Supporting Statement for the
Capital Assessments and Stress Testing Reports
(FR Y-14A/Q/M; OMB No. 7100-0341)

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M; OMB No. 7100-0341). These collections of information are applicable to top-tier bank holding companies (BHCs) with total consolidated assets of $100 billion[1] or more and U.S. intermediate holding companies (IHCs) with $50 billion or more in total consolidated assets that are subsidiaries of foreign banking organizations (FBOs).[2] The FR Y-14A, FR Y-14Q, and FR Y-14M reports are used to support the Board's Comprehensive Capital Analysis and Review (CCAR) exercise, supervisory stress test models, and continuous monitoring efforts.

The Board is proposing to address the revised accounting for credit losses under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13) and to implement the current expected credit loss (CECL) accounting methodology across all of the FR Y-14 reports. The proposed changes to the FR Y-14 reports mirror the related changes to the Consolidated Financial Statements for Holding Companies (FR Y-9C) for CECL, as appropriate.[3] The proposed reporting changes related to CECL also are consistent with the revisions indicated in the final CECL rule.[4]

The estimated total annual burden for the FR Y-14 is 841,048 hours. The proposed revisions would result in a net increase in burden of 5,616 hours, for a total of 846,664 hours. The draft reporting forms and instructions are available on the Board's public website at https://www.federalreserve.gov/apps/reportforms/review.aspx.

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[1] On July 6, 2018, the Board issued a public statement regarding the impact of the Economic Growth, Regulatory Relief, and Consumer Protection Act. See https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180706b1.pdf. The Board announced that it will not take action to require BHCs with greater than or equal to $50 billion but less than $100 billion in total consolidated asets to file the FR Y-14 reports.

[2] The Board has separately proposed to revise the respondent panel for the FR Y-14 reports in connection with the Board's proposed rule regarding Prudential Standards for Large Bank Holding Companies and Savings and Loan Holding Companies (the "Tailoring Proposal"). See 83 FR 61408 (November 29, 2018). Under the Tailoring Proposal, the respondent panel for the FR Y-14 reports would be BHCs with total consolidated assets of $100 billion or more, IHCs with total consolidated assets of $50 billion or more that are subsidiaries of an FBO, and covered savings and loan holding companies (SLHCs) with $100 billion or more in total consildated assets. See 12 CFR sections 217.2 (defining "covered savings and loan holding company"). If the Tailoring Proposal is finalized before this proposal, the respondent panel for the FR Y-14 reports would be updated to reflect the respondent panel adopted in the Tailoring Proposal.

[3] See 84 FR 11783 (March 28, 2019).

[4] See 84 FR 4222 (February 14, 2019).

Background and Justification

Section 165(i)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)[5] requires the Board to conduct an annual stress test of certain companies to evaluate whether the company has sufficient capital, on a total consolidated basis, to absorb losses as a result of adverse economic conditions (supervisory stress test).[6] Further, section 165(i)(2) of the Dodd-Frank Act requires the Board to issue regulations requiring such companies to conduct company-run stress tests.[7] The Board's rules implementing sections 165(i)(1) and (i)(2) of the Dodd-Frank Act establish stress testing requirements for certain BHCs, state member banks, savings and loan holding companies, foreign banking organizations, and nonbank financial companies supervised by the Board.[8]

Additionally, the Board's capital plan rule requires certain firms to submit capital plans to the Board annually and requires such firms to request prior approval from the Board under certain circumstances before making a capital distribution.[9] In connection with submissions of capital plans to the Board, firms are required, pursuant to 12 CFR 225.8(e)(3), to provide information including, but not limited to, the firm's financial condition, structure, assets, risk exposure, policies and procedures, liquidity, and risk management.

The annual CCAR exercise complements other Board supervisory efforts aimed at enhancing the continued viability of large firms, including continuous monitoring of firms' planning and management of liquidity and funding resources, as well as regular assessments of credit, market and operational risks, and associated risk management practices.

The FR Y-14 series of reports collects CCAR, stress test, and capital plan data from top-tier BHCs with total consolidated assets of $100 billion or more and U.S. IHCs of foreign banking organizations with assets of $50 billion or more . The data collected through the FR Y-14A/Q/M reports provide the Board with the information needed to help ensure that large firms have strong, firm-wide risk measurement and management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions.

Description of Information Collection

These collections of information are applicable to top-tier BHCs with total consolidated assets of $100 billion or more and U.S. IHCs with assets of $50 billion or more. This family of information collections is composed of the following three reports:

- The semi-annual FR Y-14A, which collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios, and

5 Pub. L. No. 111-203, 124 Stat. 1376 (2010).
6 See 12 U.S.C. 5365(i)(1).
7 See 12 U.S.C. 5365(i)(2).
8 See 12 CFR 252, subparts B, E, F, and O.
9 See 12 CFR 225.8.

qualitative information on methodologies used to develop internal projections of capital across scenarios.[10]

- The quarterly FR Y-14Q, which collects granular data on various asset classes, including loans, securities, trading assets, and pre-provision net revenue (PPNR) for the reporting period.

- The monthly FR Y-14M, which is comprised of three retail portfolio- and loan-level schedules, and one detailed address matching schedule to supplement two of the portfolio- and loan-level schedules.

Respondent firms are currently required to submit up to 18 filings each year: 2 semi-annual FR Y-14A filings, 4 quarterly FR Y-14Q filings, and 12 monthly FR Y-14M filings. Compliance with these information collections is mandatory.

Current FR Y-14A (semi-annual collection)

The semi-annual collection of quantitative projected regulatory capital ratios across various macroeconomic scenarios is comprised of five primary schedules (Summary, Scenario, Regulatory Capital Instruments, Operational Risk, Business Plan Changes (BPC)), each with multiple supporting tables.

The FR Y-14A schedules collect current financial information as well as quarterly and annual projections under the Board's supervisory scenarios. The information includes balances for balance sheet and off-balance-sheet positions, income statement and PPNR, and estimates of losses across various portfolios.

