



Instructions for the Preparation of

# **Reporting Form for the Capital Requirements for Board-Regulated Institutions Significantly Engaged in Insurance Activities**

Reporting Form FR Q-1

Effective January 2024

DRAFT



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# Contents for FR Q-1 Instructions

## Organization of the Instructions

These instructions are divided into three sections:

- (1) The General Instructions describing overall reporting requirements.
- (2) Reporting Instructions for each schedule.
- (3) The Glossary presenting definitions and discussions of terms used in the associated capital rule and throughout the instructions.

In determining the required treatment of a particular template column or in determining the definitions and scope of the various items, the General Instructions, the Reporting Instructions, and the Glossary (all of which are extensively cross-referenced) must be used

jointly. A single section does not necessarily provide complete instructions for completing all the items required to be reported. The instructions and definitions in section (2) are not necessarily self-contained; reference to more detailed treatments in the Glossary may be needed. In all cases where a term is used in these instructions and in the rule codified at 12 CFR 217, Subpart J, and the definitions in the rule are legally binding and controlling over any that appear in these instructions.

Additional copies of these instructions may be obtained from the Federal Reserve Bank to which the reporting entity submits its report pursuant to these instructions, or may be found on the Federal Reserve Board's public website ([www.federalreserve.gov](http://www.federalreserve.gov)).



# Reporting Form for the Capital Requirements for Board-Regulated Institutions Significantly Engaged in Insurance Activities

## General Instructions

### Who Must Report

#### A. Reporting Criteria

Top-tier depository institution holding companies significantly engaged in insurance activities (insurance depository institution holding companies) that own insured depository institutions (IDIs) (“Reporters”) must file the reporting schedules with the Federal Reserve.

Top-tier depository institution holding companies are considered to be significantly engaged in insurance activities if:

- (1) The top tier depository institution holding company is an insurance underwriting company;
- (2) The top tier depository institution holding company, held, as of June 30 of the previous calendar year, 25 percent or more of its total consolidated assets in insurance underwriting legal entities (other than assets associated with insurance underwriting for credit risk). For the purposes of this determination top-tier depository institution holding company must calculate its total consolidated assets in accordance with U.S. GAAP, if GAAP financial statements are prepared for any regulatory purpose, including compliance with applicable securities laws. If GAAP financial statements are not prepared for any regulatory purpose, the top-tier depository institution holding company may estimate its total consolidated assets under U.S. GAAP; or
- (3) The institution is made subject to the [BBA](#) by order of the Board.

#### B. Changes in Reporting Status

Top-tier depository institution holding companies become subject to the reporting requirements when the Reporting Criteria in Section A are met. Firms that become subject to the requirements between January 1 and June 30 of a given calendar year are required to begin filing as of December 31 of the same calendar year. Firms that become subject to the requirements between July 1 and December 31 in a given calendar year are required to begin filing as of December 31 of the following calendar year.

Reporters that become subject to the reporting requirements during a year are not required to file the Senior Officer attestation section of the cover page (both electronic and paper versions), with the first submission. This information must be submitted in subsequent years.

#### What Must Be Reported

Reporters must file the completed Reporting Form for the Capital Requirements for Board-Regulated Institutions Significantly Engaged in Insurance Activities (Collectively referred to as Form FR Q-1). These instructions and Form FR Q-1 are for the application of the building block approach, as codified at 12 CFR 217, Subpart J (“BBA”).

#### A. Cover Page

The cover page of Form FR Q-1 must be signed by the Chief Financial Officer of the Reporter (or by the individual performing an equivalent function). The Reporter is required to complete the cover page as part of the electronic version, and also is required to keep a record of the signed cover page. By signing the cover page, the authorized officer acknowledges that any knowing and willful misrepresentation or omission of

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# General Instructions

any material fact in this report constitutes fraud in the inducement and may subject the officer to legal sanctions provided by 18 USC 1001 and 1007. The Reporter must maintain the cover page in its files for a period of 3 years.

## B. Schedules

There are three input schedules for collecting company information on assets, liabilities, [indicated capital framework](#), [company available capital](#), [company capital requirement](#), and other information including, for example, whether a company is a [material financial entity](#) within the group.

The objective of Schedules I – VII is to group all of the companies under a supervised insurance organization into [building blocks](#) in order to appropriately aggregate their capital positions and determine the consolidated minimum capital requirement for the insurance depository institution holding company. The instructions guide Reporters through the required inputs and describe the calculations.

Schedules VIII – XIV are supplemental information schedules that solicit information about intercompany transactions, internal reinsurance transactions, [approved variations](#), capital instruments, and reinsurance and liquidity pools.

## C. Financial Statements for Material Financial Entities and Certain Other Entities

Reporters must also submit financial statements in PDF format for all [material financial entity](#) that are designated as [building block parents](#).

Although not required in the final rule, it is expected that most building block parents will have audited financial statements by an independent public accountant due to the state insurance requirements or the Federal banking requirements.

## Where to Submit the Report

### Electronic submission of report form

Reporters should file Form FR Q-1 electronically using an XML format or an Excel format. The XML version should be filed in Reporting Central. Reporters should contact their district Reserve Bank or go to

<https://www.frbservices.org/central-bank/reporting-central/index.html> for procedures for electronic submission. If filing using an Excel format, Form FR Q-1 should be filed in One Agile Supervision Solution (OASiS). Any additional required documents should be filed separately along with the FR Q-1.

Form FR Q-1 report generally is filed electronically. If a Reporter is unable to file electronically, it should contact its appropriate Federal Reserve Bank for filing instructions.

## When to Submit the Report

The as-of date of the FR Q-1 is December 31, with a submission date of March 31 of the following year, unless that date would fall on a weekend or a holiday, in which case the submission date is the following business day.

The term “submission date” is defined as the latest date by which the Federal Reserve must receive the report. Earlier submission aids the Reserve Bank in reviewing and processing the report and is encouraged.

The report is due by the end of the submission date (5:00 pm at the appropriate Federal Reserve Bank).

## How to Prepare the Report

### A. Basis of Accounting and Regulatory Framework

Reporters are required to prepare and file Form FR Q-1 in accordance with the [indicated capital framework](#) specified in the [BBA](#), subject to adjustments and other provisions discussed in the applicable sections.

All reports shall be prepared in a consistent manner. The Reporter’s financial records shall be maintained in such a manner and scope that ensures that Form FR Q-1 can be prepared and submitted in accordance with these instructions, and that the results reflect a fair presentation of the Reporter’s available and capital requirements. Reporters shall retain work papers and other records used in the preparation of these reports.

### Financial Statement Date

Most values should be reported as of the most recent calendar year-end unless directed otherwise by the

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Board. The only exception to this is for [capital-regulated companies](#) that are not subject to capital requirements as of the calendar year end. In this case, values should be reported with an as of date that aligns with the company's most recent regulatory filing preceding calendar year-end for which a capital requirement is calculated.

## Currency

Report all values in U.S. dollars. Balances should be converted after calculating the appropriate amount in the functional currency using the foreign exchange rate used in the [top-tier depository institution holding company's](#) most recent financial information.

## Subsequent Events

Subsequent events are events that occur after the as of date, but before Form FR Q-1 is submitted. Reporters shall follow the accounting rules supporting the regulatory requirements for each company in considering whether adjustments should be made to the company's financial statements and to Form FR Q-1 to address material subsequent events. Entities subject to the [Board's BHC capital rules](#) shall follow the guidance in the Financial Accounting Standards Board's ASC Topic 855, Subsequent Events (formerly FASB Statement No. 165 *Subsequent Events*). In addition, Reporters shall consider subsequent events in relation to the insurance depository institution holding company as a group.

## B. Report Form Captions, Non-applicable Items and Instructional Detail

Questions and requests for interpretations of matters appearing in any part of these instructions should be addressed to the appropriate Reserve Bank.

## C. Optional Use of Microsoft Excel

These schedules are available in Excel format. The Excel format template was designed to calculate key output from the rule with minimal burden and the instructions are written assuming that this will be used.

The Excel template does not address circular ownership structures where a subsidiary owns part of a parent company. While the [BBA](#) contains provisions to address such structures, which are rare, these are diffi-

cult to implement programmatically without a significant increase in the complexity of the worksheets and formulas. If a [supervised insurance organization](#) has such an ownership structure, the Reporter may not use the Excel template and must calculate the necessary output in another manner that is consistent with the BBA.

## D. Completing the Input Sections

Reporters should complete Schedule I prior to Schedules II and III. If changes are made to Schedule I resulting in the addition or removal of building block parents after data is entered into Schedules II or III, Reporters should ensure that all data in Schedules II and III remain consistent with Schedule I.

## E. Rounding

All dollar amounts shall be reported in thousands. Rounding could result in details not adding to their stated totals. However, to ensure consistent reporting, the rounded detail items shall be adjusted so that the totals and the sums of their components are identical.

## F. Negative Entries

Negative entries are generally not appropriate on the Form FR Q-1 and should not be reported, except in the Adjustments to Available Capital and Capital Requirements in Schedule II.

## G. Verification

Each Reporter is responsible for ensuring that the data reported each reporting period fully and accurately reflects the reporting requirements for the reporting date, including any changes that have taken place during the reporting period. This responsibility cannot be transferred or delegated to software vendors, servicers, or others outside the reporting entity.

All calculations should be double-checked before reports are submitted. Totals and subtotals in supporting materials should be cross-checked to corresponding items elsewhere in the report. Before a report is submitted, all amounts should be compared with the corresponding amounts in the previous report. If there are any unusual changes from the previous report, a brief explanation of the changes should be provided to the appropriate Reserve Bank.

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# General Instructions

## H. Amended Reports

When the Board’s interpretation of how the [BBA](#), these instructions, or GAAP should be applied, the Board may require the Reporter to reflect the Board’s interpretation and to amend previously submitted reports. The Board will consider the materiality of such event(s), in making a determination about requiring the Reporter to apply the Board’s interpretation and to amend previously submitted reports. The Board may require the filing of an amended Form FR Q-1 if reports as previously submitted contain significant errors.

## Confidentiality

All items on the FR Q-1 are confidential with the exception of the cover page and the Section “Publicly Reported Items” (Column K, Building Block Available Capital; Column L, Building Block Capital Requirement; and Column M, BBA Ratio) in Schedule VI, Overall Results. This information will be available to the public via the National Information Center public website (<https://www.ffeec.gov/nicpubweb/nicweb/nichome.aspx>). A Reporter may request confidential treatment of the items in the Items Publicly Reported section if the Reporter is of the opinion that disclosure of specific commercial or financial information in the report would likely result in substantial harm to its competitive position. In certain limited circumstances, the Board may grant confidential treatment if the

Reporter clearly has provided a compelling justification for the request.

A request for confidential treatment must be submitted in writing prior to, or included with, the submission of the report. The request must provide justification for the confidential treatment and must demonstrate the specific nature of the harm that would result from public release of the information. Merely stating that competitive harm would result is not sufficient. Information for which confidential treatment is granted may subsequently be released by the Board, if the Board determines that the disclosure of such information is in the public interest. If the Board deems it necessary to release confidential data, the Reporter will be notified prior to the release.

Reporters must indicate (1=Yes, 0=No) in the confidentiality request section of the Cover Page whether confidential treatment is requested for the three publicly available items in the report. If the answer to the first question is “Yes,” the Reporter must indicate whether a letter justifying the request for confidential treatment is included with the submission or has been provided separately. If the Reporter does not fulfill both requirements, or does not complete the appropriate boxes, confidential treatment will not be considered. Note: Responses to the questions regarding confidential treatment on the cover page will be considered public information.

