

**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 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)<sup>1</sup>. 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.<sup>2</sup>
- 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 comprises three retail portfolio- and loan-level collections, and one detailed address matching collection to supplement two of the portfolio and loan-level collections.

Both the FR Y-14Q and the FR Y-14M are used to support supervisory stress test models and for continuous monitoring efforts.

The Board proposes revising general FR Y-14 requirements and several schedules of the FR Y-14A/Q/M reports. The revisions would be effective with the FR Y-14 reports as-of December 31, 2016, or December 31, 2017, as noted below. For reports as-of December 31, 2017, the proposed changes include applying the attestation requirement to U.S. IHCs that will be subject to the Large Institution Supervision Coordinating Committee (LISCC) framework (“LISCC U.S. IHCs”)<sup>3</sup>. For reports as-of December 31, 2016, the Board proposes adding a requirement for firms electing to undertake planned capital adjustments or incremental capital distribution requests to provide updated submissions of the FR Y-14A Schedule A (Summary - Capital) and Schedule C (Regulatory Capital Instruments, RCI) reflecting these adjustments (as detailed below). To facilitate this collection, the Board proposes adding additional items to the FR Y-14A Schedule C (RCI). Finally, the Board proposes to update the FR Y-14A, Schedule A.1.d. (Summary - Capital) to collect items related to the supplementary leverage ratio (SLR), remove and add sub-schedules to the FR Y-14A Schedule E (Operational Risk) to align with

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<sup>1</sup> On June 1, 2016, the Board published a final notice in the *Federal Register* (81 FR 35016) requiring intermediate holding companies of foreign banking organizations to file certain regulatory reports and comply with the information collection requirements associated with regulatory capital requirements.

<sup>2</sup> BHCs that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

<sup>3</sup> Further information regarding the LISCC designation is available on the Board’s public website: <http://www.federalreserve.gov/bankinforeg/large-institution-supervision.htm>

applicable guidance, add one item to Schedule A.5 (Summary - Counterparty), and modify items on the FR Y-14A/Q/M reports to address inconsistencies across schedules and ensure the collection of accurate information. These changes are explained in further detail in the schedule specific sections below.

The FR Y-14A Schedule A.1.d. (Summary - Capital) would be revised for December 31, 2016, to (1) add certain items used to calculate the SLR in alignment with the Board's extension of the initial application of the SLR requirement in the capital plan rule;<sup>4</sup> (2) modify two items; and (3) remove one item. In addition, one item to capture Other Counterparty Losses would be added to Schedule A.5 (Summary - Counterparty) effective December 31, 2016. Finally, Schedule E (Operational Risk) would be revised for December 31, 2016, to (1) remove sub-schedule E.1, BHC Operational Risk Historical Capital, (2) add two new sub-schedules: E.2, Material Risk Identification and E.3, Operational Risk Scenarios, and (3) update outdated methodologies and references.

The FR Y-14Q (quarterly collection) would be revised for December 31, 2016, to add a new column to Schedule B (Securities) to collect the price of the security as a percent of par to enhance supervisory modeling.

Finally, the FR Y-14M (monthly collection) would be revised for December 31, 2016, to modify the definition of Gross Charge-Off Amount on Schedule D (Credit Cards) in order to ensure proper reporting across firms.

These data are, or will 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.

The total current annual burden for the FR Y-14A/Q/M is estimated to be 928,387 hours and with the changes proposed in this memorandum is estimated to increase by 23,477 hours to 951,864 hours.

## **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 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 Comprehensive Capital Analysis and Review (CCAR) 2011. Through the CCAR 2011, the Board developed a deeper understanding of the processes by which large BHCs form and

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<sup>4</sup> See 12 CFR 225.8(c)(3), 12 CFR 252.53(b)(3).

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 Board published a final rule (Capital Plan rule) in the *Federal Register* (76 FR 74631) to require 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. 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.

On October 12, 2012, the Board published two final rules in the *Federal Register* (77 FR 62409) establishing stress testing requirements for certain BHCs, 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 Board to conduct an annual stress test of each covered company<sup>5</sup> 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 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 intermediate holding companies 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 will begin filing the FR Y-14 reports with submissions as of December 31, 2016.

