

SCHEDULE RC-D – TRADING ASSETS AND LIABILITIES

General Instructions

Schedule RC-D is to be completed by banks that reported a quarterly average for trading assets of \$2 million or more in Schedule RC-K, item 7, for any quarter of the preceding calendar year. However, because banks with domestic offices only and with less than \$100 million in total assets do not report a quarterly average for trading assets in Schedule RC-K, item 7, on the FFIEC 041, Schedule RC-D is not applicable to such banks.

Banks that (a) regularly underwrite or deal in securities; interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts; other financial instruments; and other assets for resale (or repurchase); (b) acquire or take positions in such items principally for the purpose of selling in the near term or otherwise with the intent to resell (or repurchase) in order to profit from short-term price movements; or (c) acquire or take positions in such items as an accommodation to customers or for other trading purposes shall report in this schedule the fair value of such items or positions on the report date. Pursuant to FASB Statement No. 159, also include the fair value of securities the bank has elected to report at fair value under a fair value option even if bank management did not acquire the securities principally for the purpose of selling them in the near term. Assets, liabilities, and other financial instruments held for trading shall be consistently valued at fair value.

Exclude from this schedule all available-for-sale securities and all loans and leases that are held for sale. Available-for-sale securities are generally reported in Schedule RC, item 2.b, and in Schedule RC-B, columns C and D. However, a bank may have certain assets that fall within the definition of "securities" in FASB Statement No. 115 (e.g., nonrated industrial development obligations) that the bank has designated as "available-for-sale" which are reported for purposes of the Report of Condition in a balance sheet category other than "Securities" (e.g., "Loans and lease financing receivables"). Loans and leases held for sale should be reported in Schedule RC, item 4.a, "Loans and leases held for sale," and in Schedule RC-C.

Item Instructions

Item No. Caption and Instructions

ASSETS

- 1 **U.S. Treasury securities (in domestic offices)**. Report the total fair value of securities issued by the U.S. Treasury (as defined for Schedule RC-B, item 1, "U.S. Treasury securities") held for trading (in domestic offices).
- 2 **U.S. Government agency obligations (in domestic offices)**. Report the total fair value of all obligations of U.S. Government agencies (as defined for Schedule RC-B, item 2, "U.S. Government agency obligations") held for trading (in domestic offices). Exclude mortgage-backed securities.
- 3 **Securities issued by states and political subdivisions in the U.S. (in domestic offices)**. Report the total fair value of all securities issued by states and political subdivisions in the United States (as defined for Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.") held for trading (in domestic offices).

Item No. Caption and Instructions

- 4** **Mortgage-backed securities (in domestic offices)**. Report in the appropriate subitem the total fair value of all mortgage-backed securities held for trading (in domestic offices).
- 4.a** **Pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA**. Report the total fair value of all pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA (as defined for Schedule RC-B, item 4.a.(1), Pass-through securities "Guaranteed by GNMA," and item 4.a.(2), Pass-through securities "Issued by FNMA and FHLMC") held for trading (in domestic offices).
- 4.b** **Other mortgage-backed securities issued or guaranteed by FNMA, FHLMC, or GNMA**. Report the total fair value of all other mortgage-backed securities issued by FNMA, FHLMC, or GNMA (as defined for Schedule RC-B, item 4.b.(1), Other mortgage-backed securities "Issued or guaranteed by FNMA, FHLMC, or GNMA") held for trading (in domestic offices).
- 4.c** **All other mortgage-backed securities**. Report the total fair value of all other mortgage-backed securities (as defined for Schedule RC-B, item 4.a.(3), "Other pass-through securities," item 4.b.(2), Other mortgage-backed securities "Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA," and item 4.b.(3), "All other mortgage-backed securities") held for trading (in domestic offices).
- 5** **Other debt securities (in domestic offices)**. Report the total fair value of all other debt securities (as defined for Schedule RC-B, item 5, "Asset-backed securities," and item 6, "Other debt securities") held for trading (in domestic offices).
- 6-8** Not applicable.
- 9** **Other trading assets (in domestic offices)**. Report the total fair value of all trading assets (in domestic offices) that cannot properly be reported in items 1 through 5. Exclude revaluation gains on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts (in domestic offices) (report in item 11 below).

NOTE: Item 10 is applicable only to banks filing the FFIEC 031 report form.

- 10** **Trading assets in foreign offices**. On the FFIEC 031 only, report the total fair value of all assets held for trading in foreign offices. Exclude revaluation gains on interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts in foreign offices (report in item 11.b below).
- 11** **Derivatives with a positive fair value**. Report (on the FFIEC 031, in the appropriate subitem) the amount of revaluation gains (i.e., assets) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in FASB Interpretation No. 39 (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 14 below, as appropriate. (For further information, see the Glossary entry for "offsetting.")

Item No. Caption and Instructions

NOTE: Items 11.a and 11.b are applicable only to banks filing the FFIEC 031 report form.

- 11.a** **In domestic offices.** On the FFIEC 031 only, report the amount of revaluation gains (i.e., assets) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes in domestic offices. To the extent that the bank performs its "marking to market" of these contracts on a consolidated basis and nets the resulting revaluation gains and losses (i.e., assets and liabilities) for other financial reporting purposes as described in the instruction to item 11 above, but cannot readily determine separate asset amounts for its domestic offices and for its foreign offices, the asset amounts reported in this item may include revaluation gains and losses on derivative contracts with the same counterparty in both domestic and foreign offices.
- 11.b** **In foreign offices.** On the FFIEC 031 only, report the amount of revaluation gains (i.e., assets) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes in foreign offices.
- 12** **Total trading assets.** Report the sum of items 1 through 11. This amount must equal Schedule RC, item 5, "Trading assets."

LIABILITIES

- 13** **Liability for short positions.** Report the total fair value of the reporting bank's liabilities resulting from sales of assets that the reporting bank does not own (see the Glossary entry for "short position").
- 14** **Derivatives with a negative fair value.** Report the amount of revaluation losses (i.e., liabilities) from the "marking to market" of interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts held for trading purposes. Revaluation gains and losses (i.e., assets and liabilities) from the "marking to market" of the reporting bank's interest rate, foreign exchange rate, commodity, equity, and credit derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in FASB Interpretation No. 39 (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis using this item and item 11 above, as appropriate. (For further information, see the Glossary entry for "offsetting.")
- 15** **Total trading liabilities.** Report the sum of items 13 and 14. This amount must equal Schedule RC, item 15, "Trading liabilities."