

**OMB Supporting Statement for the  
Capital Assessments and Stress Testing information collection  
(FR Y-14A/Q/M; OMB No. 7100-0341)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend, with revision the Capital Assessments and Stress Testing information collection (FR Y-14A/Q/M; OMB No. 7100-0341).

The Federal Reserve proposed revising several schedules of the FR Y-14A/Q/M reports, effective September 30, 2013. Most of the proposed changes affect the FR Y-14A (semi-annual collection), particularly the Summary Schedule. The Summary Schedule and the Basel III schedule will be significantly revised in accordance with the final Revised Approach.<sup>1</sup> Specifically, the revisions to the Summary Schedule include (1) modifying the current Capital worksheet to reflect the three definitions of regulatory capital that could be applicable over the planning horizon (General (12CFR part 225), Advanced Approaches (12CFR part 225, Appendix G), and Revised), (2) adding two worksheets to collect risk-weighted assets as outlined in the general risk-based capital rules and standardized and advanced approaches, and (3) modifying subtotals of capital components and total capital to reflect the Revised Approach transition provisions. In addition, the Federal Reserve is expanding the collection of PPNR information to better understand the details and dynamics of BHC revenues and expenses. The Federal Reserve also proposed other smaller revisions to the Balance sheet, Securities, OpRisk, Retail ASC 310-30, and Retail Repurchase worksheets. Other FR Y-14A schedules will be revised to (1) remove two worksheets and expand the collection of three worksheets on the Counterparty Schedule, and (2) add a worksheet to the Counterparty Schedule to collect counterparty data related to securities financing transactions and repurchase agreements and amend the scope of the respondents to this schedule. The Federal Reserve will also remove references to specific credit scores in the FR Y-14Q/M beginning with the data as of October 31, 2013, for the FR Y-14M and December 31, 2013, for the FR Y-14Q.<sup>2</sup>

The FR Y-14Q (quarterly collection) revisions include (1) altering the Basel III schedule to conform with the revisions made to the FR Y-14A Basel III Schedule (2) adding items to, deleting other items from, and modifying several of the tables of the Trading Schedule, (3) adding eight and modifying five items across the Wholesale Corporate Loan, Wholesale Commercial Real Estate, Securities, and Retail Domestic and International Auto Schedules, (4) adjusting the PPNR Schedule to conform with the changes made to the PPNR worksheets of the FR Y-14A, and (5) adding one and remove one field on the Supplemental Schedule.

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<sup>1</sup> (77 FR 52792), published August 30, 2012, proposed to revise and replace the Federal Reserve's risk-based and leverage capital requirements to be consistent with the most recent Basel requirements. For additional guidance regarding how schedules should be populated regarding capital and RWA, see 12 CFR 225.8; 12 CFR part 252, subparts F, G, and H.

<sup>2</sup> (78 FR 59934), published September 30, 2013

The FR Y-14M (monthly collection) will be revised to (1) modify one and expand one item on the Domestic First Lien Closed-end 1-4 Family Residential Loan Schedule, and (2) modify two items on the Domestic Home Equity Loan and Home Equity Line Schedule.

In addition, the Federal Reserve will also make several general changes to the FR Y-14 A/Q/M filings. The filing deadline of the FR Y-14Q will be changed to 47 calendar days after the March 31, June 30 and September 30 as-of dates, and 52 calendar days after the December 31 as-of date, effective for the December 31, 2013 report. Finally, the FR-Y 14A/Q/M instructions and templates will be clarified by (1) adding, and expanding item definitions, (2) standardizing formatting, and (3) incorporating responses to industry questions to increase consistency with other regulatory reports, enhance reporting guidance, and improve clarity. The Federal Reserve will also post technical instructions.

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 Wall Street Reform and Consumer Protection Act.

With the proposed changes outlined above, the total annual burden for FR Y-14A/Q/M is estimated to increase by 27,312 hours to 629,824 hours.

## **Background and Justification**

Prior to the financial crisis that emerged in 2007, many BHCs made significant distributions of capital without due consideration of the effects that a prolonged economic downturn could have on their capital adequacy and their ability to remain credit intermediaries during times of economic and financial stress. In 2009, the Board conducted the Supervisory Capital Assessment Program (SCAP), a "stress test" focused on identifying whether large, domestic BHCs had capital sufficient to weather a more-adverse-than-anticipated economic environment while maintaining their capacity to lend. In 2011, the Federal Reserve continued its supervisory evaluation of the resiliency and capital adequacy processes through the Comprehensive Capital Analysis and Review (CCAR) 2011. Through the CCAR 2011, the Federal Reserve developed a deeper understanding of the processes by which large BHCs form and monitor their assessments and expectations for maintaining adequate capital and the appropriateness of their planned actions and policies for returning capital to shareholders.

