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), proposed to extend for three years, with revision, the Capital Assessments and Stress Testing information collection (FR Y-14A/Q/M; OMB No. 7100-0341). The annual FR Y-14A collects large 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.[1] The quarterly FR Y-14Q collects granular data on BHCs' various asset classes and pre-provision net revenue (PPNR) for the reporting period, which are used to support supervisory stress test models and for continuous monitoring efforts.[2] The monthly FR Y-14M comprises three loan- and portfolio-level collections, and one detailed address matching collection to supplement two of the loan-level collections.

The Federal Reserve proposed revising various annual and quarterly FR Y-14 schedules and making several general revisions to the entire collection, most of which are effective September 30, 2012 (except as noted below). The revisions would include: (1) implementing three quarterly reporting schedules, (2) revising the respondent panel, (3) enhancing data items previously collected, (4) deleting data items that are no longer needed, and (5) collecting contact information. The Federal Reserve proposed the revisions based on experience gained from previous capital review and stress testing efforts. The revisions would provide the Federal Reserve with new information to refine its analysis, while removing data items that are no longer deemed necessary for such analysis. A summary of the proposed revisions is provided below. For additional details on the proposed revisions, refer to the Description of Information Collection section.

The proposed revisions to the FR Y-14A (annual collection) included: (1) revising 14 of the worksheets to the Summary schedule and combining the *Retail Balance Projections* and *Retail Loss Projections worksheets*; (2) adding two worksheets and refining the *Planned Action worksheet* for the Basel III/Dodd-Frank schedule and making definitional and calculation revisions consistent with the final Market Risk Capital rulemaking; [3] (3) streamlining the Regulatory Capital Instruments schedule and adding CUSIP-level[4] data; (4) revising the

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

2 BHCs are required to submit both quarterly and annual schedules for third quarter data, with the exception of the Basel III/Dodd-Frank and Regulatory Capital Instruments schedules. For these schedules, only data for the annual schedules are submitted for third quarter data.

3 On August 30, 2012, the Federal Reserve Board, Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) published in the *Federal Register* a joint final rulemaking (77 FR 53060) announcing the finalization of the Market Risk Capital rulemaking that was proposed in 2011.

4 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.

Counterparty Credit Risk (CCR) schedule to collect additional data; and (5) adding an Operational Risk schedule.

The proposed revisions to the FR Y-14Q (quarterly collection) included: (1) implementing a Mortgage Servicing Rights (MSR) Valuation schedule, effective March 31, 2013; (2) implementing a Supplemental schedule; (3) implementing a Retail Fair Value Option/Held for Sale (Retail FVO/HFS) schedule; (4) revising the Retail Risk schedule to remove data items no longer needed and add risk characteristics to existing collections; (5) revising various worksheets and adding a worksheet in the Trading, Private Equity, and Other Fair Value Assets (Trading Risk) schedule; (6) revising the PPNR schedule; (7) adding worksheets and data items to the Basel III/Dodd-Frank schedule and making definitional and calculation revisions consistent with the final Market Risk Capital rulemaking; (8) incorporating minor revisions and other clarifications to Securities and Regulatory Capital Instruments schedules and (9) revising the method of collection of legal reserve data on the Operational Risk schedule.

The proposed revisions to the collection of PPNR data in the FR Y-14A worksheets (contained within the Summary schedule) and FR Y-14Q schedule include: (1) expanding the data collection on non-interest income and expense and (2) collecting on a one-time basis, historical data for proposed data items and inclusion of one-time items in PPNR on the *PPNR Submission worksheet, the PPNR Net Interest Income (NII) worksheet*, and *the PPNR Metrics worksheet*.

The proposed revisions to the FR Y-14A, Q, and M included: (1) revising the respondent panel to be more consistent with the scope of application in the notice of proposed rulemaking regarding enhanced prudential standards (77 FR 594); and (2) collecting contact information for each reported schedule.

The current reporting panel consists of the 19 large domestic BHCs that participated in the 2009 Supervisory Capital Assessment Program (SCAP) and the Comprehensive Capital Analysis and Review 2011 and 2012 (CCAR) exercises[5] (collectively, BHCs). While there are currently five annual schedules, eight quarterly schedules, and one monthly schedule[6] spanning nine risk types, the number of schedules each BHC completes is subject to materiality thresholds.[7]

5 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.

6 The FR Y-14 gathers detailed data on annual, quarterly, and monthly reporting "schedules" that represent various different risk types. Under each risk schedule, data are either collected in the form of "worksheets" or "collections." Worksheet requirements are typically provided to the respondents in a spreadsheet format with multiple worksheets (or tabs in the spreadsheet file) per schedule. Collections are typically provided to respondents in the form of file specifications and gather large volumes of detailed loan-level or account-level data for various portfolios.

7 All BHCs are required to submit the quarterly PPNR schedule. Only BHCs subject to the Board's advanced approaches risk-based capital rules (12 CFR part 225, Appendix, G) are required to submit the annual Operational Risk worksheet (contained in the Summary schedule) and would be required to submit the quarterly Operational Risk schedule. Only the six BHCs that were subject to the market shock in CCAR 2011 submit the Trading and CCR schedules. All other annual, quarterly, and monthly schedules are subject to materiality thresholds. Material portfolios are 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 immediately prior to the reporting quarter. For immaterial

The data are used to assess the capital adequacy of large BHCs using forward-looking projections of revenue and losses, to support supervisory stress test models and continuous monitoring efforts, as well as, to inform the Federal Reserve's operational decision-making as it continues to implement the Dodd-Frank Act.

The total current annual burden for FR Y-14A/Q/M is estimated to be 607,589 hours and is estimated to decrease by 15,127 hours to 592,462 hours. The revised schedules and instructions are available on the Federal Reserve Board's public Website at: *http://www.federalreserve.gov/boarddocs/reportforms/default.cfm*

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. The CCAR 2011 also evaluated whether these BHCs 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 December 1, 2011, the Federal Reserve published a final rulemaking (Capital Plan rule) in the *Federal Register* (76 FR 74631) that revised the Board's Regulation Y requiring large BHCs to submit capital plans to the Federal Reserve annually and to require such BHCs to request prior approval from the Federal Reserve under certain circumstances before making a capital distribution. In connection with submissions of capital plans to the Federal Reserve,

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portfolios, the Federal Reserve assigns scenario losses to these portfolios in a manner consistent with the given scenario.

BHCs are required, pursuant to 12 CFR 225.8(d)(3), to provide certain data to the Federal Reserve. The FR Y-14 information collection notice implementing the reporting requirements to support the ongoing CCAR exercise and fulfilling the data collection requirements under 12 CFR 225.8(d)(3) was published in the *Federal Register* on November 29, 2011 (76 FR 73634). Data required by the Federal Reserve includes, but is not be limited to, information regarding the BHCs' financial condition, structure, assets, risk exposure, policies and procedures, liquidity, and management.

On May 17, 2012, the Board approved revisions to the FR Y-14 information collection, effective June 30, 2012. The approved revisions enhanced data items previously collected and implemented new monthly reporting schedules. The final *Federal Register* notice was published on June 4, 2012 (77 FR 32970).

Under section 165 of the Dodd-Frank Act, (12 U.S.C. 5365), the Board is required to issue regulations relating to stress testing (DFAST) for certain BHCs and nonbank financial companies supervised by the Board. In January 2012, the Board published rulemakings (77 FR 594) which would include new reporting requirements found in 12 CFR 252.134(a), 252.146(a), and 252.146(b) related to stress testing. The Federal Reserve anticipates that these new reporting requirements and the burden associated with these requirements would be addressed in detail in a future FR Y-14 proposal.[8]

The Federal Reserve continues to hold 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 final Capital Plan rule addressed 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 built also upon the Federal Reserve's recent supervisory practice of requiring capital plans from large, complex BHCs.

Description of Information Collection

The data collected through the FR Y-14A/Q/M schedules provide the Federal Reserve with the additional information and perspective needed to help ensure that large BHCs have strong, firm-wide risk measurement and management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. The annual CCAR exercise is also complemented by other Federal Reserve supervisory efforts aimed at enhancing the continued

8 The proposed rules would implement the enhanced prudential standards required to be established under section 165 of the Dodd-Frank Act and the early remediation framework established under section 166 of the Act. The enhanced standards include risk-based capital and leverage requirements, liquidity standards, requirements for overall risk management, single-counterparty credit limits, DFAST requirements, and debt-to-equity limits for companies that the Financial Stability Oversight Council has determined pose a grave threat to financial stability. The 2011 proposal implementing the FR Y-14 information collection acknowledged the impending publication of the DFAST reporting requirements under section 165 of the Dodd-Frank Act. That implementing proposal included a statement noting that revisions to the data collections, based on the enhanced prudential standards rulemaking, would be incorporated into the FR Y-14 information collection.

viability of large BHCs, including (1) continuous monitoring of BHCs' planning and management of liquidity and funding resources and (2) regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions. In order to fully evaluate the data submissions, the Federal Reserve may conduct follow up discussions with or request responses to follow up questions from respondents, as needed.

Respondent BHCs are required to complete and submit up to 17 filings each year: one annual FR Y-14A filing, four quarterly FR Y-14Q filings, and 12 monthly FR Y-14M filings. Compliance with the information collection is mandatory.

Current FR Y-14A (annual collection)

The annual collection of BHCs quantitative projected regulatory capital ratios across various macroeconomic scenarios comprises five primary schedules (Summary, Macro Scenario, CCR, Basel III/Dodd-Frank, and Regulatory Capital Instruments schedules), each with multiple supporting worksheets. The hypothetical supervisory scenarios provided by the Federal Reserve are used to assess the strengths and resiliencies of the BHCs' capital in a baseline economic environment and in a particularly adverse one (or stressed environment). _

Except for the annual Basel III/Dodd-Frank schedule (described in detail in the Attachment), which collects annual forecast data, all other FR Y-14A schedules collect quarter-by-quarter results and projections. BHCs must complete each FR Y-14A schedule for each scenario, and they must include:

- current and projected balances for balance sheet and off-balance-sheet positions and exposures for a number of identified categories under each scenario;
- reconciliation that clearly demonstrates that all balances have been accounted for in the analysis, or demonstration that the current balances for each category tie to the corresponding category on the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128);
- estimates of losses as specified in each schedule;
- potential losses or exposures not captured in other data items should be included in the completed schedules, and a description of the source of the losses should be attached; and
- estimates of resources available to absorb losses, including PPNR, the Allowance for Loan and Lease Losses (ALLL), and capital.

