

**OMB Supporting Statement for the
Capital Assessments and Stress Testing information collection
(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 information collection applicable to bank holding companies (BHCs) with total consolidated assets of \$50 billion or more and U.S. intermediate holding companies (IHCs) established by foreign banking organizations under 12 CFR 252.153 (FR Y-14A/Q/M; OMB No. 7100-0341). This information collection is composed of the following three reports:

- The semi-annual FR Y-14A collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative information on methodologies used to develop internal projections of capital across scenarios.¹
- The quarterly FR Y-14Q collects granular data on various asset classes, including loans, securities, and trading assets, and pre-provision net revenue (PPNR) for the reporting period.
- The monthly FR Y-14M is comprised of three retail portfolio and loan-level collections, and one detailed address matching collection to supplement two of the portfolio and loan-level collections.

The FR Y-14A, FR Y-14Q and FR Y-14M reports are used to support the Comprehensive Capital Analysis and Review (CCAR) exercise, supervisory stress test models, and continuous monitoring efforts.

The Board proposes (1) revising and extending for three years the Capital Assessments and Stress Testing information collection (FR Y-14A/Q/M; OMB No. 7100-0341); (2) modifying the scope of the global market shock component of the Board's stress tests (global market shock) in a manner that would include certain U.S. intermediate holding companies (IHCs) of foreign banking organizations (FBOs); and (3) making other changes to the FR Y-14 reports.

The Board's enhanced prudential standards rule requires certain large FBOs to establish U.S. IHCs, which are subject to the same capital and stress testing standards that apply to domestic bank holding companies.² All U.S. IHCs formed in 2016 with total consolidated assets over \$50 billion will become subject to supervisory stress tests in 2018. Even though several of these U.S. IHCs have significant trading and counterparty exposures, none of them would be subject to the global market shock in 2018 under the current standard.

¹ Firms that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

² 12 CFR 252.153 (79 Fed. Reg. 17240 (March 27, 2014)).

Specifically, the Board proposes to amend the FR Y-14 to apply the global market shock to any domestic bank holding company or U.S. IHC that is subject to supervisory stress tests and that (1) has aggregate trading assets and liabilities of \$50 billion or more, or aggregate trading assets and liabilities equal to 10 percent or more of total consolidated assets, and (2) is not a “large and noncomplex firm” under the Board’s capital plan rule.³ As a result of the proposed change, five U.S. IHCs are expected to become subject to the global market shock, and the six domestic bank holding companies that meet the current materiality threshold would remain subject to the exercise under the new threshold.⁴ The annual reporting burden associated with the addition of the five U.S. IHCs to the global market shock is estimated at 9,736 hours per firm for a total increase of approximately 48,800 hours.

The proposed revisions to the FR Y-14M consist of adding two items related to subsidiary identification and balance amounts, which facilitate use of these data by the Office of the Comptroller of the Currency (OCC). The addition of these items would also result in the removal of an existing item that identifies loans where the reported balance is the cycle-ending balance.

A limited number of other changes to the FR Y-14 are proposed. In connection with these proposed changes, two schedules on the FR Y-14A would be removed from the collection. The proposed revisions to the FR Y-14 would be effective with the reports as of September 30, 2017, except for certain revisions to the FR Y-14A reports, for which the first collection would be the December 31, 2017, as of date, as noted in the detailed schedule sections below.

The total current annual burden for the FR Y-14A/Q/M is estimated to be 858,138 hours and, with the changes proposed in this memorandum, is estimated to increase by 48,472 hours for a total of 906,610 aggregate burden hours. Excluding the proposed modifications to the global market shock and modification to the FR Y-14M reports, the further changes would result in an overall net decrease of 1,408 reporting hours.

These data are, or would be, used to assess the capital adequacy of BHCs and U.S. IHCs using forward-looking projections of revenue and losses to support supervisory stress test models and continuous monitoring efforts, as well as to inform the Board’s operational decision-making as it continues to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act).

Background and Justification

Prior to the financial crisis that emerged in 2007, many firms made significant distributions of capital without due consideration of the effects that a prolonged economic

³ A large and noncomplex firm is defined under the capital plan rule as a firm that has average total consolidated assets of at least \$50 billion but less than \$250 billion, has average total nonbank assets of less than \$75 billion, and is not identified as global systemically important bank holding company (GSIB) under the Board’s rules. 12 CFR 225.8(d)(9).

⁴ The firms are Credit Suisse Holdings (USA), Inc., Barclays US LLC, DB USA Corporation, HSBC North America Holdings Inc., and UBS Americas Holdings LLC.

downturn could have on their capital adequacy and their ability to remain credit intermediaries during times of economic and financial stress. In 2009, the Board conducted the Supervisory Capital Assessment Program (SCAP), a “stress test” focused on identifying whether large, domestic BHCs had capital sufficient to weather a more-adverse-than-anticipated economic environment while maintaining their capacity to lend. In 2011, the Board continued its supervisory evaluation of the resiliency and capital adequacy processes through the CCAR 2011. Through the CCAR 2011, the Board developed a deeper understanding of the processes by which large BHCs form and monitor their assessments and expectations for maintaining adequate capital and the appropriateness of their planned actions and policies for returning capital to shareholders.

The capital plan rule requires BHCs with total consolidated assets of \$50 billion or more to submit capital plans to the Board annually and to require such firms to request prior approval from the Board under certain circumstances before making a capital distribution.⁵ In connection with submissions of capital plans to the Board, firms are required, pursuant to 12 CFR 225.8(d)(3), to provide certain data to the Board.

