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 revise and extend for three years the Capital Assessments and Stress Testing information collection (FR Y-14A/Q/M; OMB No. 7100-0341) applicable to bank holding companies (BHCs) with total consolidated assets of $50 billion or more.

The Capital Assessments and Stress Testing information collection consists of the FR Y-14A, Q, and M reports. The semi-annual FR Y-14A collects information on the stress tests conducted by BHCs, including 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 and the monthly FR Y-14M are used to support supervisory stress test models and for continuous monitoring efforts. The quarterly FR Y-14Q collects granular data on BHCs' various asset classes, including loans, securities and trading assets, and pre-provision net revenue (PPNR) for the reporting period. The monthly FR Y-14M comprises three retail loan- and portfolio-level collections, and one detailed address matching collection to supplement two of the portfolio and loan-level collections.

For each of the FR Y-14A/Q/M reports, the Federal Reserve proposes to add an attestation requirement for BHCs in the Large Institution Supervision Coordinating Committee Supervisory Program (LISCC respondents). In previous Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act stress testing (DFAST) cycles, while respondents generally report in accordance with the instructions, material inaccuracies have been identified in reported information. The proposed attestation would be designed to improve accountability for reported data and heighten requirements for the internal controls of LISCC respondents. It takes into account concerns of the industry expressed when the Federal Reserve first proposed (but did not finalize) an attestation requirement in 2012.

The Federal Reserve proposes to update the FR Y-14A report to reflect changes to the capital plan rule and the regulatory capital rules. Specifically, the updated FR Y-14A would:

- Align the definitions and elements used to calculate risk-weighted assets and regulatory capital to the reporting of those items on other regulatory reports;

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

- Shift the as-of dates of the collection by one quarter, in accordance with the modifications to the capital plan and stress test rules that were finalized October 27, 2014;
- Adjust the collection in accordance with proposed revisions to the capital plan and stress test rules currently out for comment, which among other modifications would remove the requirement to calculate tier 1 common capital and the tier 1 common ratio; and
- Revise existing documentation requirements to include items commonly provided by BHCs, including policies and procedures (including a model risk management policy), mapping of estimation methodologies to FR Y-14A line items, model inventory, and methodology documentation.

The Federal Reserve proposes to make several changes to the FR Y-14Q schedule to clarify the instructions, reduce regulatory burden, and enhance supervisory modeling. Specifically, the changes would:

- Restrict the loan population of the Retail Schedule to accrual loans in order to capture the intended loan population for this schedule;
- Collect descriptive information about securities labeled with internal identifiers on the Securities Schedule to increase consistency among BHCs, and remove other items to reduce reporting burden;
- Expand and add items to identify currency and rate information associated with subordinated debt on the Regulatory Capital Instruments Schedule to better reflect these instruments in PPNR projections;
- Align the definition and elements used to calculate risk-weighted assets on the Schedule D (Regulatory Transitions) consistent with the proposed modifications to the FR Y-14A report;
- Expand and add items on Schedule H (Wholesale) to capture additional types of wholesale loans, as well as information around syndicated loans and loan disposition, to enhance supervisory modeling; and
- Add items to collect the stressed discount factor, North American Industry Classification System (NAICS) code, and legal entity identifier on Schedule L (Counterparty).

For the FR Y-14M report, the proposal would add items to relating to first lien mortgages and home equity loans to enhance supervisory modeling.

The total current annual burden for FR Y-14A/Q/M is estimated to be 774,937 hours and with the proposed changes is estimated to increase by 54,924 hours to 829,861 hours. The increase in the burden is primarily due to the proposed attestation requirement.

The proposal also provides notice to the public that the Office of Financial Research (OFR) of the Department of Treasury has requested access to the FR Y-14A/Q/M reports for use in connection with its statutory mandate "to evaluate and report on stress tests," and that the Board plans to share the FR Y-14A/Q/M reports with the OFR in light of the assurances of confidentiality from the OFR.

Background and Justification

Prior to the 2007-2008 financial crisis, many BHCs made significant distributions of capital without due consideration of the effects that a prolonged economic downturn could have on their capital adequacy and their ability to remain credit intermediaries during times of economic and financial stress. In 2009, the Federal Reserve 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 Federal Reserve continued its supervisory evaluation of the resiliency and capital adequacy processes through the Comprehensive Capital Analysis and Review (CCAR) 2011. Through the CCAR 2011, the Federal Reserve 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.

On December 1, 2011, the Federal Reserve published a final rulemaking (Capital Plan rule) in the *Federal Register* (76 FR 74631) that revised the Board's Regulation Y requiring large BHCs to submit capital plans to the Federal Reserve annually and to require such BHCs to request prior approval from the Federal Reserve under certain circumstances before making a capital distribution. In connection with submissions of capital plans to the Federal Reserve, BHCs are required, pursuant to 12 CFR 225.8(d)(3), to provide certain data to the Federal Reserve.

