

**Supporting Statement for  
Capital Assessments and Stress Testing  
(FR Y-14A and Q; 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 implement the Capital Assessments and Stress Testing information collection (FR Y-14A and Q; OMB No. 7100-0341). The FR Y-14A would collect annually bank holding companies' (BHCs') 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. One or more of the macroeconomic scenarios would include a market risk shock that the BHCs would assume when making trading and counterparty loss projections. The FR Y-14Q would collect granular data on BHCs' various asset classes and pre-provision net revenue (PPNR) for the reporting period, which would be used to support supervisory stress test models and for continuous monitoring efforts, on a quarterly basis.<sup>1</sup>

Initially, the reporting panel would consist of the 19 large domestic BHCs that participated in the 2009 Supervisory Capital Assessment Program (SCAP) and the 2011 Comprehensive Capital Analysis and Review (CCAR 2011) exercises<sup>2</sup>. These BHCs would be required to complete the FR Y-14A (including the Summary, Macro Scenario, Counterparty Credit Risk (CCR), Basel III, and Regulatory Capital Instruments data schedules) and the FR Y-14Q (including the Securities Risk; Retail Risk; PPNR; Wholesale Risk; Trading, Private Equity, and Other Fair Value Assets (Trading); Basel III, and Regulatory Capital Instruments data schedules). Any modifications to this reporting panel would be addressed in a future proposal. While there are more than 20 proposed schedules spanning eight risk types, the number of schedules each BHC would complete would be subject to materiality thresholds.<sup>3</sup>

These data would be used to assess the capital adequacy of large BHCs using forward-looking projections of revenue and losses. In addition, these data would be used to help inform the Federal Reserve's operational decision making as the Board moves ahead with implementing the Capital Plan rulemaking (discussed in the Background and Justification section).

Under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), the Federal Reserve is required to issue regulations relating to stress

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1 BHCs would be required to submit both quarterly and annual schedules for third quarter data.

2 All but one BHC that participated in the SCAP exercise had total assets greater than \$100 billion as of year-end 2008. In the case of one BHC that participated in the SCAP exercise, the successor BHC participated in the CCAR 2011 exercise.

3 All 19 BHCs would submit the PPNR schedule. BHCs subject to the Board's advanced approaches risk-based capital rules (12 CFR part 225, Appendix, G) would submit the Operational Risk schedule. The six firms that were subject to the market shock in Comprehensive Capital Analysis and Review 2011 would submit the Trading and CCR schedules. For all other annual and quarterly schedules that would be subject to materiality thresholds, material portfolios would be defined as those with asset balances greater than \$5 billion or asset balances relative to Tier 1 capital greater than 5 percent on average for the four quarters preceding the reporting quarter. For immaterial portfolios, the Federal Reserve would assign scenario losses to these portfolios in a manner consistent with the given scenario.

testing (DFAST) for certain BHCs and nonbank financial companies supervised by the Board. It is expected that any reporting requirements associated with DFAST would be incorporated into the new FR Y-14 information collection. Any modifications to the reporting panel for the DFAST reporting requirements would be addressed in the forthcoming proposal.

The Federal Reserve distributed the annual and quarterly schedules to the 19 respondent BHCs via a password protected website due to the fact that some of the schedules contain pre-populated data that was reported to the Federal Reserve. The total annual burden for this information collection is estimated to be 553,629 hours.

## **Background and Justification**

During the years leading up to the recent financial crisis, many BHCs made significant distributions of capital, in the form of stock repurchases and dividends, without due consideration of the effects that a prolonged economic downturn could have on their capital adequacy and ability to continue to operate and remain credit intermediaries during times of economic and financial stress.

In 2009, the Board conducted the SCAP, a “stress test” of 19 large, domestic BHCs. The SCAP was focused on identifying whether large BHCs had capital sufficient to weather a more-adverse-than-anticipated economic environment while maintaining their capacity to lend. The Federal Reserve required BHCs identified as having capital shortfalls to raise specific dollar amounts of capital within six months of the release of the SCAP results. The Department of the Treasury established a government backstop available to BHCs unable to raise the required capital from private markets.