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

On October 12, 2012, the Federal Reserve published two final rules in the *Federal Register* (77 FR 62409) with stress testing requirements for certain bank holding companies, state member banks, and savings and loan holding companies. The final rules implement sections

165(i)(1) and (i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 165(i)(1) of the Dodd-Frank Act requires the Board to conduct an annual stress test of each covered company<sup>3</sup> to evaluate whether the covered company has sufficient capital, on a total consolidated basis, to absorb losses as a result of adverse economic conditions (supervisory stress tests). Section 165 (i)(2) requires the Board to issue regulations that require covered companies to conduct stress tests semi-annually and require financial companies with total consolidated assets of more than \$10 billion that are not covered companies and for which the Federal Reserve is the primary federal financial regulatory agency to conduct stress tests on an annual basis (collectively, company-run stress tests).

## **Description of Information Collection**

The data collected through the FR Y-14A/Q/M schedules provide the Federal Reserve with the additional information and perspective needed to help ensure that large BHCs have strong, firm-wide risk measurement and management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. The annual CCAR exercise is also complemented by other Federal Reserve supervisory efforts aimed at enhancing the continued viability of large BHCs, including (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 currently required to complete and submit up to 18 filings each year: two semi-annual FR Y-14A filings, four quarterly FR Y-14Q filings, and 12 monthly FR Y-14M filings.<sup>4</sup> Compliance with the information collection is mandatory.

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

The semi-annual collection of BHCs quantitative projected regulatory capital ratios across various macroeconomic scenarios comprises six primary schedules (Summary, Macro Scenario, CCR, Basel III/Dodd-Frank, Regulatory Capital Instruments, and Operational Risk schedules), each with multiple supporting worksheets.<sup>5</sup>

Except for the annual Basel III/Dodd-Frank schedule, which collects annual forecast data, and the Operational Risk schedule, all other FR Y-14A schedules collect quarterly results and projections. BHCs must complete each FR Y-14A schedule for each scenario, and they must include:

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<sup>3</sup> See 12 U.S.C. 5365(a). A "covered company" includes any bank holding company with total consolidated assets of \$50 billion or more and each nonbank financial company that the Council has designated for supervision by the Federal Reserve.

<sup>4</sup> The most current reporting templates for the FR Y-14A/Q/M are available at: [www.federalreserve.gov/apps/reportforms/default.aspx](http://www.federalreserve.gov/apps/reportforms/default.aspx)

<sup>5</sup> The "mid-cycle" FR Y-14A, which is due to the Federal Reserve on or before July 5, is limited to two schedules: the Summary and Macro Scenario schedules.

- 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, and a description of the source of the losses; 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, Fair Value Option/Held for Sale, Mortgage Servicing Rights, Operational Risk, and Supplemental schedules) collect BHC-specific data on positions and exposures that 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 portfolio and loan-level collections for *First Lien Closed-End 1-4 Family Residential Loan* data and *Home Equity Loan and Home Equity Line* data and one account- and portfolio-level collection for *Domestic Credit Card data Collection Data Dictionary*.<sup>6</sup> In order to match senior and junior lien residential mortgages on the same collateral, the *Address Matching Loan Level Data Collection* gathers additional information on the residential mortgage loans reported in the *First Lien Closed-End 1-4 Family Residential Loan* and *Home Equity Loan and Home Equity Line* collections.

### **Proposed Revision to the FR Y-14A (semi-annual collection)**

The proposed revisions to the FR Y-14A consist of clarifying instructions, adding data items, deleting data items, and redefining existing data items. These proposed changes would (1) be responsive to industry comments, (2) provide additional information to greatly enhance the ability of the Federal Reserve to analyze the validity and integrity of firms' projections, (3) improve comparability across firms, (4) increase consistency within the FR Y-14A and between the FR Y-14A and FR Y-14Q/M, as well as the FR Y-9C, and (5) improve the scope of

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<sup>6</sup> In the case of the credit card portfolio, the collection gathers account data instead of loan data.

supervisory models. The Federal Reserve has conducted a thorough review of proposed changes and believes that the incremental burden of these changes is justified given the need for these data to properly conduct the Federal Reserve’s supervisory responsibilities related to the stress testing and CCAR process.

### **Summary Schedule**

The Federal Reserve proposed making a number of changes to the Summary Schedule (1) to better assess BHCs’ calculation of risk weighted assets and certain other items detailed below, and (2) to refine certain items based on public feedback or to reduce burden on the public.