On October 12, 2012, the Federal Reserve published two final rules in the *Federal Register* (77 FR 62409) with stress testing requirements for certain bank holding companies, state member banks, and savings and loan holding companies. The final rules implement sections 165(i)(1) and (i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 165(i)(1) of the Dodd-Frank Act requires the Federal Reserve to conduct an annual stress test of each covered company[2] 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 tests). Section 165 (i)(2) requires the Federal Reserve to issue regulations that

[2] See 12 U.S.C. 5365(a). A ''covered company'' includes any bank holding company with total consolidated assets of $50 billion or more and each nonbank financial company that the Council has designated for supervision by the Federal Reserve.

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 Federal Reserve is the primary federal financial regulatory agency to conduct stress tests on an annual basis (collectively, company-run stress tests).

Description of Information Collection

The data collected through the FR Y-14A/Q/M schedules provide the Federal Reserve with the additional information and perspective needed to help ensure that large BHCs 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. The annual CCAR exercise is also complemented by other Federal Reserve supervisory efforts aimed at enhancing the continued viability of large BHCs, including continuous monitoring of BHCs' 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. In order to fully evaluate the data submissions, the Federal Reserve may conduct follow up discussions with or request responses to follow up questions from respondents, as needed.

Respondent BHCs 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.[3] Compliance with the information collection is mandatory.

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

The semi-annual collection of BHCs quantitative projected regulatory capital ratios across various macroeconomic scenarios comprises five primary schedules (Summary, Macro Scenario, Regulatory Capital Instruments, Regulatory Capital Transitions, and Operational Risk schedules), each with multiple supporting tables.[4]

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

[3] The most current reporting templates for the FR Y-14A/Q/M are available at: www.federalreserve.gov/apps/reportforms/default.aspx
[4] The "mid-cycle" FR Y-14A is limited to two schedules: the Summary and Macro Scenario schedules.

BHCs 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 BHC-specific data on positions and exposures that are used as input 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 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. In order 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 Revision to the FR Y-14A/Q/M

The Federal Reserve proposes to add an attestation requirement for the FR Y-14A/Q/M reports for all LISCC respondents. As proposed, the attestation would be effective beginning June 30, 2016.

The Federal Reserve relies on BHCs to report accurate data on the FR Y-14A/Q/M reports. The FR Y-14A/Q/M reports are integral to the Federal Reserve's supervisory stress tests, as the Federal Reserve uses financial data reported by a BHC to assess whether the BHC has the capital necessary to absorb losses under stress. In previous CCAR and DFAST cycles, the Federal Reserve has found that, while respondents generally report in accordance with the instructions, material inaccuracies have been identified in reported information.

Material inaccuracies in reported information indicate deficiencies in a BHCs' internal control environment. Deficiencies in a BHC's internal control environment affect not only the accuracy of a BHC's reported data, but also the strength and credibility of the BHC's capital planning process. Under the Federal Reserve's capital plan and stress test rules, a BHC is required to estimate projected revenues, losses, reserves, and pro forma capital levels under expected and stressed conditions. An effective internal control environment enables a BHC to measure, monitor, and aggregate its risks, and appropriately estimate losses under a stressful environment. All respondents to the FR Y-14A/Q/M reports should meet the Federal Reserve's expectations for internal controls.

The Federal Reserve proposes to require the chief financial officer (CFO) or an equivalent senior officer[5] of a LISCC respondent to make an attestation regarding the collection. The CFO or equivalent senior officer is proposed as the signatory because the CFO (or equivalent senior officer) is a senior officer with primary business line responsibility for internal controls. This requirement is proposed in order to encourage large firms to improve their systems for developing data necessary for the stress tests and CCAR. The requirement is similar to the attestation requirement for internal controls over financial reporting required under the Sarbanes–Oxley Act of 2002.[6]

The Federal Reserve has described its supervisory expectations for internal controls in several publications. For instance, as described in the August 2013 paper *Capital Planning at Large Bank Holding Companies: Supervisory Expectations and Range of Current Practice*,[7] a BHC's internal control framework should address its entire capital planning process, including the risk measurement and management systems used to produce input data, the models and other techniques used to generate loss and revenue estimates; the aggregation and reporting framework used to produce reports to management and boards; and the process for making capital adequacy decisions. The paper also highlighted the key role of internal audit in evaluating the capital planning process and all its components. Additionally, it outlines several components to ensure the integrity of reported information, including robust information systems.

The attestation would include two parts. First, for projected data reported on the FR Y-14A/Q and for actual data reported on the FR Y-14A/Q/M reports, the CFO (or equivalent senior officer) of a LISCC respondent would be required to attest that the reports have been prepared in conformance with the instructions issued by the Federal Reserve System.[8] The instructions define the scope and content of items that must be reported, and specify that the reports must be filed in accordance with U.S. generally accepted accounting principles (GAAP). The instructions further state that respondents should maintain financial records in such a manner and scope to ensure the FR Y-14A/Q/M reports reflect a fair presentation of the BHCs' financial condition and assessment of performance under stressed scenarios.

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[5] "An equivalent senior officer" refers to a senior officer who functions as the CFO but carries a different title.
[6] Pub. L. 107-204, 116 Stat. 745 (July 30, 2002).
[7] See Board of Governors of the Federal Reserve System (2013), *Capital Planning at Large Bank Holding Companies: Supervisory Expectations and Range of Current Practice* (Washington: Board of Governors, August), www.federalreserve.gov/bankinforeg/bcreg20130819a1.pdf.
[8] Instructions for actual and projected information are the FR Y-14A/Q/M report from instructions. Instructions outlining Federal Reserve expectations related to the methodology for projected information can be found in CCAR Summary Instructions and Guidance. Those instructions are not included in the proposed attestation.