BHCs are also required to submit qualitative information supporting their projections, including descriptions of the methodologies used to develop the internal projections of capital across scenarios and other analyses that support their comprehensive capital plans.

Current FR Y-14Q (quarterly collection)

Data submitted on FR Y-14Q schedules (Securities Risk, Retail Risk, PPNR, Wholesale Risk, Trading Risk, Basel III/Dodd-Frank, Regulatory Capital Instruments, and Operational Risk schedules), which collect BHC-specific data on positions and exposures, are used as input to supervisory stress test models and to monitor actual versus forecast information on a quarterly basis.

Current FR Y-14M (monthly collection)

Beginning with the June 2012 as-of date, the Federal Reserve increased the reporting frequency for three retail portfolios from quarterly to monthly: two loan-level collection for *Domestic First Lien Closed-End 1-4 Family Residential Mortgage* data and *Domestic Home Equity Residential Mortgage* data and one account- and portfolio-level collection for *Domestic Credit Card* data.[9] In order to match senior and junior lien residential mortgages on the same collateral, the *Address Matching collection* gathers additional information on the residential mortgage loans reported in the *Domestic First Lien Closed-End 1-4 Family Residential Mortgage* and *Domestic Home Equity Residential Mortgage* collections.

For these retail portfolio collections, the Federal Reserve collects month-end data on a monthly frequency. The monthly data collection improves the Federal Reserve's ability to perform its continuous risk monitoring function by providing more timely data. In a time of crisis or market downturn where risk characteristics could change in an unpredictable manner, monthly data collection is especially valuable for these retail portfolios with relatively short credit cycles. (For example, a credit card account could go from current to charged-off within one quarter.) Collecting data on a quarterly frequency could hinder the Federal Reserve's ability to respond to issues of immediate supervisory concern.

Respondent Panel

The respondent panel consists of top-tier BHCs domiciled in the United States that have $50 billion or more in total consolidated assets, except for SR 01-01 firms,[10] as computed pursuant to the Capital Plan rule (12 CFR 225.8). For purposes of the Capital Plan rule, total consolidated assets equal the average total consolidated assets over the previous four calendar quarters, as reflected on the FR Y-9C. This calculation is effective as of the due date of the BHCs' most recent FR Y-9C. A BHC that meets the asset threshold after December 31, 2011, would be subject to the FR Y-14A/Q/M information collection requirements on the first day of the quarter immediately following the quarter in which it meets this asset threshold, unless otherwise directed by the Federal Reserve.

The Capital Plan rule also applies to any top-tier BHC domiciled in the United States that the Board determines, by order, shall be subject in whole or in part to the rule's requirements based on the institution's size, level of complexity, risk profile, scope of operations, or financial condition.

9 In the case of the credit card portfolio, the collection gathers account data instead of loan data.

10 SR 01-01 (Application of the Board's Capital Adequacy Guidelines to BHCs owned by Foreign Banking Organizations) states, "as a general matter, a U.S. BHC that is owned and controlled by a foreign bank that is an FHC that the Board has determined to be well-capitalized and well-managed will not be required to comply with the Board's capital adequacy guidelines."

The Federal Reserve proposed revising the respondent panel to be consistent with the scope of application in the notice of proposed rulemaking regarding enhanced prudential standards. As revised, the respondent panel would be defined as: "any top-tier bank holding company (other than a foreign banking organization), that has $50 billion or more in total consolidated assets, as determined based on: (i) the average of the bank holding company's total consolidated assets in the four most recent quarters as reported quarterly on the bank holding company's Consolidated Financial Statements for Bank Holding Companies (FR Y-9C); or (ii) the average of the bank holding company's total consolidated assets in the most recent consecutive quarters as reported quarterly on the bank holding company's FR Y-9Cs, if the bank holding company has not filed an FR Y-9C for each of the most recent four quarters." The Federal Reserve also proposed expanding the respondent panel to include the 11 large BHCs that meet the asset threshold for reporting but that did not participate in the previous 2009 SCAP or CCAR 2011 exercises, except for SR 01-01 firms. As of March 31, 2012, there were approximately 33 large BHCs.[11] The asset threshold of $50 billion is consistent with the threshold established by section 165 of the Dodd-Frank Act relating to enhanced supervision and prudential standards for certain BHCs.

Reporting would still be required as of the first day of the quarter immediately following the quarter in which it meets this asset threshold, unless otherwise directed by the Federal Reserve.

Proposed Revisions to the FR Y-14A (annual collection)

Summary Schedule

The Federal Reserve proposed revising several worksheets included in the Summary schedule: *Income Statement, Balance Sheet, ASC 310-30, Retail Balance and Loss Projections, Retail Repurchase, Trading Risk, CCR, and PPNR*[12] *worksheets.* The proposed revisions to these worksheets are necessary for the Federal Reserve to better understand the characteristics underlying the risks to which BHCs are exposed.

Income Statement worksheet. The Federal Reserve proposed revising this worksheet to expand the definitions of several loan categories (such as, certain domestic and international real estate and Commercial Real Estate (CRE) loans, international Commercial and Industrial (C&I) loans, credit card and other consumer loans). The Federal Reserve proposed changing the definitions of certain loan categories from their FR Y-9C definitions in order to better align the categories with Federal Reserve stress testing methods (for example, certain types of credit cards may be included in more than one data item on the FR Y-9C but should be consolidated on the FR Y-14A). For three sections of the worksheet (Accrual Loan Losses, Losses Associated with HFS and Loans Associated for Under the FVO, and ALLL), the Federal Reserve proposed

11 Although 33 BHCs currently meet the reporting asset threshold, three are SR 01-01 BHCs and are therefore exempt from reporting. SR 01-01 (Application of the Board's Capital Adequacy Guidelines to BHCs owned by Foreign Banking Organizations) states, "as a general matter, a U.S. BHC that is owned and controlled by a foreign bank that is an FHC that the Board has determined to be well-capitalized and well-managed will not be required to comply with the Board's capital adequacy guidelines."

12 The justification for the revisions to the annual PPNR worksheets (contained in the Summary schedule) and the quarterly PPNR Schedule are listed together on page 15.

splitting real estate loans by loans originated in domestic and foreign offices. The Federal Reserve also proposed separating accrual loans from HFS loans or held under the FVO to distinguish between the different risk characteristics of the loans booked under these accounting standards.

The Federal Reserve proposed a new data item, Other CCR Losses, under the Trading Account section on the *Income Statement worksheet* to allow BHCs to include losses due to counterparty risk that are not directly included in the other types of loss categories available. A breakout under Other Losses on the *Income Statement worksheet* would include Goodwill Impairment, Valuation Adjustments for the BHCs' own debt under a FVO, and Other Losses. This breakout would give BHCs greater flexibility to distinguish between these types of loss, which have very different implications when assessing the BHCs' underlying risk.

The Federal Reserve also proposed adding to the *Income Statement worksheet* more granular breakouts by loan category of the ALLL and loan-loss provisions. These breakouts would give greater insight into BHCs' reserving policies and provide clarity as to how losses in the banking book move through the income statement to affect capital. The data items requested would closely mirror the loan categories reported on the balance sheet. However, in an effort to reduce burden, only an aggregate figure would be reported for first lien mortgages; residential mortgages, CRE, and farmland not in domestic offices; credit card; other consumer; and other loans in the ALLL and loan-loss provisions section.

Balance Sheet worksheet. The Federal Reserve proposed revising the loan categories in this worksheet to mirror the new categories on the *Income Statement worksheet*. The Premises and Fixed Assets section of the *Balance Sheet worksheet* would be revised to add a subcomponent, Collateral underlying leases for which the bank is the lessor. Adding this data item would allow the Federal Reserve to track which BHCs have material exposure to operating leases as this asset type is not broken out separately on the FR Y-9C.

Capital Worksheet. The Federal Reserve proposed revising the *Capital* worksheet contained in the annual Summary schedule to reflect expected changes to the DFAST rules. The *Capital* worksheet instructions would be modified to require BHCs to provide an additional *Capital* worksheet for each of the adverse, baseline, and severely adverse scenarios using capital assumptions that are required under any final stress testing rules that the Federal Reserve may issue.

ASC 310-30 worksheet. The Federal Reserve proposed significantly revising this worksheet, which collects data on purchased credit impaired (PCI) loans. The worksheet would collect data separately for three portfolios (first lien mortgages, second lien home equity loans, and home equity lines of credit), as well as any other portfolios subject to ASC 310-30 accounting, whether they are currently on BHCs' portfolios or are expected to be acquired. The current worksheet collects aggregate figures for all ASC 310-30 assets. These data items would be revised in an effort to better align with accounting definitions for the loans reported in the PCI portfolio. The revised worksheet would collect the carrying value, allowance, provisions to and charge-offs from the allowance, the nonaccretable difference and its components, unpaid principal balance, the total original contractual amount of PCI loans that would be deemed charged off or identified as loss under a non-PCI charge-off policy (i.e. losses in the quarter that would be offset at some point against the non-accretable difference and/or the PCI Allowance) and overall movement of the non-accretable difference. Collecting this more detailed information would improve the Federal Reserve's ability to track the effect of the stress scenario on ASC 310-30 portfolios.