In early 2011, the Federal Reserve continued its supervisory evaluation of the resiliency and capital adequacy processes of 19 BHCs through the CCAR 2011. The CCAR 2011 involved the Federal Reserve’s forward-looking evaluation of the internal capital planning processes of the BHCs and their anticipated capital actions in 2011, such as increasing dividend payments or repurchasing or redeeming stock. In the CCAR 2011, the Federal Reserve evaluated whether these BHCs had satisfactory processes for identifying capital needs and held adequate capital to maintain ready access to funding, continue operations and meet their obligations to creditors and counterparties, and continue to serve as credit intermediaries, even under stressful conditions. As a result of 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 appropriate capital, and the appropriateness of their planned actions and policies for returning capital to shareholders.

On June 17, 2011, the Federal Reserve published a notice of proposed rulemaking (the capital plan rule) in the *Federal Register* for public comment (76 FR 35351) that would revise the Board’s Regulation Y to require large BHCs to submit capital plans to the Federal Reserve annually and to require such BHCs to provide prior notice to the Federal Reserve under certain circumstances before making a capital distribution.<sup>4</sup> In connection with submissions of capital plans to the Federal Reserve, BHCs would be required, pursuant to proposed section 225.8(d)(3),

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<sup>4</sup> The public comment period for the capital plan rule ended on August 5, 2011.

to provide certain data to the Federal Reserve. At the time of the proposed rule, the Federal Reserve did not have sufficient detail about the data to be submitted by the BHCs under proposed section 225.8(d)(3). For this reason, the Federal Reserve is putting forth this proposal to collect the data to support the ongoing CCAR exercise, which would fulfill the data collection contemplated under proposed section 225.8(d)(3). Data collected for CCAR (as described in the following Description of Information Collection section) would be designed to minimize burden on the BHCs and avoid duplication. Data required by the Federal Reserve could include, but would not be limited to, information regarding the BHC's financial condition, structure, assets, risk exposure, policies and procedures, liquidity, and management.

The Federal Reserve is holding large BHCs to an elevated capital planning standard because of the elevated risk posed to the financial system by large BHCs and the importance of capital in mitigating these risks. The capital plan rule is intended to address the practices that led up to the financial crisis, building upon the Federal Reserve's existing supervisory expectation that large BHCs have robust systems and processes that incorporate forward-looking projections of revenue and losses to monitor and maintain their internal capital adequacy. The final capital plan rule would build upon the Federal Reserve's recent supervisory practice of requiring capital plans from large, complex BHCs.

The requirement of annual comprehensive capital plan submissions (as described in the separate Capital Plan rulemaking) and capital distribution requests, as well as the use of supervisory stress testing to inform assessments of capital adequacy at supervised BHCs, will be a part of the ongoing supervisory process going forward.

### **Description of Information Collection**

The data collected through the FR Y-14A and FR Y-14Q would 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 CCAR 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 would also be used in connection with the supervision and regulation of these financial institutions. It is also expected that, in order to fully evaluate the data submissions, the Federal Reserve will likely need to conduct follow up discussions with respondents and make additional inquiries as warranted.

The BHCs would be required to complete and submit five filings each year, beginning with 3<sup>rd</sup> quarter 2011: one annual FR Y-14A filing (including the Summary, Macro Scenario, CCR, Basel III, and Regulatory Capital Instruments data schedules) and four quarterly FR Y-14Q filings (including the Securities Risk, Retail Risk, PPNR, Wholesale Risk, Trading Risk, Basel III, and Regulatory Capital Instruments data schedules). Compliance with these information collections would be mandatory.

## FR Y-14A (annual collection)

The annual collection of BHCs' quantitative projected regulatory capital ratios across a range of scenarios consists of the following five primary schedules, each with multiple supporting worksheets. The FR Y-14A would also mandate the Federal Reserve to collect qualitative information describing the methodologies used to develop internal projections of capital across scenarios.

### Summary Schedule

The Summary schedule has been designed to collect information necessary for the Federal Reserve to evaluate projections of regulatory capital ratios across a range of scenarios as part of the broader CCAR initiative. This information would include projections of losses, revenues, and capital actions that are the primary determinants of projected capital ratios. By collecting these data, along with other qualitative information, the Federal Reserve would be able to assess the appropriateness and robustness of the methodologies used by the BHCs and to identify areas where improvements are necessary. This is a critical part of a forward-looking evaluation of a BHC's capital adequacy.

