FESAC
Measurement of The Financial Sector

OFR’s Approach to Data Gaps:
A Case Study on Bilateral Repo

Susan Stiehm, Office of Financial Research
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Agenda

• OFR Mandate

• OFR Data Gaps Agenda

• Case Study: Bilateral Repo Data Collection
  • Why
  • Who
  • How
OFR’s Unique Position

- Improving the quality and scope of financial data on behalf of the regulatory community and the public is an important part of the OFR’s mandate.

- Objective perspective; we are not a supervisor, not a policymaker.

- Authority to collect data across U.S. financial system.
Implementing the Data Gaps Agenda

- Understand the data needed for financial stability analysis,
- Analyze available data and determine where gaps exist,
- Identify the causes of gaps and how those gaps might be filled, and
- Prioritize the needs and determine the feasibility of obtaining the needed data.
- Data must be comprehensive, timely, sufficiently detailed, suited for their intended purpose, and available to support in-depth analysis.
OFR Data Gaps Agenda

OFR Approach to Filling Data Gaps

NEW GAPS EXIST
• Market Innovation
• Research and Monitoring

EVALUATE AND REASSESS NEEDS

ANALYZE AND DETERMINE GAPs

PRIORITIZE AND FILL GAPs

UNDERSTAND CAUSE

TACTICAL GOAL
• Filled data gap

STRATEGIC GOALS
• More efficient collection
• Enhanced collaboration and data sharing
• Standards policy agenda

Source: OFR analysis

Views expressed in this presentation are those of the speaker(s) and not necessarily of the Office of Financial Research.
Current Data Gap Initiatives

- Repo and Securities Lending
  - Repo pilot project marks the first time the OFR will collect data directly from financial companies.
- Enhanced Financial Accounts
- Asset Management –
  - Separately Managed Accounts
  - Corporate Investment Activities
- Captive Reinsurers
- Mortgage Servicing Information
Addresses Key Data Gap

- U.S. repo market provides more than $3 trillion in funding every day.
- Risks of collateral fire sales and runs in short-term funding.
- Bilateral repo collateral estimated to be nearly half of total repo collateral, but data are scant.
- Comprehensive data is required for more informed policy responses and better risk management practices.
- FSB 2012 consultative document recommended improvements in market transparency in repos and securitization.
Bilateral Repo Data Collection: Why

Data Collection Gaps and Overlaps in Repo Markets

Source: OFR analysis

GCF = General Collateral Finance
Source: OFR analysis

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Bilateral Repo Data Collection: Why

Will Provide Greater Visibility

- Size of the market
- Breadth and concentration of counterparties
- Breadth and concentration of collateral
- Haircut and rate dynamics
- Assess data availability and usefulness
- Work on a sec lending data collection is to follow
Potential Use of the Data

- Enhance policymakers’ understanding of repo markets
- Consolidate with other data sources to offer more comprehensive picture of wholesale, short-term funding markets
- Share summary statistics with the industry for risk management purposes
Collaboration Across Agencies and Industry

Interagency Working Group Members

- Office of Financial Research
- Federal Reserve Bank of New York
- Federal Reserve Board
- SEC has also contributed to the template

Approached nine firms to voluntarily participate in the bilateral repo data collection

- Identified by the NY Fed as the most active participants in the repo market
- Many have also met with the OFR to provide repo market information
- Five separate potential participants have been identified for the sec lending outreach
Industry Outreach

• Developed a data template to be completed by industry participants
  • Scheduled feedback sessions to ensure data availability and clarity of definitions

• In depth meetings with nine firms in November
  • Reviewed template and definitions
  • Addressed key working group questions
  • Obtained participants’ reactions and recommendations
## Critical Elements to Close Data Gaps in Repo and Securities Lending Markets

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<th>BILATERAL REPO</th>
<th>SECURITIES LENDING</th>
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<td>• Description of reinvestment by quality and maturity</td>
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<td>• Reinvestment income and rebate rate</td>
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Source: OFR analysis
Submissions expected in First Quarter 2015

- By January 2015 will have final template for industry participants to complete
  - Will gather three snapshots of data for three consecutive months
  - Will align with public tri-party data
  - Aim to have data available for analysis by mid year

- Also pursuing a separate template for securities lending data
Contact Info

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