

## Preface

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), is conducting a Senior Financial Officer Survey (FR 2023; OMB No. 7100-0223) in collaboration with the Federal Reserve Bank of New York. Surveys conducted under FR 2023 have been used intermittently to obtain information about deposit pricing and behavior, bank liability management, the provision of financial services, and reserve management strategies and practices. Approval for this survey expires August 31, 2027.

The purpose of this survey is to systematically gather views from a number of depository institutions (DIs) concerning their individual DI's balance sheet and reserve management behavior. This information, along with other data, will provide useful information for the Federal Reserve in monitoring and interpreting developments in financial markets and the banking system as the level of reserve balances in the banking system changes. The Federal Reserve System regards the information provided by each respondent as confidential. A summary of aggregated survey results will be published.

**Please respond by March 31, 2025**, to the questions below. Your voluntary cooperation in submitting this report is needed to make the results comprehensive, accurate, and timely. All answers will be used solely for analytical, not supervisory, purposes. Your time and input are greatly appreciated.

## Disclaimer

This survey is authorized under sections 2A, 12A, and 11 of the Federal Reserve Act (12 U.S.C. 225(a), 263, and 248(a)). The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The public reporting burden for this information collection is estimated to average two hours and fifteen minutes per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Comments regarding this burden estimate or any other aspect of this information collection, including suggestions for reducing the burden, may be sent to Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0223), Washington, DC 20503.

## Part 1: Balance Sheet Management

Questions in Part 1 ask about your institution's expectations for balance sheet management over the next six months.<sup>1</sup> For context, the results of the January 2025 Survey of Market Participants showed cumulative median dealer expectations for the size of the Federal Reserve's holdings of U.S. Treasury securities and agency mortgage-backed securities (MBS) to decrease by approximately \$120 billion from the end of March 2025 through the end of September 2025.<sup>2</sup> These projections would be consistent with a similar decline in the amount of Federal Reserve liabilities, including, but not limited to, reserve balances in the banking system and overnight reverse repurchase agreement (repo) balances.

- 1) Looking ahead over the next six months, which statement best characterizes your institution's expectations for the size of its balance sheet? My institution expects the size of its balance sheet to: (select one)
  - I. increase
  - II. remain roughly unchanged (plus or minus 2 percent)
  - III. decrease
  
- 2) Looking ahead over the next six months, which statement best characterizes your institution's most likely strategy regarding its balance sheet? My institution expects: (select one)
  - I. to take actions intended to decrease, or limit the growth in, the size of its balance sheet
  - II. to take actions intended to maintain the current size of its balance sheet
  - III. to take actions intended to increase, or limit the decline in, the size of its balance sheet
  - IV. not to take actions to affect the size of its balance sheet
  
- 3) This question asks about changes to the projected **level** of different liabilities on your institution's balance sheet. For each of the liability categories listed, please indicate your institution's expectation about the potential change in the average level in March 2025 compared with the average level in September 2025 in the context of your previous responses. My institution expects the level will: (select one; if your institution does not have the liability type, and does not intend to over the next six months, please select "remain roughly unchanged")
  - a. decrease more than 5 percent
  - b. decrease more than 2 percent and less than or equal to 5 percent
  - c. remain roughly unchanged (plus or minus 2 percent)
  - d. increase more than 2 percent and less than or equal to 5 percent
  - e. increase more than 5 percent

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<sup>1</sup> For question 1, consider the potential differences between your institution's balance sheet, on average, in March 2025 and your expectation about your institution's balance sheet, on average, in September 2025.

<sup>2</sup> The expected decrease is based on the sum of the medians of dealers' modal expectations for the monthly amount of net purchases of U.S. Treasury securities and agency MBS from the end of March 2025 to the end of September 2025.