The Board’s stress test rules establish stress testing requirements for certain BHCs, state member banks, savings and loan holding companies and foreign banking organizations.⁶ The final rules implement sections 165(i)(1) and (i)(2) of the Dodd-Frank Act. Section 165(i)(1) requires the Board to conduct an annual stress test of each covered company to evaluate whether the covered company has sufficient capital, on a total consolidated basis, to absorb losses as a result of adverse economic conditions (supervisory stress test).⁷ Section 165(i)(2) requires the Board to issue regulations that require covered companies to conduct stress tests semi-annually and require financial companies with total consolidated assets of more than \$10 billion that are not covered companies and for which the Board is the primary federal financial regulatory agency to conduct stress tests on an annual basis (collectively, company-run stress tests).

On June 1, 2016, the Board published a final notice in the *Federal Register* (81 FR 35016) requiring IHCs of foreign banking organizations to file certain regulatory reports and comply with the information collection requirements associated with regulatory capital requirements, including the FR Y-14 reports. IHCs began filing the FR Y-14 reports as of December 31, 2016.

Description of Information Collection

The data collected through the FR Y-14A/Q/M reports provide the Board with the information and perspective needed to help ensure that large firms have strong, firm-wide risk

⁵ See 12 CFR 225.8.

⁶ See 12 CFR 252, subparts B, E, F, and O.

⁷ See 12 U.S.C. 5365(a). A covered company means (1) a bank holding company (other than a foreign banking organization) with average total consolidated assets of \$50 billion or more; (2) A U.S. intermediate holding company subject to 12 CFR 252, subpart F pursuant to §252.153; and (3) A nonbank financial company supervised by the Board.

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. The annual Comprehensive Capital Analysis and Review (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 and regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions. To fully evaluate the data submissions, the Board may conduct follow-up discussions with, or request responses to follow up questions from, respondents.

Respondent firms are currently required to complete and submit up to 18 filings each year: two semi-annual FR Y-14A filings, four quarterly FR Y-14Q filings, and 12 monthly FR Y-14M filings.⁸ Compliance with the information collection 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 seven primary schedules (Summary, Scenario, Regulatory Capital Instruments, Regulatory Capital Transitions, Operational Risk, Business Plan Changes (BPC), and Retail Repurchase Exposures schedules), each with multiple supporting tables.⁹

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.

⁸ The most current reporting templates for the FR Y-14A/Q/M are available at: www.federalreserve.gov/apps/reportforms/default.aspx.

⁹ The "mid-cycle" FR Y-14A is limited to three schedules: the Summary, Macro Scenario, and Retail Repurchase Exposure schedules. The Retail Repurchase Exposure schedule is collected on the FR Y-14Q submission date.

Current FR Y-14M (monthly collection)

The FR Y-14M includes two portfolio and loan-level collections for First Lien data and Home Equity data and an account and portfolio-level collection for Domestic Credit Card 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 Revisions to the FR Y-14A/Q/M

Proposed Global Market Shock Modifications

The U.S. operations of FBOs became more complex, interconnected, and concentrated in the years leading up to the financial crisis. The financial crisis demonstrated that these large FBOs operating in the U.S. could pose a similar threat to financial stability as large U.S. financial companies. Prior to the crisis, U.S. branches and agencies of FBOs, traditional net recipients of funding, began receiving less funding from their parent institutions and providing significant funding to non-U.S. affiliates. The vulnerabilities of foreign banks' U.S. operations became particularly apparent as FBOs became disproportionate users of Federal Reserve lending facilities during the financial crisis; many of these FBOs required extraordinary support from home- and host-country central banks and governments.

To mitigate certain weaknesses in the existing framework for supervising and regulating these organizations revealed during the crisis and to recognize the important role that FBOs play in the U.S. financial system, the Board issued a rule imposing enhanced prudential standards on large FBOs and capital standards on U.S. bank holding company subsidiaries of FBOs (enhanced prudential standards rule).¹⁰ The rule aimed to strengthen the capital and liquidity positions of the U.S. operations of FBOs and promote a level playing field among all banking firms operating in the U.S. by requiring FBOs with U.S. non-branch assets of \$50 billion or more to establish a U.S. IHC. Under the rule, U.S. IHCs are subject to the same risk-based capital and leverage requirements applicable to domestic bank holding companies and to many of the same enhanced prudential standards, including capital planning and stress testing requirements.

The enhanced prudential standards rule included the following transition periods:

- January 1, 2015: FBOs with U.S. non-branch assets of \$50 billion or more as of June 30, 2014, were required to submit an implementation plan to the Federal Reserve outlining the proposed process to come into compliance with the rule's requirements;
- July 1, 2016: U.S. IHCs were required to be established and are subject to risk-based capital requirements;
- 2017 CCAR/DFAST cycle: Newly established IHCs are subject to the capital plan rule (but are not subject to full CCAR);
- January 1, 2018: U.S. IHCs are subject to leverage capital requirements; and

¹⁰ See 77 Fed. Reg. 6628 (December 28, 2012) and 79 Fed. Reg. 17240 (March 27, 2014).

- 2018 CCAR/DFAST cycle: newly established IHCs are subject to CCAR and supervisory stress tests.

The FR Y-14 data are critical inputs to the CCAR exercise and supervisory stress tests. In 2016, the Board finalized the requirement for IHCs to file certain regulatory reports applicable to bank holding companies, including the FR Y-14 reports. However, because of their current asset size, no U.S. IHCs are required to submit trading and counterparty data on the FR Y-14 reports and not subject to the global market shock. The global market shock applies hypothetical asset price shocks to a firm's trading book, private equity positions, and counterparty exposures as of a point in time, resulting in instantaneous losses and a reduction in capital. Under the Board's stress test rules, the global market shock applies to firms with significant trading activity as specified in the FR Y-14 report.¹¹ The FR Y-14 currently provides that firms with \$500 billion or more in total consolidated assets have significant trading activity.

