

DRAFT

Board of Governors of the Federal Reserve System



Instructions for Preparation of
**Consolidated Financial Statements for
Holding Companies**

Reporting Form FR Y-9C

Effective March 2018

Capital buffer for all holding companies not subject to the capital plan rule (items 46-48)

Line Item 46 Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments.

For all holding companies not subject to the capital plan rule: transition provisions for the capital

conservation buffer: In order to avoid limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers, a holding company must hold a capital conservation buffer above its minimum

risk-based capital requirements.

The amount reported in Schedule HC-R, Part I, item 46(a)- must be greater than 2.5 percent of risk-weighted assets the following phased in capital conservation buffer in Table 10 (plus any other applicable capital buffers, if the holding company is an advanced approaches institution). Otherwise, the holding company will face limitations on distributions and certain discretionary bonus payments and will be required to complete Schedule HC-R Part I, items 47 and 48.

Line Item 46(a) Capital conservation buffer.

Report the holding company's capital conservation buffer as a percentage, rounded to four decimal places. Except as described below, the capital conservation buffer is equal to the lowest of the following ratios:

For all holding companies ~~institutions~~, except advanced approaches ~~institutions holding companies~~ that exit parallel run:

- (1) Schedule HC-R, Part I, item 41, Column A, less 4.5000, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;

- (2) Schedule HC R, Part I, item 42, Column A, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rule;
- (3) Schedule HC-R, Part I, item 43, Column A, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

However, if any of the three ratios calculated above is less than zero (i.e., is negative), the holding company's capital conservation buffer is zero.

For example, for the December 31, 2020 report date, the standardized approach capital conservation buffer reported in item 46 would be equal to the lower of (1), (2), and (3) (floored at zero), using items 41, 42, and 43, respectively, as reported for the December 31, 2020 report date.

For advanced approaches holding companies that exit parallel run only:

- (1) The lower of Schedule HC-R, Part I, item 41, column A and column B, less 4.5000 percent, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;
- (2) The lower of Schedule HC-R, Part I, item 42, column A and column B, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rules; and
- (3) The lower of Schedule HC-R, Part I, item 43, column A and column B, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

Schedule HC-R

Table 10—Transition provisions for capital conservation buffer

Transition Period	Applicable required capital conservation buffer percentage above which holding companies avoid limitations on distributions and certain discretionary bonus payments
Calendar year 2016	0.6250
Calendar year 2017	1.2500
Calendar year 2018	1.8750
Calendar year 2019 and thereafter	2.5000

~~Note: Advanced approaches institutions, including those that have not exited parallel run, will need to consult the regulation for the transition period if (i) the countercyclical buffer is in place or if the institution is subject to countercyclical buffers in other jurisdictions or (ii) the institution is subject to a capital surcharge for global systemically important holding companies (GSIB) (such surcharge, a GSIB surcharge). Starting on the March 31, 2016, report date, any countercyclical buffer amount or GSIB surcharge applicable to an advanced approaches institution should be added to the amount applicable in Table 10, in order for that institution to determine if it will need to complete Schedule HC-R, Part I, items 47 and 48.~~

~~However, if any of the three ratios calculated above is less than zero (i.e., is negative), the holding company's capital conservation buffer is zero.~~

Line Item 46(b)—Advanced approaches holding companies that exit parallel run only.

Report the total applicable capital buffer, as reported in FFIEC 101, Schedule A, item 64.

~~NOTE: Starting on March 31, 2016, report date, holding companies must complete items 47 and 48 if the amount in item 46(a) is less than or equal to the applicable required minimum capital conservation buffer, described above in Table 10 of Schedule HC-R Part I, item 46 (plus any other applicable capital buffers, if the institution is an advanced approaches holding company).~~

Line Item 47 Eligible retained income.

Report the amount of eligible retained income as the net income attributable to the holding company—for the four calendar quarters preceding the current calendar quarter, based on the holding company's most recent quarterly FRY 9 report. Report, as appropriate, net of any distributions and associated tax effects not already reflected in net income. (See the instructions for Schedule HC-R,

Part I, item 48, for the definition of "distributions" from section 2 of the regulatory capital rules.)

For example, the amount of eligible retained income to be reported in this item 47 for the ~~March–December 31, 202016~~, report date would be based on the net income attributable to the holding company for the four calendar quarters ending on December 31, 202015. This net income amount would equal the net income attributable to the holding company's ~~most recently reported in Schedule III, item 14,~~ for December 31, 2015~~20~~ (i.e., after adjustments for amended Reports of Income). This net income amount would next be reduced by any distributions and associated tax effects not already reflected in net income; the resulting amount would be the eligible retained income to be reported in this item 47. Thus, if the holding company had declared dividends on its common stock during each calendar quarter in 2015 and had no other distributions during 2015, the holding company would reduce its net income amount by the total amount of the dividends declared in 2015 and report the resulting amount as its eligible net income in this item 47.

