

additional records on behalf of the entire reporting entity.<sup>27</sup>

#### *Information Required on Large Position Reports*

Paragraph 420.3(c), together with Appendix B, sets forth the specific information that must be provided in the large position report. For those reporting entities that have a number of aggregating entities or affiliates, the amount to be reported for each of the positions is the total, combined net amount. All positions are to be reported as of the close of the business/transaction day for the date specified. In those instances where Treasury requests positions covering multiple dates, separate reportable position calculations must be submitted for each date. The rule does not require, nor does the Treasury intend, for firms to calculate their positions as of some specific point during the trading day. However, in order to meet the deadline for reporting, the designated filing entity may need to determine a cut-off time for foreign entities.

The following administrative information must be provided on the large position report:

- (a) The name of the reporting entity;
- (b) The address of the principal place of business of the reporting entity;
- (c) The name and address of the designated filing entity;
- (d) The description of the Treasury security being reported, including the CUSIP number;
- (e) The date or dates for which the information is being reported (which should be the same date(s) as that (those) stated in the Treasury notice requesting the large position reports);
- (f) The date the report was submitted;
- (g) The name and telephone number of a contact person of the designated filing entity to whom questions can be directed regarding any information on the report;
- (h) The name and title of the person authorized to submit the report (as previously described);
- (i) A certification statement attesting to the accuracy, completeness and reliability of the information being submitted; and
- (j) The signature of the authorized official specified in (h).

The following large position information must be reported in the exact order as noted:

- (a) Line 1, cash/immediate net settled positions;

- (b) Line 2, net when-issued positions for to-be-issued and reopened issues;

- (c) Line 3, net forward settling positions, including next-day settling positions;

- (d) Line 4, net positions in futures contracts that require delivery of the specific security that is the subject of the large position report (but not futures contracts for which the security that is the subject of the large position report is one of several securities that may be delivered and not futures contracts that are cash-settled);

- (e) Line 5, net holdings of STRIPS principal components of the specific security that is the subject of the large position report;

- (f) Line 6, the gross financing position, which is the sum of the gross par amounts of a security issue received from financing transactions (e.g., reverse repurchase transactions, bonds borrowed, securities received in pledge and collateralized credit extended);

- (g) Line 7, net fails position, which is fails to receive less fails to deliver in the specific security issue; and

- (h) Line 8, Total Reportable Position, which is the sum of lines 1-7.

All amounts must be reported in millions at par value. See Appendix B for a sample reporting format.

The large position report provides for two memoranda entries. Memorandum Entry #1 is the sum of the gross par amounts of a security issue delivered as part of a financing transaction (e.g., repurchase agreements, securities loaned, securities pledged and collateralized loans). This amount should not be included in the gross financing position (line 6) as noted in item (f) above. Memorandum Entry #1 is required.

Memorandum Entry #2 is to be reported by those entities that take the voluntary exclusion pursuant to paragraph 420.2(c) to reduce the gross financing position reported on line 6. The amount shown is the amount of securities received from financing positions over which the reporting entity does not have effective control due to arrangements such as third-party custodial structures, hold-in-custody relationships or substitution rights. This amount should not be included in the amount reported on line 6.

Lines 1-5 of the large position report are consistent with the items that determine the net long position for auction reporting purposes.<sup>28</sup> As with the auction rules, the amounts to be reported for each of the items on lines 1-5 are the net of any long and short positions, so that the entry can be a

positive number (long position), a negative number (short position), which should be shown in parentheses, or zero (flat position). Only securities trades that have actually settled should be included in line 1, cash/immediate net settled positions. Accordingly, auction purchases that have not yet been settled or issued should be included in the total reported on line 2, when-issued positions.

For line 6, Gross Financing Position, netting of these positions is not permitted although certain items may be excluded. (See paragraph 420.2(c).) For reporting entities that take advantage of this limited exclusion, the gross financing position should not include the amount of security issues received from financing positions over which the reporting entity does not exercise control. Rather, the amount associated with the exclusion should be reported in the Memorandum Entry #2.

Line 7, Net Fails Position, can only be reported as a positive number (which indicates fails to receive exceed fails to deliver) or zero (which reflects fails to receive are totally offset by, or are less than, fails to deliver).

#### *Reporting Format*

Rather than designing and mandating a specific reporting form, the Treasury is proposing to allow the reporting entities to develop their own large position reports, provided the reports contain all of the required information as prescribed in the rules, in the order stated in Appendix B. By permitting the reporting entities to design their own large position report, firms will be able to integrate the report into their existing systems as they see fit and avoid the unnecessary burden of transferring the information from internally generated reports to a Treasury-mandated form. While firms will have a certain amount of latitude and discretion in designing a large position report, the information on the various positions that constitute the total reportable position must be reported in the order shown in paragraph 420.3(c) and in the sample/prototype report in Appendix B. This will facilitate analysis of the data. Failure to include any of the required information, including administrative information, on the large position report will constitute non-compliance with the rule.

#### *Filing of Large Position Reports: Where, When and How*

Pursuant to paragraph 420.3(d) the large position report must be submitted to the FRBNY. The report must be received before 12:00 noon, Eastern time, on the second business day after

<sup>27</sup> Since designated filing entities are also aggregating entities, they would also be required under §§ 420.4(b) or (c) to maintain records pertaining solely to their own securities transactions.

<sup>28</sup> See *supra* note 14.