Second, for actual data, the CFO (or equivalent senior officer) of a LISCC respondent would be required to attest that he or she is responsible for the internal controls over the reporting of these data, and that the data reported are materially correct to the best of his or her knowledge. The CFO would also be required to attest that the controls are effective and include those practices necessary to provide reasonable assurance as to the accuracy of these data. The CFO would be required to attest that the controls are audited annually by internal audit or compliance staff, and are assessed regularly by management of the named institution. Last, the CFO would be required to agree to report material weaknesses in these internal controls and any material errors or omissions in the data submitted to the Federal Reserve promptly as they are identified. The attestation requirement is similar to the attestation requirement for internal controls over financial reporting required under the Sarbanes–Oxley Act of 2002.[9]

The proposed attestation requires the CFO (or equivalent senior officer) to attest that the controls are effective. The Committee of Sponsoring Organizations (COSO) of the Treadway Commission, a joint initiative of five private sector organizations representing executives within accounting, internal audit and finance,[10] has developed a framework for establishing and assessing internal controls. This framework is outlined in the publication titled *Internal Control—Integrated Framework.*[11] Known as the COSO report, this publication provides a suitable and available framework for purposes of establishing and assessing internal controls. This publication defines effective controls as those practices necessary to provide reasonable assurance as to the accuracy of financial information. Thus, a CFO (or equivalent senior officer) that attests to the existence of effective controls is attesting that the controls include practices necessary to provide reasonable assurance as to the accuracy of the data.

The proposed attestation also would require the CFO (or equivalent officer) of a LISCC respondent to attest that internal controls are audited annually by internal audit or compliance staff and are assessed regularly by management. The proposed requirement for an annual internal audit aligns with the annual nature of the CCAR cycle and the expectations for an annual audit of internal controls over financial reporting in the context of annual financial statements. Through an audit of internal controls over the Y-14 series, internal audit or compliance function would provide reliable assurance regarding the effectiveness of internal controls. The proposed requirement for regular assessments by management is consistent with the Federal Reserve's expectations for all firms.

[9] Pub. L. 107-204, 116 Stat. 745 (July 30, 2002).
[10] The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a joint initiative of five private sector organizations including the American Accounting Association, the American Institute of Certified Public Accountants, The Association of Accountants and Finance Professionals in Business, and the Institute of Internal Auditors.
[11] The Committee of Sponsoring Organizations (COSO) of the Treadway Commission has published *Internal Control--Integrated Framework*. Known as the COSO report, this publication provides a suitable and available framework for purposes of establishing and assessing internal controls. http://www.coso.org/ic.htm

Last, the proposed attestation would require the CFO (or equivalent officer) of a LISCC respondent to attest that, to the best of his or her knowledge the data reported are materially accurate, and to promptly report any material weaknesses in internal controls and any material errors or omissions in the submitted data. Material weaknesses are those weaknesses which would result in a material misstatement of the FR Y-14A/Q/M data.

BHCs should have a policy in place for determining materiality in the context of management's attestation that data is materially accurate and management's attestation that internal controls over the FR Y-14A/Q/M reports are effective. This policy should include a robust analysis of all relevant quantitative and qualitative considerations, including, but not limited to, the size and effect of the omission or misstatement on firms' projected regulatory capital ratios in stressed scenarios. Qualitative factors may result in a conclusion that a small change in regulatory capital ratios is considered material. Those circumstances might include the repeat occurrence of errors and omissions, the proximity of a firm's regulatory capital ratios to minimum capital requirements, and whether errors and omissions could change a knowledgeable person's view of the adequacy of internal controls over the capital adequacy process.

The LISCC respondents may be required to enhance certain systems and processes in order to meet the attestation requirement, such as enhancing information technology infrastructure and adding or modifying internal control frameworks and data governance committees to include accountability and escalation processes, as well as to increase the frequency of audits of internal controls over the FR Y-14A/Q/M reports. The Federal Reserve believes such enhancements are essential for a BHC's own risk aggregation and risk management. In order to allow sufficient time for such modifications, the attestation would be effective June 30, 2016. This effective date is consistent with the six month period previously requested by industry participants to implement changes to information infrastructure processes.

An estimate of the associated increase in burden is reflected in the updated burden estimates. This estimate accounts for the burden associated with the initial implementation of modifications to existing systems and processes prior to the effective date as well as burden associated with ongoing requirements, particularly the annual audit, and is an average across applicable respondents. However, the Federal Reserve requests feedback from the industry regarding the specific burden increases necessary to meet the attestation requirement.