## **Description of Information Collection**

The data collected through the FR Y-14A/Q/M schedules provide the Board with the additional information and perspective needed to help ensure that large firms have strong, firm-wide risk measurement and management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. The annual CCAR exercise is also complemented by 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. In order to fully evaluate the data submissions, the Board may conduct follow-up discussions with or request responses to follow up questions from respondents, as needed.

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<sup>5</sup> See 12 U.S.C. 5365(a). A “covered company” includes any BHC with total consolidated assets of \$50 billion or more and each nonbank financial company that the Council has designated for supervision by the Board.

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.<sup>6</sup> 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 comprises seven primary schedules (Summary, Scenario, Regulatory Capital Instruments, Regulatory Capital Transitions, Operational Risk, Business Plan Changes, and Retail Repurchase Exposures schedules), each with multiple supporting tables.<sup>7</sup>

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 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.

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<sup>6</sup> The most current reporting templates for the FR Y-14A/Q/M are available at: [www.federalreserve.gov/apps/reportforms/default.aspx](http://www.federalreserve.gov/apps/reportforms/default.aspx)

<sup>7</sup> 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.

## Proposed Revision to the FR Y-14A/Q/M

### Proposed Attestation Requirement for LISCC U.S. IHC respondents

The Board proposes to add an attestation requirement to the FR Y-14A/Q/M reports for U.S. IHC respondents that will be subject to the LISCC framework. Foreign banking organizations with non-branch assets of \$50 billion or more were required to form a U.S. IHC by July 1, 2016. As of April 2016, the IHCs established by Barclays, Credit Suisse, UBS, and Deutsche Bank are expected to be the LISCC U.S. IHC respondents. This requirement would be consistent with the existing attestation requirement applicable to U.S. BHCs subject to the LISCC framework (LISCC respondents).

On September 16, 2015, the Board published a notice in the *Federal Register* proposing to require a Chief Financial Officer (CFO) level attestation for LISCC respondents.<sup>8</sup> On January 21, 2016, the Board finalized the attestation requirement for LISCC respondents, with a phased-in implementation approach beginning with the reports as-of December 31, 2016.<sup>9</sup> The Board proposes applying an attestation requirement to LISCC U.S. IHCs following a similar phased-in implementation approach, effective beginning December 31, 2017, and fully phased in by December 31, 2018. The proposed effective date would provide LISCC U.S. IHCs with time to develop the appropriate internal processes and procedures to fully implement the proposed attestation following the creation of their U.S. IHCs in July 2016, and the first filing of FR Y-14 reports as-of December 31, 2016.

As discussed in the final *Federal Register* notice adopting the attestation requirement for domestic LISCC respondents, the attestation requirement was designed to help ensure that the data reported to the Board were reliable and accurately reflect the firm's exposures.<sup>10</sup> These data are integral to the Board's assessment of the safety and soundness of a banking organization, as the Board uses financial data reported by a banking organization to assess whether the banking organization has the capital necessary to absorb losses under stress.

The Board has initially applied the attestation requirement to only LISCC respondents given the added resources required to implement the attestation.<sup>11</sup> Similarly, the Board would propose to apply the attestation requirement only to those U.S. IHCs that will be subject to the LISCC framework, as the resources needed to ensure accurate data are appropriate in light of the risks that the U.S. operations of these firms pose to the financial system.

Under the proposal the attestation would include three 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,

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<sup>8</sup> See 80 FR 55621 (September 16, 2015).

<sup>9</sup> See 81 FR 3412 (January 21, 2016).

<sup>10</sup> See 80 FR 55621 (September 16, 2015).