The materiality threshold for the global market shock is based on the trailing four-quarter average of total consolidated assets of the holding company. The current scope of applicability of \$500 billion or more in total consolidated assets was intended to capture domestic bank holding companies with significant trading businesses. As noted, the \$500 billion threshold, however, does not capture any U.S. IHC. Applying the market shock to certain U.S. IHCs would help the Board more accurately identify the firms' risks and capital needs. In addition, applying the market shock to these IHCs would result in a more comparable treatment to large domestic bank holding companies with similar exposures and business models.

The proposal would modify the FR Y-14 reporting thresholds for the FR Y-14Q, Schedule F (Trading) and Schedule L (Counterparty), and FR Y-14A, Schedule A.4 (Summary - Trading) and Schedule A.5 (Summary – Counterparty Credit Risk), collections to apply the global market shock to firms based in part on the trading activities of a firm. (As noted, under the proposal the global market shock would apply to any firm subject to supervisory stress tests that (1) has aggregate trading assets and liabilities of \$50 billion or more, or aggregate trading assets and liabilities equal to 10 percent or more of total consolidated assets, and (2) is not a large and noncomplex firm.) The IHCs that meet the proposed materiality threshold would be:

- Required to submit data surrounding trading and counterparty exposures on the FR Y-14A/Q reports (FR Y-14A Schedules A.4 and A.5, (Trading and Counterparty, respectively); FR Y-14Q Schedules F and L (Trading and Counterparty, respectively)) effective with the reports as of September 30, 2017; and
- Subject to the global market shock exercise beginning with the 2018 CCAR/DFAST exercise.

Collecting the FR Y-14 data beginning with the reports as of September 30, 2017, would provide the firms with one quarter before the 2018 CCAR/DFAST exercise to identify any questions regarding intended reporting or submission requirements and receive clarifying responses, and would also give the Board an initial view of data quality and the opportunity to

¹¹ See 12 CFR 252.54(b)(2)(i).

request remediation of issues in advance of the use of these data as part of the global market shock.

The revised scope of application for the global market shock is more closely tailored to the market risk of firms. The proposed definition of total trading activity is similar to the applicability criteria in the Board's market risk rule, which applies to any BHC with aggregate trading assets and trading liabilities of either (1) 10 percent or more of total assets, or (2) \$1 billion or more.¹² Large and noncomplex firms would continue to be excluded from the global market shock.¹³ This is consistent with the goal to reduce the compliance burden for the smaller and less complex firms that participate in CCAR.

A threshold based on aggregate trading assets and liabilities of 10 percent of total assets would capture cases where market risk is a key risk for a firm on a relative basis. As of December 31, 2016, the firms subject to the capital plan rule on average had a ratio of tier 1 capital to total assets of 8.9 percent. Thus, 10 percent of the total assets of these firms on average represents more than 100 percent of their tier 1 capital. A 10 percent threshold would also align with one of the two thresholds used to identify firms that are subject to the Board's market risk rule, which requires firms to have risk management processes in place to address their market risk.¹⁴

The separate \$50 billion trading activity threshold would capture cases where a firm has total trading assets and liabilities that are significant on an absolute basis but less than 10 percent of the firm's total assets. Adopting the \$50 billion threshold, as an alternative to the current \$500 billion total assets threshold, would better capture the market risk of the largest firms that participate in CCAR. Notably, the four largest BHCs that do not currently participate in the global market shock on average have total assets of \$378 billion as of December 31, 2016, but have trading activity of significantly less than \$50 billion (as of December 31, 2016, \$9.45 billion on average). As of December 31, 2016, the only firm that would be subject to the global market shock based solely on the proposed \$50 billion asset threshold is a BHC that currently is subject to the global market shock under the current \$500 billion total assets threshold.

Proposed Revisions to the FR Y-14A & FRY-14Q

The proposed revisions to the FR Y-14A and FR Y-14Q consist of modifying reported items and instructions by clarifying the intended reporting of existing items, and seek to further align reported items with methodology, standards, and treatment on other regulatory reports or within the FR Y-14 schedules. In this regard, the Board is proposing updates to certain FR Y-

¹² See 12 CFR 217.201(b).

¹³ "Large and noncomplex firms" is defined by the capital plan rule and would align with recently finalized modifications to the capital plan rule. See 12 CFR 225.8(d)(9) as described in 82 Fed. Reg. 9308 (February 3, 2017).

¹⁴ Notably, the proposed relative materiality threshold is much higher than the materiality criteria for other Y-14 schedules because the proposed 10 percent threshold is defined in terms of total assets rather than tier 1 capital.

14Q instructions and changes to the reporting structure and requirements of existing items. In addition, the Board proposes eliminating two schedules from the FR Y-14A to reduce burden on the reporting institutions. The proposal would also result in the addition of a new sub-schedule to supplement the existing collection of business plan change information and would be consistent with the structure of data reported elsewhere on the FR Y-14A. The proposed changes to the FR Y-14Q outlined below would be effective September 30, 2017, while the proposed changes to the FR Y-14A would be effective with submissions for December 31, 2017.