Retail Balance and Loss Projections worksheets. In an effort to streamline the schedule, the Federal Reserve proposed combining these two worksheets. The combined worksheet would include a new data item to capture loan losses, which had previously been captured only on the *Income Statement worksheet*. The new data item would be reported only once on either the *Income Statement worksheet* or the newly combined worksheet, and the data would be automatically populated in the second worksheet. In an effort to reduce burden, the Federal Reserve proposed (1) reducing the granularity associated with balance and loss projections for certain product types and (2) eliminating the projections by vintage for certain portfolios to which the industry generally has less exposure.

Retail Repurchase worksheet. The Federal Reserve proposed revising this worksheet to collect more granular data on the categories of repurchase exposure. Collecting this level of data would improve the Federal Reserve's ability to more precisely assess repurchase risk exposure. The revisions would separate portfolios sold to Fannie Mae and Freddie Mac, as well as add a category for loans insured by the US government (e.g. Federal Housing Administration (FHA) and U.S. Department of Veterans Affairs (VA) loans). The revisions would separate portfolios securitized with and without monoline insurance.[13] For all of the portfolio categories, the worksheet would collect separately information on loans for which a BHC is and is not able to report delinquency information.

Trading Risk worksheet. For each of the eight risk categories for which BHCs report Profit/Loss (P/L) data, the Federal Reserve proposed adding data items to this worksheet to capture and conduct analysis on the contribution of higher-order risks (inter-asset risks attributable to terms not represented in the FR-Y14Q Trading Risk schedule) and Counterparty Valuation Adjustment (CVA) [14] hedges to the BHCs' exposure to trading risk.

CCR worksheet. The Federal Reserve proposed revising this worksheet to breakout Counterparty Credit Mark-to-Market Losses (CVA losses) into Counterparty CVA losses and Offline Reserve CVA Losses. This breakout would give the Federal Reserve additional insight into the decomposition of CVA losses, which may vary across institutions.

Basel III/Dodd-Frank Schedule

The Federal Reserve proposed adding a *Balance Sheet worksheet* to the Basel III/Dodd-Frank schedule to collect supplemental balance sheet data for BHCs' banking and trading books to better assess the impact and trends relative to changes in Risk-Weighted Assets (RWA) and implications resulting from planned actions. For BHCs that are not among the 19 original

13 Monoline insurance is a type of insurance for loans and bonds to cover the interest and principal when an issuer defaults.

14 CVA is the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of default by a counterparty. In other words, CVA is the market value of counterparty credit risk.

respondent BHCs and are not mandatory Basel II or opt-in Basel II respondents, the Federal Reserve proposed adding a simplified *Risk-Weighted Assets (B) worksheet* that the BHCs would be permitted to use at their option. This worksheet would exclude data items that are not relevant to the respondents. On the *Capital Composition worksheet* the Federal Reserve proposed collecting additional earnings data for the entire forecast period (eight years of fourth quarter projections) in order to facilitate future earnings analysis. Under Periodic Changes in Common Stock, Common Stock and Related Surplus (Net of Treasury Stock), the Federal Reserve proposed collecting two new data items (issuance of common stock, including conversion to common stock; and repurchases of common stock). Under Periodic Changes in Retained Earnings, the Federal Reserve proposed collecting three new data items (net income/loss attributable to bank holding company, cash dividends declared on preferred stock, and cash dividends declared on common stock). Additionally, the Federal Reserve proposed adding two data items, RWA type and Balance Sheet Impact, to the *Planned Action worksheet* to better capture the type of exposure that the action would have on a BHCs' RWAs. The Federal Reserve also proposed requiring BHCs to submit additional supporting documentation on the anticipated market size for the capital action, planned unwinds and run-offs of balance sheet positions, hedging strategies, risk-weighted calculation methodologies, and use of clearing houses.

Federal Reserve proposed modifying the annual Basel III/Dodd-Frank schedule to reflect expected changes to the DFAST rules. The schedule instructions would be modified to require BHCs to provide an additional schedule for the baseline scenario only using capital assumptions that are required under any final stress testing rules that the Federal Reserve may issue.

Due to the timing of the publication of the FR Y-14 initial *Federal Register* and publication of the three capital NPRs, the Federal Reserve published questions in the FR Y-14 initial *Federal Register* notice directly soliciting feedback on the requirements for preparing both the annual and quarterly Basel III/Dodd-Frank schedules. Based on industry feedback, the Federal Reserve proposed requiring BHCs to use the Basel III NPR and the Advanced Approaches NPR to prepare the annual and quarterly Basel III/Dodd-Frank schedules consistently instead of the Basel Committee on Banking Supervision (BCBS) guidance which was used during the prior CCAR exercise.

Specifically, the Federal Reserve revised the Basel III/Dodd-Frank schedules to be consistent with the NPRs, including: (1) revising the Accumulated Other Comprehensive Income calculator; (2) revising the 10% and 15% regulatory threshold deductions; (3) breaking out additional Tier 1 capital deductions; (4) collecting data and corresponding calculations consistent with the final Market Risk rule and the proposed requirements of the Advanced Approaches NPR (for applicable BHCs); (5) revising the Market RWA calculation to reflect the Market Risk rule's CRM; (6) revising the Credit RWA associated with Credit Valuation Adjustment capital charges; (7) collecting data relevant to the Tier 1 Leverage Ratio and Supplementary Leverage Ratio; and (8) revising data descriptions relevant to the Supplementary Leverage Ratio.

Regulatory Capital Instruments Schedule

The Federal Reserve proposed streamlining the Regulatory Capital Instruments schedule to simplify the data collection by replacing five issuances and redemptions worksheets with the new *Projected Actions and Balances worksheet*. For all forecasted periods (reported on the new worksheet), the Federal Reserve proposed collecting only instrument-type data, rather than regulatory capital instrument data at the CUSIP-level. For all current periods (reported on the new worksheet), the Federal Reserve proposed collecting CUSIP-level data for actual issuances and actual redemptions. This streamlining would reduce burden on BHCs and alleviate some of the difficulties BHCs had in projecting the specific CUSIP-level capital instruments they had planned to redeem. The streamlining would also enhance both the quality and accuracy of the ongoing monitoring and assessments of BHCs' capital structure.

CCR Schedule

The Federal Reserve proposed revising the CCR schedule to improve the ability to monitor counterparty risk and perform stress-testing. The revised schedule would collect more information on single name credit default swaps whose purpose is to hedge the default of the counterparty. This information would enable the Federal Reserve to estimate the effect of specific hedges on CVA losses under a variety of stress scenarios. In addition, the CCR schedule would collect data on the Loss Given Default (LGD) of a counterparty default[15] to allow the Federal Reserve to independently estimate a CVA. An additional column for the sensitivity to a 300 basis point shock to counterparties' credit spreads would be added to improve the ability to analyze counterparty risk under large risk factor shocks. The Federal Reserve proposed collecting country identifiers for the counterparty and data regarding whether counterparties included downgrade triggers in collateral arrangements. These additional data would provide the Federal Reserve the flexibility needed to develop independent loss estimates. The Federal Reserve also proposed to clarify the instructions related to how BHCs should document their internal data generation and modeling used to complete the CCR schedule.

Proposed Revisions to FR Y-14Q (quarterly collection)

MSR Valuation Schedule

The Federal Reserve proposed implementing, effective March 31, 2013, the quarterly MSR Valuation schedule that would collect information on the data that BHCs use to value their MSRs and the sensitivities of those valuations to changes in economic factors. Data items collected would include the book and market value of MSRs, the number and dollar value of loans serviced, capitalization rates by product type, valuation methodology data (such as the type of valuation models used), valuation sensitivity items (such as the sensitivity of valuations to changes in interest rates and macroeconomic variables), and valuations metrics on servicing portfolios (such as the discount rate used, the option-adjusted spread, prepayment and default rates, and servicing costs). This proposed schedule would enhance the ability to monitor and stress-test MSR valuations, which tend to be volatile and sensitive to macroeconomic shocks.

To minimize burden on the BHCs, the Federal Reserve proposed implementing a materiality threshold for determining whether a BHC would be required to report. BHCs would

15 This is the LGD of counterparties to the BHCs that are used in the BHCs' CVA calculations.

be required to complete the MSR Valuation schedule if they meet either of the following materiality thresholds: (1) the average fair market value of MSRs is greater than five percent of the firm's average Tier 1 capital during the last four quarters or (2) the unpaid principal balance of loans under contract for servicing for which an MSR value is calculated greater than $100 billion. This schedule would have different materiality thresholds than the other schedules subject to a threshold. The first threshold would be similar to the materiality thresholds for other schedules in that BHCs must complete the schedule if the average fair market value of MSRs divided by average Tier 1 capital during the last four quarters is greater than five percent. The second threshold would not be based on the value of the MSR itself; instead it would be based on the unpaid principal balance of the loans serviced under the MSR contract. This approach was taken because MSR valuations tend to be quite volatile and BHCs with high levels of servicing exposure may report low levels of MSR valuation for several quarters. The balance of the serviced loans better captures the BHCs' exposure to and dependence on mortgage servicing income.

Supplemental Schedule

Currently, the Federal Reserve collects data on BHCs' exposures at different levels of granularity on different reporting forms. For example, the FR Y-9C collects aggregate exposure information, while the FR Y-14 collects more granular data on the risk dimensions to which BHCs are exposed. The Federal Reserve proposed implementing the quarterly Supplemental schedule to ensure that the Federal Reserve has a consistent view of BHCs' exposures that are collected at different levels of granularity. The proposed schedule would collect information or breakouts of data omitted from the more granular FR Y-14Q/M schedules, such as balances of non-purpose securities-based loans, or balances of loans in immaterial portfolios to allow the Federal Reserve to identify factors contributing to the gaps between the FR Y-9C aggregate data and the data collected in the FR Y-14. The Federal Reserve proposed this aggregate-level schedule because the burden on the institutions for reporting the data at the granular segment- and loan-level outweighs the value of the data to the Federal Reserve. The Federal Reserve acknowledges that inconsistencies in certain definitions exist and is working towards enhancing the reporting requirements to allow flexibility for BHCs to report the data in a way that is consistent with the definitions in the other FR Y-14Q and M schedules.