The Summary schedule would consist of three primary components – income statement projections, balance sheet projections, and capital-related projections. There are also a number of worksheets for the BHCs to project various data items, including charge-offs, gains or losses related to trading activities and counterparty positions, operational risk losses, gains or losses on securities, and PPNR. The complete Summary schedule would be submitted for each scenario evaluated by the BHC and would include nine quarters of projected data.

The *Income Statement worksheet* would collect data on quarterly projections of losses and revenues. This worksheet is organized similar to, but not identical to, the mandatory Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128). For example, BHCs would report estimates of losses for all categories of loans, securities and trading assets and would include estimates of the components of BHC revenue. In addition, this worksheet would collect certain tax-related data items. The *Balance Sheet worksheet* would collect data on quarterly projections of the BHC balance sheet, which includes components of assets, liabilities, and equity capital. The *Capital worksheet* would collect data on quarterly projections of equity capital and regulatory capital. In addition, this worksheet would also collect projections of capital actions such as: common dividends and share repurchases that affect a BHC's equity capital, projections of the filters and deductions necessary to estimate regulatory capital, ancillary data on other balance sheet items and risk-weighted assets, supporting data necessary to estimate the effect of the deferred tax asset on regulatory capital, and supporting data related to discretionary capital actions.

The Summary schedule would also collect separate projection data worksheets related to various components of the income statement, including charge-offs on various loan portfolios, gains or losses related to trading activities and counterparty positions, gains or losses on securities, operational risk, and PPNR.

The *Retail Risk worksheet* would collect expected losses on the respective portfolios. The *Operational Risk worksheet* would collect the BHC's projections for operational losses. Additional detail would be requested on translating historical loss experience into operational loss projections and on any budgeting processes used to project operational losses. The *Trading Risk* and *CCR worksheets* would contain projected losses associated with a market risk shock.

There would be multiple worksheets related to Available-for-Sale (AFS) and Held-to-Maturity (HTM) securities (*Securities Risk worksheets*). The worksheets would request data and information such as: projected other-than-temporary impairment (OTTI) by asset class for each quarter of the forecast time horizon; methodologies and assumptions used to generate the OTTI projections for each asset class; projected stressed fair market value (FMV) for each asset class as well as qualitative information on the methodologies and assumptions used to generate the stressed market value; and actual FMV such as the source (vendor or proprietary) as well as key assumptions used for determining market values (if using a proprietary model).

The *PPNR Risk worksheet* would collect data related to projected net interest income and noninterest revenues and expenses under the relevant scenario. This would include projections of balances of interest-bearing assets and liabilities and the associated interest income and expense for each line item; noninterest income related to loan origination, servicing, advisory services, trading commissions and fees; noninterest expense related to compensation, occupancy, and services; and other relevant line items.

Along with the Summary schedule, each BHC would be required to respond to a qualitative questionnaire or submit a comprehensive document explaining the methods used to develop the projections included in each of the Summary worksheets. The document should include information about how the BHC translated the macroeconomic scenarios into the various projections, including detailed descriptions of any models used. The BHCs would also be required to provide a reconciliation of their reported data with the data they report in their publicly available regulatory filings.

### **Macro Scenario Schedule**

The Macro Scenario schedule would collect the economic variables used in the BHC-defined macroeconomic scenarios underlying the projections of loss, revenue, and capital. The schedule would include worksheets for the BHC baseline scenario, the BHC stress scenario, and any additional scenarios beyond the baseline and stressed scenarios, as well as a worksheet for collecting the scenario variable definitions (variable name and definition for each of the scenario worksheets). The variable definitions should include the units of measure (for example, percentage points and billions of dollars) and the frequency of the variable (for example, quarterly average if it is produced monthly or more often). The scenario worksheets would collect the variable name (as provided on the definition worksheet), the actual value of the variable during the 3<sup>rd</sup> quarter of the reporting year, and the projected value of the variable for nine future quarters.

Each BHC would be required to document the methods used to generate the scenarios. If the BHC uses a scenario generated by a third party, at a minimum the following should be

documented: name of the vendor, date that the scenario was generated (if known), and any changes that the BHC made to the scenario. If the BHC generates the scenario, the documentation should include a detailed description of any models used and how the BHC adjusted the models to produce the various scenarios.