***Risk Weighted Assets (RWA) and Regulatory Capital Related to Basel III.*** The Capital Plan Rule published by the Federal Reserve on December 1, 2011, requires BHCs to calculate the regulatory capital ratios reported in its capital plan according to the current Regulation Y requirements or “any successor regulation.” Three *Federal Register* notices<sup>7</sup> were published for public comment on July 7, 2012, that outlined the joint proposed rulemaking of the Federal Reserve, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The proposed rules would revise and replace the agencies’ risk-based and leverage capital requirements to be consistent with agreements reached by the Basel Committee on Banking Supervision in “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” (Basel III). The revisions include implementation of a new definition of regulatory capital, a new common equity tier 1 minimum capital requirement, a higher minimum tier 1 capital requirement, and, for banking organizations subject to the advanced approaches capital rules, a supplementary leverage ratio that incorporates a broader set of exposures in the denominator measure. In addition, the proposed rules would amend the methodologies for determining risk-weighted assets and introduce disclosure requirements that would apply to top-tier banking organizations domiciled in the United States with \$50 billion or more in total assets.

Due to the timing of this proposal, the annual CCAR and Dodd-Frank Act stress test (DFAST), and the proposed capital rulemaking, the Federal Reserve considered several options for the timing and scope of the proposal to collect information related to the proposed capital rulemaking. After careful consideration of the various options, the Federal Reserve determined that proposing the following revisions at this time would enable the Federal Reserve to collect these data while minimizing the burden to the industry.

***Revisions to Capital worksheet.*** To accommodate potential changes in the capital regime, the Federal Reserve proposes replacing the current Capital worksheet with three worksheets (General, Advanced Approaches, and Revised Capital worksheets) that incorporate the items of the current Capital worksheet and add or revise items to collect projections depending on which capital regime is applicable to the BHC at any given point in the projection horizon. The General Capital worksheet would be required for all BHCs for all projection quarters until the revised definition of capital becomes effective for the BHC. The Advanced Approaches Capital worksheet would be required for BHCs that have received supervisory

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<sup>7</sup> (77 FR 52792), published August 30, 2012, proposed to revise and replace the Federal Reserve’s risk-based and leverage capital requirements to be consistent with the most recent Basel requirements.

approval to exit the advanced approaches parallel run for all projection quarters until the revised definition of capital becomes effective for the BHC.

***Proposed General Capital worksheet.*** On the General Capital worksheet, the Federal Reserve proposes adding 10 line items that collect detail on the additions and adjustments to tier 1 capital that result in the calculation of total risk-based capital under the general risk-based capital rules. The Federal Reserve also proposes revising the description of the item collecting data on taxes paid in previous years to refer to the current year, one year ago, and two years ago, instead of specific years.

***Proposed Advanced Approaches Capital worksheet.*** On the Advanced Approaches Capital worksheet, the Federal Reserve proposes adding or revising six items in the tier 1 capital section to collect data consistent with the definition of tier 1 capital under the Advanced Approaches Rule (12 CFR part 225, Appendix G). The Federal Reserve also proposes adding 14 items to collect detail on the additions and adjustments to tier 1 capital that result in the calculation of total risk-based capital.

***Proposed Revised Capital worksheet.*** On the Revised Capital worksheet, the Federal Reserve proposes revising 59 items under the header “Regulatory Capital” to collect data elements consistent with the Basel III definition of capital, as well as an associated “Exceptions Bucket” for information necessary to calculate certain deductions from capital. The Federal Reserve also proposes to remove footnotes which collected explanatory information on additions to (deductions from) tier 1 capital, and footnotes which provided the definition of “tier 1 common” per the Capital Plan Rule.

For all three Capital worksheets, the Federal Reserve proposes to add one item to confirm whether the filing institution is internationally active, which affects the calculation of deferred-tax assets. The Federal Reserve also proposes to add two items to ensure that BHCs have included Trust Preferred Securities within tier 1 capital in a manner consistent with the phase-out requirements of the Collins Amendment (section 171 of the Dodd-Frank Act). Finally, additional footnotes would be removed as they are now unnecessary given the additional information collected above.

***Addition of RWA worksheets.*** To accommodate the eventual collection of RWA as outlined in the proposed rulemakings, the Federal Reserve proposes to add two RWA worksheets: RWA General and RWA Advanced. The items in the two worksheets correspond to the general risk-based capital rules and proposed standardized approach and the advanced approaches, including proposed changes. All BHCs would be required to submit projections on the General worksheet for all projection quarters, where applicable. In addition, BHCs subject to market risk capital requirements would be required to report items in the Market RWA section of the applicable RWA worksheet, using methodologies outlined in that rule.

BHCs would be required to complete the General RWA section for all projection quarters until the Standardized Approach becomes the applicable risk-based capital requirement. At that time, BHCs would be required to report items in the Standardized Approach section. The Memoranda for Derivative Contracts section would collect notional principal amounts by type of derivative contracts for all quarters.