The proposed schedule would allow the Federal Reserve to understand the variation of such factors across institutions and over time, and also enable the Federal Reserve to remain abreast of BHCs' changing exposures to portfolios not currently captured in the FR Y-14. Lastly, collecting this supplemental data would provide more precise stress test measures.

Retail FVO/HFS Schedule

The Federal Reserve proposed implementing the quarterly Retail FVO/HFS Schedule that would collect specific information on loans that are accounted for under the FVO or HFS. The schedule would collect the value of loans segmented by various criteria, including the type of loan (residential loans in forward contract, residential loans repurchased with FHA/VA insurance,[16] other residential loans, non-residential loans in forward contract, student loans not in

16 Mortgage insurance is a policy that protects lenders against losses that result from default on a home mortgage. The FHA and the VA loan programs are the equivalent of private mortgage insurance required for certain conventional home loans.

forward contract, credit card loans not in forward contract, and auto loans not in forward contract), and the origination vintage. These data are necessary for the Federal Reserve to model losses on the FVO/HFS loans. Loans that are under a forward contract for sale have much lower price volatility than those loans that are not under a forward contract. Vintage data are important because the age of the loan and the conditions under which the loan was originated affect its vulnerability to macroeconomic shocks. The carrying values of the FVO/HFS loans are not available elsewhere because BHCs typically calculate the carrying value on pools of loans and not at the loan-level.

In an effort to reduce burden on respondents, the Federal Reserve also proposed making this schedule subject to the following materiality threshold: material portfolios are 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 that precede the reporting quarter.

Retail Risk Schedule

The Federal Reserve proposed incorporating three types of revisions to the quarterly Retail Risk schedule. First, the Federal Reserve proposed adding a number of additional risk characteristics to the existing collections. These revisions would give more direct insight into some potential emerging risk dimensions that were previously captured latently through other variables. Second, the Federal Reserve proposed making enhancements that would allow the Federal Reserve to have a more consistent view of BHCs' risk profiles across portfolios, such as adding a gross charge-off summary variable to the *Domestic Other Consumer* collection. Third, the Federal Reserve proposed incorporating editorial changes across the portfolio descriptions.

The Federal Reserve proposed making specific revisions to the following portfolio collections in the Retail Risk schedule:

- to the *Domestic Student Loan* portfolio, adding a segment variable to capture the level of education being pursued by the borrower; clarifying the instructions to specify that, for consolidated loans, the highest level of education pursued by the borrower should be reported; and adding a new category for instances in which the level of education of the borrower is not available.
- to the *Domestic Other Consumer* and *International Other Consumer* portfolio, deleting the line of credit and loan size segment variables as similar information can be derived from a combination of data items reported elsewhere on the schedule, and adding data items to capture gross charge-offs, bankruptcy charge-offs, and recoveries on loans and making this collection consistent with the other collections within the Retail Risk schedule, thereby enhancing the Federal Reserve's ability to do cross-portfolio analysis;
- to the *Domestic and International Small Business* portfolio, expanding the Product Type segment to separate lines of credit from term loans (these product types exhibit different risk characteristics which may not be completely captured by the existing set of segment and summary variables) and adding a segment variable to capture whether the loans are collateralized;
- to the *International Credit Card* portfolio, expanding the Product Type segment to separate bank cards from charge cards (these product types exhibit different risk characteristics which may not be completely captured by the existing set of segment and summary variables);

- to the *International Auto* portfolio, adding a geography segment to make the collection consistent with the geography information collected in the other international collections in the Retail Risk schedule, and requesting the one-time collection of the *International Auto* historical data (January 2007 to present) in order to better capture how the geographic dimension of the risk distribution contributed to portfolio risk during that period; and
- to <u>all</u> portfolios that collect the Vintage segment variable, converting the Vintage segment variable to an Age segment variable in order to remove specific date dependencies from the reporting requirements, which would make the ongoing maintenance of the reporting documents and the reporting of the data less burdensome.

Trading Risk Schedule

The Federal Reserve proposed deleting the *Top-Ten Equity List worksheet*, *Top-Ten Sovereign Credit worksheet*, and *Alternative Equity by Geography Input worksheet* from the schedule because they are no longer necessary for the calculation of the trading loss estimate.

The Federal Reserve proposed adding data items to capture long versus short market value/notional exposures, missing product types, and more granular credit rating information to allow the Federal Reserve to better differentiate across different products. In addition, the Federal Reserve proposed adding term structure (floating) flexibility in the *Commodities worksheet* and revising the *Spot/Volatility Grid worksheet* to increase coverage of products including emissions and diversified commodity indices.

In order to improve the effectiveness of the P/L grids,[17] the Federal Reserve proposed clarifying current guidance to request wider and denser P/L grids as well as expanding the rates worksheets to include P/L grids by product level. The proposed revisions would take into account historical price movements observed under adverse market conditions and are meant to increase the effectiveness of interpolation from the P/L grids.

The Federal Reserve proposed clarifying the instructions to address: implementing the P/L calculations to generate P/L sensitivity data in the *Equity worksheet* and *FX worksheet*, clarifying ambiguities related to decomposition and placement of various trading assets within the *Securitized Products worksheet* and *Commodities worksheet* of the Trading Risk schedule, and missing items such as countries and update geographic groupings.

The Federal Reserve proposed revising several worksheets to make them consistent and adding new rows to capture exposures that do not readily fit into the specific segments. The Federal Reserve also proposed adjusting the *Corporate Credit – Advanced, Corporate Credit – EM, Credit Correlation,* and *IDR - Corporate Credit* worksheets to more precisely capture the information in the crossover and related indexes.

17 P/L grids express the amount that firms gain or lose based on the movements of a predefined set of fundamental risk factors such as interest rates or credit spreads. They are used to model the expected P/L firms will experience under a prescribed market scenario.

The Federal Reserve proposed, for bespoke products, simplifying the long and short breakout tables to only three buckets for clarity and consistency: (1) an "Equity Tranche" bucket for a position that has an attachment point of 0%, (2) a "Mezzanine Tranche" for any position that has a non-0% attachment and non-100% detachment, and (3) a "Super Senior Tranche" for positions with a detachment point of 100%.

In order to allow BHCs to explicitly state how much exposure BHCs have to COLI/BOLI and given the size of these exposures, the Federal Reserve proposed adding a row to capture COLI/BOLI separate from the Other Sector/Industry exposures.

Basel III/Dodd-Frank Schedule

The Federal Reserve proposed adding a worksheet, *MonitoringInstr*, to collect more detailed data on a quarterly basis for ongoing monitoring and analysis to avoid unnecessary ad-hoc, follow-up requests with the BHCs during the regular quarterly monitoring process. The Federal Reserve also proposed adding a *Balance Sheet worksheet* to collect projections of 14 balance sheet items (held to maturity (HTM) securities; available for sale (AFS) securities; loans and leases (held for investment and HFS) net of unearned income and ALLL; trading assets; total intangible assets; other assets; total assets; total RWA; deposits; trading liabilities; subordinated notes payable to unconsolidated trusts issuing trust preferred securities (TruPS) and TruPS issued by consolidated special purpose entities; other liabilities; total liabilities; and total equity capital) through 2019. Insight into the BHCs' projected path for these categories of asset balances would enable the Federal Reserve to better assess the feasibility of plans for adhering to Basel III requirements. For BHCs that are not among the 19 original respondent BHCs and are not mandatory Basel II or opt-in Basel II respondents, the Federal Reserve proposed adding a simplified *Risk-Weighted Assets (B) worksheet* that the BHCs would be permitted to use at their option. This worksheet would exclude data items that are not relevant to the respondents.

The Federal Reserve proposed adding data items to the quarterly Basel III/Dodd-Frank schedule in order to make the schedule consistent with the annual Basel III/Dodd-Frank schedule. The new data items would include: adding periodic charges in common stock and retained earnings under the *Capital Composition worksheet*; changing the list of action types, exposure types, and RWA types under *Planned Action worksheet;* and adding more data items to verify the consistency of data within the Basel III/Dodd-Frank schedule and in comparison to the FR Y-14A Summary schedule. The latter would also provide additional clarification to Basel III-related data collected on the annual and quarterly schedules.

To implement the preparation guidance consistently with the industry feedback provided on the annual Basel III/Dodd-Frank schedule, the Federal Reserve proposed requiring BHCs to use the Basel III NPR and the Advanced Approaches NPR to prepare the annual and quarterly Basel III/Dodd-Frank schedules consistently instead of the BCBS guidance, which was used during the prior CCAR exercise.

Securities Risk Schedule

The Federal Reserve proposed revising the Securities schedule to allow BHCs to report an international securities identification number (ISIN)[18] and identify it as such, when a security does not have a CUSIP number. Also, the Federal Reserve proposed combining the domestic and foreign corporate bond categories. In an effort to reduce burden, the reporting of previously optional fields (purchase date, purchase price, and purchase yield) have been eliminated.

Proposed Revisions to the FR Y-14A/Q

PPNR Worksheets (annual collection) and PPNR Schedule (quarterly collection)

The FR Y-14 collects PPNR data on an annual and quarterly basis. The annual worksheets (contained in the Summary schedule) collect projection information and the quarterly schedule monitors actual PPNR data. The Federal Reserve proposed revising the three *PPNR worksheets* (*PPNR Projections*, *PPNR NII*, and *PPNR Metrics*) and the quarterly PPNR schedule based on industry feedback and the Federal Reserve's experience analyzing these data thus far.