### **CCR Schedule**

The CCR schedule would collect from each BHC information to identify credit valuation adjustment (CVA), exposures, and CVA sensitivities for their top counterparties along a number of dimensions, including current CVA, stressed CVA, net current exposure, and gross current exposure. BHCs would also submit aggregate CVA, exposures, and CVA sensitivities by ratings categories.

### **Basel III Schedule**

Based on the Basel III framework that was promulgated by the Basel Committee on Bank Supervision, the Basel III schedule would collect annual forecasts of Tier 1 Common, Tier 1 Capital, Risk-Weighted Assets (RWA), and Leverage Exposures (along with granular components of those elements) through year-end 2013 (or the year by which the BHC plans to meet Basel III target capital ratios, if later than 2013) under a baseline scenario. Finally, BHCs would be required to submit the effect on Basel III measurements of any significant planned actions to be taken in response to Basel III and the Dodd-Frank Act (for example, asset sales, asset wind-downs, and data collection and modeling enhancements).

### **Regulatory Capital Instruments Schedule**

The Regulatory Capital Instruments schedule would collect CUSIP-level<sup>5</sup> contractual terms of the BHC's regulatory capital instruments, as defined under the Board's current regulatory capital rules for BHCs (12 CFR part 225, Appendices, A, E, and G). The data collected would support future analyses and coordinated responses to future proposed capital actions. BHCs would provide a detailed inventory of their regulatory capital instruments as of the data collection date and provide details on instruments they project to redeem or issue over a 9-quarter period.

### **FR Y-14Q (quarterly collection)**

### **Securities Risk Schedule**

The Securities Risk schedule would gather CUSIP-level and summary-level information on all positions in a BHC's AFS and HTM portfolios. The CUSIP-level position schedule would request such data as the amortized cost, market value, current face value, and original face value of each position.

### **Retail Risk Schedule**

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<sup>5</sup> CUSIP refers to the Committee on Uniform Security Identification Procedures. This 9-character alphanumeric code identifies any North American security for the purposes of facilitating clearing and settlement of trades.

The Retail Risk schedule would collect information about the distribution of risk in retail portfolios across segments. Retail risk would be divided into four major categories: residential, credit card, automobile, and other consumer. For residential, credit card, and other consumer, separate retail risk schedules are proposed for the different product types within each of the major categories. For all major categories, separate segmentation schemes would be used for domestic and international loans. Residential would be divided into first lien mortgages, home equity lines of credit, and home equity loans; credit card would be split between bank and charge cards, and small business and corporate cards; and student loans would be split from the other consumer category. Within each broad product-type segment, the portfolio would be broken into a number of buckets that embody unique risk characteristics.

The modular product-type design of the Retail Risk schedules allows for a targeted collection of information from only the BHCs that have material portfolios in a given product area. This design feature is intended to limit burden while maximizing the supervisory information yielded from the collection.

### **PPNR Risk Schedule**

For the PPNR schedule, each BHC would provide relevant data for their PPNR. PPNR is composed of three major components: net interest income, non-interest income, and non-interest expense. For both net interest income and non-interest income, BHCs would submit historical data based on a business line breakdown. Collection of these data in this format is based on the assumption that the revenues generated by different business lines react differently under varying scenarios and such a view would facilitate a more robust analysis of the resulting projections. BHCs would provide historical data for the first submission and quarterly revisions thereafter.

### **Wholesale Risk Schedule**

For the Wholesale Risk schedule, each BHC would provide wholesale loan portfolio data that comprise the corporate loan and commercial real estate (CRE) loan portfolios. These data collected would provide critical information on the performance of the loan portfolios in order to be used to develop stress test loss estimates and other analytical purposes. Given the distinct characteristics of each portfolio, these data would be collected under two data schedules.