<sup>11</sup> As noted in the preamble to the *Federal Register* notice (80 FR 55621, September 16, 2015), the attestation requirement may require respondents 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.

collectively, the CFO (or equivalent senior officer<sup>12</sup>) of a LISCC U.S. IHC would be required to attest that the reports have been prepared in conformance with the instructions issued by the Board.<sup>13</sup> Second, for actual data, the CFO (or equivalent senior officer) of a LISCC U.S. IHC would be required to attest that senior management is responsible for the internal controls over the reporting of these data, and that the data reported are materially correct to the best of senior management's 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. For the third part, 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 Board promptly as they are identified. Both domestic LISCC firms and LISCC U.S. IHCs subject to the attestation requirement should have a policy in place for determining materiality in the context of attesting to material correctness and internal controls.<sup>14</sup>

As indicated above, the Board proposes that the attestation for LISCC U.S. IHCs would follow a phased-in implementation approach beginning December 31, 2017. The attestation submitted with reports as-of December 31, 2017, would relate to the effectiveness of internal controls over submissions for the as-of date and would not include an attestation to submissions through the year. Beginning with the monthly FR Y-14M report submitted on January 31, 2018, and for each monthly, quarterly, and semi-annual FR Y-14 report submitted thereafter, respondents would attest to conformance with the FR Y-14 instructions and to the material correctness of data to the best of the respondent's knowledge, and agree to report material weaknesses and any material errors in the data as they are identified. The full attestation requirement, including attestation to the effectiveness of internal controls throughout the previous year, would be effective starting with the reports submitted as-of December 31, 2018. The attestation pages submitted by LISCC U.S. IHCs would be the same as those used by LISCC BHCs.

### **Proposed Requirement to Submit Adjusted Capital Action Data**

The Board proposes to require additional submissions of certain FR Y-14 schedules to collect information on adjustments to planned capital actions and incremental capital distribution from firms that have elected to make such adjustments, effective with the reports as-of December 31, 2016. An ad-hoc process is currently used to collect this information, which is necessary if,

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<sup>12</sup> "An equivalent senior officer" refers to a senior officer who functions as the CFO but carries a different title.

<sup>13</sup> 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 HCs' financial condition and assessment of performance under stressed scenarios.

<sup>14</sup> The materiality 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.

for example, firms intend to exercise the option to adjust their planned capital distributions based on the preliminary results of the supervisory quantitative assessment in CCAR.<sup>15</sup> Given the time-sensitive nature of the collection, current manual collection processes, and ongoing need for firms to submit the data, formalizing the requirement as part of the FR Y-14 would reduce operational risk, establish a regular, standard submission process, and account for the burden of providing these data. Additionally, it would formalize a standard process for firms to employ in submitting information regarding requests to make incremental capital distributions above those included in their capital plans.

The proposed requirement includes two components. First, for adjustments to planned capital actions, firms would be required to submit an updated FR Y-14A Schedule A.1.d (Summary, Capital - CCAR) for the BHC Baseline, Supervisory Adverse, and Supervisory Severely Adverse scenarios and an updated FR Y-14A Schedule C (RCI). These submissions would be collected subsequent to the firms' annual FR Y-14 submission in a timeframe communicated by the Board of at least 14 calendar days in advance of the submission. Second, for incremental capital action requests (i.e. requests for additional capital distributions in the period between CCAR exercises), firms would be required to resubmit the FR Y-14A Schedule C (RCI). The incremental capital action requests would be submitted at the time a firm seeks approval for or notifies the Board of its intention to make additional capital distributions.

To allow for the collection of the information necessary to understand these adjustments, the Board proposes adding certain items to the FR Y-14A Schedule C (RCI) including: (1) cash dividends declared on preferred stock, (2) cash dividends declared on common stock, (3) common shares outstanding (Millions), and (4) common dividends per share (\$).

### **Proposed Revision to the FR Y-14A**

The proposed revisions to the FR Y-14A consist of adding data items in accordance with the finalized modifications to the capital plan and stress test rules (Regulation Y and YY),<sup>16</sup> and modifying existing data items to provide more precise information. The limited changes to Schedule A.1.d (Capital) are expected to require relatively minimal additional burden on firms and in the case of the SLR items are required in accordance with mandatory capital planning requirements. The proposed changes to Schedule E (Operational Risk) would balance the increase in burden due to the addition and modification of items to align with expectations outlined in SR Letter 15-18 with the reduction in burden from the elimination of the outdated and unnecessary data collection.