Currently, only BHCs with deposits comprising at least one-third of total liabilities for any reported period are required to report data on the *PPNR NII worksheet*. The Federal Reserve proposed reducing the threshold for reporting to one-quarter of total liabilities because the Federal Reserve believes that the current threshold does not capture all the BHCs for which it needs to conduct an in-depth net interest income assessment. Furthermore, while the Federal Reserve originally sought to reduce burden on the industry, the Federal Reserve proposed making all data items on the *PPNR Projections worksheet* and the *PPNR NII worksheet* required (removing the optional reporting status for certain data items). As with the revision to the reporting threshold, these data are needed to better analyze net interest income. Currently, BHCs can choose "Primary" and "Supplementary" worksheets with reduced reporting requirements on the "Supplementary" worksheet. The Federal Reserve changed how the primary/supplementary designation would be assigned and made all net interest income data items mandatory (subject to certain criteria). Further, the Federal Reserve proposed that for all BHCs with deposits above the threshold, the *PPNR Net Interest Income* worksheet should be designated as "Primary Net Interest Income" and for BHCs that are not required to complete the *PPNR Net Interest Income* worksheet that the *PPNR Submission/Projections* worksheet should be designated as "Primary Net Interest Income."

In an effort to better understand the core drivers of BHCs revenues and expenses, the Federal Reserve proposed revising certain PPNR data items, including: (1) the exclusion of one-time income and expense items would be eliminated, in order to ensure a more consistent definition of PPNR among BHCs and (2) the breakout of optional immaterial revenues into net interest income and non-interest income, in order to ensure consistency with other PPNR schedule instructions that require reconciliation to the FR Y-9C for each component of PPNR (net interest income, non-interest income, and non-interest expense).

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18 An ISIN is a number that is assigned to almost every stock and registered bond that trades throughout the world. It facilitates trade and settlement by making each security unique to every other security of the same class.

The Federal Reserve proposed several new breakouts and data items as well as a new business line into the components revenues (on the annual *PPNR Projections worksheet* and the quarterly *PPNR Submission worksheet*), including:

- indicate which data items on the worksheet include the credit card rewards and partner-sharing data item;
- revenue from the mortgage and home equity business line would be split into production and servicing income; provisions to reserves for representations and warranties and repurchase obligations and other liabilities related to sold mortgages also would be split out;
- revenue related to retail and small business deposits would separate overdraft fees; and
- a new business line for Merchant Banking/Private Equity would be added; previously this business line had been included among the other business lines, typically Investment Banking.

On the annual *PPNR Projections worksheet* and the quarterly *PPNR Submission worksheet*, the Federal Reserve proposed substantively expanding the data collected on non-interest expense. The proposed data items include Reserves for Repurchases and Litigation related to sold and securitized mortgages, marketing expenses, credit card reward expenses, expenses related to premises, fixed assets, and other real estate owned. The Federal Reserve would also modify existing data items to clarify that Legal Expenses (i.e. the routine "business as usual" legal expenses) should be added to the Professional and Outside Services Expenses data item and the Litigation Settlements & Penalties and "Provisions to Litigation Reserves/Liability Specific to Sold Residential Mortgage Claims" to the "Operational Risk Expenses" data item.

The Federal Reserve proposed adding several data items to the *PPNR Metrics worksheet:*

- to the Retail and Small Business section, data items related to mortgage servicing would be expanded and would include information on residential loans sold and servicing expenses; also the number of credit card accounts and deposit accounts would be added;
- to the Investment Banking section, the estimate of market share would be replaced with measures of market size, and the number of employees would be added;
- to Investment Management section, Assets Under Management would include a breakout of fixed income;
- to the Firm-Wide Metrics section, severance costs would be added, and certain data items that correspond to FR Y-9C would be added to the annual worksheet to collect projection data in order to compare the business line perspective of the FR Y-14 to the FR Y-9C items; and
- to the Retail and Small Business Segment section, credit card rewards and partner sharing data item.

In response to industry feedback regarding a lack of clarity as to the types of accounts that should be included in the Total Deposit Accounts data item in the Retail and Small Business section of the *PPNR Metrics* worksheet, the Federal Reserve revised this data item to require reporting of only Total Open Checking and Money Market Accounts as of the end of the reporting period.

In response to industry feedback regarding a lack of clarity as to the definition of the term “curve” in relation to the New Business Pricing for Time Deposits data item in the Average Retail Deposit Repricing Beta section of the *PPNR Metrics* worksheet, the Federal Reserve provided an additional option for reporting New Business Pricing for Time Deposits. Specifically, if BHCs only assume a single maturity term for new issuances, then they would provide the relative index and spread used to estimate new business pricing in lieu of the curve.

The Federal Reserve also proposed a one-time collection of the historical data only for these new data items on the *PPNR Submission worksheet*, the *PPNR NII worksheet*, and the *PPNR Metrics worksheet* (from first quarter 2009 through second quarter 2012) including elimination of the one-time data items exclusions. BHCs should have the historical data for the new data items available or would be able to calculate them. In third quarter 2011, the Federal Reserve collected data dating back to 2009 when PPNR data was collected for the first time under the FR Y-14. The historical data previously collected is used to assess trends in PPNR results among the BHCs and to assess whether the projections presented in the FR Y-14A are consistent with past performance. Based on the reasons stated above the Federal Reserve requires BHCs that are newly subject to the FR Y-14 reporting provisions to submit historical data (back to first quarter 2009) with their first quarter data submission.

In an effort to provide clarity as to whether the Sales and Trading Segment/Prime Brokerage/Total Revenue (incl. Net Interest Income) data item in the *PPNR Metrics* worksheet should be defined as the combination of the Prime Brokerage non-interest income data item and the portion of the Sales and Trading net interest income data item related to prime brokerage in the *PPNR Submission* worksheet, the Federal Reserve simplified the reporting of these data items. The Federal Reserve removed the Sales and Trading Segment/Prime Brokerage/Total Revenue (incl. Net Interest Income) data item on *PPNR Metrics* worksheet and breaking out Net Interest Income for the Sales and Trading data item into the Prime Brokerage and Other data items on the *PPNR Submission/Projection* worksheet.

Operational Risk Schedule (revised FR Y-14Q)

The Federal Reserve revised the FR Y-14Q Operational Risk schedule such that BHCs would be required to report, on a quarterly basis, the number of legal reserves, categorized by quarter of establishment (starting in 2008), Basel level I event type, and business line; and a total BHC-wide aggregated legal reserve dollar amount. This level of aggregation would reduce the possibility that an outside observer could identify the existence and value of reserves related to any particular event.

FR Y-14A New Operational Risk Schedule. Based on the comments received related to legal reserves data and in an effort to streamline the collection of annual operational risk data, the Federal Reserve implemented a new FR Y-14A Operational Risk schedule. The schedule contains two worksheets related to operational risk data submitted annually. The *Legal Reserves* worksheet will collect the mandatory “Legal Reserves” data item, and the voluntary data item, "Legal Reserves Pertaining to Repurchase Litigation."[19] In addition, the *OpRisk Historical Capital* worksheet (currently contained within the Summary schedule), which collects only historical data (not projection data as with the other worksheets contained within the Summary schedule) was moved from the current FR Y-14A Summary schedule to the new Operational Risk schedule. As with the Summary schedule, only Basel II Mandatory or "Opt-In" BHCs are required to complete the *OpRisk Historical Capital* worksheet in the new FR Y-14A Operational Risk schedule.

General Revisions to the FR Y-14A/Q/M

Contact Information

The Federal Reserve proposed collecting contact information for each of the reported schedules to facilitate and expedite responses to follow up questions. Consistent with the cover page of the FR Y-9C, each schedule would include the statement, "Person to whom questions about this schedule should be directed," and would collect name/title, phone number, fax number, and e-mail address.

Sensitive Questions

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

Consultation Outside the Agency

On June 28, 2012, the Board granted initial approval of this proposal. Notice of the proposed action was published in the *Federal Register*; the comment period expired on September 4, 2012.[20] The Board received eight comment letters from four BHCs and six trade associations.[21] On February 14, 2012, the Board granted initial approval of this proposal. Notice of the proposed action was published in the *Federal Register*.[22] The Federal Reserve received six comment letters addressing the proposed changes to the FR 14A and Q. In response to public concerns over the sensitivity of the legal reserves data, the Federal Reserve postponed implementing the data items and reopened the public comment period,[23] expired on August 6, 2012.[24] The Federal Reserve received four additional comment letters addressing the collection of the legal reserves data items for pending and probable litigation claims. The full discussion of the comments is available in a supplement to this OMB Supporting Statement.

During the public comment period for the FR Y-14A/Q/M September 2012 proposal, the Federal Reserve conducted several outreach meetings and calls with the industry regarding the proposed changes to the FR Y-14. This outreach included a two-hour general question and

19 In each firm's first submission of the FR Y-14A Operational Risk Schedule, it would be required to provide the historical data of the Legal Reserves data item annually as of September 30 of each year starting with 2008.

20 77 FR 40051, July 6, 2012.

21 Three trade associations submitted a joint comment letter.

22 77 FR 10525, February 22, 2012.

23 77 FR 32970, June 4, 2012.

24 77 FR 38289, June 27, 2012.

answer session and several targeted calls that addressed the most significant concerns raised by commenters, including the proposal to require an attestation for the Y-14, the collection of legal reserve information, and potential conflicts with foreign law.

The Federal Reserve continues to receive questions from the public through an e-mail account specifically set up for the FR Y-14 information collection, and through other outreach channels. These allow the Federal Reserve to evaluate any issues suggesting the need for revisions to the collection or clarifications to the reporting instructions.

On September 25, 2012, the Board granted final approval of this proposal. On October 4, 2012, a notice of final action, summarizing and addressing the comments received, was published in the *Federal Register* (77 FR 60695).

Legal Status

The Board's Legal Division determined that this mandatory information collection is authorized by section 165 of the Dodd-Frank Act, which requires the Board to ensure that certain BHCs 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 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)). Such exemptions would be made on a case-by-case basis.