## DETAIL INSTRUCTIONS FOR

# Company Inventory Schedule I

### General Instructions

Schedule I is an inventory of all companies of the [supervised insurance organization](#). The primary purpose of the inventory is to identify the [building block parents](#), which are the companies at the top of [building blocks](#). These entities' capital positions are adjusted and aggregated in order to calculate the [BBA ratio](#). The inventory also provides certain basic information about entities in the group.

The inventory of companies listed on Schedule I shall include all companies within the [supervised insurance organization](#) that are:

- (1) Required to be included on the Board's Reporting Form FR Y-6;
- (2) Required to be included on the Board's Reporting Form FR Y-10;
- (3) Classified as [affiliates](#) in accordance with [NAIC Statement of Statutory Accounting Principles \(SSAP\) 25](#) and the preparation of [NAIC Schedule Y](#);
- (4) Any company, special purpose entity, variable interest entity, or similar entity that:
  - (a) Enters into one or more reinsurance or derivative transactions with an [inventory company](#);
  - (b) Is [material](#); and
  - (c) Is engaged in activities such that one or more of the inventory companies identified above are expected to absorb more than 50% of its expected losses; or
- (5) Any other company that the Board determines must be identified as an inventory company.

### Column Instructions

#### Column A Company ID

This is a calculated field. The purpose of this column is to attach a unique identifying number to each company to support the calculations.

#### Column B Company Name

Report the name of each inventory company within the [supervised insurance organization](#) using the criteria described under the General Instructions for Schedule I above. The first company reported shall be the top-tier holding company.

An inventory company that has multiple parents within the supervised insurance organization should be reported multiple times, one entry for each parent.

#### Column C Legal Entity Identifier

The purpose of this column is to provide the legal entity identifier to each company for information purposes.

#### Column D Type of Business

Use the drop-down menu to report the type of business in which each inventory company is engaged. Choose between the types of business below.

- Bank Holding Company
- Savings and Loan Holding Company
- Other Holding Company
- Life Insurance
- Property and Casualty Insurance
- Health Insurance
- Title Insurance
- Reinsurance

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- Affiliated Reinsurer – Life
- Affiliated Reinsurer – P&C
- Affiliated Reinsurer – Other
- Insurance Agency
- Federal Savings Bank
- State Member Bank
- State Non-Member Bank
- Trust Bank
- Foreign Bank
- Thrift
- Industrial Loan Company
- Registered Investment Advisor
- Broker/Dealer
- Asset Manager
- Residential Mortgage Loan Servicer
- Investment Company
- Tax Credit Company
- Shared Services Company
- Other

## Column E Description

Describe the purpose and function of the entity if not otherwise clear from Column D. For investment companies, describe the type of assets invested in (e.g. timberland, venture capital, mezzanine financing, etc.).

## Column F Regulatory Capital Framework

Use the drop-down menu to report the [regulatory capital framework](#) of each inventory company, if applicable. Use “Other” for regulatory capital frameworks that are not listed. If the company is unregulated from a capital perspective (*i.e.* it is not subject to a regulatory capital framework), leave blank. Select “U.S. federal banking capital rules” for all U.S. [depository institutions](#).

## Column G Indicated Capital Framework

Use the drop-down menu to report the [indicated capital framework](#) of each inventory company.

Select “U.S. federal banking capital rules” if the inventory company is not [engaged in insurance or reinsurance underwriting](#). Companies are considered to be [engaged in insurance or reinsurance underwriting](#) when they are regulated as an insurance or reinsurance underwriting company, other than insurance underwriting companies that primarily underwrite title insurance or insurance for credit risk. Title insurers should select “U.S. federal banking capital rules.”

If the inventory company is otherwise [engaged in insurance or reinsurance underwriting](#) and subject to a [regulatory capital framework](#) that is [scalar compatible](#), then select that [regulatory capital framework](#) from the menu. In order to select frameworks for which scalars have not been specified by the Board, first mark the framework as material and [scalar compatible](#) in Schedule VIII.

If the inventory company is [engaged in insurance or reinsurance underwriting](#) and not subject to a regulatory capital framework that is [scalar compatible](#), then select from the menu U.S. [NAIC](#) for life and fraternal insurers, health insurers, or property & casualty insurers based on the company’s primary source of premium revenue.

## Column H Accounting Basis

Use the drop-down menu to report the accounting basis used by the inventory company to calculate [company available capital](#) if subject to a [regulatory capital framework](#). If the company is not subject to a [regulatory capital framework](#), select the accounting basis used for financial reporting.

## Column I Company Assets

Report the inventory company’s total assets under the accounting basis in column F. Where U.S. GAAP is the accounting basis, include the consolidated assets of subsidiaries.

This column can be left blank if (1) a company is not a building block parent and (2) the company’s next upstream parent company that reports a value in this column collectively reports less than 1% of group assets.

## Column J Company Liabilities

Report the inventory company’s total liabilities under the accounting basis in column F. Where U.S. GAAP is

# Schedule I

the accounting basis, include the consolidated liabilities of subsidiaries.

This column can be left blank if column I is left blank.

## Column K Parent Company

Report the name of the company's immediate parent. The parent name reported must match exactly one of the names reported in column B. Leave blank for **top-tier depository institution holding companies** (e.g., the top line should be blank). A company with multiple parents within the **supervised insurance group** should be listed on multiple rows such that each parent relationship has its own row; all fields other than parent and equity ownership percentage should match.

## Column L Equity Ownership Percentage

Report the percentage of the company's equity owned by the parent reported in column K. As discussed above, companies with multiple parents will list ownership percentages of all of their parents within the **supervised insurance group** on separate rows.

*Columns M through Q are Yes/No (Yes = 1, No = 0) questions designed to help determine which companies should be classified as **building block parents**. The columns are designed to be assessed in order. "Yes" entries in any of the cells will result in the company becoming a building block parent. The remaining columns should be completed as "no" because further analysis is not needed.*

Each of the following inventory companies is a **building block parent**:

- (1) Any **top-tier depository institution holding company**;
- (2) Any other **depository institution holding company**;
- (3) Any **capital-regulated company** or **material financial entity** that:
  - (a) Is assigned an **indicated capital framework** that is different from the **indicated capital framework** of any of its parents that are also inventory companies, and its **indicated capital framework** has a scalar determined by the Board or, a provisional scalar if the company in aggregate with all other companies

subject to the same **indicated capital framework** are **material**; or

- (b) Has a parent that is an inventory company subject to the same **regulatory capital framework** and, in calculating its regulatory capital requirements, applies a charge on the inventory company's equity value or deducts all or a portion of its investment in the inventory company from its available capital.
- (4) Any company, special purpose entity, variable interest entity, or similar entity that:
    - (a) Enters into one or more reinsurance or derivative transactions with an inventory company identified above;
    - (b) Is material; and
    - (c) Is engaged in activities such that one or more of the inventory companies identified above are expected to absorb more than 50% of its expected losses;
  - (5) Any company for which more than one building block parent, as identified by the criteria above, owns a **company capital element** either directly or indirectly other than through another such building block parent; and
    - (a) Is consolidated under any such building block parent's **indicated capital framework**; or
    - (b) Owns **downstreamed capital**; and
  - (6) Any company that has been specifically designated by the **Board** as a building block parent.

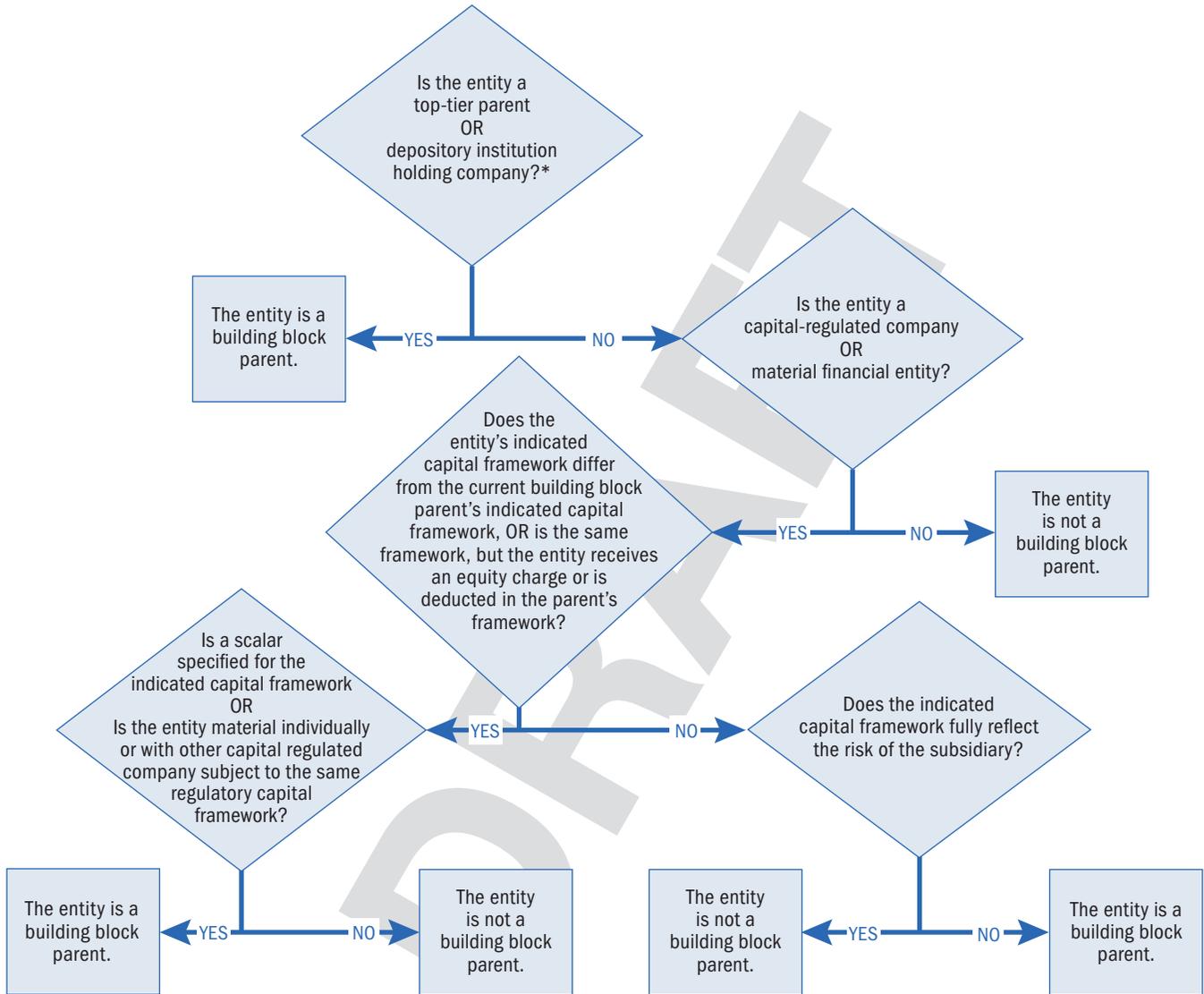
For companies reported in multiple rows because of split ownership, the answers in each of the columns should match.

Notwithstanding the criteria above, the Board may decide, in the exercise of its supervisory judgment and discretion, that a company be treated as though it is not a building block parent. For companies for which this determination has been made, report "0" for no in columns M through Q.

Use the decision tree below to help determine whether a company should be a building block parent.

# Schedule I

Building Block Parent Decision Tree\*



\* In addition to the identifications noted in the decision tree:

- Inventory companies identified pursuant to the provisions concerning the Board’s reservation of authority, structures intended to evade application of the rule, and certain inventory companies owned by members of more than one building block are building block parents;
- A company that otherwise would be a building block parent, but, pursuant to the proposed provision concerning the Board’s reservation of authority, is deemed to not be a building block parent.