The Federal Reserve invited comment on a proposal to add an attestation to the FR Y-14 submission in July 2012, but did not finalize an attestation requirement in light of concerns expressed by commenters.[12] Specifically, commenters expressed concerns regarding the maturity of the data collection, given the recent implementation of the reports, the scale and pace of revisions to the reports, and the fact that firms were not receiving timely answers to questions

[12] See 77 FR 40051.

posed through the Frequently Asked Questions (FAQ) process. Regarding the substance of the attestation, commenters questioned whether the attestation would be appropriate for projected information, and whether the chief risk officer (CRO) would be the appropriate person to provide the attestation. Last, commenters argued that the proposed effective date would not provide sufficient time to implement the necessary controls.[13] In the final notice adopting other proposed changes to the FR Y-14A/Q/M, the Federal Reserve acknowledged commenters' concerns regarding attestation, and noted that the attestation requirement may be revisited in a future proposal.[14]

The Federal Reserve has considered these comments in developing the attestation included in this proposal. First, the Federal Reserve believes that the FR Y-14 reports are sufficiently mature to support the attestation. Since the initial proposal of attestation to the FR Y-14 in July 2012, BHCs have completed the FR Y-14A/Q/M reports for over two years, and have generally been able to report the requested information in accordance with the instructions. Further, the scale and pace of the revisions to the reports have slowed, and more time is provided between finalization of proposed changes to the FR Y-14 and the effective date of those changes.[15] The Federal Reserve continues to improve the FAQ process in order to provide responses to commenters' questions in a timely manner. For instance, the Federal Reserve has been incorporating the most material FAQ responses into the instructions on a quarterly basis. Further, the Federal Reserve is conducting a large-scale review of its instructions and incorporating numerous relevant historical FAQs into the instructions.[16] This review is expected to be completed by the finalization of this proposal. Regarding unanswered FAQs, the Federal Reserve intends to approach unanswered FAQs related to the Y-14A/Q/M reports in the same manner as unanswered questions related to the Y-9C report. As long as a firm has a reasonable and timely process for identifying questions and submitting FAQs, and the firm makes a good faith effort to reasonably interpret the instructions while awaiting a response, and the firm, in fact, follows that process, the Federal Reserve would not expect to penalize a firm for incorrect reporting on the 14A/Q/M reports.

The Federal Reserve considered comments regarding the appropriateness of an attestation regarding projected data, and whether the CRO should be the correct person to attest. Given that the projected data are estimates of future values under different stressed scenarios, the proposed attestation would not require a BHC to attest to the accuracy of projected data. Instead, it would require the BHC to attest that it has prepared the FR Y-14A/Q/M in conformance with the instructions. In addition, the Federal Reserve considered whether to permit the CRO to provide the proposed attestation, instead of the CFO or equivalent officer, but determined that the CRO

[13] See 77 FR 60695.
[14] See 77 FR 60695.
[15] See 79 FR 59264 and the effective dates within this notice.
[16] This approach is consistent with the approach undertaken in 2013. See 78 FR 38033 and 78 FR 59934.

would not be the appropriate signatory. Under industry standards, the CRO does not have primary business line responsibility for internal controls and is therefore not an appropriate individual to be a signatory of the attestation.[17]

Proposed Revisions to the FR Y-14A

The proposed revisions to the FR Y-14A consist of clarifying instructions, adding and removing schedules, adding, deleting, and modifying existing data items, and altering the as-of dates. These proposed changes would (1) increase consistency between the FR Y-14A and FR Y-9C, FFIEC 101, and FFIEC 102; (2) adjust the collection in accordance with revisions to the capital plan and stress test rules recently proposed by the Federal Reserve, which among other modifications would remove the requirement to calculate tier 1 common capital and the tier 1 common ratio; (3) shift the as-of dates by one quarter in accordance with the modifications to the capital plan and stress test rules that were finalized October 27, 2014 (79 FR 64026); and (4) modify and expand the supporting documentation requirements.

Schedule A (Summary)

Revisions to Schedule A.1.c.1 (General RWA) This schedule would be removed in accordance with the proposed revisions to the capital plan and stress test rules to eliminate use of the tier 1 common ratio (to the extent finalized)[18], effective December 31, 2015. However, in order to mitigate operational issues and allow for appropriate time to adjust internal system to accommodate changes this schedule would remain part of the technical instructions for the CCAR 2016 submission.

Revisions to Schedule A.1.c.2 (Standardized RWA) This schedule would be modified to increase consistency with the FR Y-9C and the FFIEC 102. Specifically, the items of the existing market risk-weighted asset portion would be replaced with the appropriate items from the FFIEC 102 and the remaining items would be made to align with FR Y-9C Schedule HC-R Part II. These changes would be effective June 30, 2016.

Revisions to Schedule A.1.d (Capital) The Federal Reserve proposes removing certain items related to tier 1 common capital in accordance with the proposed revisions to the capital plan and stress test rules (to the extent finalized)[19], effective December 31, 2015. However, in order to mitigate operational issues, these items would remain part of the technical instructions for the CCAR 2016 submission. Additionally, the Federal Reserve proposes adding one item that captures the aggregate non-significant investments in the capital of unconsolidated financial

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[17] See Institute of Internal Auditors position paper *The Three Lines of Defense in Effective Risk Management and Controls* (January 2013); and COSO publication, *Leveraging COSO Across the Three Lines of Defense,* (July 2015*)*
[18] 80 FR 43637 (July 23, 2015).
[19] 80 FR 43637 (July 23, 2015).

institutions in the form of common stock and breaking out two items related to deferred tax assets into the amount before valuation allowances and the associated valuation allowance. These additional information from these changes would result in two existing items converting to derived items based on the additional information.