#### **Schedule A (Summary)**

*Schedule A.1.d (Capital)* In accordance with the finalized amendments to the capital plan and stress test rules, a firm will be required to estimate its supplementary leverage ratio (SLR) for the DFAST/CCAR planning horizon beginning January 1, 2018.<sup>17</sup> To facilitate the mandatory

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<sup>15</sup> The CCAR Instructions provide further information regarding adjustments a BHC may make to its planned capital distributions: <http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20160128a1.pdf>

<sup>16</sup> See 80 FR 75419 (December 2, 2015).

<sup>17</sup> See 12 CFR 225.8(c)(3), 12 CFR 252.53(b)(3).

reporting of this information, it is necessary to add SLR items to the FR Y-14A report. The Board proposes adding two items to the FR Y-14A Summary Schedule (A.1.d, Capital) report as-of December 31, 2016: Supplementary Leverage Ratio Exposure (SLR Exposure) and Supplementary Leverage Ratio (the SLR). The SLR would be a derived field.

In addition, to collect more precise information regarding deferred tax assets (DTAs), the Board proposes modifying one existing item on the FR Y-14A Schedule A.1.d (Summary - Capital) as-of December 31, 2016. The Board proposes changing existing item 111 on Schedule A.1.d. (Summary - Capital), "Deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks, net of DTLs, but before related valuation allowances", to "Deferred tax assets arising from temporary differences, net of DTLs." A firm in a net deferred tax liability (DTL) position would report this item as a negative number. This modification would provide more specific information about the components of the "DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs" subject to the common equity tier 1 capital deduction threshold.

The Board also proposes removing Schedule HC-M, Memoranda item 107, "Total number of bank holding company common shares outstanding", from the FR Y-14A Schedule A (Summary - Capital) with the reports as-of December 31, 2016, to reduce burden on firms. This item provides minimal additional value and therefore, is no longer needed.

Finally, to reduce the risk of inconsistencies in reporting and align with other regulatory reports, certain definitions in the instructions for the FR Y-14A Schedule A.1.d (Summary - Capital) would be clarified or streamlined to reference comparable items on the FR Y-9C.

**Schedule A.5 (Counterparty)** The Board proposes adding the item "Other counterparty losses" to Schedule A.5 (Summary - Counterparty), similar to the item that was removed with the proposal finalized October 1, 2014.<sup>18</sup> The Board provides guidance to respondents to include risks not considered in the supervisory scenarios and the addition of this item will allow these risks to be captured. This change is proposed to be effective with the reports as-of December 31, 2016.

### **Schedule E (Operational Risk)**

The Board proposes several changes to the FR Y-14A Schedule E (Operational Risk) for the reports as-of December 31, 2016, to align with the guidance and expectations contained in recent supervisory letters, notably SR Letter 15-18. SR Letter 15-18 outlines expectations regarding a firm's risk management infrastructure and strength of associated processes.

In order to capture the information surrounding the risk management infrastructure and processes as outlined in SR Letter 15-18, the Board proposes adding two sub-schedules to the FR Y-14A Schedule E (Operational Risk) and modifying the supporting documentation requirements for this schedule effective with the reports as-of December 31, 2016. First, new

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<sup>18</sup> See 79 FR 59264 (October 1, 2014).

sub-schedule E.2, Material Risk Identification, would collect information on a firm's material operational risks included in loss projections based on their risk management framework, a component of risk management emphasized in SR Letter 15-18. Second, new sub-schedule E.3, Operational Risk Scenarios, would collect a firm's operational risk scenarios included in the BHC Baseline and BHC Stress projections, a fundamental element of the framework. Finally, the Board recommends updating the requirements for supporting documentation and modifying certain terminology, definitions, and references to align with SR Letter 15-18.

Certain information related to the previous methodology are no longer necessary to collect given the aforementioned change in guidance, resulting in the proposed removal of these items and updating of associated terminology. Sub-schedule E.1 (BHC Operational Risk Historical Capital) would be removed as this schedule pertains to Advanced Measurement Approaches (AMA) methodology and these data are no longer necessary. This change in methodology also results in the removal of two associated columns on the FR Y-14A Schedule A.6 (Operational Risk Scenario Inputs and Projections): Type of Data and Brief Description. References to previous methodology would be updated, including changing the name of a column on the FR Y-14A Schedule A.6 (Operational Risk Scenario Inputs and Projections) from Units of Measure to Risk Segment. These changes would also be effective with the report as-of December 31, 2016.