Firms are also required to submit qualitative information supporting their projections, including descriptions of the methodologies used to develop the internal projections of capital across scenarios and other analyses that support their comprehensive capital plans.

Current FR Y-14Q (quarterly collection)

The FR Y-14Q schedules (Retail, Securities, Regulatory Capital Instruments, Regulatory Capital Transitions, Operational Risk, Trading, PPNR, Wholesale, Mortgage Servicing Rights, Fair Value Option/Held for Sale, Supplemental, Counterparty, and Balances schedules) collect firm-specific data on positions and exposures that are used as inputs to supervisory stress test models to monitor actual versus forecast information on a quarterly basis and to conduct ongoing supervision.

Current FR Y-14M (monthly collection)

The FR Y-14M report includes two portfolio- and loan-level schedules for First Lien data and Home Equity data, and an account- and portfolio-level schedule for Domestic Credit Card

[10] In certain circumstances, a BHC or U.S. IHC may be required to re-submit its capital plan. See 12 CFR 225.8(e)(4). Firms that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

data. To match senior and junior lien residential mortgages on the same collateral, the Address Matching schedule gathers additional information on the residential mortgage loans reported in the First Lien and Home Equity schedules.

Proposed CECL Revisions to the FR Y-14 Reports

In June 2016, the FASB issued ASU 2016-13, which introduced the CECL methodology for estimating allowances for credit losses and added Topic 326, Credit Losses, to the Accounting Standards Codification (ASC). The new credit losses standard changed several aspects of existing U.S. generally accepted accounting principles (U.S. GAAP), such as by introducing a new credit loss methodology, reducing the number of credit impairment models, replacing the concept of purchased credit-impaired (PCI) assets with that of purchased credit-deteriorated (PCD) financial assets, and changing the period over which firms should estimate expected credit losses on off-balance sheet exposures.

CECL will be applicable to all financial instruments carried at amortized cost (including loans held for investment (HFI) and held to maturity (HTM) debt securities, as well as trade and reinsurance receivables and receivables that relate to repurchase agreements and securities lending agreements), net investments in leases, and off-balance sheet credit exposures not accounted for as insurance, including loan commitments, standby letters of credit, and financial guarantees.

Under ASU 2016-13, institutions will record credit losses through an allowance for credit losses for available-for-sale (AFS) debt securities rather than as a write-down through earnings for other-than-temporary impairment (OTTI). The broader scope of financial assets for which allowances must be estimated under ASU 2016-13 results in the proposed reporting of additional allowances, related charge-off and recovery data, and proposed changes to the terminology used to describe allowances for credit losses. To address the broader scope of assets that will have allowances under ASU 2016-13, the Board proposes to change the allowa nce nomenclature to consistently use “allowance for credit losses” followed by the relevant specific asset type, e.g., “allowance for credit losses on loans and leases” and “allowance for credit losses on HTM debt securities.”

By broadening the scope of financial assets for which the need for allowances for credit losses must be assessed to include HTM and AFS debt securities, the new accounting standard eliminates the existing OTTI model for such securities. After a firm adopts ASU 2016-13, the concept of OTTI will no longer be relevant and information on OTTI would no longer be captured.

The new accounting standard also eliminates the separate impairment model for PCI loans and debt securities. Under CECL, credit losses on PCD financial assets are subject to the same credit loss measurement standard as all other financial assets carried at amortized cost. Subsequent to an institution’s adoption of ASU 2016-13, information on PCI loans would no longer be captured.

While the standard generally does not change the scope of off-balance sheet credit exposures subject to an allowance for credit loss assessment, the standard does change the period over which the firm should estimate expected credit losses. For off-balance sheet credit exposures, a firm will estimate expected credit losses over the contractual period in which they are exposed to credit risk. For the period of exposure, the estimate of expected credit losses should consider both the likelihood that funding will occur and the amount expected to be funded over the estimated remaining life of the commitment or other off-balance sheet exposure. In contrast to the existing practices, the FASB determined that no credit losses should be recognized for off-balance sheet credit exposures that are unconditionally cancellable by the issuer. The exclusion of unconditionally cancellable commitments from the allowance for credit losses assessment on off-balance sheet credit exposures requires clarification to applicable reporting instructions.

In December 2018, the Federal Reserve amended its stress testing rules to require a banking organization that has adopted CECL to incorporate CECL in its stress testing methodologies, data, and disclosure beginning in the cycle coinciding with its first full year of CECL adoption. For example, firms that have adopted CECL in or before 2020, are required to reflect their CECL provision for credit losses beginning in the 2020 stress test cycle. The effective date for adopting CECL varies depending on whether a firm is a public business entity (PBE), a Securities and Exchange Commission (SEC) report filer, or an early adopter.[11] Due to the different effective dates for ASU 2016-13, the period over which institutions may be implementing this ASU ranges from 2019 through 2022.[12]

The Board is proposing revisions to the FR Y-14 reports in response to ASU 2016-13 to align the information reported with the new standard as it relates to the credit losses for loans and leases, including off-balance sheet credit exposures. These revisions would address the broadening of the scope of financial assets for which an allowance for credit losses assessment must be established and maintained, along with the elimination of the existing model for PCI assets.

Generally, institutions subject to filing the FR Y-14 reports would reflect the standard in data reported on the FR Y-14A, FR Y-14Q, and FR Y-14M, with as-of dates following the start of the firm’s fiscal year and the adoption of the standard, beginning with the FR Y-14 reports as-of December 31, 2019. Certain items, as described in the Collection of Supplemental CECL Information section, may require balances to be reported as of December 31 prior to CECL adoption. Firms should refer to the final CECL rule for specifics surrounding inclusion of credit losses in a given stress test cycle.