Revisions to Schedule A.2.b (Retail Repurchase) Because this information is utilized in the supervisory models, the schedule would be separated from FR Y-14A Schedule A to be its own semi-annual schedule of the FR Y-14A. For the two reported as-of dates, this schedule would be due seven calendar days after the FR Y-9C, similar to the FR Y-14Q. This change would be effective June 30, 2016.

Deletion of Schedule A.2.c (ASC 310-30) This schedule would be removed to reduce reporting burden, effective June 30, 2016.

Revisions to Schedule A.7.c (PPNR Metrics) In order to fully align the schedule with the stress scenarios, the beta information would be collected according to the scenario instead of the current "normal environment" requirement, effective December 31, 2015.

Schedule D.4 (Regulatory Capital Transitions – Standardized RWA)

As with the changes to Schedule A.1.c.2, the Federal Reserve proposes modifying this schedule in accordance with FFIEC 102 and FR Y-9C Schedule HC-R. These changes would be effective December 31, 2015. Additionally, the Federal Reserve proposes removing projected year six from the projection period in accordance with the shift in the CCAR as-of date.

***Proposed* Schedule F (Business Plan Changes)**

The Federal Reserve proposes adding a schedule that collects the effects of an intended business plan change on a respondent's asset, liability, and capital projections. This information has been collected in previous CCAR cycles on an ad-hoc basis, and this proposal is intended to formalize the collection. This schedule would be effective December 31, 2015.

Appendix A (Supporting Documentation)

The Federal Reserve proposes modifying the supporting documentation requirements to align with the documentation expectations outlined in the CCAR 2015 Summary Instructions and Guidance. Specifically, the appendix would be revised to require BHCs to provide the following supporting documentation: policies and procedures (including a model risk management policy), mapping of estimation methodologies to FR Y-14A line items, model inventory, and methodology documentation. Required methodology documentation will include: methodology and process overview; model technical documents; model validation documents; audit reports;

documentation describing the review, challenge, aggregation, and finalization of results; and documentation describing the methodology for developing the consolidated pro forma financials. The Federal Reserve proposes to maintain the more specific documentation requirements on categories of exposures and risk areas in other sections of the appendix without change. The appendix would also note that the Federal Reserve expects to provide additional detail relating to these requirements, and as well as suggested organization and metadata tags, through the CCAR instructions.

Proposed Revisions to the FR Y-14Q

The proposed revisions to the FR Y-14Q consist of clarifying instructions, adding a schedule, and adding, deleting and redefining existing data items. These proposed changes would provide additional information to enhance supervisory models, be responsive to industry comments, and shift the special as-of dates for Schedules F and L by one quarter in accordance with the modifications to the capital plan and stress test rules that were finalized October 27, 2014 (79 FR 64026). The Federal Reserve has conducted a thorough review of proposed changes and believes that because the proposed item additions and modifications to the FR Y-14Q request information are currently collected by respondents in their regular course of business reporting burden will be minimized. A summary of the proposed changes by schedule is provided below.

Schedules A.1-A.10 (Retail)

The Federal Reserve proposes restricting the loan population of this schedule to accrual loans, which would accurately reflect the intention of the schedule and be responsive to industry comments. These changes would be effective December 31, 2015.

Schedules A.8 and A.9 (Retail – International Small Business and U.S. Small Business)

The Federal Reserve proposes excluding non-purpose loans and loans for purchasing and carrying securities from this schedule. This change, along with accompanying changes to FR Y-14Q Schedules H.1 and M, would ensure that non-purpose commercial loans and loans for purchasing or carrying securities are treated consistently across institutions. These changes would be effective December 31, 2015.

Schedule B (Securities)

For schedule B.1 (Securities 1) the Federal Reserve proposes (1) requiring information to be reported in the Security Description 2 or Security Description 3 items in cases where an internal identifier is reported for a security or where the security type Other is assigned in order to increase consistency across institutions; (2) add "Appropriation-Backed" to the list of options for the Municipal Bond security type in order to capture the unique characteristics of this bond type; and (3) remove debt issued by the Student Loan Marketing Association as a U.S. Government or Agency debt organization in accordance with recent developments in the student loan financing market. Additionally, the Federal Reserve proposes removing schedule B.2 in order to reduce reporting burden. These changes would be effective December 31, 2015.

Schedule C.3 (Regulatory Capital Instruments – Issuances During Quarter)

All of the proposed changes to this schedule are only applicable to subordinated debt instruments.