~~As an additional example, the amount of eligible retained income to be reported in this item 47 for the June 30, 2016, report date would be based on the net income attributable to the holding company for the four calendar~~

Schedule HC-R

~~quarters ending on the preceding March 31, 2016. This net income amount would be calculated by:~~

- ~~(1) Subtracting the net income attributable to the holding company most recently reported in Schedule HI, item 14, for March 31, 2015 (i.e., after adjustments for amended Reports of Income), from the net income attributable to the holding company's most recently reported in Schedule HI, item 14, for December 31, 2015 (i.e., after adjustments for amended Reports of Income), and~~
- ~~(2) Adding the result from (1) above to the net income attributable to the holding company's most recently reported in Schedule HI, item 14, for March 31, 2016 (i.e., after adjustments for amended Reports of Income).~~

~~This net income amount would next be reduced by any distributions and associated tax effects not already reflected in net income (e.g., dividends declared on the institution's common stock between April 1, 2015, and March 31, 2016); the resulting amount would be the eligible retained income to be reported in this item 47.~~

Line Item 48 Distributions and discretionary bonus payments during the quarter.

Report the amount of distributions and discretionary bonus payments during the calendar quarter ending on the report date.

For example, for purposes of the December 31, 2020, report date, report in Item 48 the distributions and discretionary bonus payments made during the quarter ending December 31, 2020.

As defined in section 2 of the regulatory capital rules, "distribution" means:

- (1) A reduction of tier 1 capital through the repurchase of a tier 1 capital instrument or by other means, except when a holding company, within the same quarter when the repurchase is announced, fully replaces a tier 1 capital instrument it has repurchased by issuing another capital instrument that meets the eligibility criteria for:

- (i) A common equity tier 1 capital instrument if the instrument being repurchased was part of the holding company's common equity tier 1 capital, or
 - (ii) A common equity tier 1 or additional tier 1 capital instrument if the instrument being repurchased was part of the holding company's tier 1 capital;

- (2) A reduction of tier 2 capital through the repurchase, or redemption prior to maturity, of a tier 2 capital instrument or by other means, except when a holding company, within the same quarter when the repurchase or redemption is announced, fully replaces a tier 2 capital instrument it has repurchased by issuing another capital instrument that meets the eligibility criteria for a tier 1 or tier 2 capital instrument;
- (3) A dividend declaration or payment on any tier 1 capital instrument;
- (4) A dividend declaration or interest payment on any tier 2 capital instrument if the holding company has full discretion to permanently or temporarily suspend such payments without triggering an event of default; or
- (5) Any similar transaction that the Federal Reserve determines to be in substance a distribution of capital.

As defined in section 2 of the regulatory capital rules, "discretionary bonus payment" means a payment made to an executive officer of an institution, where:

- (1) The holding company retains discretion as to whether to make, and the amount of, the payment until the payment is awarded to the executive officer;
- (2) The amount paid is determined by the holding company, without prior promise to, or agreement with, the executive officer; and
- (3) The executive officer has no contractual right, whether express or implied, to the bonus payment.

As defined in section 2 of the regulatory capital rules, "executive officer" means a person who holds the title or, without regard to title, salary, or compensation, performs the function of one or more of the following positions: president, chief executive officer, executive chairman, chief operating officer, chief financial officer, chief investment officer, chief legal officer, chief lending officer, chief risk officer, or head of a major business line, and other staff that the board of directors of the holding company deems to have equivalent responsibility.

Schedule HC-R

Risk-based Capital buffer for holding companies subject to the capital plan rule only:

Line Item 49 Standardized approach capital conservation buffer requirement (sum of items a through c).

Line Item 49(a) of which: Stress capital buffer requirement.

Report the holding company's stress capital buffer requirement as determined under 12 CFR 225.8.

Line Item 49(b) of which: GSIB surcharge (if applicable).

Report the holding company's GSIB surcharge as determined under 12 CFR 217.10 (d), as applicable.

Line Item 49(c) of which: Countercyclical capital buffer amount (if applicable).

Report the holding company's countercyclical capital buffer amount as determined under 12 CFR 217.10 (b) and reported in FFIEC 101, Schedule A, item 66.

Line Item 50 Standardized approach capital conservation buffer

Report the holding company's standardized approach capital conservation buffer as a percentage, rounded to four decimal places. Except as described below, the standardized approach capital conservation buffer is equal to the lowest of the following ratios:

- (1) Schedule HC-R, Part I, item 41, Column A, less 4.5000, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;
- (2) Schedule HC R, Part I, item 42, Column A, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rule;
- (3) Schedule HC-R, Part I, item 43, Column A, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

However, if any of the three ratios calculated above is less than zero (i.e., is negative), the holding company's standardized approach capital conservation buffer is zero.