Liability	Expected change in level
I. Retail deposits	
II. Wholesale operational deposits	
III. Wholesale nonoperational deposits	
IV. Deposits in reciprocal deposit placement networks	
V. Federal Home Loan Bank advances	
VI. Overnight unsecured borrowings (for example, federal funds, Eurodollars, etc.)	
VII. Commercial paper or institutional/negotiable certificates of deposit (CDs)	
VIII. Brokered retail deposits/brokered retail CDs	
IX. Short-term repos	
X. Fed facilities (discount window, standing repo facility (SRF))	

- 4) This question asks about changes to the projected level of different assets on your institution's balance sheet<sup>3</sup>. For each of the asset categories listed, please indicate your institution's expectation about the potential change in the average level in March 2025 compared with the average level in September 2025 in the context of your previous responses. My institution expects the level will: (select one; please select "N/A" only if your institution does not or cannot have the asset type)
- decrease more than 5 percent
  - decrease more than 2 percent and less than or equal to 5 percent
  - remain roughly unchanged (plus or minus 2 percent)
  - increase more than 2 percent and less than or equal to 5 percent
  - increase more than 5 percent
  - N/A (please select if your institution does not or cannot have that type of asset)

Asset	Expected change in level
I. Reserve balances	
II. Federal funds sold	
III. Reverse repo	
IV. Loans	
V. Level 1 high-quality liquid assets (HQLA) securities	
VI. Level 2 HQLA securities	

- 5) Looking ahead to September 2025, please select the rationale that most closely aligns with your institution's deposit rate-setting strategy for each of the deposit types listed. (select one)
- Rate will be set to increase deposit balances.
  - Rate will be set to maintain deposit balances.
  - Rate will be set to decrease deposit balances.

<sup>3</sup> Please refer to Regulation WW for HQLA definitions, which is available at <https://www.ecfr.gov/current/title-12/chapter-II/subchapter-A/part-249/subpart-C>.

Deposit type	Strategy
I. Retail deposits (excluding brokered retail deposits/brokered retail CDs)	
II. Brokered retail deposits/brokered retail CDs	
III. Wholesale operational deposits	
IV. Wholesale nonoperational deposits	

## Part 2: Preferred Reserve Levels

Questions in Part 2 ask about your institution's lowest comfortable level of reserves (LCLOR)—the lowest dollar level of reserve balances your institution would feel comfortable holding before it began taking active steps to maintain or increase its reserve balances. "Active steps" could include, but are not limited to, borrowing in the federal funds or other wholesale funding markets or bidding more aggressively in those markets, reducing holdings of other liquid assets, or raising deposit rates.

- 6) Given the constellation of short-term interest rates relative to the interest on reserve balances (IORB) rate over the past month, what is the estimated LCLOR (in \$ millions) your institution would feel comfortable holding before it "takes active steps" to maintain or increase its reserve balance position?

Estimated LCLOR (\$ millions)

- 7) Given the constellation of short-term interest rates relative to IORB over the past month, if your institution prefers to hold additional reserves above its LCLOR, please provide an estimated amount of preferred additional reserves (in \$ millions). If your institution does not prefer to hold additional reserves above its LCLOR, **please enter "0."**

Estimated preferred additional reserves (\$ millions)

- 8) Which statement best characterizes your institution's recent reserve management strategy over the past few months? (select one)
- My institution has taken actions intended to decrease, or limit the growth in, the amount of its reserves.
  - My institution has taken actions intended to maintain the current amount of its reserves.
  - My institution has taken actions intended to increase, or limit the decline in, the amount of its reserves.
  - My institution has taken limited or no actions intended to affect the amount of its reserves.

8A. [Gated: question only appears to banks with surplus reserves (as defined as holding, on average, 10% more reserves than reported LCLOR + preferred additional reserves)] Your institution's average daily reserve balances over the past few months have been higher than the sum of the LCLOR plus preferred additional reserves as reported in questions 6 and 7. Please rate on a scale of 1 (not important or not applicable) to 5 (very important) the factors

that have resulted in your institution holding reserves above its LCLOR plus preferred additional reserves.

