

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 regularly requests Reports, regardless of market conditions for a particular security.

B. ADMINISTRATIVE INFORMATION

AUTHORITY

Treasury's LPR rules are authorized under the Government Securities Act (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 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; investment companies; 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 the reporting requirement, regardless of whether the reporting entity from which it was separated meets or exceeds the reporting requirement (see [Appendix A to Part 420–Separate Reporting Entity](#)).

D. SUBMISSION OF REPORTS

REPORTING

A reporting entity must file a Report if it meets any one of eight criteria contained in [Appendix B to Part 420–Sample Large Position Report](#). Treasury will provide notice of the large position reporting requirement by issuing a public announcement of 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 public announcement, Reports must be received by Treasury or the Federal Reserve Bank of New York before noon Eastern Time on the fourth business day following issuance of Treasury’s public announcement of the call for Reports. The Report submission date will be noted in the public announcement. The Reports must include all required components and administrative information.

SUBMISSION INSTRUCTIONS AND CONTACT INFORMATION

All respondents must submit their completed Report to Treasury or the Federal Reserve Bank of New York using the instructions provided in the public announcement.

Questions regarding Treasury’s LPR rules or the method of submission of the Reports 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 the reporting requirement 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 are reported as the number of contracts. Over-the-counter options contracts are 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 purchase and sale 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.

In response to a public announcement issued by Treasury requesting large position information, a reporting entity must submit a 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.

Note: A reporting entity must specify all of the above criteria that trigger the reporting requirement.

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

- Report the gross amount of securities *delivered* as collateral.

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

- Report the gross amount of securities *delivered* as collateral.
- Report DVP financing contracts in Part III or Part VII.

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

- 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 settlement 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)

- Report outright purchase and sale contracts negotiated on the report date for settlement on the report date.

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

- Report outright purchase and sale contracts negotiated on the day prior to the report date for settlement on the report date.

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)

- Report outright purchase and sale contracts negotiated more than one day prior to the report date for settlement on the report date.

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 control (i.e., 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 settlement 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

- Report overnight DVP financing contracts that are scheduled to open or close on the report date.

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

- Report term DVP financing contracts that are scheduled to open or 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

- Report open DVP financing contracts that are scheduled to open or 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

- Report the gross amount of securities *delivered* as collateral.

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

- Report the gross amount of securities *delivered* as collateral.
- Report DVP financing contracts in Part III or Part VII.

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

- 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

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)

- Entities must 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.
 - Example: Treasury announces 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.*
- If an entity meets the reporting threshold, expressed in dollars, it reports the number of contracts on lines 22a and 22b.

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 purchased (long) or sold (short), regardless of the strike price, expiration date, or whether the option confers an obligation or a right 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, at par in millions of dollars, 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 confers an obligation or a right to buy or sell the underlying security.