## Column M Top-Tier Depository Institution Holding Company

Select “1” for yes if the company is a [top-tier depository institution holding companies](#) that is not con-

trolled by another [top-tier depository institution holding companies](#) (“Top-Tier Depository Institution Holding Company”). For all other companies, select “0” for no.

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## Column N Subsidiary Depository Institution Holding Company

Select “1” for yes from the drop-down menu if the company answered “No” in Column M and the company is a bank holding company as defined in section 2 of the Bank Holding Company Act of 1956 or a savings and loan holding company as defined in [section 10 of the Home Owners’ Loan Act](#) that is organized in the United States, including any bank or savings and loan holding company that is owned or controlled by a foreign organization, but does not include the foreign organization (“depository institution holding company”). For all other companies select “0” for no.

## Column O Capital-Regulated Company Building Block Parents

Select “1” for yes from the drop-down menu for all [capital-regulated companies](#) that are [building block parents](#) but not a depository institution holding company. For all other companies, including all companies answering “yes” in either column M or N, select “0” for no. A capital-regulated company is a building block parent if:

- (1) The [capital-regulated company’s indicated capital framework](#) differs from the [indicated capital framework](#) of the [next upstream building block parent](#) and
  - (a) A [scalar](#) has been specified by the [Board](#) for the capital-regulated company’s [indicated capital framework](#); or
  - (b) The total of the capital-regulated company and all other capital-regulated companies subject to the same [indicated capital framework](#) is [material](#); or
- (2) The capital-regulated company’s [indicated capital framework](#) is the same as the [next upstream building block parent\(s\)](#), and that [indicated capital framework](#), as applied to the parent
  - (a) Reflects the risk of the capital-regulated company in its [company capital requirement](#) by applying a charge on the company’s equity value; or
  - (b) Deducts all or a portion of the parent’s investment in the capital-regulated company

in the calculation of the parent’s [company available capital](#); or

- (3) The capital regulated company does not have a next upstream building block parent.

## Column P Material Financial Entity Building Block Parent

Select “1” for yes from the drop-down menu for [material financial entities](#) that are [building block parent](#) and the company answered “no” in columns M-O. Select “2” for Opt-Out if the [supervised insurance group](#) is electing to not treat as a material financial entity a company that otherwise meets the criteria and is eligible for this treatment as described below. For all other companies, select “0” for no.

A material financial entity is a building block parent if:

- (1) The material financial entity’s [indicated capital framework](#) differs from the [indicated capital framework](#) of the [next upstream building block parent\(s\)](#) and a [scalar](#) has been specified by the [Board](#) for the material financial entity’s [indicated capital framework](#); or
- (2) The material financial entity’s [indicated capital framework](#) is the same as the [next upstream building block parent\(s\)](#), and that [indicated capital framework](#), as applied to the parent
  - (a) Reflects the risk of the [capital-regulated company](#) in its company capital requirement by applying a charge on the company’s equity value; or
  - (b) Deducts all or a portion of the parent’s investment in the capital-regulated company in the calculation of the parent’s [company available capital](#); or
- (3) The material financial entity does not have a next upstream building block parent.

A [supervised insurance organization](#) may elect to not treat a material financial entity as a building block company (“Opt-Out”) if:

- (1) The company engages in transactions consisting solely of either:
  - (a) Transactions for the purpose of transferring risk from one or more [affiliates](#) within the

# Schedule I

supervised insurance organization to one or more third parties; or

- (b) Transactions to invest assets contributed to the company by one or more [affiliates](#) within the supervised insurance organization, where the company is established for purposes of limiting tax obligation or legal liability; and

- (2) The supervised insurance organization is able to allocate the risks from these back-to-back transactions to the operating companies engaged in such transactions in a way that avoids double counting and captures all material risks.

Reporters must submit yearly financial statements in PDF format for each company where “Yes” is selected in this column. These financial statements must include at least a balance sheet and income statement.

## Column Q Other Building Block Parent

Select “1” for yes from the drop-down menu for all inventory companies identified as a [building block parent](#) under the criteria below. For all other companies, select “0” for no.

The following companies are also [building block parents](#):

- (1) Any company that is a special purpose entity, variable interest entity, or similar entity that:
  - (a) Enters into one or more reinsurance or derivative transactions with another inventory company;
  - (b) Is material; and

- (c) Is engaged in activities such that one or more other inventory companies are expected to absorb more than 50% of its expected losses;

- (2) Any company for which more than one building block parent, as identified by the criteria above, owns a [company capital element](#) either directly or indirectly other than through another such building block parent; and

- (a) Is consolidated under any such building block parent’s [indicated capital framework](#); or

- (b) Owns downstreamed capital; and

- (3) Any company that has been specifically designated by the [Board](#) as a building block parent.

## Column R Building Block Parent

This is a calculated field that displays whether a company is a [building block parent](#) based on the responses in columns M – Q. If an affirmative response was entered in any of these columns, the company is classified as a building block parent.

## Column S Assigned Building Block

This is a calculated field displaying the [building block parent](#) into which each company rolls up. Each company classified as a building block parent has its own building block consisting of the company and all direct and indirect subsidiaries that are not [building block parents](#) extending until the next [building block parents](#).

## DETAIL INSTRUCTIONS FOR

# Building Block Parents Schedule II

### General Instructions

Schedule II lists all entities classified as **building block parents** as a result of the entries on Schedule I. In this schedule, report the **company available capital** and **company capital requirement** for each building block parent. Also report any necessary adjustments to available capital and capital requirement. These adjustments eliminate double counting, remove inconsistencies, and better reflect the risk within the building block parent and the companies within the block.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a unique reference number to each row in the schedule.

#### Column B Company ID

This is a calculated field that pulls the company ID from column A of Schedule I for each inventory company identified as a **building block parent** in column R of Schedule I.

#### Column C Building Block Parent

This is a calculated field that pulls the company name from column B of Schedule I for each inventory company identified as a **building block parent** in column R of Schedule I.

#### Column D Indicated Capital Framework

This is a calculated field that pulls the **indicated capital framework** from column G of Schedule I for each inventory company identified as a **building block parent** in column R of Schedule I.

#### Column E Company Available Capital

For each **building block parent**, report the **company available capital** as determined in accordance with the company's **indicated capital framework**.

NAIC RBC - Report Total Adjusted Capital (TAC) where NAIC is the indicated framework.

U.S. federal banking capital rules - If the company is a depository institution, report total qualifying capital as calculated under the regulatory capital rules promulgated by the FDIC or the OCC.

If the company is not a **depository institution**, report total qualifying capital under the **Board's BHC capital rules**, calculated by:

- (1) Applying the same elections and treatment of exposures as are applied to the subsidiary depository institution;
- (2) Applying **12 CFR 217** subparts A through F to the **members** of the **building block** of which the building block parent is a member, to the same extent as if the building block parent were a Board-regulated institution; and building block parent;
- (3) Not deducting investments in capital of unconsolidated **financial institutions**, nor excluding these investments from the calculation of risk-weighted assets.

When applying the Board's BHC capital rules to a building block parent, **downstream building block parents** can be included on a deconsolidated basis. The investment in downstream building block parents should be represented by their estimated GAAP equity.

Other - For companies subject to a different indicated capital framework, report the jurisdictional intervention point, as defined on Schedule VIII.

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# Schedule II

## Column F Additional Tier 1 Capital Securities

Report the total amount of all instruments that meet the definition of additional tier 1 capital securities included in the [company available capital](#) reported in column E. The amount reported should include securities issued by the [building block parent](#). Securities issued by other companies in the [building block](#) should be included only if they are accretive to the company available capital of the building block parent, (e.g., as a third-party minority interest).

In addition to reporting the total amount of additional tier 1 capital securities here, report the details of these instruments on Schedule XII. Capital Instruments. The totals on each schedule should match.

## Column G Total Tier 2 Capital Securities

Report the total amount of all instruments that meet the [definition of tier 2 capital securities](#) (e.g., surplus notes) included in the [company available capital](#) reported in column E. The amount reported should include securities issued by the [building block parent](#). Securities issued by other companies in the [building block](#) should be included only if they are accretive to the company available capital of the building block parent, (e.g., as a minority interest).

In addition to reporting the total amount of tier 2 capital securities here, report the details of these instruments on Schedule XII. Capital Instruments. The totals on each schedule should match.

## Schedule H Legacy Surplus Notes

Report the total amount of all surplus notes included in column G that were issued by any company in the [building block](#) prior to the later of November 1, 2019 and the earliest date on which any depository institution holding company in the group became a depository institution holding company; and are not owned by an [affiliate](#) of the issuer, and currently outstanding. These instruments qualify for legacy treatment, and therefore, are considered qualifying capital.

## Columns I through P: Adjustments to Available Capital

Reporters shall enter adjustments to [company available capital](#), as necessary, to ensure there is no double counting of capital. Enter negative numbers for deductions from available capital and positive numbers for

additions to available capital. The required adjustments are as follows:

## Column I Non-Qualifying Capital Instruments

Report an adjustment to deduct any accretion to [company available capital](#) reported in [Column E](#) - arising from any instrument issued by a [building block member](#), where the instrument fails to meet the criteria for [qualifying capital instruments](#).

## Column J Insurance Underwriting RBC

For companies where the indicated framework is [U.S. federal banking capital rules](#), report an adjustment to [company available capital](#) in column E to add back any amount deducted for insurance underwriting risks.

## Column K Permitted and Prescribed Accounting Practices

Report the impact of [approved variations](#), including [permitted](#) and [prescribed accounting practices](#) in this column. The impact is the difference between the [company available capital](#) in column E and company available capital recalculated after assuming that no [building block member](#) had any approved variations, including permitted practice or prescribed accounting practices.

## Column L Adjustments to Certain Life Insurance Reserves

Report the impact of adjusting certain life insurance reserves. This value is calculated as the difference between:

- The building block parent's company available capital; and
- The building block parent's company available capital recalculated based on using a 40 percent factor applied to all term life insurance accounted for using the Valuation of Life Insurance Policies Regulation and a 90 percent factor is applied to all secondary-guaranteed universal life insurance products accounted for using Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation.

## Column M Deduction of Investments in Own Capital Instruments

Report as a deduction any investment by the [building block parent](#) in its own capital instrument(s), or any

## Schedule II

investment by any **member** of the **building block** in capital instruments of the building block parent, including any net long position, to the extent that such investment(s) would otherwise be accretive to the building block parent's **building block available capital**. For this calculation, the net long position should be determined in accordance with **12 CFR 217.22(h)**, provided that a separate account asset or associated guarantee is not regarded as an indirect exposure unless the net long position of the fund underlying the separate account asset equals or exceeds 5 percent of the fund's value.

### Column N Reciprocal Cross Holdings in the Capital of Financial Institutions

Report as a deduction any investment(s) by the **building block parent** in the capital of other unaffiliated **financial institutions** that it holds reciprocally, where such reciprocal cross holdings result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's capital instruments, to the extent that such investment(s) would otherwise be accretive to the building block parent's **building block available capital**.

### Column O Limits on Investments in Other Financial Institutions

For all companies other than **top-tier depository institution holding companies**, enter zero.

For top-tier depository institution holding companies, enter as a negative number, any accreted capital from an investment in the capital of an unconsolidated **financial institution** that is not an **inventory** company, that exceeds twenty-five percent of the amount of its **building block available capital** excluding tier 2 capital instruments and prior to the application of this adjustment.