### **Proposed Revisions to the FR Y-14Q**

The proposed revision to the FR Y-14Q consists of adding an item to more accurately collect information that is currently derived. This proposed change would allow for more accurate and consistent reporting of information with minimal anticipated burden on respondents.

#### **Schedule B (Securities)**

For reports as-of December 31, 2016, the Board proposes adding a new column to the FR Y-14Q Schedule B.1 (Securities 1 - Main Schedule) to collect the price of the security to more accurately collect price information and thereby enhance supervisory modeling. Because this information is believed to be readily available, the Board estimates this revision would impose minimal additional burden while improving the ability to use these data.

### **Proposed Revision to the FR Y-14M**

#### **Schedule D (Credit Card)**

For reports as-of December 31, 2016, the Board proposes modifying the definition of Item 62, Gross Charge-off Amount – Current month to reflect the intended method of reporting the item and in response to industry comments. The definition would be modified to indicate that all gross charge-offs must be reported regardless of whether they are from purchased or impaired loans by eliminating the reference to allowance for loan and lease losses (ALLL).

## **Respondent Panel**

The respondent panel consists of any top-tier BHC, 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 Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) (OMB No. 7100-0128); 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 it meets this asset threshold, unless otherwise directed by the Board.

On February 5, 2016, the Board published a notice in the *Federal Register* (81 FR 6265) proposing the applicability of FR Y-14 reporting requirements to U.S. IHCs of FBOs. A final notice was published in the *Federal Register* (81 FR 35016). IHCs will begin filing the FR Y-14 reports with the submission as-of December 31, 2016.

## **Consultation Outside the Agency**

On July 28, 2016, the Board published a notice in the *Federal Register* (81 FR 49653) requesting public comment for 60 days on the extension, with revision, of the FR Y-14A/Q/M reports. The comment period for this notice expires on September 26, 2016.

## **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 firms and nonbank financial companies supervised by the Board 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 Board to issue regulations and conduct information collections with regard to the supervision of firms (12 U.S.C. § 1844).

With regard to the CFO-level attestation requirement, which is intended to improve accountability and accuracy and heighten requirements for internal control, the Board provided sufficient description and justification to require such attestation from respondents, consistent with the aforementioned statutory authorities.

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.

## Time Schedule for Information Collection and Publication

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

Schedules and Sub-Sub-schedules	Data as-of-date	Submission Date to Federal Reserve
<b>Semi-annual Schedules</b>		
<b>Summary, Macro Scenario</b>	<ul style="list-style-type: none"> <li>Data as-of December 31st.</li> <li>Data as-of June 30th.</li> </ul>	<ul style="list-style-type: none"> <li>Data are due April 5th of the following year.</li> <li>Data are due October 5th of the same year.</li> </ul>
<b>Retail Repurchase Exposures</b>	<ul style="list-style-type: none"> <li>Data as-of December 31st.</li> <li>Data as-of June 30th.</li> </ul>	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).
<b>Annual Schedules</b>		
<b>Regulatory Capital Instruments, Regulatory Capital Transitions, Operational Risk, and Business Plan Changes schedules</b>	<ul style="list-style-type: none"> <li>Data as-of December 31st.</li> </ul>	<ul style="list-style-type: none"> <li>Data are due April 5th of the following year.</li> </ul>
<b><u>CCAR Market Shock exercise</u> Summary schedule</b> <ul style="list-style-type: none"> <li>Trading Risk</li> <li>Counterparty</li> </ul>	Data as-of a specified date in the first quarter. As-of-date would be communicated by Federal Reserve <sup>19</sup>	<ul style="list-style-type: none"> <li>Data are due April 5th of the following year</li> </ul>

<sup>19</sup> As outlined in Section 252.54 (Annual Stress Tests) of Regulation YY (12 CFR 252), the as-of date will be between January 1st and March 1st of that calendar year and will be communicated to the firms by March 1st of the calendar year. Firms 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.