BHCs that have exited parallel run prior to submission of the Summary Schedule would be required to submit projections on the Advanced Approaches RWA worksheet for all projection quarters. BHCs would be required to report items in the Advanced Approaches Credit Risk and Operational Risks section for all quarters. BHCs would be required to report items in the Revised Advanced Approaches section for all applicable quarters. BHCs completing the Advanced Approaches RWA worksheet would still be required to complete the General RWA worksheet in order to calculate minimum risk-based capital requirements per the advanced approaches rule.

***Proposed General RWA worksheet.*** The proposed General RWA worksheet, which is composed of 69 items, would collect RWA as calculated under the general risk-based capital framework and the proposed standardized approach, when applicable.

***Proposed Advanced RWA worksheet.*** The proposed Advanced RWA worksheet, which would be composed of 68 items, would collect RWA projections as calculated under the advanced approaches rule.

In addition to the above proposed changes to the Capital worksheet, the Federal Reserve proposes changes to several other worksheets in the Summary Schedule as described below.

***Current Balance Sheet worksheet.*** On the Balance sheet worksheet, the Federal Reserve proposes adding two items to the Securities section, three items to the Other Assets section, two items to the Deposits section, and two items to the Liabilities section to better align this schedule with other regulatory reports to provide better insight into historical behavior of respondents' assets and liabilities. In addition, the Federal Reserve proposes to revise the definition of one item, Accumulated other comprehensive income (AOCI), in the BHC equity capital section. This item would now be estimated by all BHCs using the conditions specified in the applicable macroeconomic scenario, rather than under the trading shock.

***Securities Available-For-Sale (AFS) Market Shock worksheet.*** Consistent with the redefinition of AOCI in the balance sheet worksheet, the Federal Reserve proposes renaming this worksheet to Securities AFS OCI by Portfolio. This worksheet would collect quarterly projections of other comprehensive income (OCI) related to fair-value gains and losses on AFS securities that are based on the conditions specified in the applicable macroeconomic scenario.

***PPNR Net Interest Income worksheet.*** On the PPNR Net Interest Income worksheet, the Federal Reserve proposes redefining the information collected in this worksheet to include all assets, including nonaccrual loans which were previously reported in the PPNR metrics worksheet. BHCs would be expected to include in the supporting documentation a breakout of the major categories of nonaccrual loans relevant to their own institution. The Federal Reserve proposes expanding detail on BHC holdings of securities to better understand the underlying dynamics of securities balances and interest income by breaking out data items for Treasury and Agency debt, residential mortgage-backed securities issued by government agencies, and all other securities. Similarly, the Federal Reserve proposes redefining the information collected in this worksheet to include all liability balances and adding one item to capture other liabilities that fall outside the existing liability types reported. To reduce burden on the public, the existing

breakout of commercial and industrial loans into small business loans and other loans would be collapsed into one item.

***PPNR Metrics worksheet.*** Where applicable, the aforementioned changes to the PPNR Net Interest Income worksheet would also be reflected in the PPNR Metrics worksheet. In addition, the Federal Reserve would modify one, delete three, and add seven items to better understand how PPNR projections compare to historical trends. Based on feedback from the public, the Federal Reserve proposes amending two items on this worksheet. Finally, the Federal Reserve proposes adding four footnote items to allow the Federal Reserve to better assess BHC PPNR projections.

Outside of the worksheets named above, the Federal Reserve is proposing minor changes to the Balance Sheet, Retail Balance & Loss Projections, Securities OTTI Methodology, Securities OTTI by Portfolio, Securities AFS Market Shock, Securities Market Value Sources, OpRisk, and PPNR Projections worksheets.

### **Basel III Schedule**

The Federal Reserve proposes adding a line item to the Capital Composition worksheet to capture deductions related to insurance underwriting subsidiaries, which will enable more precise calculations of regulatory capital. The Federal Reserve also proposes revising the General and Advanced Approaches RWA worksheets to align with certain changes made to the Summary Schedule. Specifically, the Federal Reserve proposes adding to the General RWA worksheet a “RWA per Standardized Approach” section, which would collect credit RWA using methodologies under the revised standardized approach.

### **Counterparty Schedule**

The Federal Reserve proposes eliminating the aggregate worksheets EE Profile by Ratings and Credit Quality by Rating from the Counterparty Schedule and expanding the collection of the counterparty specific worksheets CP CVA by Top 200 CVA, EE Profile by CP, and Credit Quality by CP to capture the top counterparties that account for 95% of credit valuation adjustment (CVA). This expansion in scope is driven by the need to close the sometimes significant gap between the CVA of the top 200 counterparties and the BHC’s total CVA and to capture exposures to counterparties that are significantly large in other dimensions, but which are currently excluded from the top 200 by CVA. Additionally, the Federal Reserve proposes adding an additional worksheet that collects the top 20 counterparties by Securities Financing Transactions and Repo exposure to account for counterparty exposures other than derivatives. Finally, the Federal Reserve proposes adding columns on the worksheets of the template as appropriate to collect stressed counterparty data based on the Adverse and Severely Adverse scenarios as part of the stress testing process.

