

U.S. DEPARTMENT OF THE TREASURY



**SUPPLEMENTARY FORMULA GUIDANCE FOR
PREPARING AND SUBMITTING A REPORT IN
ACCORDANCE WITH TREASURY'S LARGE
POSITION REPORTING RULES
(17 CFR part 420)**

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Note: This supplementary formula guidance is not a substitute for the large position reporting rules and should be used in conjunction with the regulation (17 CFR part 420). Further, this information does not constitute a formal interpretation of the rules. Any questions regarding the rules should be directed to Treasury’s Government Securities Regulations Staff at (202) 504-3632 or govsecreg@fiscal.treasury.gov.

I. GENERAL GUIDANCE

A. PURPOSE OF THE LARGE POSITION REPORTS

Large position reports (Reports) allow Treasury to monitor the impact of concentrations of positions in the Treasury securities market and otherwise assist the Securities and Exchange Commission in enforcing the Securities Exchange Act of 1934. In addition, the Reports provide Treasury with information to better understand supply and demand dynamics in Treasury securities.

So that market participants remain knowledgeable about Treasury's large position reporting (LPR) rules, specifically how to calculate and report an entity's trading activity, Treasury "tests" the reporting system by requesting Reports annually, regardless of market conditions for a particular security. The notice and reporting requirements for a test call are identical to those for a call that is not identified as a test.

B. ADMINISTRATIVE INFORMATION

AUTHORITY

Treasury's LPR rules are authorized under the Government Securities Act, as amended (GSA) (15 U.S.C. 78o-5(f)). The collection of information contained in Treasury's LPR rules for the Reports (17 CFR part 420) have been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act of 1995 and assigned OMB control number 1530-0064.

CONFIDENTIALITY

The GSA specifically provides that Treasury shall not be compelled to disclose publicly any information required to be kept or reported for large position reporting. In particular, the GSA exempts such information from disclosure under the Freedom of Information Act (15 U.S.C. 78o-5(f)(6)).

C. WHO IS SUBJECT TO THE LARGE POSITION REPORTING RULES

Treasury's LPR rules apply to all foreign and domestic persons and entities that participate in the Treasury securities market, including, but not limited to: government securities brokers and dealers; registered investment companies; registered investment advisers; custodians, including depository institutions, that exercise investment discretion; hedge funds; pension funds; insurance companies; and foreign affiliates of U.S. entities.

Treasury requests that central banks (including U.S. Federal Reserve Banks for their own account), foreign governments, and international monetary authorities *voluntarily* submit Reports when they meet or exceed a reporting threshold. However, a broker, dealer, financial institution, or other entity that engages primarily in commercial transactions and that may be owned in whole or in part by a foreign government *must* comply with the reporting requirements.

Control means having the authority to exercise investment discretion over the purchase, sale, retention, or financing of specific Treasury securities. More than one entity may be considered to have discretion over a particular position.

A *reporting entity* means any corporation, partnership, person, or other entity and its affiliates. An *aggregating entity* means a single entity (e.g., a parent company, affiliate, or organizational component) that is combined with other entities to form a reporting entity. One or more aggregating entity(ies) in a reporting entity, either separately or together, may be recognized as a separate reporting entity. A separate reporting entity must submit a report if it meets or exceeds an LPR threshold, regardless of whether the reporting entity from which it was separated meets or exceeds a threshold (see [Appendix A](#) to 17 CFR part 420).

D. SUBMISSION OF REPORTS

REPORTING

A reporting entity must file a Report if it meets or exceeds the reporting requirement of [§ 420.2](#) of the LPR rules. Treasury will provide notice of the large position threshold(s) by issuing a press release announcing the call for Reports and subsequently publishing a notice in the *Federal Register*. Treasury will also send an email announcing the call for Reports to its LPR mailing list. Entities can subscribe to the *Notification of Calls for Large Position Reports* mailing list on the [TreasuryDirect.gov](#) website.

Reports must be signed by one of the following officers of the designated filing entity: the chief compliance officer; chief legal officer; chief financial officer; chief operating officer; chief executive officer; or managing partner or equivalent.