The proposed changes to the FR Y-14 are designed to accommodate differences in implementation dates for different firms. Specifically, although new items would be added to the report form and instructions, the proposed revisions to schedule titles or specific data item

[11] For institutions that are PBEs and also are SEC filers, as both terms are defined in U.S. GAAP, the new credit losses standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For a PBE that is not an SEC filer, the credit losses standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. For an institution that is not a PBE, the credit losses standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.

[12] It is expected that the majority of FR Y-14 filing institutions will implement the standard by the first or fourth quarter of 2021.

captions resulting from the change in nomenclature upon the adoption of CECL would not be reflected in the FR Y-14 report forms until full adoption by all FR Y-14 filers, or March 31, 2022, at the latest. With the reports as-of March 31, 2022, the FR Y-14 reporting forms and instructions for each impacted schedule title or data item would be updated to fully incorporate CECL nomenclature and reporting. This would include, unless otherwise indicated, revising the schedule titles or specific data item captions referencing the "provision for loan and lease losses" and the "allowance for loan and lease losses" to be changed to the "provision for credit losses" and the "allowance for credit losses," respectively. For these items, to address the period from December 31, 2019, to March 31, 2022, the reporting form and instructions for each schedule title or data item impacted by the change in nomenclature would include guidance stating how institutions that have adopted the standard would report the data items related to the "provision for credit losses" and "allowance for credit losses," as applicable.

Items where the FR Y-14 instructions state, "to report as defined in the FR Y-9C" (i.e., there is no deviation from the FR Y-9C item definition), should always conform with the reporting as defined on the FR Y-9C unless otherwise noted. This includes as it pertains to reporting under ASU 2016-13 on the FR Y-14 after the proposed implementation date in December 31, 2019.

The revisions for the FR Y-14 reports are described below in detail, mostly on a schedule-by-schedule basis.

FR Y-14A, Schedule A (Summary)

Schedule A.1.a (Income Statement)

To address the broader scope of financial assets for which a provision will be calculated under ASU 2016-13, the Board proposes to revise Schedule A.1.a (Income Statement) to capture changes in allowances for credit losses on loans and leases (ALLL), HTM, and AFS debt securities. This change would be comparable to the breakout on the FR Y-9C, Schedule HI-B, Part II (Charge-Offs and Recoveries on Loans and Leases and Changes in Allowance).

Specifically, to accommodate the collection of the additional financial assets, item 68, "ALLL, prior quarter"; item 91, "Provisions for loan and lease losses during the quarter"; item 114, "Net Charge-offs during the quarter"; item 115, "Other ALLL Changes"; and item 116, "ALLL, current quarter," would be updated. First, as-of December 31, 2019, the existing items, would be re-numbered to items 68a, 91a, 114a, 115a, and 116a, and would continue to capture allowances, provisions, or charge-offs for loan and lease losses for institutions that have not yet adopted ASU 2016-13. Guidance would be added to the FR Y-14A, Schedule A.1.a (Income Statement) forms and instructions indicating that institutions that have adopted ASU 2016-13, should report allowances for credit losses on loans and leases, provisions for loans and leases, or net charge-offs on loans and leases in items 68a, 91a, 114a, 115a, and 116a. In addition, the title of item 114a would be revised to "Net charage-offs during the quarter on loans and leases." Second, as-of December 31, 2019, two additional items (noted as b. and c.) would be added to items 68, 91, 114, 115, and 116 to capture amounts associated with HTM and AFS debt securities. A footnote would indicate that these items are only to be reported by institutions that have adopted ASU 2016-13. Third, a total item would be added to derive the sum of the components of item 68, “Total ALLL prior quarter”; item 91, “Total provisions for loan and lease losses during the quarter”; item 114, “Total Net Charge-offs during the quarter”; item 115, “ Other ALLL Changes”; and item 116, “Total Allowances, current quarter.” For institutions that have not adopted ASU 2016-13, this total line item would represent the allowance for loan and lease losses.

As previously noted, as-of December 31, 2019, the Board would add guidance to all other references in the FR Y-14A, Schedule A.1.a (Income Statement) to “provision for loan and lease losses” and the “allowance for loan and lease losses” to indicate that institutions that have adopted ASU 2016-13 should report the “provision for credit losses” and the “allowance for credit losses.” Upon full adoption, all applicable captions and descriptions would be updated to reflect adoption of the new credit loss terminology and footnoted guidance would be eliminated.

To address the elimination of the concept of OTTI by ASU 2016-13, upon full adoption or as-of March 31, 2022, at the latest, the Board proposes eliminating references to OTTI from item 126, “Realized Gains (Losses) on available-for-sale securities, including OTTI,” and item 127, “Realized Gains (Losses) on held to maturity securities, including OTTI.” From December 31, 2019, through March 31, 2022, a footnote would indicate that the inclusion of OTTI in these items does not apply to institutions that have adopted ASU 2016-13.

Schedule A.1.b (Balance Sheet)

To address the broader scope of financial assets for which allowances will be estimated under ASU 2016-13, the Board proposes revisions to the FR Y-14A report form and instructions to specify which assets should be reported net of an allowance for credit losses. As-of December 31, 2019, the Board proposes adding a footnote to item 1, “Held to Maturity”; item 120, “Securities Purchased Under Agreements to Resell”; and item 129, “Other Assets,” on Schedule A.1.b. (Balance Sheet) to note that, in line with reporting on Schedule HC (Balance Sheet) of the FR Y-9C, institutions that have adopted ASU 2016-13 should report these amount net of any applicable allowance for credit losses.

The Board proposes to keep the derivation of allowances on the FR Y-14A, Schedule A.1.b (Balance Sheet) specific to loans and leases. Therefore, as-of December 31, 2019, footnotes would be added to item 110, “Allowance for Loan and Lease Losses,” and item 111, “Net of Unearned Income and Allowance for Loan and Leases Losses” indicating that for institutions that have adopted ASU 2016-13, the value would reflect allowance for credit losses on loans and leases in these items, and the item references would be updated. Upon full adoption, with the reports as-of March 31, 2022, at the latest, the caption would be updated to reflect the new credit loss terminology.