The Federal Reserve proposes (1) adding an item that collects the currency in which the instrument is denominated to be able to account for changes in exchange rates; (2) adding options to the Index item for Canadian Dealer's Offer Rate, Australian Bill Bank Swap, and UK Libor as well as 1M, 3M, and 6M maturities for all reference rates as well as require respondents to specify the index used when Other is reported in order to accurately calculate contractual expenses; (3) restrict the reporting of BHC-provided identifiers to only cases in which a CUSIP or ISIN identifier is unavailable; and (4) adding options to identify coupons that "step up" or transition from fixed to floating as well as items to identify the date on which the contractual terms change, the reset coupon, and the spread over index, also to more accurately calculate contractual expenses. These changes would be effective December 31, 2015, and would require a separate one-time submission of all subordinated debt instruments for the effective date in order to ensure the proposed information is accurately captured for the associated subordinated debt instrument.

Additionally, the Federal Reserve proposes adding items to collect details on swaps that are matched to subordinated debt instruments in order to capture the effect of these swaps on subordinated debt interest expenses. Specifically, the Federal Reserve proposes (1) adding items to capture the details of interest rate swaps matched to subordinated debt – issue date, maturity date, notional amount, fixed payment rate, payment index, and payment spread over index; (2) adding items to capture the details of foreign exchange swaps matched to subordinated debt – currency denomination of the instrument, currency of the payment, notional amount, and exchange rate; and (3) adding items that collect the unamortized discounts, premiums and fees, the fair value of the swap, and the carrying value of the swap as well as an item that reconciles the carrying value to the FR Y-9C. These changes would be effective June 30, 2016, and would require a separate one-time submission of all subordinated debt instruments for the effective date in order to ensure the proposed information is accurately captured for the associated subordinated debt instrument.

Schedule D.4 (Regulatory Capital Transitions – Standardized RWA)

As with the changes to FR Y-14A Schedule A.1.c.2, the Federal Reserve proposes modifying this schedule in accordance with FFIEC 102 and FR Y-9C Schedule HC-R. These changes would be effective December 31, 2015.

Schedule G (PPNR)

The Federal Reserve proposes eliminating the deposit funding threshold and requiring submissions from all respondents. Currently nearly all respondents are required to submit this schedule, and this modification would create consistency in analysis and supervisory modeling across respondents.

Schedules H.1 and H.2 (Corporate Loan and Commercial Real Estate)

The Federal Reserve proposes (1) expanding the loan population to include loans that were disposed during the reporting period as well as adding the item Disposition Flag that collects the disposition method in order to capture the difference in loan characteristics; (2) expanding the options of the Participation Flag item for agent, participant, and inclusion in the Shared National Credit report in order to effectively identify syndicated loans; (3) adding the item Leveraged Loan Flag that identifies leveraged loans across all wholesale loans, not only loans reported through the Shared National Credit Program report, for a more accurate reflection of the associated risk characteristics of such loans; and (4) adding the item Participation Interest that captures the percent of the commitment held by the respondent for participated or syndicated loans to help match loans across institutions. The latter three items along with clarifications to the SNC Internal Credit ID would allow the Federal Reserve to better match loans between FR Y-14Q Schedule H and the Shared National Credit report and to explore methods to utilize both reports. These changes would be effective March 31, 2016.

Schedule H.1 (Corporate Loan)

The Federal Reserve proposes (1) eliminating the restriction to the loan population of legally binding commitments, which would align the schedule with the FR Y-9C definition of corporate loans; (2) adding five categories to the Credit Facility Purpose item to capture non-purpose margin loans, non-purpose loans collateralized by securities for other purposes, dealer floorplan, equipment leasing, and bridge financing in order to more accurately require such loans to be reported as wholesale loans; (3) adding two categories to the Credit Facility Type item to identify fronting exposures and swinglines to appropriately capture their unique characteristics in supervisory modeling; and (4) adding two items – Syndicated Loan Flag and Target Hold – that capture the status of the credit and the share of the credit that the respondent intends to retain upon clearing of the deal in order to assign credit risk throughout the syndication process. These changes would be effective March 31, 2016. Additionally, effective December 31, 2015, the Federal Reserve proposes (5) expanding the loan population to include non-purpose loans that are not graded to accurately reflect the intention of the schedule and be responsive to industry comments, which is in conjunction with proposed changes to FR Y-14Q Schedules A.8, A.9, and M.

Schedule L (Counterparty)

The Federal Reserve proposes (1) adding the item Stressed Discount Factor to Schedule L.2 in order to consistently capture this information as incorporated into respondents expected exposure profiles; (2) changing the counterparties that are reported on Schedule L.4 from the top 10 by credit valuation adjustment (CVA) to the top 10 by sensitivity to the risk factor in each section of the schedule as well as add several risk factors to this schedule, which would provide more material information for the same estimated ongoing burden; (3) modifying the reporting requirements for Schedules L.5 and L.6 so that the top 25 counterparties are reported by exposure amount for the CCAR as of quarter, which would create consistency in the reporting of counterparties across quarters, and replacing L.5.1.a, L.5.2.a, L.6.1.a, and L.6.2.a with a requirement for separate submissions and an item identifying the submission; (4) on Schedule L.4 combining the counterparty and reference spread portions as well as the CCC and below rating categories of the Credit Spreads section in an effort to reduce reporting burden; (5) adding an item to Schedules L.1 through L.4 that requires the reporting of a Legal Entity Identifier for each counterparty, as available, in order to more accurately identify and match counterparties throughout Schedule L; and (6) changing or adding the Industry item on Schedules L.1 through L.6 to require respondents to report a North American Industry Classification System code to more accurately identify the industry of the counterparty. These changes would be effective December 31, 2015.