Factors	Rating
I. Relative or risk-adjusted rate of return between interest on reserves <i>and other HQLA</i>	
II. Spread between interest on reserves <i>and overnight borrowings</i>	
III. Differential in foreign exchange/cross-currency basis resulting in a preference for holding dollar reserves	
IV. Higher-than-expected uncertainty in your institution's depositor behavior/deposit outflows	
V. Perceptions of banking-sector health	
VI. Low duration of reserves	
VII. Anticipation of an acceleration in future loan growth	
VIII. Other (please use the comment box)	

[comment box]

- 9) For each hypothetical change in the level of overnight interest rates relative to the interest rate on reserve balances (IORB) shown in the first column of the following table in basis points, please provide an approximate forecast of your institution's reserve balance in \$ millions.

Relative to IORB, the constellation of overnight interest rates is:	Approximate level of reserve balance (\$ millions):
At the same level as it was over the past month	[import institution's recent reserve level]
I. 4 basis points higher than it was over the past month	
II. 8 basis points higher than it was over the past month	
III. 12 basis points higher than it was over the past month	
IV. 16 basis points higher than it was over the past month	

- 10) Please rate the importance of potential factors that affect your institution's redeployment of reserves into Treasury securities in a scenario where your institution's reserves level is higher than the sum of the LCLOR plus preferred additional reserves on a scale of 1 (not important) to 5 (very important).

Factors	Rating
I. Duration of liabilities / duration matching	
II. Relative liquidity profiles of reserves versus Treasury securities	
III. Supervisory and regulatory treatment	
IV. Your institution's expectations for the Treasury yield curve	
V. Your institution's expectations for the path of policy rates	
VI. Repo spreads relative to IORB	
VII. Cost of hedging (if not applicable, select 1)	

VIII. Other (please use the comment box; if not applicable, select 1)

[comment box]

11) [Gated based on question 8a] On question 8a, your institution rated “Relative or risk-adjusted rate of return between interest on reserves and other HQLA” as an important factor for holding reserves greater than the sum of the LCLOR plus preferred additional reserves. Assume you are considering re-allocating a portion of your institution’s surplus reserves into a fully hedged Treasury position and relative or risk-adjusted rate of return is your only consideration for making this re-allocation.

11A) For each of the following hypothetical Secured Overnight Financing Rate (SOFR) swap spreads, please estimate the amount of reserves you would be willing to re-allocate and invest in Treasury securities.

The 2-year SOFR swap spread (UST yield - SOFR swap) is:	Approximate level of reserve balance re-allocated to Treasury securities (\$ millions):
I. Near current levels ([-16] bps)	[greyed out]
II. 8 bps lower than current levels ([-24] bps)	
III. 16 bps lower than current levels ([-32] bps)	

The 5-year SOFR swap spread (UST yield - SOFR swap) is:	Approximate level of reserve balance re-allocated to Treasury securities (\$ millions):
I. Near current levels ([-29] bps)	[greyed out]
II. 5 bps lower than current levels ([-34] bps)	
III. 10 bps lower than current levels ([-39] bps)	

11B) Please use the comment box to describe any assumptions behind your responses to part A.  
[comment box]

### Part 3: Standing Repo Facility

Questions in Part 3 seek to gather information about the Federal Reserve’s SRF to help assess factors that could affect its monetary policy effectiveness. These questions apply only to the depository institution counterparty to the SRF and not an affiliated dealer counterparty.

12) How would you characterize your institution’s status relative to the eligibility criteria for and interest in becoming a counterparty to the SRF? (select one)

Characterization
I. My institution is a primary dealer or a depository institution that has access to the SRF.
II. My institution meets either the securities holdings or total assets eligibility criteria, and it intends to become a counterparty or has expressed interest in doing so.
III. My institution meets the eligibility criteria, and it does not intend to express interest in

	becoming a counterparty at this time.
IV.	My institution does not meet the eligibility criteria, but it would express interest in becoming a counterparty if criteria are adjusted.
V.	My institution does not meet the eligibility criteria, and it would not express interest in becoming a counterparty even if the criteria are adjusted.

