the CD is not known, this CD would be reported as floating, with no reset period, and Fed Funds as the reference rate.

Reporting Central System

39. **Question:** What mechanism is used to submit the data to the Federal Reserve?

Answer: All respondents must submit their completed data (FR 2420FE and FR 2420CD) using the Federal Reserve System's Reporting Central system. The Federal Reserve Bank of New York will provide technical assistance to any respondent requiring guidance in creating files for submission via Reporting Central.

40. **Question:** Where is information on the Reporting Central system located?

Answer: Information on the Reporting Central system including the link to the application can be found at the home page link:

<http://www.frbervices.org/centralbank/reportingcentral/index.html>

Additional information including the FAQs can be found at the following link:

<http://www.frbervices.org/centralbank/reportingcentral/resourcecenter.html>

File Transmission

41. **Question:** Are there technical specifications for the files to be submitted through Reporting Central?

Answer: Yes. The technical specifications are posted on the Reporting Central website and can be accessed through the following link:

<http://www.frbervices.org/centralbank/reportingcentral/index.html>

This link will take you into the main site. Once at the site, there is a link for the FR 2420 report information. The user guide is also posted on the FR 2420 page.

42. **Question:** Is a .txt file needed to upload data to Reporting Central?

Answer: Yes, the format will be .txt.

43. **Question:** Can an automatic feed into Reporting Central be set up?

Answer: No. Someone must log into Reporting Central each day to submit data. This is to ensure the secure exchange of information.

44. **Question:** Will reporters be able to test the submission of the FR 2420FE and FR 2420CD data to Reporting Central?

Answer: Yes.

45. **Question:** In the file, should the negotiable field response be “Y or N” or “y or n”?

Answer: The negotiable field should be completed with a Y or N (capitals, not lower case).

Credentialing

46. **Question:** Where are the forms located that need to be completed for signing up for access to Reporting Central?

Answer: The forms can be found at the following link:

<http://www.frbservices.org/centralbank/reportingcentral/index.html>

This link will take you to the main site. Once at the site, there is a link for “Reporting Central Forms.”

47. **Question:** Is the Reporting Central application accessible by individuals located outside the U.S.?

Answer: Yes. The credential request form is the same for those outside the U.S. However, this process to grant the credentials to an individual outside of the U.S. takes longer as there is more due diligence done before access is given to an individual located outside of the U.S.

48. **Question:** If the person responsible for uploading the file into Reporting Central is submitting the data while working from home, can they use the same token that is used when they submit the data from their work location?

Answer: Yes. You use the same token.