For purposes of calculating this amount, follow the rules for banks in §217.22(h), except do not treat a separate account asset or associated guarantee as an indirect exposure. The deductions described are net of associated deferred tax liabilities in accordance with § 217.22(e).

### Column P Other Adjustments to Available Capital

Enter in this column any other adjustments to **company available capital** required by the **BBA**, including adjustments made by order of the Board.

### Column Q Adjusted Company Available Capital

This is a calculated field that sums the **company available capital** with the entered adjustments.

### Column R Company Capital Requirement

For each **building block parent**, report the capital requirement as determined in accordance with the company's **indicated capital framework**.

U.S. NAIC - Report Authorized Control Level (ACL) RBC where U.S. NAIC is the indicated framework.

U.S. federal banking capital rules - If the company is a depository institution, report risk weighted assets as calculated under the regulatory capital rules promulgated by the FDIC or the OCC.

If the company is not a depository institution, report risk weighted assets under the **Board's BHC capital rules**, calculated by:

- (1) Applying the same elections and treatment of exposures as are applied to the subsidiary depository institution;
- (2) Applying 12 CFR 217 subparts A through F to the **members** of the **building block** of which the building block parent is a member, to the same extent as if the building block parent were a Board-regulated institution; and
- (3) Not deducting investments in capital of unconsolidated **financial institutions**, nor excluding these investments from the calculation of risk-weighted assets.

When applying the Board's BHC capital rules to a building block parent, **downstream building block parents** can be included on a deconsolidated basis as an equity investment of the parent company. If that treatment is used, the assets of the subsidiary building block parent do not need to be included in the calculation of risk weighted assets beyond a 400% risk weight on the subsidiary building block parent's net GAAP equity. If this is done, Schedule III must be filed out consistently.

Other - For companies subject to a different indicated capital framework, report the risk-sensitive measure of required capital used to determine the jurisdictional intervention point applicable to the company.

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## Schedule II

### Columns S through Y: Adjustments to Capital Requirement

Adjustments to the capital requirement ensure consistent and comparable reporting across firms and a consolidated view of risk. For the following columns, negative numbers shall be reported for deductions from capital requirement and positive numbers for additions to capital requirement. The adjustments are as follows:

#### Column S Internal Credit Risk Charges

Report as a deduction the difference between the [building block parent's capital requirement](#) and the building block parent's capital requirement excluding all charges for the possibility of default of any company in the [supervised insurance institution](#). Examples of internal credit risk charges include capital requirements assessed for credit risk on internal loans or on internal reinsurance arrangements.

This is an optional reduction in capital requirement. The adjustment, however, must be made consistent from reporting period to reporting period, unless prior approval is obtained from the Board.

#### Column T Permitted & Prescribed Accounting Practices

Report the impact of any [approved variations](#), including [permitted](#) and [prescribed accounting practices](#) in this column. The impact is the difference between the [building block parent's company capital requirement](#) and the building block parent's company capital requirement recalculated after assuming that neither the building block parent, nor any company that is a [member](#) of the [block](#), had prepared its most recent financial information with the application of any approved variations, including permitted or prescribed accounting practices.

#### Column U Risks of Certain Intermediary Entities

This adjustment is applicable to [supervised insurance organizations](#) that have made the election described in the instructions for column P of Schedule I to not treat a company as a [material financial entity](#) that otherwise would meet the definition of a material financial entity. If the [building block parent](#) or any company that is a

[member](#) of the [building block](#) has engaged in transactions with external parties indirectly using back-to-back transactions with the company for which this election has been made, an adjustment may be necessary.

Report as an adjustment the difference between the building block parent's [company capital requirement](#) and the building block parent's company capital requirement assuming that the building block parent or other member of the building block had engaged in the external transaction directly instead of indirectly.

#### Column V Risk Charges Relating to Investments in Own Capital Securities

Report as a deduction any difference between the [building block parent's company capital requirement](#) and its company capital requirement assuming that neither the building block parent nor any member of the [building block](#) held any investment in the building block parent's own capital instrument(s), including any net long position. For this calculation, the net long position should be determined in accordance with [12 CFR 217.22\(h\)](#), provided that a separate account asset or associated guarantee is not regarded as an indirect exposure unless the net long position of the fund underlying the separate account asset equals or exceeds 5 percent of the fund's value.

#### Column W Risks Relating to Title Insurance

Report as an addition to the [building block parent's company capital requirement](#) the amount of the building block parent's reserves for claims pertaining to title insurance, multiplied by 300 percent.

#### Column X Other Adjustments to Capital Requirement

Enter in this column any other adjustments to the [building block parent's capital requirement](#) ordered by the Board.

#### Column Y Adjusted Company Capital Requirement

This is a calculated field that sums the company's [company capital requirement](#) and all adjustments to the capital requirement entered by the Reporter.

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## DETAIL INSTRUCTIONS FOR

# Parent Ownership Schedule III

### General Instructions

Schedule III lists all subsidiary/parent building block relationships for **inventory** companies classified as **building block parents** as a result of the entries on Schedule I. Inputs on this schedule facilitate the aggregation of **building blocks** on subsequent schedules.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a unique reference number to each row in the schedule.

#### Column B Company ID

This is a calculated field that pulls the company ID from column A of Schedule I for each **inventory** company identified as a **building block parent** in column R of Schedule I.

#### Column C Building Block Parent

This is a calculated field that pulls the company name from column B of Schedule I for each **inventory** company identified as a **building block parent** in column R of Schedule I.

#### Column D Indicated Capital Framework

This is a calculated field that pulls the **indicated capital framework** from column G of Schedule I for each **inventory** company identified as a **building block parent** in column R of Schedule I.

#### Column E Parent Company Name

This is a calculated field that pulls the names of each of the **building block parent's** direct parents from column K of Schedule I. For **top-tier depository institution holding companies**, “None” is displayed.

#### Column F Next Upstream Building Block Parent

This is a calculated field that displays the **building block parent's next upstream building block parent**. This is the **building block** into which the building block parent in column C rolls up into. For **top-tier depository institution holding companies**, “None” is displayed.

#### Column G Next Upstream Building Block Parent's Capital Framework

This is a calculated field that displays the **indicated capital framework** for the **next upstream building block parent** in column F.

#### Column H Equity Ownership Percentage

Report the percentage of common equity ownership percentage of all **members** of the **building block parent's building block** in the **downstream building block parent**. In the case of direct ownership of one building block parent of the equity of another building block parent, this should match Column L of Schedule I.

Leave blank for building block parents that do not have a parent organization.

*Rare situations:* Report 100% for the top-tier depository institution holding company's common equity ownership percentage for a company with no outstanding common equity that is assigned to be a building block parent. Report 100% for special purpose entity, variable interest entity, or similar entity identified as building block parents in Column Q of Schedule I.

#### Column I Capital Downstreamed from Upstream Building Block Parent

Report the amount of **downstreamed capital** owned by any **member** of the **upstream building block parent's building block** in the **downstream building block par-**

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## Schedule III

ent. The amount of the downstreamed capital is calculated as the impact, excluding any impact on taxes, on the **company available capital** of the building block parent of the building block of which the owner is a member, if the owner were to deduct the downstreamed capital. This is typically the ownership interest reported by the upstream building block parent.

### **Column J Upstream Building Block Parent's Capital Requirement on Investment**

Report the impact on the capital requirement reported in column R of Schedule II for the **upstream building block parent** shown in column F as a result of its

investment in the company. The impact is the difference between the **building block parent's company capital requirement** and the building block parent's company capital requirement recalculated under the assumption that **members** of the building block parent's **building block** had no investment in the **downstream building block parent**. The reported value shall be net of applicable concentration charges, covariance adjustments, or any other factors that impact capital requirement as a result of the building block parent's investment in the company.

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## DETAIL INSTRUCTIONS FOR

# Available Capital Schedule IV

### General Instructions

Schedule IV has no required inputs. **Building block available capital** for each **building block parent** is calculated on Schedule IV using the information reported on Schedules I through III.

For each building block parent, the amount of building block available capital is the adjusted **company available capital** (column I),

- (1) Reduced by the **downstreamed capital** owned by any **member** of the building block parent's **building block**;
- (2) Increased by the building block available capital of any **downstream building block parents**, **scaled** to the **indicated capital framework** of the building block parent and then multiplied by the building block parent's **allocation share** of the downstream building block parent; and
- (3) Adjusted for any adjustments to available capital reported on Schedule III.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Column H

Columns B through H are calculated fields and consist of attributes of the **building block parents**. This information is pulled from Schedule III.

#### Column I Adjusted Company Available Capital

This is a calculated field that pulls the company's adjusted available capital reported in column Q on Schedule II.

#### Column J Value of Downstream Building Blocks

This is a calculated field that sums the parent's value of investment reported in column I on Schedule III for each row on Schedule III where the parent block in column F of Schedule III is the same as the company in column C of Schedule IV. The figure represents the value of the **building block parent's downstream building block parents**. The value is negative because it is subtracted from the **building block parent's available capital** before adding the **scaled** downstream building block parent available capital in column K.

#### Column K Scaled Downstream Building Block Parent Available Capital

This is a calculated field that **scales** the downstream **building block parent's building block available capital** from column R to the building block parent's **indicated capital framework**.

#### Column L Building Block Available Capital (Indicated Capital Framework)

This is a calculated field that sums the values in columns I through K. The value represents a **building block parent's available capital** after its **downstream building block parents** have all been adjusted and **scaled** to its **indicated capital framework**. This ensures that the capital positions of all **building blocks** that roll up into this block are expressed in the **building block parent's indicated capital framework** before being scaled, if necessary, to the **common capital framework**.

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## Schedule IV

For [top-tier depository institution holding companies](#), this includes a deduction of any amounts of [additional tier 1 capital instruments](#) and [tier 2 capital instruments](#) in excess of the applicable limits.

### **Column M Building Block Available Capital (Common Framework)**

This is a calculated field that [scales](#) the [building block parent's available capital](#) in column L to the [common capital framework](#), if needed.

### **Column N Deduction for Additional Tier 1 Capital Limitation**

This field calculates the amount of additional tier 1 capital instruments in excess of the 100% limitation. Instruments in excess of this limit are treated as Tier 2 instruments.

### **Column O Total Tier 2 Capital Securities**

This is a calculated field that pulls in the amount of [tier 2 capital](#) reported in column G of Schedule II and any Additional Tier 1 instruments in excess of the AT1 instruments, which are treated as Tier 2 instruments.

### **Column P Legacy Surplus Notes**

This is a calculated field that pulls in the amount of legacy surplus notes reported in column H of Schedule II.

### **Column Q Deduction for Tier 2 Capital Limitation**

This field calculates the amount of [tier 2 capital](#) in excess of the 150% limitation. The amount of tier 2 capital securities permitted to be included in [building block available capital](#) for a [top-tier depository institution holding company's BBA ratio](#) is limited to the greater of 150% of the [building block parent's building block capital requirement](#) and the amount of grandfathered tier 2 capital securities and the amount in Column N - Deduction for Additional Tier 1 Capital Limitation.

### **Column R Proportionally Adjusted BBA Available Capital (Common Framework)**

This is a calculated field that multiplies the building block available capital (common framework) in column M by the [allocation share](#) in column H. This ensures that as [building blocks](#) roll up into [upstream building block parents](#), they do so at the correct proportion.

## DETAIL INSTRUCTIONS FOR

# Capital Requirement Schedule V

### General Instructions

Schedule V has no required inputs. The capital requirement for each **building block parent** is calculated on Schedule V using the information reported on Schedules I through III.