FR Y-14A, Schedule A (Summary)

Schedule A.3 (AFS/HTM Securities) The Board proposes modifying the instructions for sub-schedules A.3.a and A.3.c to clarify the reporting of “Credit Loss portion” and “Non-Credit Loss Portion” information. To eliminate contradictory treatment in reporting these items, the instructions for Schedule A.3.a (Projected OTTI for AFS Securities and HTM by Security) and A.3.c (Projected OTTI for AFS and HTM Securities by Portfolio) would be modified to specifically reference which item firms should report losses on.

In addition, the text describing the reporting of positions on the FR Y-14A, Schedule A.3.c., will be removed from the report form and incorporated into the instructions for this sub-schedule.

Schedule A.5 (Counterparty) The Board proposes adding an item to capture the FVA for an exposure to a counterparty separately from credit valuation adjustment (CVA). Some respondents have been including FVA in their reported CVA loss estimates. The addition of this item would clarify the appropriate reporting of both FVA and CVA, and enable the Board to more accurately model losses associated with counterparty risk.

FR Y-14A, Schedule D (Regulatory Capital Transitions)

The Board proposes eliminating FR Y-14A, Schedule D (Regulatory Capital Transitions) from the information collection. This schedule collected a five-year projection reflecting fully phased-in revised regulatory capital rules. With the CCAR 2018 collection (FR Y-14 reports as of December 31, 2017), the majority of the five-year forecast projects data beyond the first quarter of 2019, the date as of which transition provisions will be fully phased-in, diminishing the value-added by collecting these projections.

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

Schedule F.2 (Pro Forma Balance Sheet M&A) The Board proposes the addition of a new BPC (FR Y-14A, Schedule F) sub-schedule, “Pro Forma Balance Sheet M&A,” to be submitted annually, beginning with the reports as of December 31, 2017, by any firm reporting a business plan change as defined on the existing Schedule F. The items on the sub-schedule would consist of items on Schedule A.1.b (Balance Sheet) of the FR Y-14A, Schedule A (Summary) and would complement the information already collected on the FR Y-14A, Schedule F (BPC). Currently, the post-acquisition fair value of the asset is collected on the

existing FR Y-14A Schedule F, but no information on the pre-acquisition book value of the asset, purchase accounting adjustments, or fair value adjustments is collected.

The inclusion of the proposed “Pro Forma Balance Sheet M&A” sub-schedule would standardize the collection of pre-acquisition book value, purchase accounting adjustments, and fair value adjustments data, on a granular level, thereby allowing for improved validation of merger and acquisition accounting. While certain data regarding purchase accounting and fair value adjustments are available in the supporting documentation submitted by respondents, the granularity, structure, and amount of information provided is inconsistent across firms. The Board expects that the incremental burden of this new sub-schedule should be minimal, given that the pro forma information that would be required is related to what a firm must submit in its application for regulatory approval and that the data items would be similar to those collected on the existing Balance Sheet sub-schedule. In addition, the standardized collection of this information on a new sub-schedule, which would only be completed in the case of a merger or acquisition, should limit ad hoc follow-up during the CCAR quarter.

With the addition of the aforementioned sub-schedule, the Board proposes that the existing BPC data collection be renamed to “Post Acquisition BPC” and become a sub-schedule (Schedule F.1) of the FR Y-14A, Schedule F.

FR Y-14A, Schedule G (Retail Repurchase Exposures)

As communicated on February 3, 2017, in a press release regarding “Enhancements to Federal Reserve Models Used to Estimate Post-Stress Capital Ratios” the Board notified firms of key enhancements to certain aspects of the Board’s models.¹⁵ Specifically, in an effort to better align the operational risk and mortgage repurchase models, for DFAST 2017, the Board retired the mortgage repurchase model and used an enhanced operational risk model to capture losses. In accordance with the shift in modeling these losses, the Board proposes eliminating FR Y-14A, Schedule G (Retail Repurchase Exposures) from the information collection.

Proposed Elimination of Extraordinary Items

In January of 2015, an amendment (ASU No. 2015-01) to the FASB Accounting Standards Codification, Income Statement – Extraordinary and Unusual Items (FASB Subtopic 225-30), simplified the income statement presentation through the elimination of the concept of extraordinary items from generally accepted accounting principles. As a result, the Board proposes making changes consistent with this amendment to the FR Y-14A and FR Y-14Q reports. Specifically, references to the term “extraordinary items” would be eliminated from the FR Y-14A, Schedule A.1.a (Income Statement) and the FR Y-14Q, Schedule H (Wholesale) forms and instructions, and where appropriate, replaced with “discontinued operations.” This change would be effective September 30, 2017.

¹⁵ See “Enhancements to Federal Reserve Models Used to Estimate Post-Stress Capital Ratios.” (February 3, 2017), *available at*:

<https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20170203a1.pdf>.

FR Y-14Q, Schedule A (Retail)

Effective with the FR Y-14 reports as of September 30, 2017, the Board proposes modifying the instructions for the FR Y-14Q, Schedule A.3 (Retail - International Credit Card) to include consumer credit and charge cards reported in FR Y-9C, Schedule HC-C, line item 6.d in addition to those included in Schedule HC-C, line item 6.a. The discrepancy in line item references relates to recently updated guidance regarding the reporting of charge cards on the FR Y-9C. These modifications would eliminate unintended differences in reporting that recently arose between the FR Y-14 and the FR Y-9C data series.

FR Y-14Q, Schedule C (Regulatory Capital Instruments)

The Board proposes minor changes to the FR Y-14Q, Schedule C (RCI) to clarify the reporting of certain information within the existing items on the schedule. The reporting of this information has been inconsistent across firms, and the modification of existing guidance in the instructions would seek to improve firms' understanding of where to report these data and information. Both changes would be effective with reports as of September 30, 2017.