In addition, the Federal Reserve proposes amending the scope of the respondents to the FR Y-14A CCR schedule and Trading and CCR worksheets of the FR Y-14A Summary schedule to include any company that the Board or the Director of the Division of Banking Supervision and Regulation, acting under delegated authority, may require to complete these schedules under 12 CFR 252.144(b)(2).



## **Proposed Revision to the FR Y-14Q (quarterly collection)**

The proposed revisions to the FR Y-14Q consist of clarifying instructions, adding data items, deleting data items, redefining existing data items, and structurally adjusting the reporting templates. These proposed changes would be responsive to industry comments and provide additional information to greatly enhance the integrity and scope of supervisory models. The Federal Reserve has conducted a thorough review of proposed changes and believes that the proposed item additions and modifications to the FR Y-14Q request information currently collected by respondents in their regular course of business. A summary of the proposed changes by schedule is provided below.

### **Trading Schedule**

The proposed changes would (1) provide additional granularity from firms' trading portfolios to capture behavior that greatly varies from the current aggregates, (2) bring asset movement collections in line with the stress scenarios from the CCAR and DFAST of 2013, (3) be responsive to industry feedback, and (4) remove information that is not currently applicable to many respondents. The Federal Reserve has conducted numerous industry calls regarding these proposed changes and has determined them to be low burden to respondents on an aggregate basis.

The Federal Reserve proposes (1) expanding the range of asset price movements for the tables on the Agencies and Rates DV01 worksheets; (2) modifying the reporting units of the Rates Vega worksheet; (3) adding seven categories of assets across two tables on the Agencies and Securitized Products worksheets; (4) adding seven columns that collect profit/loss (P/L) figures for a given asset to the Corporate Credit – Advanced; (5) removing six indices and adding five emerging market specific indices to three tables on the Corporate Credit – EM worksheet; (6) modifying the aggregation level of tables on the IDR – Corporate Credit worksheet; (7) deleting the Private Equity – V2 and Other Fair Value Assets – V2 worksheets of the reporting template; (8) deleting items from other worksheets; and (9) adding option to report commodity P/L figures in relative or absolute terms.

### **Wholesale Corporate Loan Schedule**

The Federal Reserve proposes to add one item and redefine two items on the Wholesale Corporate Loan Schedule. Specifically, the Federal Reserve would add one item to identify borrowers that are special purpose entities, which would enhance the ability of the Federal Reserve to identify loans with specific characteristics that vary greatly from the aggregate. Also, the Federal Reserve would change the items Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) and Adjusted EBITDA to be Operating Income and Depreciation and Amortization, to improve the clarity of financial information.

### **Wholesale Commercial Real Estate (CRE) Schedule**

The Federal Reserve proposes adding one item to the Wholesale CRE Schedule to identify loans that have been subject to a troubled debt restructuring. The proposed changes

would enhance the ability of the Federal Reserve to identify loans which have been modified per Accounting Standards Codification (ASC) 310-40. Additionally, the Federal Reserve proposes to alter the scope of the items Anchor Tenant and Loan Purpose to more accurately capture the information related to these items.

### **Securities Schedule**

The Federal Reserve proposes modifying one security type and the collection of one aggregate item across security types to the Securities Schedule. Specifically, the Federal Reserve proposes modifying the security type Other Consumer Asset Backed Securities (ABS) (excluding HEL ABS) to be Other ABS (excluding HEL ABS) in the tables on the Securities 1 and Securities 2 worksheets of the Securities Schedule. Also, the Federal Reserve proposes adding Book Yield and Purchase Date as columns to the Securities 1 worksheet and adding a column to collect realized gains/losses from sales of securities in the reporting quarter on the Securities 2 worksheet. The proposed changes would enhance the ability of the Federal Reserve to model the behavior of the proposed security type, which varies greatly from the aggregate and allow the Federal Reserve to more accurately track the changes in the portfolios of respondents.

### **Retail Domestic and International Auto Schedules**

The Federal Reserve proposes adding four items to both the Retail US Auto Loan Schedule and the Retail International Auto Loan Schedule. Specifically, the Federal Reserve proposes adding the Basel II default metrics: Probability of Default, Exposure at Default, Loss Given Default, and Expected Loss Given Default. The proposed changes would facilitate the review of Basel II implementation at certain BHCs.

### **PPNR Schedule**

The Federal Reserve proposes revising the PPNR schedule to conform with the revisions made to the PPNR worksheets of the FR Y-14A Summary Schedule as described above.