For each building block parent, the building block capital requirement is the adjusted **company capital requirement** (column I),

- (1) reduced by the difference between the building block parent's company capital requirement and the building block parent's company capital requirement recalculated after treating the building block parent as though it had no investment in any **downstream building block parent**;
- (2) increased by the building block capital requirement for any downstream building block parent, which is **scaled** to the **indicated capital framework** of the building block parent and then multiplied by the building block parent's **allocation share** of the downstream building block parent, and

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Column H

Columns B through H are calculated fields that consist of the attributes of the **building block parents**. This information is pulled directly from Schedule III.

#### Column I Adjusted Company Capital Requirement

This is a calculated field that pulls the **building block parent's** adjusted **company capital requirement** reported in column Y on Schedule II.

#### Column J Capital Requirement for Downstream Building Block Parents

This is a calculated field that sums the parent's capital requirement reported in column J on Schedule III for each row on Schedule III where the parent block in column F of Schedule III is the same as the company in column C of Schedule V. The figure represents the capital requirement held by the **building block parents** attributable to the building block parent's **downstream building block parents**. The value is negative because it will be subtracted from the company's capital requirement before adding the **scaled** downstream building block parent capital requirement in column K.

#### Column K Scaled Downstream Building Block Parent Capital Requirement

This is a calculated field that **scales** the proportionally adjusted **downstream building block parent's** capital requirement from column N to the **building block parents's** **indicated capital framework**.

#### Column L Building Block Capital Requirement (Indicated Capital Framework)

This field calculates the **building block capital requirement** in its **indicated capital framework** by summing columns I through K. The value represents that **building block parent's** capital requirement after its **downstream building block parents** have all been adjusted and **scaled** to its capital framework where necessary.

#### Column M Building Block Capital Requirement (Common Framework)

This is a calculated field that scales the **building block capital requirement** in column L to the **common capital framework**, if needed.

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## Schedule V

### **Column N Proportionally Adjusted Building Block Capital Requirement (Common Framework)**

This is a calculated field that multiplies the [scaled common framework](#) capital requirement in column M by

the [allocation share](#) of the [building block parent](#) attributable to the [upstream building block parent](#) in column H. This is used for the rollup calculations.

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## DETAIL INSTRUCTIONS FOR

# Overall Results Schedule VI

### General Instructions

Schedule VI has no required inputs. [Building block available capital](#) and the [building block capital requirement](#) as calculated in Schedule IV and V are pulled in for each [building block parent](#). The [BBA ratio](#) is calculated as a ratio of building block available capital and building block capital requirement. The available capital, capital requirement and calculated ratio under each company's [indicated capital framework](#) is shown for comparison purposes. Additionally, each building block parent's unadjusted available capital and required capital under their indicated capital framework are displayed for comparison.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Company ID

This is a calculated field that pulls the unique company ID assigned to each company in column A of Schedule I.

#### Column C Building Block Parent

This is a calculated field that pulls the company name from column B of Schedule I for the building block parent.

#### Column D Indicated Capital Framework

This is a calculated field that pulls the company's [indicated capital framework](#) from column G of Schedule I.

#### Column E Company Available Capital (Regulatory Capital Framework)

This is a calculated field that pulls the company's [company available capital](#) from column E of Schedule II.

#### Column F Company Capital Requirement (Regulatory Capital Framework)

This is a calculated field that pulls the company's [company capital requirement](#) from column T of Schedule II.

#### Column G Capital Ratio (Regulatory Capital Framework)

This field calculates the ratio of [company available capital](#) (column E) to [company capital requirement](#) (column F). This is the company's capital ratio under its existing [regulatory capital framework](#).

#### Column H Building Block Available Capital

This is a calculated field that pulls the [building block parent's building block available capital](#) from column M of Schedule IV. This is building block available capital scaled to the [common capital framework](#) for the [building block](#).

#### Column I Building Block Capital Requirement

This is a calculated field that pulls the [building block parent's company capital requirement](#) from column M of Schedule V. This is the [building block capital requirement](#) scaled to the [common capital framework](#), which includes the building block parent and all of its [downstream building block parents](#).

#### Column J BBA Ratio

This field calculates the ratio of the [building block available capital](#) in column H to the [building block capital requirement](#) in column I for each building block parent.

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## Schedule VI

### **Publicly Reported Items (top-tier holding company only)**

#### **Column K Building Block Available Capital**

This is a calculated field that pulls the top-tier **building block parent's building block available capital** from column M of Schedule IV.

#### **Column L Building Block Capital Requirement**

This is a calculated field that pulls the top tier **building block parent's company capital requirement** from

column M of Schedule V. This is the **building block capital requirement** scaled to the **common capital framework**, which includes the building block parent and all of its **downstream building block parents**.

#### **Column M BBA Ratio**

This field calculates the ratio of the **building block available capital** in column K to the **building block capital requirement** in column L for the top-tier building block parent.

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## DETAIL INSTRUCTIONS FOR

# Section 171 Calculation Schedule VII

### General Instructions

Schedule VII is used to report the Section 171 Ratio. The Section 171 calculation applies the Board's existing risk-based capital requirements to supervised insurance organizations with the option to exclude insurance operations.

For purposes of compliance with the capital adequacy requirements and calculations in Schedule VII, Reporters that do not file the FR Y-9C should follow the instructions to the FR Y-9C.

This calculation gives different options for the treatment of subsidiary insurance organizations. The options for the treatment of subsidiary insurance companies are consolidation (columns D to F), deconsolidation and deduction (columns G to I), and deconsolidation and risk-weighting (columns J to L). Only one of these options should be populated.

### Column Instructions

#### Column A Company ID

This is a calculated field that pulls the unique company ID from column C of Schedule II for the company entered in column B.

#### Column B Company Name

Report the company that is the highest depository institution holding company within the organization that is not an insurance underwriting company. This is the company that is subject to the section 171 calculation. This company should be the basis for the values reported in the remaining Columns in this worksheet.

#### Column C Indicated Capital Framework

This is a calculated field that pulls the company's [indicated capital framework](#) from column D of Schedule II.

#### Full Consolidation.

#### Column D Total Capital

Report consolidated total capital as defined by the U.S. federal banking capital rules.

#### Column E Risk-Weighted Assets

Report consolidated risk-weighted assets as defined by the U.S. federal banking capital rules.

#### Column F Capital Ratio

This field calculates the ratio of the capital reported in column D to the risk-weighted assets reported in column E.

#### Deconsolidate and Deduct.

#### Column G Total Capital (Excluding State-Regulated Insurers)

Report total capital as defined by the U.S. federal banking capital rules excluding insurance operations. In this option, exclude insurance operations by deducting the GAAP equity of the insurance legal entities from capital.

#### Column H Risk-Weighted Assets (Excluding State-Regulated Insurers)

Report risk-weighted assets as defined by the U.S. federal banking capital rules. Do not include any assets or exposures of excluded insurance operations when calculating this amount. Do not include any insurance assets or exposures when determining the applicability

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## Schedule VII

of the [Board's market risk capital rule](#) or the [Board's advanced approaches capital rule](#).

### **Column I Capital Ratio**

This field calculates the ratio of the capital reported in column G to the risk-weighted assets reported in column H.

### **Deconsolidate and Risk Weight.**

### **Column J Total Capital**

Report consolidated total capital as defined by the U.S. federal banking capital rules. Do not deduct the value of any state-regulated insurer that is risk-weighted in column K due to the limits on unconsolidated positions in [financial institutions](#).

### **Column K Risk-Weighted Assets (State-Regulated Insurers at 400%)**

Report risk-weighted assets as defined by the U.S. federal banking capital rules, with the exception that investments in insurance operations should be included with a risk-weight of 400%. Do not include any insurance assets or exposures when determining the applicability of the [Board's market risk capital rule](#) or the [Board's advanced approaches capital rule](#).

### **Column L Capital Ratio**

This field calculates the ratio of the capital reported in column J to the risk-weighted assets reported in column K.

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DETAIL INSTRUCTIONS FOR

# Framework Information

## Schedule VIII

Schedule VIII shows the scalars specified by the Board and allows Reporters to enter scalars calculated for non-U.S. [scalar compatible](#) frameworks where required.

For each [regulatory capital framework](#) listed, specify whether the framework is [material](#) for the supervised insurance organization by considering whether the companies in the supervised insurance organization subject to the framework are material.

For frameworks that are material other than NAIC RBC and [U.S. federal banking capital rules](#), specify whether the framework is scalar compatible. A framework is scalar compatible if it exhibits the following three attributes:

- (1) The framework is clearly defined and broadly applicable;
- (2) The framework has a clearly defined intervention point that can be used to calibrate a provisional scalar; and
- (3) The framework provides a risk-sensitive measure of required capital reflecting material risks to a company’s financial strength.

For material frameworks that are scalar compatible, enter the capital requirement scalar in the RC Multiplier column. The capital requirement scalar is calculated using the formula below:

$$\frac{(1 + adjustment_{Scaling\ from}) * requirement_{Scaling\ from}}{requirement_{Scaling\ to}}$$

where:

$adjustment_{scaling\ from}$  is equal to the jurisdictional adjustment in the table below based on the country’s OECD risk classification:

OECD Country Risk Classification	Jurisdictional Adjustment
0-1, including jurisdictions with no OECD country risk classification	0%
2	20%
3	50%
46	100%
7	150%

$requirement_{scaling\ from}$  is equal to the jurisdictional intervention point of the [downstream building block parent](#); and

$requirement_{scaling\ to}$  is equal to the jurisdictional intervention point of the [upstream building block parent](#)

The jurisdictional intervention point is the capital level, under the laws of the jurisdiction, at which the supervisory authority in the jurisdiction may intervene as to a company subject to the [indicated capital framework](#) by imposing restrictions on distributions and discretionary bonus payments by the company or, if no such intervention may occur in a jurisdiction, then the capital level at which the supervisory authority would first have the authority to take action against a company based on its capital level.

For scalar compatible frameworks for which no scalar has been specified by the Board, the [building block parent’s building block available capital](#) shall be the same as the available capital reported for the indicated framework, therefore zero is automatically populated in the “AC Factor to Common” column.



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## DETAIL INSTRUCTIONS FOR

# Intercompany Transactions Schedule IX

### General Instructions

Schedule IX provides a list of certain intercompany transactions and all outstanding balances between companies of the [supervised insurance institution](#) that impact the balance sheet and capital, and related adjustments, if applicable.

In this schedule, report all significant intercompany transactions within the supervised insurance institution. Examples of intercompany transactions include investments in [affiliates](#) (excluding surplus notes, which should be reported on Schedule XII), asset sales, guarantees, and dividends between companies reported on Schedule I. In addition, report all significant outstanding intercompany balances (e.g. loans, letters of credit, investments in affiliates) between companies reported on Schedule I. Transactions/balances between companies that are routine in nature and do not have a significant impact to the balance sheet should be excluded. This may include, for example, general business services contracts and immaterial financial related transactions (e.g. management of liquidity through a centralized treasury function) should be omitted from the schedule. Intercompany reinsurance transactions as well as reinsurance and liquidity pools should be reported on other supplemental schedules and excluded from this schedule.

All significant transactions entered into during the course of the year and balances outstanding as of the Financial Statement Date should be included in the schedule.