REPORT SUBMISSION DATE

Unless otherwise noted in the press release, Reports must be received by the Federal Reserve Bank of New York before noon Eastern Time on the fourth business day following issuance of Treasury's press release announcing the call for Reports. The Report submission date will be noted in the press release. The Reports must include all required positions and administrative information.

SUBMISSION INSTRUCTIONS AND CONTACT INFORMATION

All respondents must submit their completed Report to the Federal Reserve Bank of New York (Bank) by facsimile or delivered to the Bank in hard copy using the instructions provided in the press release.

Questions regarding the method of submission of the Reports should be directed to the Bank's Government Securities Dealer Statistics Unit using the phone number(s) provided in the press release. Questions about Treasury's LPR rules should be directed to Treasury's Government Securities Regulations Staff at (202) 504-3632 or govsecreg@fiscal.treasury.gov.

II. WHAT TO REPORT

A reporting entity that controls an amount of the specified Treasury security that equals or exceeds one of the LPR thresholds must compile and report the amounts of its positions in the order specified in [§ 420.3](#) of the LPR rules. Reporting entities may use the sample large position report in Appendix B to part 420 when submitting their reports. Reporting entities also may use a template of their own design when submitting their Reports; however, the Reports must contain the information specified in [§ 420.3](#) of the LPR rules.

Each component of Parts I – VIII must be reported as a positive number or zero. All reportable amounts must be reported at par in millions of dollars, including principal STRIPS (do not report interest only STRIPS). Futures, options on futures, and exchange-traded options contracts should be reported as the number of contracts. Over-the-counter options contracts should be reported as the notional dollar amount of contracts, regardless of option delta. Amounts are to be reported on a gross basis unless net reporting is explicitly stated, as in Part VIII. Aggregating entities that are part of the same reporting entity may net receive and deliver obligations resulting from intercompany transactions.

III. FORMULA GUIDANCE

The Report is structured to identify the flow of a reporting entity's trading activity as of the opening of business on the report date, to the close of business on the report date. The Report is divided into eight Parts as described below:

- In Part I, report positions as of the opening of business on the report date (i.e., settled positions as of the close of business (COB) on the prior business day).
- In Parts II and III, report settlement obligations attributable to: outright cash, regular, and forward settlement contracts (Part II); and Delivery-versus-Payment (DVP) financing transactions (Part III) negotiated prior to, or on, the report date that result in obligations that are scheduled to settle on the report date.
- In Parts IV and V, report settlement fails as of COB on the business day prior to the report date (Part IV), and settlement fails as of COB on the report date (Part V).
- In Part VI, report settled positions as of COB on the report date.
- In Part VII, report DVP financing transactions that were initiated before the report date, and are not due to close (settle) until after the report date (i.e., there is no obligation to deliver or receive on the report date as in Part III).
- In Part VIII, report futures, options on futures, and exchange-traded and over-the-counter options contracts.

A. Part I. Positions in the Security Being Reported as of the Opening of Business on the Report Date

- The opening of business on the report date is equivalent to COB on the business day prior to the report date.
- Report settled positions held in book-entry accounts of the reporting entity and collateral or margin delivered against borrowings of funds in tri-party arrangements.
- In instances where the report date is the same as the **original** issue date for the security on which the call is announced, Part I is not applicable. (See Part II, Line 9.)

1. In book-entry accounts of the reporting entity

- Report the gross quantity of the security on which the call is announced held in any securities account containing securities issued in book-entry form, such as a Fedwire securities account or an account at a clearing bank or other custodian.

2. As collateral against borrowings of funds on general collateral finance repurchase agreements

3. As collateral against borrowings of funds on tri-party repurchase agreements

- Report DVP financing contracts in Part III or Part VII.

4. As collateral or margin to secure other contractual obligations of the reporting entity

- On Lines 2, 3, and 4, report the gross amount of securities *delivered* as collateral or margin.

5. Otherwise available to the reporting entity

- Report any positions that are not explicitly referenced on Lines 1-4, excluding DVP repurchase agreements, which are reported in Part III or Part VII.

B. Part II. Settlement Obligations Attributable to Outright Purchase and Sale Contracts Negotiated Prior to or on the Report Date (excluding settlement fails)

- A settlement obligation on a purchase is an obligation to receive and pay for a security. A settlement obligation on a sale is an obligation to deliver a security against payment.
- Do not include in Part II any settlement obligations attributable to cash contracts that failed to settle on days prior to the report date. Report such fails in Part IV.