### **Basel III Schedule**

The Federal Reserve proposes revising the Y-14Q Basel III schedule to conform with the revisions made to the FR Y-14A Basel III Schedule as described above.

### **Supplemental Schedule**

The Federal Reserve proposes adding an additional field to the Supplemental Schedule to capture the carrying value of assets held on the balance sheet for certain items. This additional field would apply to 23 of the 30 asset categories on the schedule for which these data are unavailable from other regulatory reports. These data would allow the Federal Reserve to better understand changes in firms' balance sheet composition each quarter. Additionally, to improve consistency across schedules, the Federal Reserve proposes removing the item Graded Loans for Purchasing or Carrying Securities since such loans are not included in the FR Y-14Q Wholesale Corporate Loan Schedule.

## **Proposed Revision to the FR Y-14M (monthly collection)**

The proposed revisions to the FR Y-14M consist of clarifying instructions and modifying existing data items. These proposed changes would be responsive to industry comments and provide additional clarity to information already being collected. The Federal Reserve has conducted a thorough review of proposed changes and believes that the incremental burden is justified by the need for these data to properly conduct the Federal Reserve's supervisory responsibilities related to the stress testing process. A summary of the proposed changes by Schedule is provided below.

### **Domestic First Lien Closed-end 1-4 Family Residential Loan Schedule**

The Federal Reserve proposes modifying four data items on the Domestic First Lien Closed-end 1-4 Family Residential Loan Schedule. Specifically, the Federal Reserve would expand the options for the Product Type – Current and Product Type – Origination items to include options for a 1 year Adjustable Rate Mortgage (ARM 1) and a 15-year Adjustable Rate Mortgage (ARM 15). This proposed change would be responsive to an industry comment received regarding the changes to the FR Y-14M that were approved by the Board on March 22, 2013. Additionally, in an effort to reduce reporting burden and retain data used by other Agencies, the Federal Reserve would change the reporting requirement for the Loss/Write-Down Amount item on both the portfolio-level and loan-level collections from mandatory for all respondents to mandatory for firms regulated by the OCC and optional for all others.

### **Domestic Home Equity Loan and Home Equity Line Schedule**

The Federal Reserve proposes modifying two data items on the Domestic Home Equity Loan and Home Equity Line Schedule. Specifically, in an effort to reduce reporting burden and retain data used by other Agencies, the Federal Reserve would change the reporting requirement for the Loss/Write-Down Amount item on both the portfolio-level and loan-level collections from mandatory for all respondents to mandatory for firms regulated by the OCC and optional for all others.

### **Respondent Panel**

The respondent panel consists of any top-tier BHC (other than a foreign banking organization), that has \$50 billion or more in total consolidated assets, as determined based on: (i) the average of the BHC's total consolidated assets in the four most recent quarters as reported quarterly on the BHC's FR Y-9C; or (ii) the average of the BHC's total consolidated assets in the most recent consecutive quarters as reported quarterly on the BHC's FR Y-9Cs, if the BHC has not filed an FR Y-9C for each of the most recent four quarters. Reporting is required as of the first day of the quarter immediately following the quarter in which it meets this asset threshold, unless otherwise directed by the Federal Reserve.

## **Sensitive Questions**

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

## **Consultation Outside the Agency**

On June 25, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 38033) requesting public comment for 60 days on the proposed revisions to the Capital Assessments and Stress Testing information collection. The comment period for this notice expired on August 26, 2013. The Federal Reserve received 17 comment letters addressing the proposed changes to this information collection: 12 from BHCs, 3 from trade associations, and 2 from private companies. No comments specifically addressed the burden estimates. Many of the comments received requested clarification of the instructions for the information to be reported, or were technical in nature. These comments will be addressed in the final FR Y-14 reporting instructions. All substantive comments are summarized and addressed in the final *Federal Register* notice and additional modifications to the reporting forms and instructions were made as necessary.

On September 30, 2013, the Federal Reserve published a final notice in the *Federal Register* (78 FR 59934) implementing the revisions largely as proposed and extending the public comment period for 60 days seeking additional comments regarding FR Y-14Q/M credit score-related items. This comment period expired on November 29, 2013. The Federal Reserve will address reporting of credit score-related items in a separate notice.

## **Legal Status**

The Board's Legal Division has determined that this mandatory information collection is authorized by section 165 of the Dodd-Frank Act, which requires the Board to ensure that certain 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**

The following tables outline by schedules and worksheets the as-of dates for data and the due date for submissions to the Federal Reserve by reporting frequency.