First, the Board proposes enhancing the instructions for the "Comments" field on Schedule C.1 (as of Quarter End), C.2 (Repurchases and Redemptions during the Quarter), and C.3 (Issuances during the Quarter). Currently, the instructions for Columns K and AA, respectively, note only that firms should provide any supporting information, without any indication of what types of information are expected. The proposal would modify the instructions for the comments column to specify that firms should indicate within the comments how the amounts reported on these sub-schedules tie back to amounts approved in the firm's capital plan.

Finally, the Board proposes adding three additional types of instruments to be reported in Column C (Instrument Type) on Schedules C.1, C.2 and C.3 to capture issuances of capital instruments related to employee stock compensation (e.g., de novo common stock or treasury stock), changes in a firm's additional paid-in-capital (APIC) related to unvested employee stock compensation, and changes in an IHC's APIC through the remission of capital to a foreign parent.

The first additional instrument type will be added to capture regulatory capital associated with employee stock compensation (Common Stock – Employee Stock Compensation) that is currently grouped under "Common Stock (CS)". Additionally, two new instrument types will be added to capture changes in APIC associated with employee stock compensation (APIC – Employee Stock Compensation) and with remissions of capital to a foreign parent entity (APIC – Foreign Parent) of the respective IHC. These changes would provide for a more complete view of regulatory capital, clarify the type of instruments to be captured on this schedule, allow for more precise reporting, and track the accrual of employee stock compensation. For U.S. IHCs, the changes would allow the Board to measure and monitor capital that a U.S. IHC remits to the foreign parent through mechanisms other than common stock dividends. The instructions also would be updated to indicate the expected reporting of these items.

FR Y-14Q, Schedule F (Trading)

For the September 30, 2017, submission, the Board proposes modifying the breakouts of vintage years on Schedule F.14 (Securitized Products) to be relative to the reporting date rather than in specified years. The report included the current breakouts of vintage years since the report's inception and, because they are static breakouts, they have since become outdated. This change would result in no structural changes to the reporting form.

FR Y-14Q, Schedule H (Wholesale)

The Board proposes several changes to the FR Y-14Q, Schedule H (Wholesale), as outlined below, all of which would be effective with the September 30, 2017, report date. These changes include the modification or clarification of certain item definitions and allowable values within those schedules.

Recent comments and questions provided by respondents via the FR Y-14 frequently asked questions process (FAQs) resulted in several suggestions to refine or modify the instructions for Schedules H.1 and H.2 (Corporate and CRE, respectively). Respondents indicated that the Disposition Flag and Credit Facility Type fields on the FR Y-14Q Schedules H.1 and H.2 do not provide reporting options to capture commitments to commit that expire. The Board agrees there is currently no way to report or identify commitments to commit within the current reporting structure. Therefore, in response to this feedback, the Board proposes expanding the Disposition Flag (Schedule H.1, Corporate, Item 98, and Schedule H.2, CRE, item 61) and Credit Facility Type (Schedule H.1, Corporate, Item 20) to include an option for commitment to commit. These changes would allow respondents to report, and the Board to identify, commitments to commit.

Firms also noted there could be potential inconsistencies across respondents in the reporting of utilized exposures under the current instructions because the instructions do not explicitly state that Utilized Exposure/Outstanding Balance should be net of deferred fees and costs. To create consistency in reporting and to align with GAAP accounting standards, the Board proposes modifying the Utilized Exposure/Outstanding Balance (Schedule H.1, Corporate, item 25 and Schedule H.2, CRE, item 3) and Committed Exposure (Schedule H.1, Corporate, item 24 and Schedule H.2, CRE, item 5) items to explicitly state these items are net of deferred fees and costs. This change would enable the calculation of par as this field and fair value adjustment definitions would be aligned and be consistent with the FR Y-9C.

The Board has also identified two other areas of the instructions for Schedules H (Wholesale) that require modification to align with existing standards or to address gaps in reporting. First, the Board proposes updating the instructions for the ASC 310-30 item (Schedule H.1, Corporate, item 31 and Schedule H.2, CRE, item 47) to be consistent with purchase credit impaired (PCI) accounting standards and terminology. While the ASC 310-30 field already exists, the instructions, as currently written, are not clear, and the proposed changes should improve consistency of reporting and availability of information regarding PCIs with minimal additional burden.

Finally, the Board proposes modifying the Participation Flag field (Item 7) on Schedule H.2 (CRE) to be mandatory rather than optional. The Participation Flag indicates if a CRE loan is participated or syndicated among other financial institutions and if it is part of the Shared National Credit Program. Currently, the item Participation Interest (Item 59) on Schedule H.2 (CRE) is mandatory, but the Participation Flag is optional, which leads to gaps in reporting of information regarding these loans and an inability to match loans across institutions. Changing the Participation Flag field to mandatory would also align with the treatment of these items on the FR Y-14Q, Schedule H.1 (Corporate). Almost all reporting firms already choose to report the participation flag field. Therefore, the Board expects the information is readily available and the overall impact of this change should be minimal in terms of the information reported by most firms.

FR Y-14Q, Schedule J (FVO/HFS)

Effective with the FR Y-14 reports as of September 30, 2017, the Board proposes modifying the instructions for the FR Y-14Q, Schedule J, Table 1, item 7, Credit Card Loans (Not in Forward Contracts) by expanding the scope of the definition for this item. Currently, this line item includes the unpaid principal balance (column A) and carrying value (column B) for extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards, as defined in the FR Y-9C, Schedule HC-C, item 6.a. Although small and medium enterprise (SME) and corporate cards are not broken out or separately defined on the FR Y-9C, they are broken out and separately defined across several schedules of the FR Y14 reports, creating a reporting gap. The proposed change would expand the scope of the FR Y-14Q, Schedule J, Table 1, item 7, to include the unpaid principal balance and carrying value of SME and corporate cards, as defined in the FR Y-14Q, Schedule M.1 (Balances). To the extent that Schedule J, Table 2 references definitions associated with Table 1, the change in definition would apply to Table 2 as well.