Schedule A.1.d (Capital)

The proposed reporting changes to Schedule A.1.d (Capital) align with the revisions described in the final CECL rule and the FR Y-9C.

Specifically, the Board is proposing to revise the instructions for Schedule A.1.d to indicate that institutions that have adopted CECL should use the adjusted allowances for credit losses instead of allowance for loan and lease losses in calculating regulatory capital. A footnote would be added as-of December 31, 2019, indicating this guidance on Schedule A.1.d., item 54, “Allowance for loan and lease losses includable in tier 2 capital.” Upon full adoption, with the reports as-of March 31, 2022, at the latest, the caption would be updated to reflect the new credit loss terminology.

To address the potential election of the CECL transition provision as described in the final CECL rule, the Board also proposes to add guidance to the FR Y-14A, Schedule A.1.d, item 20, “Retained earnings,” item 39, “DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10 percent common equity tier 1 capital deduction threshold,” item 54, “Allowance for loan and lease losses includable in tier 2 capital,” item 77, “DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs,”, and item 85, “Average total consolidated assets,” indicating that institutions that have adopted ASU 2016-13 and have elected to apply the transition provision should include or exclude, as outlined in the FR Y-9C, the applicable portion of the CECL transitional amount.

Schedule A.2.a (Retail Balance and Loss Projections)

To address the elimination of PCI assets under ASU 2016-13, the Board proposes to revise the instructions to indicate that institutions that have adopted ASU 2016-13 would not need to file item 7, “Cumulative Interim Loan Losses – Non-PCI,” or item 8, “Cumulative Interim Loan Losses, PCI.” Upon full adoption of ASU 2016-13, or as of March 31, 2022, at the latest, the Board proposes to eliminate items 7 and 8. Finally, since the projected fields are not currently reported for items 7 and 8, the Board proposes to move these fields to FR Y-14Q, Schedule M (Balances), effective December 31, 2019. These items would continue to be reported for each applicable mortgage type.

Schedule A.3 (AFS/HTM Securities)

Currently, three sub-schedules on the FR Y-14A, Schedule A.3 (AFS/HTM Securities) collect detailed information on projected OTTI by individual security (A.3.a), high level OTTI methodology and assumptions by portfolio (A.3.b), and projected OTTI by portfolio (A.3.c). By broadening the scope of financial assets for which the need for allowances for credit losses must be assessed to include HTM and AFS debt securities, the new credit loss standard eliminates the existing OTTI model for such securities. Subsequent to an institution’s adoption of ASU 2016-13, the concept of OTTI will no longer be relevant and information on OTTI would no longer be captured. Therefore as-of December 31, 2019, the Board proposes that institutions that have adopted ASU 2016-13 would not report sub-schedules A.3.a, A.3.b, and A.3.c. Furthermore, sub-schedule A.3.a would also be eliminated as-of December 31, 2019, as this information is of limited value and use. A footnote and instructions would indicate that institutions that have adopted ASU 2016-13 do not need to file sub-schedules A.3.b and A.3.c starting as-of December 31, 2019, and the sub-schedules would be eliminated upon full adoption, as-of March 31, 2022, at the latest.

With the proposed removal of FR Y-14A, Schedule A.3 sub-schedules related to OTTI, the Board proposes replacing the three sub-schedules with two new sub-schedules, A.3.f

(Expected Credit Loss and Provision for Credit Loss – HTM securities) and A.3.g (Expected Credit Loss and Provision for Credit Loss – AFS securities) to be filed by all institutions that have adopted ASU 2016-13 beginning as December 31, 2019. These sub-schedules would provide another source of information regarding impairment of securities. The new sub-schedules, A.3.f and A.3.g, would aim to collect basic credit loss and reserve information on HTM and AFS securities, respectively, that is crucial to assess whether institutions properly estimate credit risk exposures and set aside adequate reserves to cover expected losses from their securities portfolios under CECL. The collected information would include the security asset class, accounting intent, amortized cost, total allowance for credit losses, and cumulative expected lifetime loss and provision for credit loss across the projection horizon.

In line with the above changes, the Board also proposes modifying the supporting documentation associated with AFS/HTM securities outlined in Appendix A.5 of the FR Y-14A as-of December 31, 2019. A statement would be added to the instructions indicating that institutions that have adopted ASU 2016-13 should submit supporting documentation on their other comprehensive income, expected credit loss, and provision projections as outlined in the instructions. Upon full adoption of CECL by all FR Y-14 filers, references to OTTI in the instructions for Appendix A would be eliminated.

Finally, given the changes in methodology for HTM securities under ASU 2016-13, the Board also proposes changing the scope of the FR Y-14A, sub-schedules A.3.d and A.3.e to include data related to only AFS and Equity securities. Institutions reporting under CECL methodology would no longer report impaired HTM securities in these sub-schedules beginning with the reports as-of December 31, 2019. Guidance would be added to the instructions indicating this. Upon full adoption of ASU 2016-13, the title and description of the sub-schedules would be updated.

Schedule A.7 (Pre-Provision Net Revenue (PPNR))

Currently, the instructions for the FR Y-14A, Schedule A.7 (PPNR), specify that gains and losses on AFS and HTM securities, including OTTI estimates, should not be reported as a component of PPNR. To reflect the elimination of the existing OTTI model under CECL, the Board proposes that the instructions for the FR Y-14A, sub-schedules A.7.a, A.7.b, and A.7.c be updated to indicate that institutions that have adopted ASU 2016-13 should not report gains and losses on AFS and HTM securities, including changes in credit loss provisioning, as a component of PPNR. A footnote would be added throughout the FR Y-14A, Schedule A.7 (PPNR) sub-schedules (including, but not limited to, items 11 and 24) as-of December 31, 2019, and would be incorporated in line with the instructions upon full adoption of CECL by all institutions.