Risk Factor Schedules and Sub-Worksheets	Data as-of-date	Submission due to Federal Reserve
<b>FR Y-14A (Semi-Annual Filings)</b>		
<b>Macro Scenario schedule &amp; Summary schedule</b> <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Income Statement</li> <li>• Capital and Risk-Weighted Assets</li> <li>• Retail Risk</li> <li>• Operational Risk</li> <li>• Securities Risk</li> <li>• PPNR</li> </ul>	<ul style="list-style-type: none"> <li>• Data as-of September 30th.</li> <li>• Data as-of March 31st.</li> </ul>	<ul style="list-style-type: none"> <li>• Data are due January 5th of the following year.</li> <li>• Data are due July 5th of the same year.</li> </ul>
<b>FR Y-14A (Annual Filings)</b>		
<b>Basel III/Dodd-Frank schedule, Regulatory Capital Instruments, and Operational Risk schedule</b>	<ul style="list-style-type: none"> <li>• Data as-of September 30th.</li> </ul>	<ul style="list-style-type: none"> <li>• Data are due January 5th of the following year.</li> </ul>
<u>CCAR Market Shock exercise</u> <b>Summary schedule</b> <ul style="list-style-type: none"> <li>• Trading Risk</li> <li>• CCR</li> </ul> <b>CCR Annual schedule</b>	Data as-of a specified date in the fourth quarter. As-of-date communicated during the 4 <sup>th</sup> quarter after it had occurred. For any BHC that is required to resubmit a capital plan including the market shock exercise, the as-of date will be the same as the as-of date for the Trading Risk schedule.	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.

Risk Factor Schedules and Sub-Worksheets	Data as-of-date	Submission due to Federal Reserve
<b>FR Y-14Q (Quarterly Filings)</b>		
<b>Securities Risk schedule</b> <b>PPNR schedule</b> <b>Retail Risk schedule</b> <b>Wholesale Risk schedule</b> <b>Operational Risk schedule</b> <b>MSR Valuation schedule</b> <b>Supplemental schedule</b> <b>Retail FVO/HFS schedule</b> <b>Regulatory Capital Transitions schedule</b> <b>Regulatory Capital Instruments schedule</b>	Data as-of each calendar quarter end.	Seven days after the FR Y-9C reporting schedule: Reported data (47 calendar days after the calendar quarter-end for March, June, and September and 52 calendar days after the calendar quarter-end for December)
<b>Trading Risk schedule</b>	<p>Due to the CCAR Market Shock exercise, the as-of-date for the third quarter would be communicated in the subsequent quarter.</p> <p>For all other quarters, the as-of date would be the last day of the quarter, except for BHCs that are required to re-submit their capital plan.</p> <p>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.</p>	<p>The data would be due 47 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.</p> <p>In addition, for BHCs that are required to re-submit a capital plan, the due date for the quarter pre-ceeding 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.</p>
<b>FR Y-14M (Monthly Filings)</b>		
<b>All monthly Retail Risk schedules</b>	Data as-of the last business day of each calendar month.	Reported data is to be submitted by the 30 <sup>th</sup> calendar day after the last business day as-of the preceding calendar month.

### Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System for the on-going maintenance of the information collection is estimated to be \$5,580,000.

## **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 681,712 hours and with the proposed revisions would decrease by 51,888 hours, for a total of 629,824 hours, including 9,120 hours of automation burden. This net decrease is due to adjustment of start-up respondent burden, offset by an increase in burden primarily due to the proposed changes to the FR Y-14A and FR Y-14Q, which would be revised to conform with capital rulemakings; the addition of a worksheet on the Counterparty schedule of the FR Y-14A; and the expansion in scope of data collected on the PPNR and Trading Risk schedules of the FR Y-14Q. 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 current total annual burden hours for the FR Y-14A is estimated to be 55,512 hours and with the proposed revisions would increase by 11,808 hours for a total of 67,320 hours. The increase is due to the proposed changes to the Summary and Basel III schedules in accordance with proposed capital rulemakings. In addition, the expansion of the collection of PPNR information on the PPNR schedule, and addition of worksheets to the Counterparty Schedule also contributed to the net increase in burden.

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

The current total annual burden hours for the FR Y-14Q is estimated to be 146,200 hours and with the proposed revisions would increase by 15,504 hours for a total of 161,704 hours. The increase is due to the proposed changes to the Basel III and PPNR schedules to conform with the revisions made to the FR Y-14A schedules as noted above, and the addition and modification of items on the Trading schedule.

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

The Federal Reserve estimates that, on average, respondents would take approximately 510 hours monthly to complete the FR Y-14M. Due to the slight reduction in burden from the deletion of items and offsetting minimal increase from the modification of existing items, no change in the estimated average hours per response. The total burden for the BHCs that complete the monthly *First Lien Closed-End Residential Mortgage* collection is estimated to be 153,000 hours. The total burden for the BHCs that complete the monthly *Domestic Home Equity Residential Mortgage* collection is estimated to be 146,880 hours. The total burden for the BHCs that complete the monthly *Credit Card* collection is estimated to be 91,800 hours. The current total burden for the FR Y-14M collections is estimated to be 391,680 hours.