Schedule M (Balances)

Along with proposed changes to FR Y-14Q Schedules A.8, A.9, and H.1, the Federal Reserve proposes modifying items such that non-purpose commercial loans and loans for purchasing or carrying securities are reported in the commercial loan line items, regardless of whether they are graded or scored. This change would be effective December 31, 2015.

Proposed Revisions to the FR Y-14M

Schedule A (First Lien)

The Federal Reserve proposes (1) adding two items – Serviced by Others Flag and Reporting As of Month – in an effort to be responsive to industry comments regarding the delayed reporting of loans that are serviced-by-others; and (2) adding two options to the

Mortgage Insurance Company item to more consistently identify companies within and across respondents. These changes would be effective December 31, 2015.

Schedule B (Home Equity)

The Federal Reserve proposes (1) adding two items – Serviced by Others Flag and Reporting As of Month – in an effort to be responsive to industry comments regarding the delayed reporting of loans that are serviced-by-others; and (2) adding the item Payment Type at the End of Draw Period and an option to the Modification Type item to capture the differing risk characteristics based on payment type set on the loan after the draw period has ended. These changes would be effective December 31, 2015.

Notice of Intent to Share Information

The Office of Financial Research (OFR) of the Department of Treasury has requested access to the FR Y-14A/Q/M reports for use in connection with its statutory mandate "to evaluate and report on stress tests." The current FR Y-14 collections indicate that the collected data will be kept confidential. Through this proposal, the Board is providing notice that OFR will have access to the FR Y-14A/Q/M reports. The OFR has provided assurances that it will maintain the confidentiality of this information, including that it would limit access to the data to authorized staff and that any publication by the OFR using the reports would not contain confidential information.

Request for Industry Comment

Respondents have previously expressed concern, either through industry groups or the Federal Reserve's Frequently Asked Questions process, regarding the cost and burden of collecting the information related to the Performance of First Lien item of FR Y-14M Schedule B. As such, respondents either have been unable to report this information or have been doing so inconsistently. During the 60 day public comment period, the Federal Reserve is requesting industry feedback on the item below. If respondents are concerned about providing this information in a public comment letter, the Federal Reserve recommends that responses be submitted anonymously.

FR Y-14M Schedule B (Home Equity Loan and Home Equity Line)

What is the most efficient and cost-effective manner to collect the information related to the performance of a first lien that is related to a junior lien reported on FR Y-14M Schedule B? What standards could be established that would make this item easier to report (e.g. use of credit bureau scores as proxy, use of external vendors to procure data, establish threshold limits if the junior lien portfolio is below a certain limit)?

Respondent Panel

The respondent panel consists of any top-tier BHC (other than a foreign banking organization), that has $50 billion or more in total consolidated assets, as determined based on: (i) the average of the BHC's total consolidated assets in the four most recent quarters as reported quarterly on the BHC's Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) (OMB No. 7100-0128); or (ii) the average of the BHC's total consolidated assets in the most recent consecutive quarters as reported quarterly on the BHC's FR Y-9Cs, if the BHC 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 it meets this asset threshold, unless otherwise directed by the Federal Reserve.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Consultation Outside the Agency

There has been no consultation outside of the Federal Reserve System.

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 Federal Reserve to ensure that certain BHCs and nonbank financial companies supervised by the Federal Reserve are subject to enhanced risk-based and leverage standards in order to mitigate risks to the financial stability of the United States (12 U.S.C. § 5365). Additionally, section 5 of the Bank Holding Company Act authorizes the Federal Reserve to issue regulations and conduct information collections with regard to the supervision of BHCs (12 U.S.C. § 1844).

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. Such exemptions would be made on a case-by-case basis.

Though the Federal Reserve plans to share the information collected under the FR Y-14 with the Department of Treasury's Office of Financial Research, such sharing shall not be deemed a waiver of any privilege applicable to such information, including but not limited to any confidential status (12 U.S.C. § 1821(t); 12 U.S.C. § 1828(x)).

Time Schedule for Information Collection and Publication

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

Schedules	Data as-of-date	Submission due to Federal Reserve
FR Y-14A (Semi-Annual Filings)		
Summary **Macro Scenario** ***Retail Repurchase***	• *Data as-of December 31st.* • *Data as-of June 30th.*	• *Data are due April 5th of the following year.* • *Data are due October 5th of the same year.*
Regulatory Capital Transitions and Regulatory Capital Instruments schedules	• *Data as-of December 31st.*	• *Data are due April 5th of the following year.*
<u>CCAR Market Shock exercise</u> **Summary schedule** • **Trading** • **Counterparty**	*Data as-of a specified date in the first quarter. As-of-date would be communicated by Federal Reserve.*	• *Data are due April 5th of the following year.*

Risk Factor Schedules and Sub-Worksheets	Data as-of-date	Submission due to Federal Reserve
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.	Seven calendar days after the FR Y-9C reporting schedule: Reported data (47 calendar days after the calendar quarter-end for March, June, and September and 52 calendar days after the calendar quarter-end for December).
Trading Risk schedule ***Counterparty Credit Risk***	Due to the CCAR Market Shock exercise, the as-of-date for the third 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 BHCs that are required to re-submit their capital plan. For these BHCs, 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 BHCs during the subsequent quarter.	Seven days after the FR Y-9C reporting schedule. ***Fourth quarter* - Trading:** 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>**, BHCs 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:*** *April 5*. In addition, for BHCs that are required to re-submit a capital plan, the due date for the quarter preceding the quarter in which the BHCs 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.
FR Y-14M (Monthly Filings)		
All schedules	Data as-of the last business day of each calendar month.	Reported data due by the 30th calendar day of the following month.