In addition, references to PCI in the FR Y-14A, Schedule A.7.c, would not be applicable for institutions that have adopted ASU 2016-13 and would be eliminated upon full adoption of ASU 2016-13 by all institutions, or as-of March 31, 2022, at the latest. Specifically, as-of December 31, 2019, the Board proposes to add a footnote to item 50, "Carrying Value of Purchased Credit Impaired Loans," to indicate that institutions that have adopted ASU 2016-13 should report the carrying value of PCD loans in this item. Upon full adoption, the item caption and instructions would be updated. Because the net accretion of discount on loans is still necessary for modeling purposes, the Board proposes to add a footnote to item 51 indicating that institutions that have adopted ASU 2016-13 should report the net accretion of discount on loans included in interest revenues on item 51. The caption would be updated and the footnote removed upon full adoption of CECL by all institutions.

FR Y-14A, Schedule F (Business Plan Changes)

The FR Y-14A, Schedule F (Business Plan Changes) mirrors the structure of the FR Y-14A, Schedule A (Summary) schedule. Therefore, reporting guidance related to the adoption of ASU 2016-13 provided for the FR Y-14A, Schedule A, applies to comparable line items reported on the FR Y-14A, Schedule F. Certain items that are derived on the FR Y-14A, Schedule A may need to be reported on the FR Y-14A, Schedule F and would be listed in the instructions and technical documentation, as necessary.

Collection of Supplemental CECL Information

As indicated in the final CECL rule and as outlined in the effective date description above, institutions would first reflect proposed amendments related to the adoption of ASU 2016-13 in the 2020 stress test cycle. For institutions that adopt ASU 2016-13, the CECL methodology may be reflected in the projection horizon of the FR Y-14A reports as-of December 31. However, actual data reported as-of December 31 may not reflect the adoption of CECL. Reporting in this manner would not allow for comparability of data across the actual and projected data for the annual cycle used in producing DFAST results and for the CCAR qualitative review. Furthermore, the Board needs to be able to identify the effect and timing of the adoption of CECL and the associated transition provision. Therefore, the Board proposes to add items to be reported by institutions that adopt ASU 2016-13 to capture the timing and impact of CECL adoption as of December 31. Upon full CECL adoption, or with the reports as-of March 31, 2022, at the latest, these items would be deleted from the report. This would include items related to:

- The first quarter of projected data in which a firm incorporates CECL;
- The impact of the CECL transition provision on certain regulatory capital components;
- The cumulative-effect adjustment for changes in the allowance for credit losses;
- Allowances for credit losses recognized upon the acquisition of PCD assets;
- Initial effect of CECL methodology on loans and leases and HTM debt securities;
- Total allowance for credit losses;
- Allowance for credit losses on loans and leases held for investment; and
- Allowance for credit losses on debt securities.

The reporting form and instructions would note that, unless otherwise specified, these items are to be completed only by holding companies that have adopted ASU 2016-13 in the stress test cycle year of adoption.

FR Y-14Q, Schedule B (Securities)

Under CECL, certain concepts will no longer apply, including but not limited to PCI, OTTI, ASC 310-10, and ASC 310-30. The Board proposes eliminating or replacing references to these concepts throughout the FR Y-14Q, Schedule B.1 (Securities – Main Schedule). As-of

December 31, 2019, a footnote would be added to the general instructions for this schedule indicating that these concepts do not apply to institutions that have adopted ASU 2016-13. Upon full adoption of CECL by all institutions, the references would be eliminated or updated with CECL terminology.

Similarly, the instructions for book yield and purchase date on the FR Y-14Q, Schedule B.1, include references to OTTI and ASC Topics that do not apply to institutions that have adopted ASU 2016-13. As-of December 31, 2019, a footnote would be added to those two items indicating that institutions that have adopted ASU 2016-13 should report based on the new credit loss methodology and in accordance with ASC Topic 326. Upon full adoption of CECL by all institutions, the item definitions would be updated in accordance with the footnote and the footnotes would be eliminated.

To further address the elimination of the concept of OTTI by ASU 2016-13, the Board proposes to remove the "OTTI Taken" item from the FR Y-14Q, Schedule B upon full adoption of CECL by all institutions. As-of December 31, 2019, the report form and instructions for this field would include guidance stating that it is to be completed only by institutions that have not adopted ASU 2016-13.

Due to the expanded scope of credit losses under CECL, the Board proposes collecting additional information on the FR Y-14Q, Schedule B.1 from institutions that have adopted ASU 2016-13 to properly assess the allowance established and maintained on applicable securities. To facilitate the collection of these data, as-of December 31, 2019, the Board proposes adding two items to the FR Y-14Q, Schedule B.1 that would be filed by institutions that have adopted ASU 2016-13: 1) "Amount of Allowance for Credit Losses;" and 2) "Writeoffs". A footnote would be added indicating that only institutions that have adopted ASU 2016-13 would report these items. The footnote would be removed upon full adoption of CECL by all institutions.

FR Y-14Q, Schedule D (Regulatory Capital Transitions)[13]

The FR Y-14Q, Schedule D (Regulatory Capital Transitions) reflects the revised regulatory capital and supplementary leverage ratio rules on a fully phased-in basis for the reporting quarter. In consideration of the final CECL rule, the Board proposes adding guidance to the General Instructions of the FR Y-14Q, Schedule D, to indicate that this schedule should not reflect any election of the CECL transition provision. Where applicable, institutions would continue to reference the methodology descriptions outlined within the FR Y-9C, Schedule HC-R (Regulatory Capital). However, the numbers would not necessarily tie to the FR Y-9C reports, given that the FR Y-14Q, Schedule D requires calculations on a fully phased-in basis.

Consistent with the final CECL rule, institutions that have adopted ASU 2016-13 would report adjusted allowances for credit losses instead of allowance for loan and lease losses in calculating regulatory capital. Therefore, as-of December 31, 2019, the Board proposes to add guidance in FR Y-14Q, Schedule D.4, indicating the reporting of adjusted allowances for credit losses by institutions that have adopted ASU 2016-13 in item 23, "RWA for purposes of calculating the allowance for loan and lease losses (ALLL) 1.25 percent threshold," and item 38,

[13] Additional revisions to Schedule D are being proposed in a separate notice.