Significant transactions and balances are those larger than one-half of one percent of the total consolidated assets of the supervised insurance organization (e.g., as reported by the relevant top-tier institution under 12 CFR Part 246 (Regulation TT)). If a transaction is part of a related series of transactions, report the total

amount of the series. One row shall be used per intercompany transaction/balance or series.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Intercompany Transaction/Balance Type

Use the drop-down menu to select the option that best describes the intercompany transaction or balance type. The categories of intercompany transactions/balances are:

- Dividend
- Loan - Differing valuation
- Loan - Risk charge
- Guarantee
- Letter(s) of Credit
- Other holding(s) or transaction(s) adjustment
- Investment in [subsidiary](#) or [affiliate](#)
- Derivative transaction
- Securities financing transaction
- Purchase of asset(s)
- Sale of asset(s)
- Other sale of asset(s)
- Purchase of investment(s)
- Sale of investment(s)
- Purchase of debt
- Sale of debt

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# Schedule IX

- Keepwell agreement/Intercompany capital maintenance agreement
- Secured credit transaction
- Split-dollar life insurance
- Transaction with third-party if proceeds used to benefit affiliate
- Other (please describe)

## Column C Transaction or Balance

Report if the entry in column B is either a transaction or a balance.

## Column D Description

Provide a brief description of the transaction or balance outstanding.

## Column E Type of Effect of Transaction/Balance

Use the drop-down menu to report the type of effect of the transaction or balance on capital, if applicable.

## Column F Date

Report the effective date of the transaction. Use N/A for outstanding balances or if the entry is a total.

## Column G Amount

Report the notional amount of the transaction or balance.

## Column H Company A

Report the payor (Company A) of the transaction or balance.

## Column I Company B

Report the recipient (Company B) of the transaction or balance.

## Column J Company A's Indicated Capital Framework

This is a calculated field that pulls Company A's [indicated capital framework](#). The information is pulled directly from the column G on Schedule I.

## Column K Company B's Indicated Capital Framework

This is a calculated field that pulls Company B's [indicated capital framework](#). The information is pulled directly from the column G on Schedule I.

## Column L Company A's Accounting Basis

This is a calculated field that pulls Company A's accounting framework. The information is pulled directly from the column H on Schedule I.

## Column M Company B's Accounting Basis

This is a calculated field that pulls Company B's accounting framework. The information is pulled directly from the column H on Schedule I.

## Column N Company A's Building Block Parent

This is a calculated field that displays the company's [building block parent](#). For companies with no reported parent, i.e., [top-tier depository institution holding company](#), "None" is displayed.

## Column O Company B's Building Block Parent

This is a calculated field that displays the company's [building block parent](#). For companies with no reported parent, i.e., [top-tier depository institution holding company](#), "None" is displayed.

## Column P Type of Adjustment

Indicate if transaction resulted an adjustment to available or required capital, or both, if applicable

## Column Q Adjustment to Available Capital (Company A)

Report the adjustment to available capital for Company A, if applicable.

## Column R Adjustment to Capital Requirement (Company A)

Report the adjustment to the capital requirement for Company A, if applicable.

## Column S Adjustment to Available Capital (Company B)

Report the adjustment to available capital for Company B, if applicable.

## Column T Adjustment to Capital Requirement (Company B)

Report the adjustment to the capital requirement for Company B, if applicable.

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## DETAIL INSTRUCTIONS FOR

# Internal Reinsurance Schedule X

### General Instructions

Schedule X provides information on intra-group reinsurance. The schedule's purpose is to have a complete list of outstanding internal reinsurance balances between companies of the [supervised insurance institution](#).

In this schedule, report intercompany reinsurance balances for all companies reported on Schedule I as of Financial Statement Date. Exclude intercompany reinsurance pools.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Ceding Company

Report the company ceding reinsurance.

#### Column C Reinsurer

Report the company assuming reinsurance.

#### Column D Business Ceded

Report the type of business ceded.

#### Column E Authorized, Unauthorized or Certified

Use the drop-down menu to report whether the reinsurer is authorized, unauthorized or certified.

#### Column F Reinsurance Type

Report the type of reinsurance ceded (e.g. Coinsurance, Modified Coinsurance, Stop Loss, Catastrophe, Yearly Renewable Term, Facultative, Surplus Share).

#### Column G Amount In Force at End of Year

Report the amount of insurance in force at the end of the most recent year. For property & casualty insurance use N/A.

#### Column H Reserve Credit Taken/Reinsurance Recoverable on Reserves

Report the reserve credit taken by the ceding life company at the end of the most recent year. Report the total reinsurance recoverable on reserves for the ceding P&C company.

#### Column I Premiums

Report total premiums ceded for the most recent year.

#### Column J Cedant's Indicated Capital Framework

This is a calculated field that pulls the ceding company's [indicated capital framework](#). The information is pulled directly from the column G on Schedule I.

#### Column K Reinsurer's Indicated Capital Framework

This is a calculated field that pulls the reinsurance company's [indicated capital framework](#). The information is pulled directly from the column G on Schedule I.

#### Column L Cedant's Accounting Basis

This is a calculated field that pulls the ceding company's accounting framework. The information is pulled directly from the column H on Schedule I.

#### Column M Reinsurer's Accounting Basis

This is a calculated field that pulls the reinsurance company's accounting framework. The information is pulled directly from the column H on Schedule I.

#### Column N Effective Date

Report the date the contract originally went into effect.

---

## Schedule X

### Column O Cedant's Building Block Parent

This is a calculated field that displays the cedant's [building block parent](#). For companies with no reported parent, i.e., [top-tier depository institution holding company](#), "None" is displayed.

### Column P Reinsurer's Building Block Parent

This is a calculated field that displays the reinsurer's parent's [building block parent](#). For companies with no reported parent, i.e., [top-tier depository institution holding company](#), "None" is displayed.

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## DETAIL INSTRUCTIONS FOR

# Approved Variations Schedule XI

### General Instructions

Schedule XI provides information on [approved variations](#), including [permitted](#) and [prescribed](#) practices, and transitional measures. This worksheet's purpose is to obtain a full inventory of approved variations and transitional measures and to capture their effect on available capital and capital requirement.

In this schedule, report approved variations, including permitted and prescribed practices, and transitional measures in [indicated capital framework](#) of all companies reported on Schedule I. One row shall be used per type of approved variation or transitional measure.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Company Name

Report the company from the list on Schedule I using the [approved variations](#) or transitional measures.

#### Column C Country and State/Province of Domicile

Report the country and state/province in which the company is domiciled.

#### Column D Indicated Capital Framework

This is a calculated field that pulls in the [indicated capital framework](#) from Schedule I for the company selected in column B.

#### Column E Building Block Parent

This is a calculated field that displays the company's [building block parent](#) as assigned in Schedule I.

#### Column F Approved Variation or Transitional Measure

Report whether the practice is an [approved variations](#) or transitional measure.

#### Column G Description of Approved Variation or Transitional Measure

Provide a brief description of the [approved variations](#) or transitional measure. Include a reference to the approving regulatory authority, law, or regulation.

#### Column H Adjustment to Available Capital

Report the impact of the [approved variations](#) or transitional measure on [company available capital](#). The impact is the difference between the company's company available capital and its company available capital assuming that the company did not use the approved variation or transitional measure. The total impact on this schedule should match the total adjustments to available capital reported on Schedule II for approved variations, including [permitted](#) and [prescribed](#) practices, and transitional measures.

#### Column I Adjustment to Capital Requirement

Report the impact of the [approved variations](#) or transitional measure to capital requirement. The impact is the difference between the company's [company capital requirement](#) and its company capital requirement assuming that the company did not use the approved variation or transitional measure. The total impact on this schedule should match the total adjustments to capital requirement reported on Schedule II for approved variations, including [permitted](#) and [prescribed](#) practices, and transitional measures.



## DETAIL INSTRUCTIONS FOR

# Capital Instruments Schedule XII

### General Instructions

Section XII is a list of outstanding capital instruments issued by any company of the supervised insurance organization. This worksheet is intended to obtain an list of the capital instruments that qualify for available capital and that meet the criteria set out in 12 CFR 217.20(d)(1), with modifications, and those instruments that are not [qualifying capital instruments](#).

In this schedule, report capital instruments of all companies reported on Schedule I. The total of tier 2 capital securities per [building block parent](#) should equal the amount entered in column G in Schedule II. The total of non-qualifying capital instruments per building block parent should equal the amount entered in column I in Schedule II. Companies should not include intragroup financial instruments issued between companies included within the scope of the group. One row per capital instrument shall be used for companies that have issued multiple instruments.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Issuing Company

Report the company that issued the capital instrument.

#### Column C Building Block Parent

This is a calculated field that displays the issuing company's [building block parent](#). For companies with no reported parent, i.e., [top-tier depository institution holding company](#), "None" is displayed.

#### Column D Security Type

Use the drop-down menu to select the option that best describes the reported capital instrument outstanding. The types of capital instruments are:

- Senior Debt
- Senior Subordinated Debt
- Junior Subordinated Debt
- Surplus Note
- Capital Note
- Preferred Stock
- Hybrid Instrument
- Common Stock
- Other

#### Column E ID Number (CUSIP/ISIN)

Report the unique security identifier, if applicable.

#### Column F Rank

Describe the instrument's level of subordination. Indicate the priority of the instrument compared to the other components of capital.

#### Column G Legacy Treated Instrument (Y/N)

Report whether the capital instrument receives legacy treatment. From the drop-down menu, select "1" for yes, "0" for no.

#### Column H Amount Issued

Report the issued notional amount of the capital instrument.

#### Column I Amount Outstanding

Report the amount outstanding of the capital instrument as of the Financial Statement date.

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## Schedule XII

### Column J Issue Date

Report the date the capital instrument was issued.

### Column K Maturity Date

Report the date when the financial instrument will mature. For a perpetual instrument, use N/A.

### Column L Coupon Type

Use the drop-down menu, to report whether the coupon is fixed or variable, if the instrument makes coupon payments.

### Column M Coupon Rate

Report the predetermined interest rate used to calculate the fixed coupon payments on the capital instrument, if the instrument makes coupon payments. Report the reference rate and the quoted spread used to calculate the variable coupon payments on the capital instrument.

### Column N Coupon Frequency

Use the drop-down menu to report the frequency with which the capital instrument pays interest (e.g. monthly, quarterly, semi-annually, or annually)

### Column O Length of Deferral

Report the length of time of deferred coupon interest, if applicable. For instruments without deferrable coupons, input "N/A".

### Column P Callable (Y/N)

Report whether the capital instrument can be redeemed prior to its maturity. From the drop-down menu, select "1" for yes, "0" for No".

### Column Q First Ordinary Call

Report the first date on which the callable instrument may be called.

### Column R Does the Instrument Permit Extra-Ordinary Calls Prior to the First Ordinary Call Date?

Report whether the instrument can be called prior to the first ordinary call date and describe the circumstance. From the drop-down menu, select "1" for yes, "0" for no. Leave blank if the capital instrument is not callable.

### Column S Guaranteed by Affiliate (Y/N)

Report whether there are any [affiliates](#) guarantees associated with the capital instrument. From the drop-down menu, select "1" for yes, "0" for no.

### Column T Incentives to Redeem (Y/N)

Report whether there are any incentives to redeem the capital instrument. From the drop-down menu, select "1" for yes, "0" for no.

### Column U Date of Earliest Incentive

Enter the date of the earliest incentive to redeem.

### Column V Incentive Description

Provide a description as to what would constitute an incentive to redeem.

### Column W Are Distributions Cumulative if Deferred (Y/N)

Report whether any deferred coupons are cumulative, to be paid in the future. From the drop-down menu, select "1" for yes, "0" for no.

### Column X Conversion Feature (Y/N)

Report whether the capital instrument can be converted into another security (e.g. common stock). From the drop-down menu, select "1" for yes, "0" for no.

### Column Y Specify If Feature Results in a Conversion to Common /Ordinary Shares or Other

Use the drop-down menu to report whether the capital instrument can be converted to common/ordinary shares or other. Select N/A if the capital instrument is not convertible.