6. Obligations to receive or deliver, on the report date, the security being reported attributable to contracts for cash settlement (T+0)

7. Obligations to receive or deliver, on the report date, the security being reported attributable to contracts for regular settlement (T+1)

8. Obligations to receive or deliver, on the report date, the security being reported attributable to contracts, including when-issued contracts, for forward settlement (T+n, n>1)

9. Obligations to receive, on the report date, the security being reported attributable to Treasury auction awards

- An entity would only report on Line 9 if the report date is the same as the issue date for the security on which a call is announced.
- Do not report customer auction awards for which the reporting entity does *not* have investment discretion.

10. Obligations to receive or deliver, on the report date, principal STRIPS derived from the security being reported attributable to contracts for cash settlement, regular settlement, when-issued settlement, and forward settlement

C. Part III. Settlement Obligations Attributable to Delivery-versus-Payment Financing Contracts (including repurchase agreements and securities lending agreements) Negotiated Prior to or on the Report Date (excluding settlement fails)

- Report both transactions that have a start leg or a close leg that is scheduled to settle on the report date.
- Do not include in Part III any settlement obligations attributable to DVP financing contracts that failed to settle on days prior to the report date. Report such fails in Part IV.

11. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to overnight agreements

12. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to term agreements due to open on, or due to close on, the report date

13. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to open agreements due to open on, or due to close on, the report date

D. Part IV. Settlement Fails from Days Prior to the Report Date (Legacy Obligations)

14. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, arising out of settlement fails on days prior to the report date

- Report on a cumulative basis all transactions that remained unsettled as of COB on the day prior to the report date.
- Do not differentiate between cash related fails and failed financings.
- Report only the par amount of the failed securities (without accrued interest).
- In instances where the report date is the same as the **original** issue date for the security on which the call is announced, Part IV is not applicable.

E. Part V. Settlement Fails as of the Close of Business on the Report Date

15. Obligations to receive or deliver, on the business day following the report date, the security being reported, and principal STRIPS derived from the security being reported, arising out of settlement fails on the report date

- Report on a cumulative basis all transactions that remained unsettled as of COB on the report date.
- Do not differentiate between cash related fails and failed financings.
- Report only the par amount of the failed securities (without accrued interest).

F. Part VI. Positions in the Security Being Reported as of the Close of Business on the Report Date

- Report settled positions held in book-entry accounts of the reporting entity and collateral or margin delivered against borrowings of funds in tri-party arrangements.

16. In book-entry accounts of the reporting entity

- Report the gross quantity of the security on which the call is announced held in any securities account containing securities issued in book-entry form, such as a Fedwire securities account or an account at a clearing bank or other custodian.

17. As collateral against borrowings of funds on general collateral finance repurchase agreements

18. As collateral against borrowings of funds on tri-party repurchase agreements

- Report DVP financing contracts in Part III or Part VII.

19. As collateral or margin to secure other contractual obligations of the reporting entity

- On Lines 17, 18, and 19, report the gross amount of securities *delivered* as collateral or margin.

20. Otherwise available to the reporting entity

- Report any positions that are not explicitly referenced on Lines 16-19, excluding DVP repurchase agreements, which are reported in Part III or Part VII.

G. Part VII. Quantity of Continuing Delivery-versus-Payment Financing Contracts for the Security Being Reported

21. Gross amount of security being reported borrowed or lent out on term delivery-versus-payment repurchase agreements opened before the report date and not due to close until after the report date, and on open delivery-versus-payment repurchase agreements opened before the report date and not closed on the report date

- The difference between Part III and Part VII is that the positions in Part III *open on or close on the report date*; the positions in Part VII *open before and close after the report date*.