"Excess allowance for loan and lease losses." Upon full adoption of CECL by all institutions, the data item captions for both items would be updated to reflect adjusted allowance for credit loss methodology.

FR Y-14Q, Schedule G (PPNR)

The Board proposes changes to the FR Y-14Q, Schedule G (PPNR) that would mirror those outlined for the FR Y-14A, Schedule A.7 (Summary – PPNR), as applicable.

FR Y-14Q, Schedule H (Wholesale)

Since ASU 2016-13 supersedes ASC 310-30 and ASC 310-10, the Board proposes to revise Schedules H.1 and H.2 (Wholesale) to indicate that references and items related to ASC 310-30 and ASC 310-30 do not apply to institutions that have adopted ASU 2016-13, and to add items to accommodate reporting under ASU 2016-13. The changes are detailed below. The Board is proposing the changes to the FR Y-14Q, Schedules H.1 and H.2, with the intent that FR Y-9C and FR Y-14 reporting of the affected items by CECL and non-CECL filers align across the reports. The proposed revisions also aim to simplify the instructions for line items affected or eliminated by the change in credit loss methodology and to reduce necessary changes to the schedule over the CECL adoption period.

First, as-of December 31, 2019, the Board proposes updating the instructions for Committed Exposure Global (H.1, item 24, and H.2, item 5), Utilized Exposure Global (H.1, item 25), and Outstanding Balance (H.2, item 3) by eliminating references in the instructions to ASC 310-30 and ASC 310-10, and clarifying that all institutions should report these items consistent with the guidance in the FR Y-9C instructions, whether or not they have adopted ASU 2016-13.

Second, the existing items on Schedule H (Wholesale) that collect information on the reserve or adjustment applied to the credit facility according to ASC 310-10 (H.1, item 30 and H.2, item 46) or ASC 310-30 (H.1, item 31, and H.2, item 47) would no longer be filed by institutions that have adopted ASU 2016-13 given those impairment models are replaced by CECL. To accommodate reporting under ASU 2016-13, as-of December 31, 2019, the Board proposes adding two items to each of Schedule H.1 and H.2 for the reporting of applicable allowances for credit losses under ASC 326-20 (H.1, item 102, and H.2, item 63) and applicable purchased credit deteriorated noncredit discount (or premium) (H.1, item 103 and H.2, item 64). As-of December 31, 2019, guidance would also be added to the instructions for existing items 30 and 31 on Schedule H.1 and items 46 and 47 on Schedule H.2, indicating that these items would be reported as "0" by institutions that have adopted ASU 2016-13. The guidance would direct firms to report under the proposed new items (H.1, items 102 and 103, and H.2, items 63 and 64). Upon full adoption of ASU 2016-13 by all institutions, the Board proposes to eliminate all four items related to ASC 310-10 (H.1, item 30 and H.2, item 46) and ASU 310-30 (H.1, item 31 and H.2, item 47).

Third, to calculate the expected life of a loan, a field for current maturity date would be added to both the FR Y-14Q, Schedules H.1 and H.2 (items 104 and 65, respectively) as-of December 31, 2019. Under ASU 2016-13, the maturity date used in calculating lifetime losses does not allow for the inclusion of extension options (extension options are currently included in the existing maturity date field). A footnote would indicate that only institutions that have adopted ASU 2016-13 would report this field.

Finally, consistent with the above changes, as-of December 31, 2019, the Board is proposing to simplify the instructions in the “Reporting Specifications” section of both Schedules H.1 and H.2 to indicate that institutions should report all loan and lease financing receivables consistent with the FR Y-9C instructions and to remove certain references to ASC 310-10 and ASC 310-30. For the remaining references to ASC 310-10 and ASC 310-30, a footnote would be added as-of December 31, 2019, indicating that institutions that have adopted ASU 2016-13 should report charge-offs, fair value adjustments, ASC 326-20 allowance for credit losses, and PCD noncredit discount (or premium) separately in the designated fields. Upon full adoption of CECL by all institutions, the remaining references to ASC 310-10, ASC 310-30, and Statement of Position (SOP) 03-3 would be eliminated or replaced with footnoted language and updated ASC references applicable under CECL.

FR Y-14Q, Schedule K (Supplemental)

Due to the elimination of PCI assets under ASU 2016-13, as-of December 31, 2019, the Board proposes adding a footnote to the FR Y-14Q, Schedule K (Supplemental) instructions and report form, indicating that institutions that have adopted ASU 2016-13 do not need to report information for Column C, “Cumulative Lifetime Purchase Impairments and Fair Value Adjustments.” The Board determined this information would no longer be needed following the implementation of CECL, and Column C would be eliminated upon full adoption by all institutions.

FR Y-14Q, Schedule M (Balances)

Currently, Schedule M.3, Unpaid Principal Balance of Retail Loans in Domestic Offices Held for Investment at Amortized Cost by Purchased Credit Impairment, collects the book value and unpaid principal balance (UPB) of all retail loans and leases held for investment at amortized cost (HFI at AC) in domestic offices by purchased credit impairment status. To capture comparable information under ASU 2016-13 and retain the ability to determine the book value and UPB of loans by impairment status for modeling purposes, the Board proposes to modify Schedule M.3 to collect the book value and UPB of loans by purchased credit deterioration from institutions that have adopted ASU 2016-13.

As-of December 31, 2019, the Board proposes adding guidance to the instructions for Schedule M.3 indicating that institutions that have adopted ASU 2016-13 should report the book value of non-PCD loans in column A, the UPB of non-PCD loans in column B, the book value of PCD loans in column C and the UPB of PCD loans in column D. A similar footnote would be added to the report form.