For the corporate loan portfolio, the BHC would provide loan-level information about the characteristics of credit exposures (for example, legally binding loan commitments or credit facilities). The collection would include corporate loans, held at the BHC level, to both domestic and foreign borrowers. For purposes of this collection, applicable corporate loan portfolios include loans to large corporations, small businesses (excluding scored or delinquency managed small business loans for which a commercial internal rating is not used), foreign governments, depository and non depository financial institutions, agriculture loans, as well as other loans such as loans for purchasing or carrying securities and all other commercial loans and leases as defined by the FR Y-9C. Data items would include borrower name (individuals' names would not be collected), loan amount, loan type, maturity and internal risk rating.

For the CRE loan portfolios, the BHC would provide loan-level information about the characteristics of credit exposures for each CRE loan equal to or greater than \$1 million. For purposes of this collection, applicable CRE loan portfolios include 1-4 family residential construction loans, other construction and land development loans, multifamily loans, non-farm or non-residential loans, loans to finance CRE but not secured by CRE, and international CRE loans (for example, non-domestic office loans), as each is defined in the FR Y-9C. Given the complexity of CRE portfolios, the data would include loan information (for example, borrower name (individuals' names would not be collected), loan amount, loan type, maturity and rating) and property information (for example, property type, net operating income, property value, and occupancy).

### **Trading Risk Schedule**

The worksheets that make up the Trading schedule would capture detailed information on the BHC's profit and loss (P/L) sensitivities to changes in equity prices, foreign exchange rates, interest rates, credit spreads, and commodity prices. Information on the trading book would be reported in the form of various spot sensitivities, as well as through multidimensional P/L sensitivity grids for products that tend to exhibit nonlinear P/L response to underlying risk factors. The worksheets in this schedule request information on both the sector (industry) and geographical compositions of exposures to such assets. Additional data would be collected for trading incremental default risk (IDR): Corporate and Sovereign Credit, and Securitized Products.

### **Basel III Schedule**

The proposed quarterly collection would be a streamlined version of the annual schedule and would collect actual balances for Basel III Tier 1 Common, Tier 1 Capital, RWA, Leverage Exposures (including some elements of RWAs and Leverage Exposures, if available), capital instruments outstanding, and proposed issuances and redemptions. These data are not available in regulatory reports, which are prepared on a Basel I or Basel II basis. Data collected would be compared against the balance projections provided annually to monitor the path of each BHC's positions. For BHCs that submitted in their annual filing planned actions to meet Basel III targets, the Federal Reserve would also request qualitative responses regarding progress in executing those actions. Combined with the collected data, this information would provide important insight into each BHC's Basel III preparedness and feasibility of the projections and plans submitted in the annual schedule.

### **Regulatory Capital Instruments Schedule**

The proposed quarterly collection would ask BHCs to confirm the execution of proposed redemptions and issuances of specific instruments and identify any deviations from the projections submitted in the annual schedule. The quarterly monitoring effort would facilitate the maintenance and updating of the centralized Regulatory Capital Instruments data in order to support future capital requests and to produce horizontal and BHC-specific reports on the composition of Tier 1 and Tier 2 capital.



## FR Y-14A/Q Instructions

The reporting instructions, to the extent appropriate, would use definitions already included in the FR Y-9C instructions, and total amounts (for example, total AFS or HTM securities), to the extent appropriate, would agree with total amounts reported on the FR Y-9C.

### Time Schedule for Information Collection and Publication

**FR Y-14A Time Schedule.** The Federal Reserve distributed schedules to the BHCs in late-November and should receive the completed data by early-January 2012. With the exception of the trading and counterparty collections, the data collected would be reported as of September 30, 2011. Due to the unique role that timing plays in any market shock exercise, the annual trading and CCR data would be collected as-of a specified date in the 3<sup>rd</sup> or 4<sup>th</sup> quarter. That as-of-date would be communicated to the BHCs after it had occurred but before year-end.

Annually thereafter the Federal Reserve expects to distribute schedules to the BHCs during the fourth quarter and to receive completed data by early-January the following year, beginning in 2013. With the exception of the trading and counterparty collections, the data collected would be as of September 30. The as-of-date for the trading and CCR data would be during the 3<sup>rd</sup> or 4<sup>th</sup> quarter. The as-of-date would be communicated to the BHCs after it had occurred but before year-end.