### Column Z Insurance Regulatory Approval Needed (Y/N)

Report whether state insurance regulatory approval is required before redemption of capital instrument. From the drop-down menu, select "1" for yes, "0" for no.

### Column AA Is Federal Reserve Regulatory Approval Needed (Y/N)

Report whether Federal Reserve approval is required prior to the redemption (fully or in part) of the instru-

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## Schedule XII

ment. From the drop-down menu, select “1” for yes, “0” for no.

**Column BB Special Conditions Near Maturity**

Report whether there are any special conditions associated with the capital instrument near maturity.

**Column CC Treated as a Liability or Equity on the Balance Sheet**

Use the drop-down menu to report whether the capital instrument is treated as a liability or equity on the company’s balance sheet.

**Column DD Capital Treatment (N/A if none)**

Use the drop-down menu to report the capital treatment of the instrument, if applicable.

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DETAIL INSTRUCTIONS FOR

# Reinsurance Pools Schedule XIII

## General Instructions

Schedule XIII provides information on intercompany reinsurance pooling arrangements among companies in the [supervised insurance institution](#).

In the schedule, report information for all companies on Schedule I that participate in pooling arrangements under which the pool participants cede all or a portion of their direct and assumed business to the pool.

## Row Instructions

### Row 6 and 37 Description of Pool

Provide a description of the basic terms of the intercompany reinsurance pooling arrangement and the related accounting.

## Column Instructions

### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

### Column B Participants

Identify the lead company in row 1 and all of the [affiliated](#) companies participating in the intercompany reinsurance pool in the rows below.

### Column C Premiums

Report total premiums ceded to the pool for the most recent year.

### Column D % of Pool Results

Report each company's percentage share of the pooled business.

### Column E Lines of Business

Provide a description of the lines and type of business subject to the pooling arrangement.

### Column F Non-Affiliated Reinsurers

Provide a description of cession to non-[affiliated](#) reinsurers of business subject to the pooling arrangement, if applicable.

### Column G Other

Provide any other relevant information pertaining to the pooling arrangement.



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DETAIL INSTRUCTIONS FOR

# Liquidity Pools

## Schedule XIV

### General Instructions

Schedule XIV is intended to provide information on liquidity pooling arrangements among companies in the Supervised Insurance Organization.

In the schedule, report information on all inventory companies, if applicable, that participate in internal liquidity pooling arrangements.

### Row Instructions

#### Row 6 and 35 Description of Facilities

Provide a description of the basic terms of the liquidity pooling arrangement and the related accounting.

### Column Instructions

#### Column A Row Number

This is a calculated field that assigns a reference number to each row in the schedule.

#### Column B Participants

Identify the lead company and all of the [affiliated](#) companies participating in the intercompany pool. Include the [NAIC](#) Company Code, if available.

#### Column C Highest Amount Payable in Calendar Year

Report the highest amount payable to the entity during the calendar year.

#### Column D Highest Amount Receivable in Calendar Year

Report the highest amount receivable from the entity during the calendar year.

#### Column E Other

Provide any other relevant information pertaining to the pooling arrangement.



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# Glossary

## Additional Tier 1 Capital Instruments

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Instruments issued by any inventory company that are [qualifying capital instruments](#):<sup>1</sup>

- (1) The instrument is subordinated to depositors, general creditors, and subordinated debt holders of the building block parent in a receivership, insolvency, liquidation, or similar proceeding;
- (2) The instrument is not secured, not covered by a guarantee of the building block parent or of an affiliate of the building block parent, and not subject to any other arrangement that legally or economically enhances the seniority of the instrument;
- (3) The instrument has no maturity date and does not contain a dividend step-up or any other term or feature that creates an incentive to redeem; and
- (4) If callable by its terms, the instrument may be called only after a minimum of five years following issuance, except that the terms of the instrument may allow it to be called earlier than five years upon the occurrence of a regulatory event that precludes the instrument from being included in the building block parent's company available capital or building block available capital, a tax event, or if the issuing entity is required to register as an investment company pursuant to the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) In addition:
  - (a) The top-tier depository institution holding company must receive the prior approval of the Board to exercise a call option on the instrument.
  - (b) The building block parent does not create at issuance, through action or communication, an expectation that the call option will be exercised.
  - (c) Prior to exercising the call option, or immediately thereafter, the top-tier depository institution holding company must either: replace any amount called with an equivalent amount of an instrument that meets the criteria for additional tier 1 capital instruments or common equity tier 1 instruments under this section; or demonstrate to the satisfaction of the Board that following redemption, the top-tier depository institution holding company would continue to hold an amount of capital that is commensurate with its risk.
- (5) Redemption or repurchase of the instrument requires prior approval of the Board.
- (6) The paid-in amount would be classified as equity under GAAP.
- (7) The instrument meets the criteria in § 217.20(c)(1)(vii) through (ix) and § 217.20(c)(1)(xi) through (xiv), except that each instance of "Board-regulated institution" is replaced with "[building block parent](#)".

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1. For the purposes of assessing whether a capital instrument is qualifying for the purpose of this definition, the supervised insurance organization should evaluate the criteria in the qualifying capital instrument definition with regard to the building block in which the issuing inventory company is a member.

## Affiliate

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With respect to a company, any company that controls, is controlled by, or is under common control with, the company.

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# Glossary

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## Allocation share

The portion of a downstream building block's [building block available capital](#) or [building block capital requirement](#) that a [building block parent](#) must aggregate in calculating its own [building block available capital](#) or building block capital requirement, calculated as specified in the instructions for Schedule IV – Available Capital in column H.

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## Approved variation

A [permitted practice](#), [prescribed practice](#), or other practice, including legal, regulatory, or accounting, that departs from a solvency framework as promulgated for application in a jurisdiction.

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## BBA

The building block approach, as codified at 12 CFR 217, Subpart J.

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## BBA ratio

Defined in §217.604 of [BBA](#). This is the calculated in column J of Schedule VI: Overall Results as [building block available capital](#) divided by the [building block capital requirement](#).

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## BHC

Bank Holding Company

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## Board

The Board of Governors of the Federal Reserve System.

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## Board's advanced approaches capital rule

[12 CFR Part 217](#), subpart E.

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## Board's BHC capital rules

**Board's BHC capital rules:** [12 CFR Part 217](#), subparts A through I and Appendix A.

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## Board's market risk capital rule

[12 CFR Part 217](#), subpart F.

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## Building block

A [building block parent](#) and all downstream companies and subsidiaries assigned to the building block parent.

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## Building block available capital

Has the meaning set out in §608(b) of the [BBA](#). A [building block parent](#)'s building block available capital consists of its own [company available capital](#), net of adjustments, plus the [scaled](#) building block available capital of any [downstream building block parents](#) (net of the value of any [upstream investment](#) in the building block parent by any downstream building block parent), less the downstreamed capital to any downstream building block parents. This is the numerator of the [BBA Ratio](#).

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## Building block parent

The lead company of a building block whose [indicated capital framework](#) must be applied to all [members](#) of a building block for purposes of determining [building block available capital](#) and the building block capital requirement.

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## Building block capital requirement

Has the meaning set out in §607 of the [BBA](#). This is calculated in the [common capital framework](#) on column M on Schedule V. This is the denominator of the [BBA Ratio](#).

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## Capital-regulated company

A company in a supervised insurance organization that is a depository institution, foreign bank, or company engaged in the business of insurance, and directly subject to a [regulatory capital framework](#).

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## Common capital framework

[NAIC RBC](#).

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# Glossary

## Company

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A corporation, partnership, limited liability company, [depository institution](#), business trust, special purpose entity, association, or similar organization.

## Company available capital

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The amount of a company's [company capital elements](#), net of any adjustments and deductions, as determined in accordance with the company's [indicated capital framework](#). This amount is reported on column E of Schedule II, and further detail is provided in instructions for that column.

## Company capital element

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For a company, any part, item, component, balance sheet account, instrument, or other element qualifying as regulatory capital under the company's [indicated capital framework](#) prior to any adjustments and deductions under that framework.

## Company capital requirement

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For a company whose [indicated capital framework](#) is a U.S. federal banking capital rule, this is total risk-weighted assets. For a company whose applicable framework is [NAIC RBC](#), this is the Authorized Control Level risk-based capital requirement. For any other company, a risk sensitive measure of required capital used to determine the jurisdictional intervention point applicable to that company. This amount is reported on column R of Schedule II, and further detail is provided in instructions for that column.

## Depository institution

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A depository institution as defined in section 3 of the [Federal Deposit Insurance Act](#).

## Depository institution holding company

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A bank holding company as defined in section 2 of the Bank Holding Company Act of 1956 or a savings and loan holding company as defined in [section 10 of the Home Owners' Loan Act](#) that is organized in the United States, including any bank or savings and loan holding company that is owned or controlled by a for-

foreign organization, but does not include the foreign organization.

## Downstream building block parent

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A [building block parent](#) that is a [downstream company](#) of another building block parent.

## Downstream company

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A company whose [company capital element](#) is directly or indirectly owned, in whole or in part by, another company in the supervised insurance organization.

## Downstreamed capital

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Direct ownership of a [downstream company's company capital element](#) that is accretive to a [downstream building block parent's building block available capital](#).

## Engaged in insurance or reinsurance underwriting

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Regulated as an insurance or reinsurance underwriting company, other than insurance underwriting companies that primarily underwrite title insurance or insurance for credit risk.

## FDIC's regulatory capital rules

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[12 CFR Part 324](#).

## Financial entity

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A company that is:

- (1) A bank holding company; a savings and loan holding company as defined in section 10(n) of the Home Owners' Loan Act (12 U.S.C. 1467a(n)); a U.S. intermediate holding company established or designated for purposes of compliance with this part;
- (2) A depository institution as defined in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)); an organization that is organized under the laws of a foreign country and that engages directly in the business of banking out-

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# Glossary

side the United States; a federal credit union or state credit union as defined in section 2 of the Federal Credit Union Act (12 U.S.C. 1752(1) and (6)); a national association, state member bank, or state nonmember bank that is not a depository institution; an institution that functions solely in a trust or fiduciary capacity as described in section 2(c)(2)(D) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(D)); an industrial loan company, an industrial bank, or other similar institution described in section 2(c)(2)(H) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(H));

- (3) An entity that is state-licensed or registered as:
  - (i) A credit or lending entity, including a finance company; money lender; installment lender; consumer lender or lending company; mortgage lender, broker, or bank; motor vehicle title pledge lender; payday or deferred deposit lender; premium finance company; commercial finance or lending company; or commercial mortgage company; except entities registered or licensed solely on account of financing the entity's direct sales of goods or services to customers;
  - (ii) A money services business, including a check casher; money transmitter; currency dealer or exchange; or money order or traveler's check issuer;
- (4) Any person registered with the Commodity Futures Trading Commission as a swap dealer or major swap participant pursuant to the Commodity Exchange Act of 1936 (7 U.S.C. 1 et seq.), or an entity that is registered with the U.S. Securities and Exchange Commission as a security-based swap dealer or a major security-based swap participant pursuant to the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.);
- (5) A securities holding company as defined in section 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 1850a); a broker or dealer as defined in sections 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)-(5)); an investment company registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); or a company that has elected to be regulated as a business development company pursuant to section 54(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-53(a));
- (6) A private fund as defined in section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)); an entity that would be an investment company under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3) but for section 3(c)(5)(C); or an entity that is deemed not to be an investment company under section 3 of the Investment Company Act of 1940 pursuant to Investment Company Act Rule 3a-7 (17 CFR 270.3a-7) of the U.S. Securities and Exchange Commission;
- (7) A commodity pool, a commodity pool operator, or a commodity trading advisor as defined, respectively, in sections 1a(10), 1a(11), and 1a(12) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(10), 1a(11), and 1a(12)); a floor broker, a floor trader, or introducing broker as defined, respectively, in sections 1a(22), 1a(23) and 1a(31) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(22), 1a(23), and 1a(31)); or a futures commission merchant as defined in section 1a(28) of the Commodity Exchange Act of 1936 (7 U.S.C. 1a(28));
- (8) An entity that is organized as an insurance company, primarily engaged in underwriting insurance or reinsuring risks underwritten by insurance companies;
- (9) Any designated financial market utility, as defined in section 803 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5462); and
- (10) An entity that would be a financial entity described in paragraphs (1) through (9) of this definition, if it were organized under the laws of the United States or any State thereof.

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## Financial institution

The meaning of the same term as set out in [12 CFR 217.2](#).

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# Glossary

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## Indicated capital framework

The capital framework specified in column G of Schedule I for a company based on its [regulatory capital framework](#) and type of business.

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## Inventory

The collection of entities contained in Schedule I.

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## Material

For a company in the supervised insurance organization:

- (1) Where the [top-tier depository institution holding company](#)'s total exposure exceeds 5 percent of the maximum of (1) the top-tier depository institution holding company's company available capital; and (2) the largest company available capital of all capital regulated companies reported in the supervised insurance organization's inventory. For purposes of this definition, total exposure includes:
  - (a) the absolute value of the top-tier depository institution holding company's direct or indirect interest in the [company capital element](#) of the company;
  - (b) the top-tier depository institution holding company or any other company in the supervised insurance organization providing an explicit or implicit guarantee for the benefit of the company; and
  - (c) potential counterparty credit risk to the top-tier depository institution holding company or any other company in the supervised insurance organization arising from any derivative or similar instrument, reinsurance or similar arrangement, or other contractual agreement; or
- (2) the company is otherwise significant in assessing the [building block available capital](#) or [building block capital requirement](#) of the top-tier depository institution holding company based on factors including risk exposure, activities, organizational structure, complexity, [affiliate](#) guarantees or recourse rights, and size.

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## Material financial entity

A [financial entity](#) that, together with its subsidiaries, but excluding any subsidiary [capital-regulated company](#) (or subsidiary thereof), is [material](#), provided that an inventory company is not eligible to be a material financial entity if:

- (1) The supervised insurance organization has elected pursuant to section 605(c) to not treat the company as a material financial entity.
- (2) The inventory company is a financial subsidiary, as defined in section 121 of the Gramm-Leach-Bliley Act;

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## Member

With respect to a building block, the [building block parent](#) or any of its downstream companies that have been assigned to a building block.

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## NAIC

The National Association of Insurance Commissioners.

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## NAIC RBC

The most recent version of the Risk-Based Capital (RBC) For Insurers Model Act, together with the RBC instructions, as adopted in a substantially similar manner by an [NAIC](#) member and published in the NAIC's Model Regulation Service.

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## Next Upstream Building Block Parent

An [upstream building block parent](#) that owns, in whole or part, the [downstream company](#), either directly or through one or more inventory companies that are not [building block parents](#).

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## OCC Regulatory Capital Rules

[12 CFR Part 3](#).

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## Permitted Practice

An accounting practice specifically requested by a state regulated insurer that departs from [NAIC](#) Statutory

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# Glossary

Accounting Principles and state prescribed accounting practices, and that has received approval from the state regulated insurer's domiciliary state regulatory authority.

## Prescribed Practice

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An accounting practice that is incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in a particular state.

## Qualifying capital instruments

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Capital instruments that qualify for inclusion as regulatory capital are those instruments (plus related surplus) that meet the criteria below:

- (1) The instrument is issued and paid-in;
- (2) The instrument is subordinated to depositors and general creditors of the [building block parent](#);
- (3) The instrument is not secured, not covered by a guarantee of the building block parent or of an affiliate of the building block parent, and not subject to any other arrangement that legally or economically enhances the seniority of the instrument in relation to more senior claims;
- (4) The instrument has a minimum original maturity of at least five years. At the beginning of each of the last five years of the life of the instrument, the amount that is eligible to be included in a [building block parent's company available capital](#) or [building block available capital](#) is reduced by 20 percent of the original amount of the instrument (net of redemptions) and is excluded from regulatory capital when the remaining maturity is less than one year. In addition, the instrument must not have any term or features that require, or create significant incentives for, the building block parent to redeem the instrument prior to maturity; and
- (5) The instrument, by its terms, may be called by the building block parent only after a minimum of five years following issuance, except that the terms of the instrument may allow it to be called sooner upon the occurrence of an event that would preclude the instrument from being included in a building block parent's company available capital or building block available capital, a tax event, or if the issuing entity is required to register as an investment company pursuant to the Investment Company Act of 1940. In addition:
  - (a) The [top-tier depository institution holding company](#) must receive the prior approval of the Board to exercise a call option on the instrument.
  - (b) The building block parent does not create at issuance, through action or communication, an expectation that call option will be exercised.
  - (c) Prior to exercising the call option, or immediately thereafter, the building block parent must either: Replace any amount called with an equivalent amount of an instrument that meets the criteria for regulatory capital; or demonstrate to the satisfaction of the Board that following redemption, the building block parent would continue to hold an amount of capital that is commensurate with its risk.
- (6) The holder of the instrument must have no contractual right to accelerate payment of principal or interest on the instrument, except in the event of receivership, insolvency, liquidation, or similar proceeding of the building block parent or of a major subsidiary of the building block parent.
- (7) The instrument has no credit-sensitive feature, such as a dividend or interest rate that is reset periodically based in whole or in part on the building block parent's credit standing, but may have a dividend rate that is adjusted periodically independent of the building block parent's credit standing, in relation to general market interest rates or similar adjustments.
- (8) The building block parent, or any entity that the building block parent controls, has not purchased and has not directly or indirectly funded the purchase of the instrument.
- (9) If the instrument is not issued by the building block parent or by a subsidiary of the building block parent that is an operating entity, the only

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# Glossary

asset of the issuing entity is its investment in the capital of the building block parent, and proceeds must be immediately available without limitation to the building block parent or the building block parent's top-tier holding company in a form that meet or exceeds all of the other criteria in this definition.

- (10) Redemption of the instrument prior to maturity or repurchase requires the prior approval of the Board.
- (11) For an advanced approaches Board-regulated institution, the governing agreement, offering circular, or prospectus of an instrument issued after the date on which the advanced approaches Board-regulated institution become subject to the [BBA](#) must disclose that the holders of the instrument may be fully subordinated to interests held by the U.S. government in the event that the Board-regulated institution enters into receivership, insolvency, liquidation, or similar proceeding.

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## Regulatory capital framework

With respect to a company, the applicable legal requirements specifying the minimum amount of total regulatory capital the company must hold to avoid restrictions on distributions and discretionary bonus payments, and regulatory intervention on the basis of capital adequacy levels for the company, or equivalent standards, provided that for purposes of determining building block parents the [NAIC RBC](#) frameworks for life insurance, property and casualty insurance, and health insurance companies are different [regulatory capital frameworks](#).

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## Scalar compatible

A capital framework

- (1) for which the Board has determined scalars; or
- (2) an insurance capital regulatory framework that exhibits the following three attributes: (i) The framework is clearly defined and broadly applicable; (ii) The framework has a clearly defined intervention point that can be used to calibrate a scalar; and (iii) The framework provides a risk-

sensitive measure of required capital reflecting material risks to a company's financial strength.

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## Scaling

Translation of [building block available capital](#) and [building block capital requirement](#) from one [indicated capital framework](#) to another by application of § 606 for the [BBA](#). The parameters for this are contained in Schedule VIII: Framework Info.

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## Submission date

The date as of which form FR Q-1 is filed with the Board.

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## Supervised insurance institution

In the case of a [depository institution holding company](#), the set of companies consisting of:

- (1) a [top-tier depository institution holding company](#) that is an insurance underwriting company, together with its inventory companies; or
- (2) a top-tier depository institution holding company, together with its inventory companies, that, as of June 30 of the previous calendar year, held 25 percent or more of its total combined assets in insurance underwriting legal entities (other than assets associated with insurance underwriting for credit risk related to bank lending). For purposes of this definition, the supervised firm must calculate its total consolidated assets under U.S. GAAP, or if the firm does not calculate its total consolidated assets under U.S. GAAP for any regulatory purposes (including compliance with applicable securities laws), the company may estimate its total consolidated assets, subject to review and adjustment by the Board; or
- (3) An institution that is determined by the Board to be a Supervised Insurance Institution.

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## Tier 2 capital instruments

Tier 2 capital instruments of a [building block parent](#) are instruments that meet the definition of [qualifying capital instruments](#) but do not meet all of the criteria below:

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- (1) The instrument is paid-in, issued directly by the building block parent, and represents the most subordinated claim in a receivership, insolvency, liquidation, or similar proceeding of the building block parent;
- (2) The holder of the instrument is entitled to a claim on the residual assets of the building block parent that is proportional with the holder's share of the building block parent's issued capital after all senior claims have been satisfied in a receivership, insolvency, liquidation, or similar proceeding;
- (3) The instrument has no maturity date, can only be redeemed via discretionary repurchases with the prior approval of the Board, and does not contain any term or feature that creates an incentive to redeem;
- (4) The building block parent did not create at issuance of the instrument through any action or communication an expectation that it will buy back, cancel, or redeem the instrument, and the instrument does not include any term or feature that might give rise to such an expectation;
- (5) Any cash dividend payments on the instrument are paid out of the building block parent's net income, retained earnings, or surplus related to common stock, and are not subject to a limit imposed by the contractual terms governing the instrument.
- (6) The building block parent has full discretion at all times to refrain from paying any dividends and making any other distributions on the instrument without triggering an event of default, a requirement to make a payment-in-kind, or an imposition of any other restrictions on the building block parent;
- (7) Dividend payments and any other distributions on the instrument may be paid only after all legal and contractual obligations of the building block parent have been satisfied, including payments due on more senior claims;
- (8) The holders of the instrument bear losses as they occur equally, proportionally, and simultaneously with the holders of all other instruments meeting the criteria enumerated here before any losses are borne by holders of claims on the building block parent with greater priority in a receivership, insolvency, liquidation, or similar proceeding;
- (9) The paid-in amount would be classified as equity under GAAP.
- (10) The building block parent, or an entity that the building block parent controls, did not purchase or directly or indirectly fund the purchase of the instrument;
- (11) The instrument is not secured, not covered by a guarantee of the building block parent or of an affiliate of the building block parent, and is not subject to any other arrangement that legally or economically enhances the seniority of the instrument;
- (12) The instrument has been issued in accordance with applicable laws and regulations; and
- (13) The instrument is reported on the building block parent's regulatory financial statement separately from other capital instruments.

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## **Top-tier depository institution holding company**

A depository institution holding company that is not controlled by another depository institution holding company.

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## **Upstream building block parent**

An [upstream company](#) that is a [building block parent](#).

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## **Upstream company**

A company within a supervised insurance organization that directly or indirectly controls a [downstream company](#), or directly or indirectly owns part or all of a downstream company's [company capital elements](#).

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## **Upstream investment**

Any direct or indirect investment by a [downstream building block parent](#) in an [upstream building block parent](#), valued based on the estimated impact, excluding any impact on taxes, on the downstream building block parent's [company available capital](#) if the owner were to eliminate the investment.

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# Glossary

## **U.S. federal banking capital rules**

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12 CFR Part 217 and the regulatory capital rules promulgated by the Federal Deposit Insurance Corpora-

tion, and the Office of the Comptroller of the Currency.

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