H. Part VIII. Futures and Options Contracts

- While an entity reports the number of contracts on lines 22a and 22b, it must also calculate the equivalent dollar value of the face amount of futures, options on futures, and exchange-traded options contracts to determine if it meets the announced threshold for reporting, which is expressed in dollars. For example: If Treasury announced a call for large position reports on a 10-year note with a reporting threshold of \$2 billion, the reporting threshold for the number of futures, options on futures, and exchange-traded options contracts would be 20,000 contracts, assuming the underlying contract face value is \$100,000 per contract. *Note: This example is for illustrative purposes only. The calculation will depend on actual contract specifications.*

22. a) Net position, as of the close of market on the business day prior to the report date, in futures, options on futures, and exchange-traded options contracts on which the security being reported is deliverable (report number of contracts)

b) Net position, as of the close of market on the report date, in futures, options on futures, and exchange-traded options contracts on which the security being reported is deliverable (report number of contracts)

- Report the net quantity of all futures, options on futures, and exchange-traded options contracts for which the specified security is deliverable.
- Report the net quantity of all futures, options on futures, and exchange-traded options contracts purchased (long) or sold (short), regardless of the strike price, expiration date, or whether the option is to buy or sell the underlying security.

23. a) Net position, as of the close of market on the business day prior to the report date, in over-the-counter options contracts on which the security being reported is deliverable (report notional amount of contracts regardless of option delta)

b) Net position, as of the close of market on the report date, in over-the-counter options contracts on which the security being reported is deliverable (report notional amount of contracts regardless of option delta)

- Report the notional amount of all over-the-counter options contracts for which the specified security is deliverable.
- Report amounts at par in millions of dollars.
- Report the notional amount of all over-the-counter options contracts purchased (long) or sold (short), regardless of the strike price, expiration date, or whether the option is to buy or sell the underlying security.

Appendix A – Sample Large Position Report

Formula for Determining Whether to Submit a Large Position Report

(Report all components as a positive number or zero in millions of dollars at par value)

	<u>Column A</u>	<u>Column B</u>
	<u>Quantity</u>	
Part I. Positions in the Security Being Reported as of the Opening of Business on the Report Date		
1. In book-entry accounts of the reporting entity	_____	
2. As collateral against borrowings of funds on general collateral finance repurchase agreements	_____	
3. As collateral against borrowings of funds on tri-party repurchase agreements	_____	
4. As collateral or margin to secure other contractual obligations of the reporting entity	_____	
5. Otherwise available to the reporting entity	_____	
Part II. Settlement Obligations Attributable to Outright Purchase and Sale Contracts Negotiated Prior to or on the Report Date (excluding settlement fails)	<u>Obligations to Receive</u>	<u>Obligations to Deliver</u>
6. Obligations to receive or deliver, on the report date, the security being reported attributable to contracts for cash settlement (T+0)	_____	_____
7. Obligations to receive or deliver, on the report date, the security being reported attributable to contracts for regular settlement (T+1)	_____	_____
8. Obligations to receive or deliver, on the report date, the security being reported attributable to contracts, including when-issued contracts, for forward settlement (T+n, n>1)	_____	_____

9. Obligations to receive, on the report date, the security being reported attributable to Treasury auction awards

10. Obligations to receive or deliver, on the report date, principal STRIPS derived from the security being reported attributable to contracts for cash settlement, regular settlement, when-issued settlement, and forward settlement

Part III. Settlement Obligations Attributable to Delivery-versus-Payment Financing Contracts (including repurchase agreements and securities lending agreements) Negotiated Prior to or on the Report Date (excluding settlement fails)

**Obligations
to Receive**

**Obligations
to Deliver**

11. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to overnight agreements

12. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to term agreements due to open on, or due to close on, the report date

13. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, attributable to open agreements due to open on, or due to close on, the report date

Part IV. Settlement Fails from Days Prior to the Report Date (Legacy Obligations)

14. Obligations to receive or deliver, on the report date, the security being reported, and principal STRIPS derived from the security being reported, arising out of settlement fails on days prior to the report date

Part V. Settlement Fails as of the Close of Business on the Report Date

15. Obligations to receive or deliver, on the business day following the report date, the security being reported, and principal STRIPS derived from the security being reported, arising out of settlement fails on the report date

Part VI. Positions in the Security Being Reported as of the Close of Business on the Report Date

Quantity

16. In book-entry accounts of the reporting entity

17. As collateral against borrowings of funds on general collateral finance repurchase agreements

18. As collateral against borrowings of funds on tri-party repurchase agreements

19. As collateral or margin to secure other contractual obligations of the reporting entity

20. Otherwise available to the reporting entity

Part VII. Quantity of Continuing Delivery-versus-Payment Financing Contracts for the Security Being Reported