Schedules	Data as-of-date	Submission Date to Federal Reserve
<b>FR Y-14Q (Quarterly Filings)</b>		
<b>Securities</b> <b>PPNR</b> <b>Retail</b> <b>Wholesale</b> <b>Operational</b> <b>MSR Valuation</b> <b>Supplemental</b> <b>Retail FVO/HFS</b> <b>Regulatory Capital</b> <b>Transitions</b> <b>Regulatory Capital</b> <b>Instruments</b> <b>Balances</b>	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 ).
<b>Trading Schedule</b> <b>Counterparty Schedule</b>	<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><b>Fourth quarter – Trading and Counterparty (Regular/unstressed submission):</b>  52 calendar days after the notification date (notifying respondents of the as-of-date) or March 15, whichever comes earlier. <b><u>Unless the Board requires the data to be provided over a different weekly period,</u></b> 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><b>Fourth quarter – Counterparty (CCAR/stressed submission):</b>  April 5.  In addition, for firms that are required to re-submit a capital plan, the due date for the quarter pre-ceding 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>
<b>FR Y-14M (Monthly Filings)</b>		
<b>All schedules</b>	Data as-of the last business day of each calendar month.	Data are due by the 30 <sup>th</sup> calendar day of the following month.

As proposed and mentioned above, the Board would notify companies at least 14 calendar days in advance of the date on which it expects companies to submit any adjusted capital actions. For the incremental capital action submission, a firm would submit the adjustment at the time the firm seeks approval for the additional capital distributions (see 12 CFR 225.8(g)) or notifies the Board of its intention to make additional capital distributions under the de minimis exception (see 12 CFR 225.8(g)(2)).

### **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 928,387 hours and with the proposed revisions would increase by 23,477 hours, for a total of 951,864 hours, including 18,720 hours of automation burden. This increase is primarily due to the addition of the attestation requirement for LISCC U.S. IHCs, modifications to Schedule E (Operational Risk), and the addition of the requirement to submit certain FR Y-14 schedules identifying adjustments to planned capital actions and incremental capital distributions.

#### **FR Y-14A Burden**

The current total annual burden hours for the FR Y-14A is estimated to be 83,499 hours and with the proposed revisions would increase by 1,241 hours for a total of 84,740 hours. The increase is primarily due to the addition of sub-schedules to Schedule E (Operational Risk) and the addition of the requirement to submit certain FR Y-14 schedules identifying adjustments to planned capital actions and incremental capital distributions. For burden purposes, the Board estimates approximately five adjusted or incremental capital plans may be submitted in a year, however the number of respondents will vary based on the firms electing to make an adjustment.

#### **FR Y-14Q Burden**

The current total annual burden hours for the FR Y-14Q is estimated to be 223,708 hours and with the proposed revisions would increase by 156 hours for a total of 223,864 hours. The additional burden to collect the new column on Schedule B (Securities) is expected to be minimal and other changes are clarifying in nature.

#### **FR Y-14M Burden**

The current total annual burden hours for the FR Y-14M is estimated to be 579,420 hours. The proposed revisions are clarifying in nature and burden is expected to remain the same.

### **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 Board has included estimates for annual on-going automation burden (for existing respondents) and implementation for new respondents. The Board estimates the burden for each existing respondent BHC that would update their systems in order to complete the FR Y-14 submissions would vary across BHCs. On average it would take approximately 480 hours

(on-going maintenance) to update systems for submitting the data, for a total of 18,720 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 there are no new respondents for the current proposal, this results in 0 hours.

	<i>Number of respondents<sup>20</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden</i>
<b><u>Current FR Y-14A</u></b>				
Summary	39	2	987	76,986
Macro scenario	39	2	31	2,418
Operational risk	39	1	12	468
Regulatory Capital Transitions	39	1	23	897
Regulatory Capital Instruments	39	1	20	780
Business Plan Changes	39	1	10	390
Retail Repurchase Exposures	39	2	20	<u>1,560</u>
<i>Current FR Y-14A Total</i>				<u>83,499</u>
<b><u>Current FR Y-14Q</u></b>				
Retail	39	4	16	2,496
Securities	39	4	13	2,028
PPNR	39	4	711	110,916
Wholesale	39	4	152	23,712
Trading	6	4	1,926	46,224
Regulatory Capital Transitions	39	4	23	3,588
Regulatory Capital Instruments	39	4	52	8,112
Operational Risk	39	4	50	7,800
MSR Valuation	18	4	24	1,728
Supplemental	39	4	4	624
Retail FVO/HFS	28	4	16	1,792
Counterparty	6	4	508	12,192
Balances	39	4	16	<u>2,496</u>
<i>Current FR Y-14Q total</i>				<u>223,708</u>
<b><u>Current FR Y-14M</u></b>				
Retail Risk				
1 <sup>st</sup> lien mortgage	37	12	515	228,660

<sup>20</sup> 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](http://www.sba.gov/content/table-small-business-size-standards).

Home equity	32	12	515	197,760
Credit card	25	12	510	<u>153,000</u>
<i>Current FR Y-14M total</i>				<u>579,420</u>
<b><u>Implementation and On-going Automation</u></b>				
Implementation	0	1	7,200	0
On-going revisions	39	1	480	<u>18,720</u>
<i>Implementation and On-going Automation total</i>				<u>18,720</u>
<b><u>Attestation</u></b>				
Implementation	0	1	4,800	0
On-going	9	1	2,560	<u>23,040</u>
<i>Attestation total</i>				<u>23,040</u>
<b>Current Collection total</b>				<u>928,387</u>

	<i>Number of respondents<sup>21</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden</i>
<b><u>Proposed FR Y-14A</u></b>				
Summary	39	2	993	77,454
Macro scenario	39	2	31	2,418
Operational risk	39	1	18	702
Regulatory Capital Transitions	39	1	23	897
Regulatory Capital Instruments	39	1	21	819
Business Plan Changes	39	1	10	390
Retail Repurchase Exposures	39	2	20	1,560
<b>Adjusted Capital Plan Submission</b>	5	1	100	<u>500</u>
<i>Proposed FR Y-14A total</i>				<u>84,740</u>
<b><u>Proposed FR Y-14Q</u></b>				
Retail	39	4	16	2,496

<sup>21</sup> 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](http://www.sba.gov/content/table-small-business-size-standards).

Securities	39	4	14	2,184
PPNR	39	4	711	110,916
Wholesale	39	4	152	23,712
Trading	6	4	1,926	46,224
Regulatory Capital Transitions	39	4	23	3,588
Regulatory Capital Instruments	39	4	52	8,112
Operational Risk	39	4	50	7,800
MSR Valuation	18	4	24	1,728
Supplemental	39	4	4	624
Retail FVO/HFS	28	4	16	1,792
Counterparty	6	4	508	12,192
Balances	39	4	16	2,496

*Proposed FR Y-14Q total* 223,864

**Proposed FR Y-14M**

**Retail Risk**

1 <sup>st</sup> lien mortgage	37	12	515	228,660
Home equity	32	12	515	197,760
Credit card	25	12	510	<u>153,000</u>

*Proposed FR Y-14M total* 579,420

**Proposed Implementation and On-going Automation**

Implementation	0	1	7,200	0
On-going revisions	39	1	480	<u>18,720</u>

*Proposed Automation total* 18,720

**Attestation**

Implementation	3	1	4,800	14,400
On-going	12	1	2,560	<u>30,720</u>

*Attestation total* 45,120

**Proposed Collection total** 951,864

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***Total Change*** 23,477

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The current annual cost to the public of these reports is estimated to be \$49,343,769 and would increase to \$50,591,572 with the proposed changes.<sup>22</sup>

### **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 cost to the Federal Reserve System will be obtained.

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<sup>22</sup> 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 \$17, 45% Financial Managers at \$65, 15% Lawyers at \$66, and 10% Chief Executives at \$89). 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 2015, published March 30, 2016 <http://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/).