For example, for the December 31, 2020 report date, the standardized approach capital conservation buffer reported in item 50 would be equal to the lower of (1), (2), and (3) (floored at zero), using items 41, 42, and 43, respectively, as reported for the December 31, 2020 report date.

Line Item 51: Advanced approaches capital conservation buffer requirement (sum of items a through c):

Line Item 51(a) of which: Capital conservation buffer.

Fixed at 2.5 percent.

Line Item 51(b) of which: GSIB surcharge.

Report the holding company's GSIB surcharge as determined under 12 CFR 217.10 (d), as applicable.

Line Item 51(c) of which: Countercyclical capital buffer amount.

Report the holding company's countercyclical capital buffer amount as determined under 12 CFR 217.10 (b) and reported in FFIEC 101, Schedule A, item 66.

Line Item 52 Advanced approaches capital conservation buffer

Report the holding company's advanced approaches capital conservation buffer as a percentage, rounded to four decimal places. Except as described below, the advanced approaches capital conservation buffer is equal to the lowest of the following ratios:

- (1) Schedule HC-R, Part I, item 41, Column B, less 4.5000, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;
- (2) Schedule HC R, Part I, item 42, Column B, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rule Schedule
- (3) HC-R, Part I, item 43, Column B, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

Leverage buffer: Schedule HC-R

Line Item 53 Stress leverage buffer requirement

Report the holding company's stress leverage buffer requirement as determined under 12 CFR 225.8.

Line Item 54 Leverage buffer

Report the holding company's leverage buffer as a percentage, rounded to four decimal places. The leverage buffer is equal to Schedule HC-R, item 44, Column A, less 4.000 percent, which is the minimum tier 1 leverage ratio requirement under section 10 of the regulatory capital rules.

However, if the holding company's leverage buffer calculated above is less than zero (i.e., is negative), the holding company's leverage buffer is zero.

Line Item 55 Supplementary leverage ratio (SLR) buffer requirement (if applicable)

For all GSIB holding companies, report 2.000 percent.
All non-GSIB holding companies should report 0.000 percent.

Line Item 56 Supplementary leverage ratio (SLR) buffer (if applicable)

For all GSIB holding companies, report the SLR buffer as a percentage, rounded to four decimal places, as applicable. The SLR buffer is equal to Schedule HC-R, item 45, Column A, less 3.000 percent, which is the minimum SLR requirement under section 10(a)(5) of the regulatory capital rules.

However, if the holding company's SLR buffer calculated above is less than zero (i.e., is negative), the holding company's SLR buffer is zero.

Maximum payout ratios and amounts for holding companies subject to the capital plan rule:

Line Item 57 Eligible retained income.

Report the amount of eligible retained income as the net income attributable to the holding company for the four calendar quarters preceding the current calendar quarter. Report, as appropriate, net of any distributions

and associated tax effects not already reflected in net income. (See the instructions for Schedule HC-R, Part I, item 48, for the definition of "distributions" from section 2 of the regulatory capital rules.)

Schedule HC-R

For example, the amount of eligible retained income to be reported in this item 57 for the December 31, 2020, report date would be based on the net income attributable to the holding company for the four calendar quarters ending on December 31, 2020. This net income amount would equal the net income attributable to the holding company for December 31, 2020.

Line Item 58. Maximum payout ratio

Report the maximum payout ratio for the reporting institution, which corresponds to the lowest ratio determined by its standardized approach capital conservation buffer, leverage buffer; if applicable, advanced approaches capital conservation buffer; and, if applicable, SLR buffer; as set forth in Table 2 to § 217.11.

Line Item 59. Maximum payout amount

Report the maximum payout amount, equal to the holding company's eligible retained income (item 57) multiplied by the maximum payout ratio reported in item 58.

For example, in order to determine the maximum payout amount that a firm may pay in capital distributions and discretionary bonus payments for the

first quarter of 2021, a firm would multiply its applicable maximum payout ratio by its eligible retained income. The eligible retained income used to calculate the maximum payout amount for the period from January 1, 2021 to March 31, 2021 would be based on the firm's net income for the year 2020 and the maximum payout ratio would be determined based on the capital ratios of the firm as of December 31, 2020 (as described in item 58). Firms that are subject to stress buffer requirements are expected to know their capital positions on a daily basis. If a firm has any uncertainty regarding its quarter-end capital ratios prior to filing its regulatory reports, it should be conservative with capital distributions (including buybacks) during the beginning of a calendar quarter in order to avoid a situation in which it distributes more than the amount permitted under the capital rule.

Line Item 60 Distributions and discretionary bonus payments during the quarter.

Report the amount of distributions and discretionary bonus payments made during the calendar quarter ending on the report date.

For example, for purposes of the December 31, 2020, report date, report in Item 60 the distributions and discretionary bonus payments made during the quarter ending December 31, 2020.

See instructions for item 48 above for the definition of "distribution."