**Quantity
Borrowed**

**Quantity
Lent**

21. Gross amount of security being reported borrowed or lent out on term delivery-versus-payment repurchase agreements opened before the report date and not due to close until after the report date, and on open delivery-versus-payment repurchase agreements opened before the report date and not closed on the report date

Part VIII. Futures and Options Contracts

	<u>Quantity if Net Long</u>	<u>Quantity if Net Short</u>
22. a) Net position, as of the close of market on the business day prior to the report date, in futures, options on futures, and exchange-traded options contracts on which the security being reported is deliverable (report number of contracts)	_____	_____
b) Net position, as of the close of market on the report date, in futures, options on futures, and exchange-traded options contracts on which the security being reported is deliverable (report number of contracts)	_____	_____
23. a) Net position, as of the close of market on the business day prior to the report date, in over-the-counter options contracts on which the security being reported is deliverable (report notional amount of contracts regardless of option delta)	_____	_____
b) Net position, as of the close of market on the report date, in over-the-counter options contracts on which the security being reported is deliverable (report notional amount of contracts regardless of option delta)	_____	_____

A reporting entity must submit a large position report if it meets any one of the following criteria:

- A. If the sum of column A in lines 1 through 5 and the gross amount lent in line 21 is greater than or equal to the announced large position threshold.
- B. If the sum of column A in lines 16 through 20 and the gross amount lent in line 21 is greater than or equal to the announced large position threshold.
- C. If the sum of column A in lines 6 through 14 is greater than or equal to the announced large position threshold.
- D. If the sum of column B in lines 6 through 14 is greater than or equal to the announced large position threshold.
- E. If column A in line 15 is greater than or equal to the announced large position threshold.
- F. If column B in line 15 is greater than or equal to the announced large position threshold.
- G. If line 22(a) or line 22(b) is greater than or equal to the announced futures, options on futures and exchange-traded options contract threshold.
- H. If line 23(a) or line 23(b) is greater than or equal to the announced large position threshold.

Please specify which of the above criteria triggered the reporting requirement (check all that apply).

Administrative Information to be Provided in the Report

- Name of Reporting Entity:
- Address of Principal Place of Business:
- Name and Address of the Designated Filing Entity:
- Treasury Security Reported on:
- CUSIP Number:
- Date or Dates for which Information is Being Reported:
- Date Report Submitted:
- Name and Telephone Number of Person to Contact Regarding Information Reported:

Name and Position of Authorized Individual Submitting this Report (Chief Compliance Officer; Chief Legal Officer; Chief Financial Officer; Chief Operating Officer; Chief Executive Officer; or Managing Partner or Equivalent of the Designated Filing Entity Authorized to Sign Such Report on Behalf of the Entity):

(Optional) Identify the business(es) engaged in by the reporting entity and any of its aggregating entities with respect to the specified Treasury security (check all that apply).

- | | | |
|--|---|---|
| <input type="checkbox"/> A. Broker or Dealer | <input type="checkbox"/> D. Futures Commission Merchant | <input type="checkbox"/> I. Commodity Pool Operator |
| <input type="checkbox"/> B. Government Securities Broker or Dealer | <input type="checkbox"/> E. Bank Holding Company | <input type="checkbox"/> J. Pension Trustee |
| <input type="checkbox"/> C. Municipal Securities Broker or Dealer | <input type="checkbox"/> F. Non-Bank Holding Company | <input type="checkbox"/> K. Non-Pension Trustee |
| | <input type="checkbox"/> G. Bank | <input type="checkbox"/> L. Insurance Company |
| | <input type="checkbox"/> H. Investment Adviser | <input type="checkbox"/> M. Other (specify) _____ |

(Optional) Do you consider the reporting entity's overall investment strategy with respect to the specified Treasury security to be:

- Active
- Passive
- Combination of Active and Passive

Statement of Certification: "By signing below, I certify that the information contained in this report with regard to the designated filing entity is accurate and complete. Further, after reasonable inquiry and to the best of my knowledge and belief, I certify that: (i) the information contained in this report with regard to any other aggregating entities is accurate and complete; and (ii) the reporting entity, including all aggregating entities, is in compliance with the requirements of 17 CFR Part 420."

Signature of Authorized Person: