

FEDERAL RESERVE SYSTEM

Docket No. R-1535; RIN 7100 AE-49

Banking Organization Systemic Risk Report (FR Y-15)

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Interim final rule with request for comment.

SUMMARY: The Board invites comment on an interim final rule that would extend the amount of time that certain firms have to complete Schedule G of the Banking Organization Systemic Risk Report (FR Y-15).

DATES: This interim final rule is effective immediately. Comments on the interim final rule must be received on or before [insert date 60 days after date of publication in the Federal Register].

ADDRESSES: When submitting comments, please consider submitting your comments by e-mail or fax because paper mail in the Washington, DC area and at the Board may be subject to delay. You may submit comments, identified by Docket No. R-1535; RIN 7100 AE-49, by any of the following methods:

- **Agency Web site:** <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.
- **Email:** regs.comments@federalreserve.gov. Include the docket number in the subject line of the message.
- **Fax:** (202) 452-3819 or (202) 452-3102.

- **Mail:** Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551.

All public comments will be made available on the Board's Web site at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-500 of the Board's Martin Building (20th and C Streets NW., Washington, DC 20551) between 9:00 a.m. and 5:00 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT:

Anna Lee Hewko, Associate Director, (202) 530-6260, Constance M. Horsley, Assistant Director, (202) 452-5239, Elizabeth MacDonald, Manager, (202) 475-6316, or Sean Healey, Supervisory Financial Analyst, (202) 912-4611, Division of Banking Supervision and Regulation; or Benjamin McDonough, Special Counsel, (202) 452-2036, Mark Buresh, Senior Attorney, (202) 452-5270, or Mary Watkins, Attorney, (202) 452-3722, Legal Division. Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551. For the hearing impaired only, Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869.

SUPPLEMENTARY INFORMATION:

I. Background

The Banking Organization Systemic Risk Report (FR Y-15) reporting form collects systemic risk data from U.S. bank holding companies, covered savings and loan

holding companies,¹ and intermediate holding companies with total consolidated assets of \$50 billion or more. The Federal Reserve primarily uses the FR Y-15 data to monitor, on an ongoing basis, the systemic risk profile of the institutions that are subject to enhanced prudential standards under section 165 of the Dodd-Frank Act. The information reported on the FR Y-15 also is used in the calculation of a bank holding company's method 1 and method 2 scores under the Board's risk-based capital surcharge for global systemically important bank holding companies (GSIB surcharge rule).²

In connection with issuance of the GSIB surcharge rule, the Board revised the FR Y-15 to include Schedule G, which contains data used in the calculation of the short-term wholesale funding score that is a component of the method 2 score calculation.³ The revised FR Y-15 required firms to begin providing Schedule G with the FR Y-15 as of December 31, 2016.⁴

The Board's complex institution liquidity monitoring report (FR 2052a) collects data on an institution's overall liquidity profile. While the FR 2052a collects a broader range of data on a more frequent and granular basis than the FR Y-15, the information collected on the FR 2052a includes the information necessary to complete Schedule G of the FR Y-15. When the Board finalized the FR 2052a reporting form, it provided a phase-in schedule to allow firms sufficient time to implement the systems necessary to

¹ Covered savings and loan holding companies are those which are not substantially engaged in insurance or commercial activities. For more information, see the definition of "covered savings and loan holding company" provided in 12 CFR 217.2.

² 12 CFR Part 217, Subpart H.

³ *See*, 80 FR 77344 (December 14, 2015); 12 CFR 217.405-406.

⁴ 80 FR 77344, 77345.

complete the FR 2052a.⁵ Under the transition periods set forth in FR 2052a, firms with total consolidated assets of less than \$700 billion and less than \$10 trillion in assets under custody are not required to submit the FR 2052a until at least February 2017, a full year after the current effective date of the FR Y-15.

II. Interim Final Rule

This interim final rule delays the initial filing date of Schedule G of the FR Y-15 for all firms, except for those that have \$700 billion or more in total consolidated assets or \$10 trillion or more in assets under custody. This delay will allow the FR 2052a phase-in schedule to be completed before a firm is required to complete Schedule G of the FR Y-15.

Under the interim final rule, firms that are required to file the FR Y-15 that have \$700 billion or more in total consolidated assets or \$10 trillion or more in assets under custody do not have an extended filing date and must complete Schedule G for the FR Y-15 filed as of December 31, 2016. However, firms that are required to file the FR Y-15 and that have less than \$10 trillion in assets under custody and less than \$700 billion in total consolidated assets, but have \$250 billion or more in total consolidated assets or \$10 billion or more in on balance sheet foreign exposure are not required to begin completing Schedule G until the report with the December 31, 2017, as of date. Firms that are required to file the FR Y-15 and that have less than: \$10 trillion in assets under custody; \$250 billion in total consolidated assets; and \$10 billion in on-balance-sheet foreign exposure are not required to begin completing Schedule G until the report with the June 30, 2018, as of date. The table below describes

⁵ 80 FR 71795 (November 17, 2015).

the interaction between initial filing of the FR 2052a and the initial filing of Schedule G of the FR Y-15:

U.S. firms with total consolidated assets:	FR 2052a			FR Y-15
	Filing Frequency	First as-of date	First submission date	First as-of date for Schedule G
≥ \$700 billion or with ≥ \$10 trillion in assets under custody	Daily	12/14/2015	12/16/2015	12/31/2016
< \$700 billion and with < \$10 trillion in assets under custody, but total consolidated assets ≥ \$250 billion or foreign exposure ≥ \$10 billion	Monthly	01/31/2017	02/15/2017	12/31/2017
≥ \$50 billion, but total consolidated assets < \$250 billion and foreign exposure < \$10 billion	Monthly	07/31/2017	08/15/2017	06/30/2018

This interim final rule revises the initial filing dates of Schedule G of the FR Y-15 to be consistent with the phase-in schedule for the FR Y 2052a. Without this change, firms would be required to implement the systems necessary to complete both the Schedule G of the FR Y-15 and much of the FR 2052a for the FR Y-15 report as of December 31, 2016. This would create significant immediate expense for firms and would be contrary to the phase-in schedule for completion of the FR 2052a.

III. Request for Comments

The Board seeks comment on all aspects of the interim final rule.

IV. Effective Date; Solicitation of Comments

The interim final rule is being issued without prior notice and opportunity to comment and with an immediate effective date. Pursuant to the Administrative Procedure Act (APA), general notice and opportunity for public comment are not

required prior to the issuance of a final rule if an agency, for good cause, finds that “notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.”⁶ Immediate adoption of this change would give effect to the intended phase-in schedule for the FR 2052a by allowing certain firms additional time to complete Schedule G of the FR Y-15. Immediate adoption of this change also would provide clarity to firms required to file the FR Y-15 and FR 2052a regarding the interaction of the forms, and relieve burden on these firms by allowing additional time to develop the systems necessary to complete the FR Y-15 and FR 2052a. Without the revised schedule of Schedule G of the FR Y-15 in this interim final rule, many holding companies would expend significant resources to develop liquidity reporting systems significantly in advance of when these systems would otherwise become necessary. Further, since only certain summary statistics reported on Schedule G are released to the public, allowing certain firms additional time to complete Schedule G will not have a significant impact on the amount of information available to the public.⁷

The Board finds that, under these circumstances, prior notice and comment through the issuance of a notice of proposed rulemaking are impracticable and that the public interest is best served by making the rule effective as quickly as possible.

⁶ 5 U.S.C. 553(b)(B). The APA also generally requires that a final rule be published in the Federal Register no less than 30 days before its effective date, unless the rule grants or recognizes an exception or relieves a restriction, or as otherwise provided by the agency for good cause. 5 U.S.C. 553(d)(3).

⁷ Items one through four of Schedule G receive confidential treatment until the liquidity coverage ratio disclosure standard has been implemented. Information for which confidential treatment is provided may subsequently be released in accordance with the terms of 12 CFR 261.16 or as otherwise provided by law.