Time Schedule for Information Collection and Publication

Publication. On March 12, 2012, a press release was published stating, "the Federal Reserve had released a paper describing the methodology used in the stress test in the CCAR 2012 as well as the templates for disclosure of the summary results." On March 13, 2012, a press release was published announcing, "Summary results of the latest round of bank stress tests, which showed that the majority of the largest U.S. banks would continue to meet supervisory expectations for capital adequacy despite large projected losses in an extremely adverse hypothetical economic scenario."[25]

Time Schedule for New Respondents. The Federal Reserve proposed providing first-time respondents with a transition phase including extended filing deadlines, as follows: For the Y-14Q schedules, the filing deadline would be extended to (1) 90 days after the quarter-end for the first two quarterly submissions and (2) 65 days after the quarter-end for the third and fourth quarterly submissions. Beginning with the fifth quarterly submission, these respondents would

25 http://www.federalreserve.gov/newsevents/press/all/2012all.htm

be required to adhere to the standard FR Y-9C reporting deadlines[26]. For the Y-14M schedules, the initial deadline would be 90 days after the end of the reporting month, at which time data for all three intervening months would be due. For example, a new respondent for the September 30 reporting period would be expected to submit data corresponding to the September 30, October 31, and November 30 reporting periods by December 31. The filing deadline for the Y-14A reporting schedules would be consistent with that of current respondents (see table on following page).

Time Schedule for Current Respondents. The following table outlines by risk factor (schedules and sub-worksheets) the as-of dates for the data and the due date for the submissions to the Federal Reserve by reporting frequency (annually, quarterly, or monthly).

Risk Factor Schedules and Sub-Worksheets	**Data as-of-date**	**Submission due to Federal Reserve**
FR Y-14A (Annual Filings)		
Basel III/Dodd-Frank schedule **Regulatory Capital Instruments schedule** **Macro Scenario schedule** **Operational Risk schedule** **Summary schedule** • **Balance Sheet** • **Income Statement** • **Capital** • **Retail Risk** • **Operational Risk** • **Securities Risk** • **PPNR**	Data as-of September 30.	Data are due January 5th of the following year.
<u>**CCAR Market Shock exercise**</u> **Summary schedule** • **Trading Risk** • **CCR** **CCR Annual schedule**	Data as-of a specified date in the fourth quarter. As-of-date would be communicated during the fourth quarter after it had occurred. For any BHC that is required to resubmit a capital plan that would include the market shock exercise, the as-of date will be the same as the as-of	Data are due January 5th of the following year. For any BHC that is required to resubmit a capital plan that would include the market shock exercise, the due date will be the same as the due date for the Trading Risk Schedule.

26 The standard FR Y-9C reporting deadlines are: 40 calendar days after the calendar quarter-end for March, June, and September and 45 calendar days after the calendar quarter-end for December.

	date for the Trading Risk schedule.	

Risk Factor Schedules and Sub-Worksheets	Data as-of-date	Submission due to Federal Reserve
FR Y-14Q (Quarterly Filings)		
Securities Risk schedule **PPNR schedule** **Retail Risk schedule** **Wholesale Risk schedule** **Operational Risk schedule** **MSR Valuation schedule** **Supplemental schedule** **Retail FVO/HFS schedule**	Data as-of each calendar quarter end.	Same as FR Y-9C reporting schedule: 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).
Basel III/Dodd-Frank schedule **Regulatory Capital Instruments schedule**	Data as-of each calendar quarter end. Quarterly data reported for the **first, second, and fourth quarters ONLY.**	Same as FR Y-9C reporting schedule.
Trading Risk schedule	Because the data are part of the CCAR Market Shock exercise, the as-of-date for the third quarter would be communicated in the subsequent quarter. For all other quarters, the as-of date would be the last day of the quarter, except for BHCs that are required to re-submit their capital plan. For these BHCs, the as-of date for the quarter preceding the quarter in which they are required to re-submit a capital plan would be communicated to the BHCs during the subsequent quarter.	The data are due 40 calendar days after the notification date (notifying respondents of the as-of-date) or, for the 3rd quarter data, December 15, whichever comes earlier. BHCs may provide these data as-of the most recent date that corresponds to their weekly internal risk reporting cycle as long as it falls before the as-of-date. In addition, for BHCs that are required to re-submit a capital plan, the due date for the quarter pre-ceding the quarter in which the BHCs are required to re-submit a capital plan would be the later of (1) the normal due date or (2) the date that the re-submitted capital plan is due, including any extensions.
FR Y-14M (Monthly Filings)		
All monthly Retail Risk schedules	Data as-of the last business day of each calendar month.	Reported data are due by the 30th calendar day of the following month.

Estimate of Cost to the Federal Reserve System

The current cost to the Federal Reserve System for the on-going maintenance of the information collection is estimated to be $4,910,000.

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 607,589 hours. The total annual burden for this information collection would decrease by 15,127 hours, for a total of 592,462 hours, as shown in the tables on pages 23 and 24. The decrease in burden is due in large part to the proposed revisions, which in some cases attempt to streamline or combine various worksheets to decrease burden; a proposed adjustment to the estimated average hours per response to the quarterly Retail Risk schedule; and a proposed adjustment that would more accurately reflect the automation burden estimate. The proposed annual burden for the FR Y-14A/Q/M would represent approximately 5 percent of total Federal Reserve System paperwork burden.

FR Y-14A Burden

The proposed estimated average hours per response for completing the Summary schedule would increase by 16 hours per BHC, from 820 hours to 836 hours. This increase is attributed to the proposed revisions to the schedule that would expand certain sections and reduce others, leading to an estimated net burden increase. The estimated burden for completing the Summary schedule would be 25,080 hours. Although the proposed revisions to the annual CCR, Basel III/Dodd-Frank, and Regulatory Capital Instruments schedules on net would slightly reduce burden on the BHCs, no reduction to the estimated average hours per response is proposed. This is due in large part to the deletion of data items from the schedules. The burden for the on-going automation is addressed below.

FR Y-14Q Burden

Although the proposed revisions to the Securities Risk, PPNR, Trading Risk, and the Basel III/Dodd-Frank schedules would slightly reduce burden on the BHCs, no reduction to the estimated average hours per response is proposed.

All BHCs are required to complete the Retail Risk schedule. The proposed estimated average hours per response for completing the Retail Risk schedule would decrease from 3,800 hours to 16 hours. This decrease is attributed to the new method for calculating the automation burden for new and existing respondents (addressed below). The burden for the BHCs to complete the schedule is estimated to be 1,920 hours.

The burden for each BHC that would complete the proposed MSR Valuation schedule is estimated to be 24 hours per quarter to complete for a total of 960 hours. The Federal Reserve estimates that 10 BHCs would complete the MSR Valuation schedule, based on the proposed materiality threshold. All BHCs would be required to complete the Supplemental schedule. The burden for the BHCs to complete the proposed Supplemental schedule is estimated to be 8 hours per response for a total of 960 hours. The Federal Reserve estimates that 18 BHCs would be required to complete the Retail FVO/HFS schedule, based on the proposed materiality threshold. The burden for each BHC that would complete the proposed Retail FVO/HFS schedule is estimated to be 16 hours per response for a total of 1,152 hours.

FR Y-14A/Q/M Burden

The proposed revisions requiring an attestation and signature of the CFO (or the individual performing this equivalent function) on a new cover page is expected to have no measurable effect on the reporting burden.

Implementation and On-Going Automation Burden

In an effort to more accurately reflect the burden imposed on the BHCs for reporting the FR Y-14 data, the Federal Reserve has included estimates for annual one-time implementation burden (for new respondents) and annual on-going automation burden (for existing respondents). The Federal Reserve estimates the automation burden for each new respondent BHC that would complete the FR Y-14 would vary across BHCs. On average, it would take approximately 7,200 hours (one-time implementation) to prepare their systems for submitting the data, for a total of 79,200 hours. The Federal Reserve 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 9,120 hours. The total automation burden for the FR Y-14 is estimated to be 88,320 hours.

The current total annual cost to the public for the FR Y-14 information collection is estimated to be $27,250,367 and would decrease by $678,446, to $26,571,921 for the revised FR Y-14.[27]

27 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 @ $17, 45% Financial Managers @ $52, 15% Legal Counsel @ $55, and 10% Chief Executives @ $81). 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 2011, www.bls.gov/news.release/ocwage.nr0.htm Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/

	Number of respondents[28]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current FR Y-14A				
Summary	19	1	820	15,580
Macro scenario	19	1	31	589
CCR	6	1	382	2,292
Basel III/Dodd-Frank	19	1	20	380
Regulatory capital instruments	19	1	20	380
Current FR Y-14A total				19,221
Current FR Y-14Q				
Securities risk	19	4	10	760
Retail risk	19	4	3,800	288,800
PPNR	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/Dodd-Frank[29]	19	3	20	1,140
Regulatory capital instruments	19	3	40	2,280
Operational risk	19	4	28	2,128
Current FR Y-14Q total				392,288
Current FR Y-14M				
Retail risk				
• 1st lien mortgage	14	12	430	72,240
• Home equity	13	12	430	67,080
• Credit card	11	12	430	56,760
Current FR Y-14M total				196,080
Current collection total				607,589

28 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.

29 The quarterly Basel III/Dodd-Frank and Regulatory Capital schedules are only reported three out of the four quarters (March, June, and December).

	Number of respondents[30]	Annual frequency	Estimated average hours per response	Estimated annual burden hours
Proposed FR Y-14A				
Summary	30	1	836	25,080
Macro scenario	30	1	31	930
CCR	6	1	382	2,292
Basel III/Dodd-Frank	30	1	20	600
Regulatory capital instruments	30	1	20	600
Proposed FR Y-14A total				29,502
Proposed FR Y-14Q				
Securities risk	30	4	10	1,200
Retail risk	30	4	16	1,920
PPNR	30	4	625	75,000
Wholesale risk				
• Corporate loans	28	4	60	6,720
• CRE	27	4	60	6,480
Trading risk	6	4	1,720	41,280
Basel III/Dodd-Frank[31]	30	3	20	1,800
Regulatory capital instruments	30	3	40	3,600
Operational risk	30	4	28	3,360
MSR Valuation	9	4	24	864
Supplemental	30	4	8	960
Retail FVO/HFS	19	4	16	1,216
Proposed FR Y-14Q total				144,400
Proposed FR Y-14M				
Retail risk				
• 1st lien mortgage	25	12	430	129,000
• Home equity	24	12	430	123,840
• Credit card	15	12	430	77,400
Proposed FR Y-14M total				330,240
Implementation and On-going Automation				
Start-up – new respondents	11	1	7,200	79,200
On-going revisions	19	1	480	9,120
Proposed automation total				88,320
Proposed collection total				592,462

30 Of the 30 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.

31 The quarterly Basel III/Dodd-Frank and Regulatory Capital schedules are only reported three out of the four quarters (March, June, and December).