In addition to these substantive changes to the instructions, the Board proposes incorporating clarifying changes to other line items in Schedule J to address typographical errors and eliminate some unnecessary language as outlined in the draft instructions associated with this proposal.

FR Y-14Q, Schedule L (Counterparty)

The Board proposes several changes to the FR Y-14Q, Schedule L (Counterparty) as outlined below. All of the changes would be effective with the September 30, 2017, report date. These modifications include changing the ranking methodology of information collected on certain sub-schedules, consolidating certain existing tables, and collecting new information. Although the collection of new information creates additional burden on respondents, the Board anticipates these changes would enhance supervisory modeling by allowing for the reporting of more detailed, consistent information and would facilitate a more effective collection of the counterparty exposures in XML since its transition in 2016.

Two changes would seek to simplify the ranking required for reporting positions and address questions and feedback received regarding ranking methodology. First, the ranking

methodologies for Schedules L.5 (Counterparty – Securities transactions profile, top 25 counterparties) and L.6 (Counterparty – Derivatives profile, top 25 counterparties) would be modified to require the top 25 counterparties to be reported as ranked by gross current exposure and net current exposure for the four quarterly unstressed submissions to simplify the ranking required. The ranking for the stressed/CCAR submission would remain unchanged. Second, the currently separate collections of counterparties as ranked by derivatives and securities financing transactions (SFTs), respectively, would be combined to be one collection of counterparties that would be reported according to all ranking methodologies to simplify the reporting structure. The schedules with asset category-level information, L.5.2 (Counterparty – SFT assets) and L.6.2 (Counterparty – Derivative assets), would remain in their current structure.

Consistent with the change proposed to the FR Y-14A, Schedule A.5 (Counterparty), additional or offline CVA reserves would be required to be reported according to five reserve type categories, notably FVA, on the FR Y-14Q, Schedule L.1e (Counterparty - Aggregate derivative data by ratings and collateral), similar to information previously collected on an ad hoc basis.

Finally, the proposal would require the reporting of notional amounts and weighted-average time to maturity for positions included on Schedules L.1 (Counterparty – Derivatives profile, by counterparty & aggregated across counterparties) and L.6 (Counterparty – Derivatives profile, top 25 counterparties). This information would support firm-provided unstressed and stressed reported exposure amounts.

FR Y-14Q, Schedule M (Balances)

In line with the changes to the FR Y-14Q, Schedule A.3 (Retail – International Credit Cards), the Board proposes modifying the instructions and the form for the FR Y-14Q, Schedule M (Balances). The proposal would update the FR Y-9C references in certain FR Y-14 items to align these items with the reporting of charge cards on the FR Y-9C report, in line with recently updated guidance regarding the reporting of charge cards. Specifically, the instructions for Schedule M.1 (Quarter-end Balances), line item 3.b (Charge cards) will be modified to also include charge card loans to consumers included in FR Y-9C, Schedule HC-C, line item 6.d (Other consumer loans) (where 6.d replaces 9.b.(2) (All other loans)). Similarly, on the form for Schedule M.2 (FR Y-9C Reconciliation), line item 3.b under Charge cards will be modified to reflect charge card loans reported in FR Y-9C, Schedule HC-C, line 6.d instead of line 9.b.(2).

Proposed Revisions to the FR Y-14M

The proposed revisions to the FR Y-14M consist of adding a line item to collect the RSSD ID (the unique identifier assigned to institutions by the Board) of any chartered national bank that is a subsidiary of the BHC and that is associated with a loan or portfolio reported, and add a line item to collect the month-ending balance for credit card borrowers. Both items would be effective for reports as of September 30, 2017. The actual burden associated with reporting the proposed items is expected to increase only minimally, as the OCC previously collected the two items from a limited number of firms and supplement the monthly retail schedules collected by the Board. The addition of the items would allow the firms to submit a single monthly data set

that both the Board and OCC could use rather than requiring separate, potentially overlapping reporting. This approach, which was recommended by a commenter to a proposed OCC data collection, would be less burdensome than requiring firms to revert to submitting multiple collections.¹⁶

Schedules A, B, D (First Lien, Home Equity, and Credit Card)

For reports as of September 30, 2017, the Board proposes adding an item to collect the RSSD ID (the unique identifier assigned to institutions by the Board) of any chartered national bank that is a subsidiary of the BHC and that is associated with a loan or portfolio reported on the FR Y-14M schedules. This identifier would allow for clearer mapping of exposures and understanding the sources of risk. It would also allow for segmentation of loans and portfolios by each national bank charter if a holding company owns multiple national bank charters.

Schedule D (Credit Card)

For the report as of September 30, 2017, the Board proposes breaking out the total outstanding balance reported on Schedule D (Credit Card) into two items: Cycle-Ending Balance (existing item 15) and Month-Ending Balance. Currently, the instructions request that firms report the total outstanding balance for the account at the end of the current month's cycle (i.e., Cycle-Ending Balance). The total balance outstanding on the account as of the month-end reporting date is reported only if cycle ending balance is not available. The Board anticipates both cycle-end and month-end balances are readily available and maintained by firms and these items had previously been part of the credit card-related collection of the OCC. Collection of these two distinct items would distinguish between types of borrowers with varying risk characteristics and allow for a more detailed evaluation of company-run stress test results. The addition of the month-ending balance item would replace the Cycle Ending Balance Flag (item 16), which would be eliminated.