**FR Y-14Q Time Schedule.** The Federal Reserve distributed schedules to the BHCs in late-November and should receive the completed data by mid-December 2011. With the exception of the trading collection, the data collected during this first submission would be reported as of September 30, 2011. Similar to the annual collection, as-of-date for the trading data would be during the 3<sup>rd</sup> or 4<sup>th</sup> quarter.

Quarterly thereafter the Federal Reserve expects to distribute schedules to the BHCs and to receive completed data on the same time schedule as the FR Y-9C reported data (40 calendar days after the calendar quarter-end for March, June, and September and 45 calendar days after the calendar quarter-end for December).

Beginning in 2012, the quarterly Trading schedule as-of-date for the first, second, and fourth quarters would be the same as the as-of dates for the other reported schedules. For the 3<sup>rd</sup> quarter, the BHCs would be required to report data as part of a market shock exercise. Due to the nature of a shock exercise, the Federal Reserve would communicate to the BHCs the as-of-date for trading data on a future date in the 3<sup>rd</sup> or 4<sup>th</sup> quarter. These data would be due 40 calendar days after the calendar quarter-end or 40 calendar days after the notification date (notifying respondents of the as-of-date), whichever comes later.

**FR Y-14A/Q Publication.** In connection with the overall implementation of the CCAR, the Federal Reserve may, in the future, release results of the supervisory stress testing associated with CCAR.

## **Sensitive Questions**

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

## **Consultation Outside the Agency and Discussion of Public Comments**

On September 7, 2011, the Federal Reserve published a notice for public comment in the *Federal Register* (76 FR 55288), the 60-day public comment period ended on November 7, 2011. During the public comment period, the Federal Reserve engaged industry groups and respondents; this effort included discussions between the Federal Reserve and the respective respondents. This outreach helped the Federal Reserve refine the data items in the final schedules and clarify the accompanying instructions.

The Federal Reserve also conducted due diligence on the Wholesale schedule (Corporate Loan data collection) with four BHCs to ascertain the ability of the BHCs to provide both the accounting data requested for the CCAR 2012 and the credit data that would be requested in the future. The Federal Reserve reviewed the feedback from the BHCs in order to refine the final definitions and requirements for collection.

A discussion of the substantive public comments is provided in an attachment to this supporting statement. After assessing the public comments, a press release was published, on November 22, 2011, announcing the launch of the 2012 CCAR review,<sup>6</sup> the implementation of the FR Y-14A/Q, and the implementation of the Capital Plans information collection (Reg Y-13; OMB No. 7100-0342). The press release included links to the FR Y-14A/Q *Federal Register* notice (76 FR 73634), the Capital Plans final rulemaking (76 FR 74631), a Frequently Asked Questions document, and instructions.

## **Legal Status**

The Board's Legal Division has determined that the FR Y-14A and Q are authorized by section 165 of the Dodd-Frank Act, which requires the Board to ensure that certain BHCs 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 BHCs. 12 U.S.C. § 1844.

As these data will be collected as part of the supervisory process, they are subject to confidential treatment under exemption 8 of the Freedom of Information Act. 5 U.S.C. § 552(b)(8). In addition, commercial and financial information contained in these information collections may be exempt disclosure under Exemption 4. 5 U.S.C. § 552(b)(4). Disclosure determinations would be made on a case-by-case basis.

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<sup>6</sup> The press release and attachments are available on the Board's public website: <http://www.federalreserve.gov/newsevents/press/bcreg/20111122a.htm>

## **Estimate of Respondent Burden**

The total annual burden for the annual and quarterly reporting requirements of this information collection is estimated to be 553,629 hours, as shown in the table below. The annual burden for the FR Y-14A and FR Y-14Q would represent approximately 5 percent of total Federal Reserve System paperwork burden.

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

The burden for each BHC that would complete the annual Summary schedule is estimated to be 820 hours for a total of 15,580 hours. This burden includes 20 hours to input these data and 800 hours for work related to modeling efforts. The estimated burden for each BHC that would complete the annual Macro Scenario schedule is estimated to be 31 hours for a total of 589 hours. This burden estimate includes 5 hours to input baseline scenario data and 13 hours inputting data for the baseline and stress scenarios. The burden for the six BHCs<sup>7</sup> that would complete the CCR schedule would vary across BHCs, ranging from 123 hours to 640 hours. On average the annual burden per BHC is estimated to be 382 hours for a total of 2,292 hours. The estimated burden for each BHC that would complete the annual Basel III schedule is 20 hours for a total of 380 hours. The estimated burden for each BHC that would complete the Regulatory Capital Instruments annual schedule is 20 hours for a total of 380 hours.