Attachment

Current FR Y-14A Schedule Descriptions

Summary Schedule

The Summary schedule collects 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 includes projections of losses, PPNR, and capital actions that are the primary determinants of projected capital ratios. By collecting these data, along with other qualitative information, the Federal Reserve is 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 the forward-looking evaluation of the BHCs' capital adequacy.

The Summary schedule comprises three primary components – income statement projections, balance sheet projections, and projections of capital composition. There are also a number of worksheets for the BHCs to provide separate projection data 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, operational risk losses, gains or losses on securities, and PPNR. Every worksheet contained within the Summary schedule is required to be submitted for each scenario evaluated by the BHC and several worksheets require the submission of nine quarters of projected data (this is also referred to as the forecast or forecast time horizon).

The *Income Statement worksheet* collects data on quarterly projections of losses and revenues. This worksheet is organized similar to, but not identical to, the FR Y-9C. For example, BHCs report estimates of losses for all categories of loans, securities, and trading assets and include estimates of the components of BHCs' revenue. In addition, this worksheet collects certain tax-related data items. The *Balance Sheet worksheet* collects data on quarterly projections of the balance sheet, which includes components of assets, liabilities, and equity capital. The *Capital worksheet* collects data on quarterly projections of equity capital and regulatory capital. In addition, this worksheet also collects projections of capital actions such as: common dividends and share repurchases that affect BHCs' equity capital, projections of the thresholds 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 *Retail Risk worksheets* collect expected losses on the respective retail portfolios. The *Retail Risk worksheets* also collected historical repurchase data (for the BHC baseline scenario only) during the initial submission made by BHCs and will collect any revisions to the historical data thereafter.

The *Operational Risk worksheets* collect BHCs' projections for operational losses which are defined as losses arising from inadequate or failed internal processes, people, and systems or from external events including legal losses. Some examples of operational loss events are losses related to improper business practices (including class action lawsuits), execution errors, and fraud. The *Operational Risk worksheets* also collected historical operational loss data during the initial submission made by the BHCs and will collect any revisions to the historical data thereafter. Additional detail may be requested in order to translate the BHCs' historical loss experience into operational loss projections and on any budgeting processes used to project operational losses.

The *Trading Risk* and *CCR worksheets* collect projected losses associated with a global market risk shock exercise from BHCs with large trading operations. The Federal Reserve provides a set of hypothetical shocks to the risk factors most relevant to the trading and counterparty positions of respondent BHCs. For example, the shock exercise could be generally based on the price and spread movements that occurred in the second half of 2008, a period featuring severe market dislocations and the failure of a major, globally active financial institution. In addition, the exercise could reflect additional stresses related to a situation in Europe. The trading and CCR positions should be based on balances as-of the close of business, of a specified fourth quarter date that is expected to fluctuate moderately from year to year (the announcement of the date will come after the as-of-date).

Several *Securities Risk worksheets* collect data related to Available-for-Sale (AFS) and Held-to-Maturity (HTM) securities. The worksheets collect 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 including the source (vendor or proprietary) and key assumptions used in determining market values (if using a proprietary model).

The *PPNR worksheets* collect data related to projected net interest income and non-interest income and expenses under the relevant scenario.[32] The collection includes projections of balances of interest-bearing assets and liabilities and the associated interest income and expense for each data item; non-interest income related to loan origination, servicing, advisory services, trading commissions and fees; non-interest expense related to compensation, occupancy, and services; and other relevant data items. BHCs also provide additional information in the supporting documentation, including a discussion of the consistency of a given worksheet with the BHCs' internal and external reporting and forecasting; a description of broadly-defined types of business models currently used (e.g. Asset/Liability, Relationship, Business Product/Services/Activity, and others); high-level descriptions of motivations for their choices of models for forecasting profit and loss result; benefits and challenges associated with those models; and methodologies employed.

Along with the quantitative Summary schedule, BHCs are 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

32 For the annual filing, BHCs with deposits comprising less than one third of total liabilities for any reported period need only complete the *PPNR Projections worksheet* and the related portion of the *PPNR Metrics worksheet*.

include information about how the BHCs translated the macroeconomic scenarios into the various projections, including detailed descriptions of any models used. The BHCs are also required to reconcile any differences between financial data submitted in publicly available regulatory filings and data submitted in the Summary schedule.

Macro Scenario Schedule

The Macro Scenario schedule collects the economic variables used in the BHC-defined macroeconomic scenarios underlying BHCs' projections of loss, revenue, and capital. This schedule includes the *Scenario Variable Definitions worksheet* that collects the variable names and definitions detailed in each of the scenario worksheets. The reported variable definitions (reported on the *Scenario Variable Definitions worksheet*) must include the units of measure (for example, percentage points or billions of dollars) and the frequency of the variable (for example, quarterly average if it is produced monthly or more often). The *BHC Baseline Scenario worksheet* and the *BHC Stress Scenario worksheet* must be completed, including the list and definitions included in these scenarios. The Macro Scenario schedule also includes optional worksheets for the Supervisory baseline scenario, Supervisory stress scenario, and any additional scenarios beyond the baseline and stressed scenarios. Each scenario worksheet collects the variable name (matching to that which is reported on the *Scenario Variable Definitions worksheet*), the actual value of the variable during the third quarter of the reporting year, and the projected value of the variable for nine future quarters.

BHCs are required to document the methods used to generate the scenarios. If the BHCs use 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 made to the scenario. If BHCs generate the scenario, the documentation must include a detailed description of any models used and how the BHCs adjusted the models to produce the various scenarios.

CCR Schedule

The CCR schedule collects, on various worksheets, data to identify CVA, exposures, and CVA sensitivities for the BHC's top counterparties along a number of dimensions, including current CVA, stressed CVA, net current exposure, and gross current exposure. BHCs also must submit aggregate CVA, exposures, and CVA sensitivities by ratings categories. The *Notes to the CCR Schedule worksheet* allows BHCs to voluntarily submit additional information to provide clarity to the portfolio. BHCs are required to run multiple scenarios (BHC stressed, FRB stressed, and unstressed) and specifications (BHC or Federal Reserve) to capture Expected Exposure[33] profiles.

Basel III/Dodd-Frank Schedule

33 Counterparty credit exposure is a measure of the amount that would be lost in the event that a counterparty to a financial contract defaults. Only contracts that are privately negotiated between counterparties, i.e. over-the-counter (OTC) derivatives, are subject to counterparty credit risk. The Expected Exposure is the average of the distribution of exposures at any particular future date before the longest maturity in the portfolio.

Based on the Basel III framework promulgated by the BCBS, the Basel III/Dodd-Frank schedule collects annual fourth quarter forecasts of Tier 1 Common Equity, Tier 1 Capital, RWA, and Leverage Exposures (along with granular components of those elements) through year-end 2016 (or the year by which a BHC plans to meet Basel III target capital ratios) under a baseline scenario. Finally, BHCs are 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 collects CUSIP-level contractual terms of BHCs' 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 supports analyses and coordinated responses to future proposed capital actions. BHCs are required to provide a detailed inventory of their regulatory capital instruments as of the data collection date and provide details on regulatory capital instruments they project to redeem or issue over a nine-quarter period.

Current FR Y-14Q Schedule Descriptions

Securities Risk Schedule

The Securities Risk schedule gathers CUSIP-level and summary-level information on all positions in BHCs' AFS and HTM portfolios. This CUSIP-level position schedule collects such data as the amortized cost, market value, current face value, and original face value of each position. The data collected allows the Federal Reserve to analyze risk to BHCs' securities portfolios under a variety of scenarios and market shocks with greater precision than is possible with existing data collections.

Retail Risk Schedule

The quarterly Retail Risk schedule collects information about the distribution of risk in retail portfolios across segments. Retail risk is divided into four major categories: residential, credit card, automobile, and other consumer.[34] The quarterly schedules are collected for all international retail portfolios, domestic automobile, and the domestic other consumer portfolios. For these portfolios, separate retail risk worksheets collect data for the different product types and separate product-type segmentation schemes are used for domestic and international loans. For example, international residential is divided into first lien mortgages and home equity lines of credit and loans; international credit card is split between bank and charge cards, and small business and corporate cards; and domestic student loans are reported separately from the other consumer category. Within each broad product-type segment, the portfolio is broken into a number of buckets that embody unique risk characteristics.

34 As of the June 30, 2012, reporting as-of date, the domestic residential and credit card portfolios are reported on the FR Y-14M. All other retail portfolios continue to be reported on the FR Y-14Q.

This modular product-type design of the Retail Risk schedule allows for a targeted data collection from only the BHCs that have material portfolios in a given product area. This design is intended to limit burden while maximizing the supervisory information yielded from the collection. Currently, the quarterly Retail Risk schedule collects monthly data on a quarterly frequency, even though the Capital Plan rule allows for the collection of data as frequently as needed. The Federal Reserve, at this time, does not require monthly reporting for these retail portfolios with longer credit cycles, as the burden of reporting at the increased frequency currently outweighs the value of the additional data.