13) [Gate: group I + group II from question 12]] On a scale from -4 (strongly discourages) to +4 (strongly encourages), please rate how each factor may affect your institution’s decision-making for participating in SRF operations.

Factors	Rating
<b>Operational parameters</b>	
A. No opportunity to obtain balance sheet netting with reverse repo activity	
B. Auction time in the afternoon	
C. Settlement time in the afternoon	
D. SRF bid rate relative to other market rates	
<b>Other considerations</b>	
E. Uncertainty of award allocation	
F. Supervisory or regulatory treatment	
G. Federal Reserve public communications	
H. Public disclosures of counterparty information <sup>4</sup>	
I. Low aggregate take-up in recent SRF operations, as published on the Federal Reserve Bank of New York’s website <sup>5</sup>	
J. Other (please describe in the comment box; rate as 0 if N/A)	

[comment box]

14) [Gated: question only appears for SRF counterparties only] Under each of the conditions outlined in the table below, at what triparty/interdealer (if applicable) repo spread above the SRF rate would your institution actively consider placing a bid at the SRF rather than borrowing in the repo market? If you are unable to borrow in the repo market segment, please enter “NA”. Please round to the nearest basis point.

Condition	Triparty repo	Interdealer
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<sup>4</sup> Section 11 of the Federal Reserve Act, as amended by section 1103 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that detailed operational results, including counterparty names, be released two years after each quarterly transaction period; see “Historical Transaction Data” on the Federal Reserve Bank of New York’s website at [https://www.newyorkfed.org/markets/omo\\_transaction\\_data](https://www.newyorkfed.org/markets/omo_transaction_data). For further details, please see “FAQs: Standing Repo Facility” on the Federal Reserve Bank of New York’s website at [https://www.newyorkfed.org/markets/omo\\_transaction\\_data](https://www.newyorkfed.org/markets/omo_transaction_data).

<sup>5</sup> See <https://www.newyorkfed.org/markets/desk-operations/repo>.

	spread (basis points)	spread (basis points)
I. You expect repo rates to be higher for one day		
II. You expect repo rates to remain higher for at least several days		
III. You expect repo rates to remain higher for at least several days and there was material participation in the SRF operation on the prior day		

15) [Gated: question only appears for SRF counterparties only] Under each of the conditions listed in the table below, select the level of management approval, if any, that would be required at your institution before participating in an SRF operation.

Condition	What level of management approval, if any, would be required before participating in an SRF operation? (select all that apply: a) No approval needed, b) funding desk management, c) risk management, d) executive management)
I. Around days with anticipated outflows and elevated repo rates (for example, high payment flow days, reporting dates, Treasury settlements, tax dates)	
II. Around days with unanticipated outflows and elevated repo rates	

15B. Please use the comment box to elaborate on your institution's approval process.  
[comment box]

16) [Gated: question only appears for SRF counterparties only] Is your institution's internal notification and/or approval process for the SRF is different from the process for approving discount window loans? (select yes or no)

16B) If you answered yes, please use the comment box to elaborate about the differences.  
[comment box]

17) [Gated: question only appears for SRF counterparties only] Please select the statement that best characterizes your institution's preferences. In a scenario with elevated money market rates, my institution would be:

- I. more likely to participate in an SRF operation than to borrow from the discount window.
- II. equally likely to participate in an SRF operation and to borrow from the discount window.
- III. less likely to participate in an SRF operation than to borrow from the discount window.

17B. Please elaborate in the comment box on the factors that affect your institution's decision-making in choosing between the SRF and the discount window.

[comment box]