Respondent Panel

The respondent panel consists of any top-tier BHC or IHC, that has \$50 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. 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.

Consultation Outside the Agency

On December 9, 2016, the Board hosted a meeting with respondents and presented at a high-level the proposed changes to these reports.

¹⁶ See 80 Fed. Reg. 35739.

On June 9, 2017, the Board published a notice in the Federal Register (82 FR 26793) requesting public comment for 60 days on the proposal to extend with revision the FR Y-14 reports.

Legal Status

The Board's Legal Division has determined that this mandatory information collection is authorized by Section 165 of the Dodd-Frank Act, which requires the Board to ensure that certain BHCs, IHCs, and nonbank financial companies supervised by the Board are subject to enhanced risk-based and leverage standards to mitigate risks to the financial stability of the United States (12 U.S.C. § 5365). Section 5(c) of the Bank Holding Company Act (BHCA) authorizes the Board to require bank holding companies and any subsidiary of such company to submit reports to the Board.¹⁷ In addition, certain foreign banking organizations are treated as bank holding companies for purposes of the BHCA under section 8(a) of the International Banking Act (IBA).¹⁸ Because section 5(c) of the BHCA permits the Board to require reports from subsidiaries of bank holding companies, including subsidiaries of foreign banking organizations that are treated as bank holding companies, section 5(c) authorizes the Board to require any such subsidiary of a foreign banking organization to report to the Board. Therefore, the Board is authorized under section 5(c) of the BHCA to require the FR Y-14 from each U.S. intermediate holding company (IHC) of a foreign banking organization that is a bank holding company and under sections 5(c) of the BHCA and section 8(a) of the IBA from each U.S. IHC that is a subsidiary of a foreign banking organization treated as a bank holding company.

As these data are collected as part of the supervisory process, they are subject to confidential treatment under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(8)). In addition, commercial and financial information contained in these information collections may be exempt from disclosure under exemption 4 of FOIA (5 U.S.C. § 552(b)(4)), if disclosure would likely have the effect of (1) impairing the government's ability to obtain the necessary information in the future, or (2) causing substantial harm to the competitive position of the respondent.

Time Schedule for Information Collection and Publication

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.

Schedules and Sub-Sub-schedules	Data as-of-date	Submission Date to Board
Semi-annual Schedules		
Summary, Macro Scenario	<ul style="list-style-type: none"> December 31st. June 30th. 	<ul style="list-style-type: none"> April 5th of the following year.

¹⁷ See 12 U.S.C. 1844(c).

¹⁸ See 12 U.S.C. 3106(a).

		<ul style="list-style-type: none"> October 5th of the same year.
Retail Repurchase Exposures	<ul style="list-style-type: none"> December 31st. June 30th. 	<p>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 June).</p>
Annual Schedules		
Regulatory Capital Transitions, Operational Risk and Business Plan Changes Schedules	December 31st.	<ul style="list-style-type: none"> April 5th of the following year.
CCAR Market Shock exercise Summary schedule <ul style="list-style-type: none"> Trading Risk Counterparty 	Data as of a specified date in the first quarter that would be communicated by the Board. ¹⁹	<ul style="list-style-type: none"> April 5th.
Regulatory Capital Instruments	Data as-of December 31st.	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> Incremental submission: At the time the firm seeks approval for additional capital distributions (see 12 CFR 225.8(g)) or notify the Board of its intention to make additional capital distributions under the de minimis exception (see 12 CFR 225.8(g)(2)).

Schedules	Data as-of date	Submission Date
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¹⁹ See [12 CFR 252.14\(b\)\(2\)](#). The as-of date will be between January 1st and March 1st of that calendar year and will be communicated to the BHCs by March 1st of the calendar year. BHCs are permitted to submit the CCR schedule and the Trading and CCR sub-schedules of the Summary schedule as of another recent reporting date prior to the supplied as-of date as appropriate. 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 Federal Register (82 Fed. Reg. 9308 (February 3, 2017)).

		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	Data as of 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).
Trading Schedule Counterparty Schedule	<p>Due to the CCAR Market Shock exercise, the as-of date for the fourth quarter would be communicated in the subsequent quarter.</p> <p>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.</p> <p>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</p>	<p>Data are due seven calendar days after the FR Y-9C reporting schedule.</p> <p>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.</p> <p>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.</p>
FR Y-14M (Monthly Filings)		
All schedules	Data as of the last business day of each calendar month.	<ul style="list-style-type: none"> By the 30th calendar day of the following month.

Estimate of Respondent Burden

The current total annual burden for the annual, quarterly, and monthly reporting requirements of this information collection is estimated to be 858,138 hours and, with the proposed revisions, would increase by 48,472 hours, for a total of 906,610 hours. This increase is primarily due to the expansion of the global market shock.

The proposed modifications to the scope of the global market shock are estimated to increase the annual reporting burden by approximately 48,800 hours in the aggregate.²⁰ All of the increase in burden due to the modification of the global market shock is attributable to the five U.S. IHCs that would become subject to the global market shock submitting the FR Y-14 trading and counterparty schedules on a quarterly basis. None of the increased burden would fall on domestic bank holding companies that are subject to the global market shock.

The addition of items to the FR Y-14M reports as requested by the OCC to facilitate their continuing use of the Board data collection also increases burden. The addition of these items to the FR Y-14M represents 1,200 total additional burden hours.