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

The burden for each BHC that would complete the Securities Risk schedule is estimated to be 10 hours per quarter for a total of 760 hours. The data schedule has been designed based on how some BHCs report their information internally. The burden for each BHC that would complete the Retail Risk schedule would vary across BHCs, ranging from 3,760 hours to 7,605 hours. On average the quarterly burden per BHC would be 5,683 hours for a total of 431,908 hours.

The burden for each BHC that would complete the PPNR Risk schedule would vary across BHCs, ranging from 360 hours to 1,200 hours. On average the quarterly burden per BHC would be 625 hours for a total of 47,500 hours. The reporting burden would vary in part based on the diversity operations and the structure and capability of internal reporting systems. Some BHCs may report the data for only a few business lines, while others with more diversified operations may need to complete the majority of the data items. Additionally, not all BHCs would provide supplemental information on net interest income.

The total annual burden for the BHCs that would complete the quarterly Wholesale Risk schedule is estimated to be 8,400 hours. This burden estimate includes 60 hours for each

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<sup>7</sup> These six BHCs (that would report data on the CCR and Trading Risk schedules) were identified as the largest derivative dealers based on notional value (representing an indicator of volume) and credit exposure as defined under the Basel I regulatory definition (as a proxy for the risk that OTC derivatives pose to the BHC). The six BHCs represented over 95 percent of U.S. notional and gross mark-to-market of OTC derivatives exposure in 2009 based on data submitted on the Consolidated Financial Statements for Bank Holding Company (FR Y-9C; OMB No. 7100-0128).

corporate loan respondents and 60 hours for each CRE respondent to complete the data submission.

The burden for each BHC that would complete the Trading Risk schedule would vary across BHCs, ranging from 800 hours to 2,640 hours. On average the quarterly burden per BHC would be 1,720 hours for a total of 41,280 hours. The burden for each BHC that would complete the Basel III quarterly schedule would take on average 20 hours to complete for a total of 1,520 hours. The estimated burden for each BHC that would complete the Regulatory Capital Instruments quarterly schedule is 40 hours for a total of 3,040 hours.

	<i>Number of respondents<sup>8</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b><u>FR Y-14A</u></b>				
Summary	19	1	820	15,580
Macro scenario	19	1	31	589
CCR	6	1	382	2,292
Basel III - annual	19	1	20	380
Regulatory capital instruments - annual	19	1	20	<u>380</u>
<i>FR Y-14A total</i>				<u>19,221</u>
<b><u>FR Y-14Q</u></b>				
Securities risk	19	4	10	760
Retail risk	19	4	5,683	431,908
PPNR risk	19	4	625	47,500
Wholesale risk				
• Corporate loans	16	4	60	3,840
• CRE	19	4	60	4,560
Trading risk	6	4	1,720	41,280
Basel III - quarterly	19	4	20	1,520
Regulatory capital instruments - quarterly	19	4	40	<u>3,040</u>
<i>FR Y-14Q total</i>				<u>534,408</u>
<i>total</i>				<u>553,629</u>

8 Of the 19 respondents required to comply with this information collection, none are small entities as defined by the Small Business Administration (i.e., entities with less than \$175 million in total assets) [www.sba.gov/contractingopportunities/officials/size/table/index.html](http://www.sba.gov/contractingopportunities/officials/size/table/index.html).

The total annual cost to the public for the FR Y-14 information collection is estimated to be \$24,027,499.<sup>9</sup>

### **Estimate of Cost to the Federal Reserve System**

The initial cost to the Federal Reserve System for implementing the FR Y-14A/Q and collecting the data submissions through June 2012 is estimated to be \$1,305,141.

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<sup>9</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ \$16, 45% Financial Managers @ \$50, 15% Legal Counsel @ \$54, and 10% Chief Executives @ \$80). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2010, [www.bls.gov/news.release/ocwage.nr0.htm](http://www.bls.gov/news.release/ocwage.nr0.htm) Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/)