PPNR Risk Schedule

For the PPNR schedule, BHCs provide relevant data for PPNR. PPNR comprises three major components: NII, non-interest income, and non-interest expense.[35] For both NII and non-interest income, BHCs 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 various scenarios and such a view facilitates a more robust analysis of the resulting projections. BHCs provide historical data for the first submission and will provide quarterly revisions thereafter. BHCs also provide additional information in the supporting documentation for the PPNR schedule, including the discussion of the consistency of a given schedule with the BHCs' internal and external reporting and forecasting; a description of broadly-defined types of business models they currently use (e.g. Asset/Liability, Relationship, Business Product/Services/Activity, and others); high-level descriptions of motivations for their choices of models for forecasting profit and loss results; benefits and challenges associated with those models; and methodologies employed.

Wholesale Risk Schedule

For the Wholesale Risk schedule, BHCs submit wholesale loan portfolio data that comprise the corporate loan and CRE loan portfolios. These data 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 are collected under two data schedules.

For the corporate loan portfolio, BHCs provide loan-level data about the characteristics of credit exposures (for example, legally binding loan commitments or credit facilities) for each exposure equal to or greater than $1 million. The collection includes corporate loans, held at the BHC-level, to both domestic and foreign borrowers. For purposes of this collection, applicable corporate loan portfolios currently 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 all other commercial loans and leases as defined by the FR Y-9C. Effective with the June 30, 2012, as-of date, the scope of the corporate loan portfolio was amended to include owner-occupied non-farm, non-residential (NFNR) CRE loans (reported on

35 Similar to the annual *PPNR worksheet* submission, for the quarterly submission BHCs for which deposits comprise less than one-third of total liabilities for any reported period need only complete the *PPNR Submission worksheet* and the related portion of the *PPNR Metrics worksheet.*

the FR Y-9C, Schedule HC-C 1.e(1)). The data items gathered in the *corporate loan collection* better capture the elements indicative of risk in owner-occupied NFNR CRE loans than those in the *CRE collection*. Data items in the *corporate loan collection* include borrower name (individuals' names are not collected), loan amount, loan type, maturity and internal risk rating. To evaluate all aspects of credit risk associated with BHCs' corporate loan exposures and produce an independent probability of default (PD), several data items are collected in order to derive an independent PD for both public and private BHCs and better track underwriting standards and emerging risks in BHCs' loan portfolios.

In order to minimize burden on the BHCs, the corporate loan portfolio includes a $1 million commitment threshold for the reporting of certain other loan categories. To further reduce burden, the Federal Reserve would allow BHCs to exclude from reporting (or make optional the reporting of) obligor financial data (data items 51-79) for loans extended to an obligor (1) domiciled outside of the U.S.; (2) that is a natural person, a non-profit federal, state or local governmental agency; or (3) that has a NAICS industry code[36] beginning with 52 (Finance and Insurance) or 5312 (Real Estate Agents and Brokers). This permissible exclusion is effective with the June 30, 2012, as-of date.

For the CRE loan portfolio, BHCs provide loan-level data 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 currently include 1-4 family residential construction loans, other construction and land development loans, multifamily loans, loans to finance CRE but not secured by CRE, and international CRE loans (for example, non-domestic office loans), as defined by the FR Y-9C. Given the complexity of CRE portfolios, these data include loan information (for example, borrower name (individuals' names is not collected), loan amount, loan type, loan status and number of days past due, maturity and internal risk rating) and property information (for example, property type, net operating income, property value, and occupancy). For loans less than $1 million that are cross collateralized with loans that have commitments greater than $1 million, BHCs submit only three data items (loan number, outstanding balance, and committed balance).

Trading Risk Schedule

The Trading Risk schedule captures P/L sensitivities to assets that BHCs hold in their trading books, private equity investments, and certain other assets held under fair value accounting.[37] The worksheets that make up the Trading schedule capture detailed information on the BHCs' P/L sensitivities to changes in equity prices, foreign exchange rates, interest rates, credit spreads, and commodity prices. Information on the trading book is 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 collect information on both the sector (industry) and geographical compositions of

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36 The North American Industry Classification System is used by business and government to classify business establishments according to type of economic activity (process of production) in Canada, Mexico, and the U.S.
37 Trading book assets are those assets that are reported as trading securities on the FR Y-9C; private equity includes all equity related investments such as common, preferred, and convertible investments; other fair value assets are assets held under a FVO accounting except for retail and corporate loans which should be included in the Retail and Wholesale schedules.

exposures to such assets. Additional data are collected for trading incremental default risk: Corporate and Sovereign Credit, and Securitized Products.

Basel III/Dodd-Frank Schedule

The quarterly Basel III/Dodd-Frank schedule is a streamlined version of the annual schedule and collects actual balances for Basel III Tier 1 Common Equity, Tier 1 Capital, RWA, Leverage Exposures (including some components of RWAs and Leverage Exposures, if available), capital instruments outstanding, and proposed issuances and redemptions. These data are not available on other regulatory reports, which are prepared on a Basel I or Basel II basis. Data collected are compared against the balance projections provided annually to monitor the path of BHCs' positions. For BHCs that submitted (in the annual filing) planned actions to meet Basel III targets, the Federal Reserve requires BHCs to submit qualitative responses regarding progress in executing those actions. Combined with the collected data, this qualitative information provides important insight into the BHCs' Basel III and Dodd-Frank preparedness and feasibility of the projections and plans submitted in the annual schedule. These quarterly data are not as granular as the data collected in the annual schedule, collecting only quarterly point-in-time total balances for Tier 1 Common Equity, Tier 1 Capital, RWAs and Leverage Exposures. These data are only collected in quarters in which the annual schedule is not collected.

Regulatory Capital Instruments Schedule

The quarterly Regulatory Capital Instruments schedule requires BHCs to confirm the execution of proposed redemptions and issuances of specific instruments and to identify any deviations from the projections submitted in the annual schedule. This quarterly monitoring effort facilitates the maintaining and updating of the Regulatory Capital Instruments data reported annually 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. These quarterly data are not as granular as the data collected in the annual schedule, and are only collected in quarters in which the annual schedule is not collected.

Operational Risk Schedule

While the annual *Operational Risk worksheets* (contained within the annual Summary schedule) collect BHCs' projections for operational losses, the quarterly Operational Risk schedule collects granular data on the actual individual loss event. The data collected include the type of loss event, when it occurred, the loss amount, the business line in which it occurred, and other relevant information. Obtaining these data on an individual loss event level will help achieve key objectives that could otherwise not be effectively realized with summary level data only and will enhance the Federal Reserve's ability to (1) assess the BHCs' operational loss exposures in relation to the risks faced by the BHCs and (2) ensure safety and soundness. These data will also be used to develop and calibrate supervisory stress test models, evaluate the projections that BHCs submit as part of the FR Y-14A, and support continuous monitoring and analysis of BHCs operational loss activity and trends.

Current FR Y-14M Schedule Descriptions

Retail Risk Schedule (First Lien Closed-End 1-4 Family Residential Mortgage, Home Equity Residential Mortgage, Address Matching, and Credit Card data collections)

The *Domestic First Lien Closed-End 1-4 Family Residential Mortgage* and the *Domestic Home Equity Residential Mortgage* collections gather monthly detailed loan-level data for all loans in the active inventory as-of the last day of the month; all loans in the inventory that were transferred to another servicer during the month; and all loans in the inventory that were liquidated during the month.

The reported data items for the *Domestic First Lien Closed-End 1-4 Family Residential Mortgage* collection include: loan number, property information, loan amount, documentation information, loan-to-value and debt-to-income ratios, borrower information, bankruptcy or foreclosure status, and other detailed loan information. The reported data items for the *Domestic Home Equity Residential Mortgage* collection include: loan number; property information; loan, line, and appraisal amounts; loan documentation information; loan-to-value and debt-to-income ratios; borrower information; bankruptcy or foreclosure status; and other detailed loan information.

In order to match senior and junior lien residential mortgages on the same collateral, the Federal Reserve gathers additional information (loan number, property and mailing address information, liquidation status, original lien position, and census tract) on the residential mortgage loans reported in the *Domestic First Lien Closed-End 1-4 Family Residential Mortgage* and *Domestic Home Equity Residential Mortgage* collections. By matching senior and junior lien loans by property ID, the Federal Reserve can glean valuable insights into the level of risk of both credits, especially in cases where current (or performing) junior lien loans are behind delinquent first lien loans.

The *Domestic Credit Card* collection gathers monthly detailed account-level and portfolio-level data. The account-level collection captures detailed data regarding domestic credit cards: general purpose credit cards,[38] private label credit cards,[39] business credit cards,[40] and corporate credit cards.[41] The portfolio-level collection captures key information about portfolio characteristics including information that is unlikely to be captured at the account-level. (For example, certain collection costs are not typically assigned at the account-level.) The

38 General purpose credit cards can be used at a wide variety of merchants, including any who accept MasterCard, Visa, American Express or Discover credit cards. Affinity and co-brand cards should be included in this category, and student cards if applicable. This credit card type includes loans reported on line 6.a of schedule HC-C of the FR Y-9C.

39 Private label credit cards, also known as proprietary credit cards, are tied to the retailer issuing the card and can only be used in that retailer's stores. Oil & gas cards should be included in this loan type, and student cards if applicable. This credit card type includes loans reported on line 6.a of schedule HC-C of the FR Y-9C.

40 Business credit cards include small business credit card accounts where the loan is underwritten with the sole proprietor or primary business owner as the applicant. This credit card type includes SME credit card loans that are reported on line 4.a of schedule HC-C of the FRY-9C.

41 Corporate credit cards are employer-sponsored credit cards for use by a company's employees. This credit card type includes US corporate credit card loans that are reported on line 4.a of schedule HC-C of the FRY-9C.

portfolio-level data is primarily relevant for pools of credit card loans rather than individual accounts.

Like the other monthly retail collections, the *Domestic Credit Card* collection collects mandatory data. However, some data items that are not directly available are permitted to be reported on a best effort basis. For example, if the BHCs do not use the data in the course of their risk management practices or otherwise generate or store the data, they are not required to generate the data for this collection.

FR Y-14A/Q/M Instructions

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