In addition, to allow for reporting of cumulative interim loan losses (previously captured in items 7 and 8 of FR Y-14A, Schedule A.2.a) by institutions that have adopted ASU 2016-13, the Board proposes, as-of December 31, 2019, to require institutions that have adopted ASU 2016-13 to report the cumulative interim loan losses in a new item, “Cumulative Interim Loan

Losses" in Schedule M.3, reported for each applicable retail mortgage type. This new item would be included in a new section of Schedule M.3 that would also include the Cumulative Interim Loan Losses – Non-PCI," and "Cumulative Interim Loan Losses, PCI," items the Board is proposing to move from FR Y-14A, Schedule A.2.a.

Upon full adoption of CECL by all institutions, the existing guidance, schedule title, and column titles, would be updated to reflect PCD and non-PCD terminology and references to PCI would be eliminated.

FR Y-14M, Schedule A (First Lien), Schedule B (Home Equity), Schedule D (Credit Card)

Effective as-of December 31, 2019, unless otherwise indicated in the draft forms and instructions, the Board proposes adding guidance to the FR Y-14M data item captions and instructions for Schedules A (First Lien), B (Home Equity), and D (Credit Card) that reference the "provision for loan and lease losses" or the "allowance for loan and lease losses" to indicate that institutions that have adopted ASU 2016-13 should report the "provision for credit losses" and the "allowance for credit losses," respectively. Upon full adoption of CECL by all institutions, the data item captions and instructions would be updated to reflect the CECL terminology. This update would result in modifications to the following items:

- Schedule A.1, item 96, "Troubled Debt Restructure Flag," and Schedule A.1, item 119 "Loss/Write-down Amount," and Schedule A.2, item 3 "Loss/Write-down Amount"
- Schedule B.1, item 93 "Loss/Write-down Amount," and Schedule B.2, item 3 "Loss/Write-down Amount"
- Schedule D.1, item 107 "Principal Charge-off Amount – Current Month," Schedule D.2, item 9 "ALLL Managed Balance," item 10 "ALLL Booked Balance," item 18 "Booked Recoveries," item 23 "Interest and Fees Charge-off/Reversal Amount," item 26 "Loan Loss Provision Build," item 35 "Interest Income," and item 36 "Fee Income"

In addition, CECL introduces the concept of PCD financial assets, which replaces PCI assets under existing U.S. GAAP. To continue to differentiate PCD from non-PCD loans, references and items in the FR Y-14M to PCI or non-PCI would be modified to refer to PCD or non-PCD for institutions that have adopted ASU 2016-13.

Specifically, as-of December 31, 2019, the Board proposes adding guidance to the SOP 03-3 Status/Flag field (Schedule A.1, item 92; Schedule B.1, item 60; and Schedule D.1, item 14) indicating that institutions that have adopted ASU 2016-13 would report in this field whether loans are accounted for as purchased credit deteriorated. Upon full adoption, the existing PCI and SOP 03-3 terminology would be eliminated and the item captions would change to "Purchased Credit Deteriorated (PCD) Status".

Currently, institutions segment portfolio level data in Schedules A (First Lien) and B (Home Equity) based on certain characteristics, including a segment for portfolio loans that are held for investment and purchased impaired. Consistent with other changes to the FR Y-14M report, as-of December 31, 2019, the Board proposes indicating in the FR Y-14M instructions that institutions that have adopted ASU 2016-13 should report PCD Loans in the existing "HFI

Purchased Credit Impaired" segment. Upon full adoption, the name of the segment would be updated to "HFI Purchased Credit Deteriorated." The allowable values for the corresponding Portfolio Segment ID field (Schedule A.2, item 1 and Schedule B.2, item 1) would contain the same guidance and, upon full adoption of ASU 2016-13, would be updated accordingly.

Finally, the Board proposes updating the instructions for Unpaid Principal Balance (Net) (item 95) on Schedule B.1, to indicate that references to PCI in the definition for this item do not apply to institutions that have adopted ASU 2016-13. The Board would remove these references in the definition upon full adoption.

Respondent Panel[14]

The respondent panel consists of any top-tier BHC that has $100 billion or more in total consolidated assets, as determined based on: (i) the average of the firm's total consolidated assets in the four most recent quarters as reported quarterly on the firm's FR Y-9C; or (ii) the average of the firm's total consolidated assets in the most recent consecutive quarters as reported quarterly on the firm's FR Y-9Cs, if the firm has not filed an FR Y-9C for each of the most recent four quarters. The respondent panel also consists of any U.S. IHC. Reporting is required as of the first day of the quarter immediately following the quarter in which the respondent meets this asset threshold, unless otherwise directed by the Board.

Time Schedule for Information Collection

The following tables outline, by schedule and reporting frequency (annually, semi-annually, quarterly, or monthly), the as-of dates for the data and their associated due date for the current submissions to the Board.

[14] See the Tailoring Proposal (83 FR 61408 (November 29, 2018)) for proposed changes to the FR Y-14 respondent panel.

Schedules and Sub-schedules	Data as-of date	Submission Date to Board
FR Y-14A - Semi-annual Schedules		
Summary, **Macro Scenario**	• December 31st. • June 30th.	• April 5th of the following year. • October 5th of the same year.
FR Y-14A - Annual Schedules		
Operational Risk and Business Plan Changes Schedules	December 31st	April 5th of the following year
CCAR Market Shock exercise **Summary schedule** • **Trading Risk** • **Counterparty**	A specified date in the first quarter that would be communicated by the Board.[15]	April 5th.
Schedules and Sub-schedules	**Data as-of date**	**Submission Date to Board**
Regulatory Capital Instruments	December 31st.	• Original submission: Data are due April 5th of the following year. • Adjusted submission: The Board will notify companies at least 14 calendar days in advance of the date on which it expects companies to submit any adjusted capital actions. • Incremental submission: At the time the firm seeks approval for additional capital distributions (see 12 CFR 225.8(g)) or notifies the Board of its intention to make additional capital distributions under the de minimis exception (see 12 CFR 225.8(g)(2)).