VI. Regulatory Analysis

A. Regulatory Flexibility Act Analysis

The requirements of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq*) (RFA) are not applicable to this interim final rule.⁸ Nonetheless, the Board believes that the interim final rule would not have a significant economic impact on a substantial number of small entities. The Board requests comment on its conclusion that the new interim final rule should not have a significant economic impact on a substantial number of small entities.

The RFA generally requires an agency to assess the impact a rule is expected to have on small entities.⁹ The RFA requires an agency either to provide a regulatory flexibility analysis or to certify that the interim final rule will not have a significant economic impact on a substantial number of small entities. Based on this analysis and for the reasons stated below, the Board believes that this interim final rule will not have a significant economic impact on a substantial number of small entities.

Under regulations issued by the U.S. Small Business Administration, a small entity includes a depository institution, bank holding company, or savings and loan holding company with total assets of \$550 million or less (a small banking

⁸ The requirements of the RFA are not applicable to rules adopted under the Administrative Procedure Act's "good cause" exception, see 5 U.S.C. 601(2) (defining "rule" and notice requirements under the APA).

⁹ Under standards the U.S. Small Business Administration has established, an entity is considered "small" if it has \$175 million or less in assets for banks and other depository institutions. U.S. Small Business Administration, Table of Small Business Size Standards Matched to North American Industry Classification System Codes, available at http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_sstd_tablepdf.pdf.

organization).¹⁰ As of June 30, 2016, there were approximately 3,203 top-tier small bank holding companies and 162 small savings and loan holding companies.

The Board believes that this interim final rule will reduce regulatory burden by providing additional time for certain firms to complete Schedule G of the FR Y-15. The firms required to file the FR Y-15 are bank holding companies, savings and loan holding companies, and intermediate holding companies with \$50 billion or more in total consolidated assets, as well as any U.S.-based organization designated as a global systemically important bank holding company. Therefore, neither Schedule G of the FR Y-15 nor this interim final rule apply to small entities.

The Board is aware of no other Federal rules that duplicate, overlap, or conflict with this interim final rule. The Board does not believe that there are significant alternatives to the interim final rule that would reduce the economic impact on small banking organizations supervised by the Board.

B. Solicitation of Comments on Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act requires the agencies to use plain language in all proposed and final rules published after January 1, 2000. The agencies invite comment on how to make this interim final rule easier to understand. For example:

- Have the agencies organized the material to suit your needs? If not, how could the rule be more clearly stated?
- Are the requirements in the rule clearly stated? If not, how could the rule be more clearly stated?

¹⁰ See 13 CFR 121.201. Effective July 14, 2014, the Small Business Administration revised the size standards for banking organizations to \$550 million in assets from \$500 million in assets. 79 FR 33647 (June 12, 2014).

- Does the rule contain technical language or jargon that is not clear? If so, what language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the rule easier to understand? If so, what changes would make the rule easier to understand?
- Would more, but shorter, sections be better? If so, which sections should be changed?
- What else could the agencies do to make the rule easier to understand?

C. Paperwork Reduction Act

In accordance with section 3512 of the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. § 3501-3521), the Board may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Board reviewed the interim final rule under the authority delegated to the Board by OMB. The interim final rule contains no requirements subject to the PRA.

D. Administrative Procedure Act

The Administrative Procedure Act allows an agency to act immediately to adopt a rule without public notice and comment if the agency has “good cause.”¹¹ In this case, the Board has good cause to issue an interim final rule and to have the rule be effective immediately.¹² The interim final rule will provide certain firms additional time to complete Schedule G of the FR Y-15. The delay provides clarity to the industry

¹¹ 12 U.S.C. 553(b).

¹² 12 U.S.C. 553(d).

regarding the Board's expectations for implementation of systems for monitoring and reporting liquidity positions and to ensure that these firms have sufficient time to develop these systems and the related risk management processes.

By order of the Board of Governors of the Federal Reserve System, December 9, 2016.

Robert deV. Frierson,
Secretary of the Board