Estimate of Respondent Burden

The total current annual burden for FR Y-14A/Q/M is estimated to be 774,937 hours and with the changes proposed in this memo is estimated to increase by 54,924 hours to 829,861 hours. The increase in the burden is primarily due to the proposed attestation requirement.

FR Y-14A Burden

The current total annual burden hours for the FR Y-14A is estimated to be 71,709 hours and with the proposed revisions would decrease by 1,056 hours for a total of 70,653 hours. The decrease is due to the removal of Schedule A.2.c (ASC 310-30).

FR Y-14Q Burden

The current total annual burden hours for the FR Y-14Q is estimated to be 220,468 hours and with the proposed revisions would increase by 6,732 hours for a total of 227,200 hours. The increase is primarily due to the changes to Schedules B (Securities) and L (Counterparty).

FR Y-14M Burden

The current total annual burden hours for the FR Y-14M is estimated to be 446,760 hours and with the proposed revisions would increase by 3,300 hours for a total of 450,060 hours.

Implementation and On-Going Automation Burden

In an effort to more accurately reflect the burden imposed on the BHCs for reporting the FR Y-14 data, the Federal Reserve has included estimates for annual on-going automation burden (for existing respondents) and implementation for new respondents. The changes proposed in this memo is estimated to increase by 54,924 hours to 829,861 hours. The increase in the burden is primarily due to the proposed attestation requirement.

	Number of respondents[20]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden*
Current FR Y-14A				
Summary	33	2	1,028	67,848
Macro scenario	33	2	31	2,046
Operational risk	33	1	12	396
Regulatory capital transitions	33	1	23	759
Regulatory capital instruments	33	1	20	660
Current FR Y-14A total				71,709
Current FR Y-14Q				
Securities risk	33	4	12	1,584
Retail risk	33	4	16	2,112
PPNR	33	4	711	93,852
Wholesale risk				
Corporate loans	31	4	69	8,556
CRE	30	4	69	8,280
Trading risk	9	4	1,926	69,336
Regulatory capital transitions	33	4	23	3,036
Regulatory capital instruments	33	4	40	5,280
Operational risk	33	4	50	6,600
MSR Valuation	12	4	40	1,152
Supplemental	33	4	4	528
Retail FVO/HFS	22	4	16	1,408
CCR	9	4	462	16,632
Balances	33	4	16	2,112
Current FR Y-14Q total				*220,468*
Current FR Y-14M				
Retail Risk				
1st lien mortgage	28	12	510	171,360

[20] Of these respondents, none 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.

Home equity	27	12	510	165,240
Credit card	18	12	510	110,160
Current FR Y-14M total				*446,760*
Implementation and On-going Automation				
Implementation	3	1	7,200	21,600
On-going revisions	30	1	480	14,400
Automation total				36,000
Current Collection total				774,937
Proposed FR Y-14A				
Summary	33	2	987	65,142
Macro scenario	33	2	31	2,046
Operational risk	33	1	12	396
Regulatory capital transitions	33	1	23	759
Regulatory capital instruments	33	1	20	660
Retail repurchase	33	2	20	1,320
Business plan changes	33	1	10	330
Proposed FR Y-14A Total				70,653
Proposed FR Y-14Q				
Securities Risk	33	4	13	1,716
Retail risk	33	4	16	2,112
PPNR	33	4	711	93,852
Wholesale	33	4	152	20,064
Trading	9	4	1,926	69,336
Regulatory capital transitions	33	4	23	3,036
Regulatory capital instruments	33	4	52	6,864
Operational risk	33	4	50	6,600
MSR Valuation	12	4	24	1,152
Supplemental	33	4	4	528
Retail FVO/HFS	22	4	16	1,408
Counterparty	9	4	508	18,288
Balances	33	4	16	2,112
Proposed FR Y-14Q total				*227,200*
Proposed FR Y-14M				
Retail Risk				
1st lien mortgage	28	12	515	173,040

Home equity	27	12	515	166,860
Credit card	18	12	510	110,160
Proposed FR Y-14M total				*450,060*
Implementation and On-going Automation				
Implementation	0	1	7,200	0
On-going revisions	33	1	480	15,840
Automation total				15,840
Attestation				
Implementation	9	1	4,800	43,200
On-going revisions	9	1	2,560	23,040
Automation total				66,240
Proposed Collection total				829,861

The total annual cost to the public is estimated to be $40,102,990 and would increase by $2,842,317 to $ $42,945,307 due to the proposed revisions.

Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System will be obtained.