[15] *See* 12 CFR 252.14(b)(2). In February 2017, the Board finalized modifications to the capital plan rule extending the range of dates from which the Board may select the as-of date for the global market shock to October 1 of the calendar year preceding the year of the stress test cycle to March 1 of the calendar year of the stress test cycle. 82 FR 9308 (February 3, 2017).

Schedules	Data as-of date	Submission Date to Board
FR Y-14Q (Quarterly Filings)		
Securities **PPNR** **Retail** **Wholesale** **Operational** **MSR Valuation** **Supplemental** **Retail FVO/HFS** **Regulatory Capital Transitions** **Regulatory Capital Instruments** **Balances**	Each calendar quarter-end.	Data are due seven calendar days after the FR Y-9C reporting schedule (52 calendar days after the calendar quarter-end for December and 47 calendar days after the calendar quarter-end for March, June, and September).

<table>
<tr><th>Schedules</th><th>Data as-of date</th><th>Submission Date
to Board</th></tr>
<tr><td>Trading Schedule
Counterparty Schedule</td><td>Due to the CCAR Market Shock exercise, the as-of date for the fourth quarter would be communicated in the subsequent quarter.

For all other quarters, the as-of date would be the last day of the quarter, except for firms that are required to re-submit their capital plan.

For these firms, the as-of date for the quarter preceding the quarter in which they are required to re-submit a capital plan would be communicated to the firms during the subsequent quarter.</td><td>Data are due seven calendar days after the FR Y-9C reporting schedule for data as of the quarter end for March, June, and September.
Fourth quarter – Trading and Counterparty (Regular/unstressed submission): 52 calendar days after the notification date (notifying respondents of the as-of date) or March 15, whichever comes earlier. <u>Unless the Board requires the data to be provided over a different weekly period</u>, firms may provide these data as-of the most recent date that corresponds to their weekly internal risk reporting cycle, as long as it falls before the as-of date.
Fourth quarter – Counterparty (CCAR/stressed submission): April 5. In addition, for firms that are required to re-submit a capital plan, the due date for the quarter preceding the quarter in which the firms are required to re-submit a capital plan would be the later of (1) the normal due date or (2) the date that the re-submitted capital plan is due, including any extensions.</td></tr>
<tr><td colspan="3" align="center">FR Y-14M (Monthly Filings)</td></tr>
<tr><td>All schedules</td><td>The last business day of each calendar month.</td><td>By the 30th calendar day of the following month.</td></tr>
</table>

Public Availablity of Data

There is no data related to this information collection available to the public.

Legal Status

The Board has the authority to require BHCs to file the FR Y-14 reports pursuant to section 5 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1844), and to require the U.S. IHCs of FBOs to file the FR Y-14 reports pursuant to section 5 of the BHC Act, in conjunction with section 8 of the International Banking Act (12 U.S.C. § 3106). The Board also has the authority to require BHCs and the U.S. IHCs of FBOs to file the FR Y-14 reports pursuant to section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. § 5365(i)). The FR Y-14 reports are mandatory.

The information collected in these reports is collected as part of the Board's supervisory process, and therefore is afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act ("FOIA") (5 U.S.C. § 552(b)(8)). In addition, individual respondents may request that certain data be afforded confidential treatment pursuant to exemption 4 of FOIA if the data has not previously been publically disclosed and the release of the data would likely cause substantial harm to the competitive position of the respondent (5 U.S.C. § 552(b)(4)). Determinations of confidentiality based on exemption 4 of FOIA would be made on a case-by-case basis.

Consultation outside the Agency

There has been no consultation outside the agency.

Public Comments

On July 31, 2019, the Board published an initial notice in the Federal Register (84 FR 37285) requesting public comment for 60 days on the extension, with revision, of the FR Y-14. The comment period for this notice will expire on September 30, 2019.

Estimate of Respondent Burden

As shown in the table below, the total annual burden for the FR Y-14 is estimated to be 841,048 hours. The proposed revisions would result in a net increase in burden of 5,616 hours, for a total of 846,664 hours. These reporting requirements represent approximately 7.5 percent of total Federal Reserve System paperwork burden.

	Estimated number of respondents [16]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current FR Y-14AQM				

[16] Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than $550 million in total assets), www.sba.gov/content/small-business-size-standards.

	Estimated number of respondents[16]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
FR Y-14A	36	2	985	70,920
FR Y-14Q	36	4	1,920	276,480
FR Y-14M	34	12	1,086	443,088
Current FR Y-14AQM Total				*790,488*
Current Implementation and On-going Automation				
Implementation	0	1	7,200	0
On-going revisions	36	1	480	17,280
Current Implementation and On-going Automation total				*17,280*
Attestation				
Implementation	0	1	4,800	0
On-going	13	1	2,560	33,280
Current Attestation total				*33,280*
Current Collection total				841,048
Proposed FR Y-14AQM				
FR Y-14A	36	2	1,027	73,944
FR Y-14Q	36	4	1,923	276,912
FR Y-14M	34	12	1,086	443,088
Proposed FR Y-14AQM Total				793,944
Proposed Implementation and On-going Automation				
Implementation	0	1	7,200	0
On-going revisions	36	1	480	17,280
CECL Implementation	36	1	60	2,160
Proposed Implementation and On-going Automation total				*19,440*
Attestation				
Implementation	0	1	4,800	0
On-going	13	1	2,560	33,280

	Estimated number of respondents[16]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Proposed Attestation total				*33,280*
Proposed Collection total				846,664
Net change				5,616

The estimated total annual cost to the public for this collection of information is currently $47,132,669 and would increase to $47,451,482 with the proposed revisions.[17]

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System is $3,045,400 for ongoing costs.

[17] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at $18, 45% Financial Managers at $69, 15% Lawyers at $68, and 10% Chief Executives at $94). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2017*, published March 30, 2018, www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.