Excluding the above changes, there would be an overall decrease in burden attributable to the removal of the FR Y-14A, Schedule D (RCT) and FR Y-14A, Schedule G (Retail Repurchase Exposures). The addition of the new pro-forma balance sheet M&A sub-schedule to the FR Y-14A, Schedule F (Business Plan Changes), and new reporting requirements on the FR Y-14Q Schedule C (RCI) and Schedule L (Counterparty) partially offset the decrease in burden, for an overall total net decrease of 1,408 hours.

The total burden hours also includes ongoing automation burden, which captures the automation and programming updates necessary to accommodate changes that modify the reporting structure or requirements of existing items. The Board estimates that on average it would take approximately 480 hours to update systems for submitting the data, for a total of 18,240 hours. Additionally, the Board estimates that, on average, it would take approximately 7,200 hours for each new respondent to implement the requirements of the FR Y-14. Since the modifications outlined in this proposal do not result in any new FR Y-14 filers, the implementation burden estimate is 0 burden hours.

²⁰ This total includes an estimated 120 additional burden hours attributable to the five specified IHCs that would file the FR Y-14Q, Schedule L (Counterparty) under the proposed threshold also being subject to the other new requirements of Schedule L as outlined in this proposal.

	<i>Number of respondents²¹</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden</i>
<u>Current FR Y-14A</u>				
Summary	38	2	911	69,236
Macro scenario	38	2	31	2,356
Operational risk	38	1	18	684
Regulatory Capital Transitions	38	1	20	760
Regulatory Capital Instruments	38	1	21	798
Business Plan Changes	38	1	10	380
Retail Repurchase Exposures	38	2	20	1,520
Adjusted Capital Plan	5	1	100	<u>500</u>
<i>Current FR Y-14A Total</i>				<u>76,234</u>
<u>Current FR Y-14Q</u>				
Retail	38	4	15	2,280
Securities	38	4	13	1,976
PPNR	38	4	711	108,072
Wholesale	38	4	151	22,952
Trading	6	4	1,926	46,224
Regulatory Capital Transitions	38	4	23	3,496
Regulatory Capital Instruments	38	4	52	7,904
Operational Risk	38	4	50	7,600
MSR Valuation	14	4	23	1,288
Supplemental	38	4	4	608
Retail FVO/HFS	24	4	15	1,440
Counterparty	6	4	508	12,192
Balances	38	4	16	<u>2,432</u>
<i>Current FR Y-14Q total</i>				<u>218,464</u>
<u>Current FR Y-14M</u>				
Retail Risk				
1 st lien Mortgage	36	12	515	222,480
Home Equity	30	12	515	185,400
Credit Card	17	12	510	<u>104,040</u>

²¹ Of the respondents required to comply with the FR Y-14A/Q/M information collection, 0 are estimated to be small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets). www.sba.gov/content/table-small-business-size-standards

Current FR Y-14M total 511,920

Implementation and On-going Automation

Implementation	0	1	7,200	0
On-going revisions	38	1	480	<u>18,240</u>

Implementation and On-going Automation total 18,240

Attestation

Implementation	0	1	4,800	0
On-going	13	1	2,560	<u>33,280</u>

Attestation total 33,280

Current Collection total 858,138

	<i>Number of respondents²²</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden</i>
<u>Proposed FR Y-14A</u>				
Summary	38	2	912	69,312
Macro Scenario	38	2	31	2,356
Operational Risk	38	1	18	684
Regulatory Capital Transitions	38	1	0	0
Regulatory Capital Instruments	38	1	21	798
Business Plan Changes	38	1	16	608
Retail Repurchase Exposures	38	2	0	0
Adjusted Capital Plan	5	1	100	<u>500</u>
<i>Proposed FR Y-14A Total</i>				<u>74,258</u>
<u>Proposed FR Y-14Q</u>				
Retail	38	4	15	2,280
Securities	38	4	13	1,976
PPNR	38	4	711	108,072

²² Of the respondents required to comply with the FR Y-14A/Q/M information collection, 0 are estimated to be small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets). www.sba.gov/content/table-small-business-size-standards

Wholesale	38	4	151	22,952
Trading	11	4	1,926	84,744
Regulatory Capital Transitions	38	4	23	3,496
Regulatory Capital Instruments	38	4	54	8,208
Operational Risk	38	4	50	7,600
MSR Valuation	14	4	23	1,288
Supplemental	38	4	4	608
Retail FVO/HFS	24	4	15	1,440
Counterparty	11	4	514	22,616
Balances	38	4	16	<u>2,432</u>

Proposed FR Y-14Q total 267,712

Proposed FR Y-14M

Retail Risk

1 st lien Mortgage	36	12	516	222,912
Home Equity	30	12	516	185,760
Credit Card	17	12	512	<u>104,448</u>

Proposed FR Y-14M total 513,120

Proposed Implementation and On-going Automation

Implementation	0	1	7,200	0
On-going revisions	38	1	480	<u>18,240</u>

Proposed Automation total 18,240

Attestation

Implementation	0	1	4,800	0
On-going	13	1	2,560	<u>33,280</u>

Attestation total 33,280

Proposed Collection total 906,610

Total Change 48,472

The current annual cost to the public of these reports is estimated to be \$47,111,776 and would increase to \$49,772,889 with the proposed changes.²³

Sensitive Questions

This collection of information contains 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 for collecting and processing this report are \$74,300 for one-time costs and \$2,779,104 for ongoing costs.

²³ 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 \$67, 15% Lawyers at \$67, and 10% Chief Executives at \$93). 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 2016, published March 31, 2017 <http://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.