### **On-Going Automation Burden**

In an effort to more accurately reflect the burden imposed on the BHCs for reporting the FR Y-14 data, the Federal Reserve has included estimates for annual on-going automation burden (for existing respondents). 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 current total annual cost to the public for the FR Y-14 information collection is estimated to be \$34,017,429 and would decrease by \$2,689,011 to \$31,328,418 for the revised FR Y-14.<sup>8</sup>

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<sup>8</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support at \$18, 45% Financial Managers at \$59, 15% Lawyers at \$63, and 10% Chief Executives at \$85). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2012, [www.bls.gov/news.release/ocwage.nr0.htm](http://www.bls.gov/news.release/ocwage.nr0.htm) Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/)



	<i>Number of respondents<sup>9</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b><u>Current FR Y-14A</u></b>				
Summary	30	2	836	50,160
Macro scenario	30	2	31	1,860
CCR	6	1	382	2,292
Basel III/Dodd-Frank	30	1	20	600
Regulatory capital instruments	30	1	20	<u>600</u>
<i>FR Y-14A total</i>				<u>55,512</u>
<b><u>Current FR Y-14Q</u></b>				
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	30	4	20	2,400
Regulatory capital instruments	30	4	40	4,800
Operational risk	30	4	28	3,360
MSR Valuation	9	4	24	864
Supplemental	30	4	8	960
Retail FVO/HFS	19	4	16	<u>1,216</u>
<i>FR Y-14Q total</i>				<u>146,200</u>
<b><u>Current FR Y-14M</u></b>				
Retail risk				
• 1 <sup>st</sup> lien mortgage	25	12	510	153,000
• Home equity	24	12	510	146,880
• Credit card	15	12	510	<u>91,800</u>
<i>FR Y-14M total</i>				<u>391,680</u>
<b><u>Implementation and On-going Automation</u></b>				
Start-up – new respondents	11	1	7,200	79,200
On-going revisions	19	1	480	<u>9,120</u>
<i>Current automation total</i>				<u>88,320</u>
<i>Collection total</i>				<b><u>681,712</u></b>

<sup>9</sup> 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 \$500 million in total assets) [www.sba.gov/contractingopportunities/officials/size/table/index.html](http://www.sba.gov/contractingopportunities/officials/size/table/index.html).

	<i>Number of respondents<sup>10</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b><u>Proposed FR Y-14A</u></b>				
<b>Summary</b>	<b>30</b>	<b>2</b>	<b>1,028</b>	<b>61,680</b>
Macro scenario	30	2	31	1,860
<b>CCR</b>	<b>6</b>	<b>1</b>	<b>420</b>	<b>2,520</b>
<b>Basel III/Dodd-Frank</b>	<b>30</b>	<b>1</b>	<b>22</b>	<b>660</b>
Regulatory capital instruments	30	1	20	600
<i>Proposed FR Y-14A total</i>				<b><u>67,320</u></b>
<b><u>Proposed FR Y-14Q</u></b>				
Securities risk	30	4	10	1,200
Retail risk	30	4	16	1,920
<b>PPNR</b>	<b>30</b>	<b>4</b>	<b>711</b>	<b>85,320</b>
Wholesale risk				
• Corporate loans	28	4	60	6,720
• CRE	27	4	60	6,480
<b>Trading risk</b>	<b>6</b>	<b>4</b>	<b>1,926</b>	<b>46,224</b>
<b>Basel III/Dodd-Frank</b>	<b>30</b>	<b>4</b>	<b>22</b>	<b>2,640</b>
Regulatory capital instruments	30	4	40	4,800
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
<i>Proposed FR Y-14Q total</i>				<b><u>161,704</u></b>
<b><u>Proposed FR Y-14M</u></b>				
Retail risk				
• 1 <sup>st</sup> lien mortgage	25	12	510	153,000
• Home equity	24	12	510	146,880
• Credit card	15	12	510	91,800
<i>FR Y-14M total</i>				<b><u>391,680</u></b>
<b><u>On-going Automation</u></b>				
On-going revisions	19	1	480	9,120
<i>Proposed collection total</i>				<b><u>629,824</u></b>
<i>Change Due to Adjustment in Agency Estimate (automation start-up)</i>				<b><u>-79,200</u></b>
<i>Program Change Due to Agency Discretion</i>				<b><u>27,312</u></b>

<sup>10</sup> 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 \$500 million in total assets) [www.sba.gov/contractingopportunities/officials/size/table/index.html](http://www.sba.gov/contractingopportunities/officials/size/table/index.html).