Supporting Statement for the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319)

Summary

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to extend for three years, with revision, the mandatory Federal Financial Institutions Examination Council (FFIEC) Regulatory Reporting Requirements for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319). These data are required for certain large or internationally active state member banks and bank holding companies (BHCs) and also for those institutions that adopt the framework on a voluntary basis and are filed on a quarterly basis. The revisions to the FFIEC 101 that are the subject of this request have been approved by the FFIEC, of which the Board, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (the agencies) are members. The FDIC and the OCC have also submitted a similar request for OMB review to request this information from banks under their supervision.

The Federal Deposit Insurance Act (FDI Act) and the International Lending Supervision Act of 1983 (ILSA) require the agencies to have risk-based capital requirements and to ensure that banks maintain adequate capital. The Board uses these data to assess and monitor the levels and components of each reporting entity's risk-based capital requirements and the adequacy of the entity's capital under the framework. These data also allow the Board to evaluate the quantitative impact and competitive implications of the framework on individual respondents and on the industry. The reporting schedules also assist banks in understanding expectations surrounding the system development necessary for implementation and validation of the framework. The submitted data that is released publicly also provide other interested parties with information about banks' risk-based capital. Finally, the submitted data supplement on-site examination processes.

The proposed revisions to the FFIEC 101 are consistent with the revised regulatory capital rule approved by the agencies in July 2013 (regulatory capital rule), as amended by subsequent revisions to the supplementary leverage ratio (SLR).

The proposed collection of SLR data in Tables 1 and 2 of FFIEC 101 Schedule A would apply to all banking organizations subject to the advanced approaches risk-based capital rule (generally, banking organizations with \$250 billion or more in total consolidated assets or \$10 billion or more in on-balance sheet foreign exposures) (advanced approaches banking organizations), unless the advanced approaches banking organization is (1) a consolidated subsidiary of a bank holding company (BHC), savings and loan holding company (SLHC), or depository institution that is subject to the disclosure requirements in Table 13 of section 173 of the advanced approaches risk-based capital rule (advanced approaches rule) or (2) a subsidiary of a non-U.S. banking organization that is subject to comparable public disclosure requirements in its home jurisdiction. Advanced approaches banking organizations would begin reporting the proposed SLR data items in FFIEC 101 Schedule A, Tables 1 and 2, effective with the

September 30, 2016, reporting date.

Separately, the proposed collection of SLR data in Tables 1 and 2 of FFIEC 101 Schedule A would apply to any U.S. intermediate holding companies (IHCs) formed or designated for purposes of compliance with the Board's Regulation YY (12 CFR 252.153) that are advanced approaches banking organizations, effective with the March 31, 2018, reporting date. Any subsidiary BHC controlled by a foreign banking organization (FBO) that was subject to the SLR requirements prior to the formation of an IHC would complete FFIEC 101 Schedule A, Tables 1 and 2, through the December 31, 2017, reporting date. The agencies would release publicly Tables 1 and 2 of FFIEC 101 Schedule A for all covered banking organizations, including IHCs that are required to complete Schedule A. In addition, the agencies propose that an advanced approaches banking organization should provide its Legal Entity Identifier (LEI) on the cover page of the report beginning September 30, 2016, only if the organization already has an LEI. The current annual burden for the FFIEC 101 is estimated to be 59,400 hours and the proposed revisions are estimated to increase the annual burden by 1,976 hours.

Background and Justification

Section 1831(o) of the FDI Act requires each Federal banking agency to adopt a risk-based capital requirement, which is based on the prompt corrective action framework in that section. The ILSA (12 U.S.C. § 3907(a)(1)) mandates that each Federal banking agency require banks to achieve and maintain adequate capital by establishing minimum levels of capital or by other methods that the appropriate federal banking agency may deem appropriate. Section 908 of the ILSA (12 U.S.C. § 3907(b)(3)(C)) also directs the Chairman of the Federal Reserve Board and the Secretary of the Treasury to encourage governments, central banks, and regulatory authorities of other major banking countries to work toward maintaining and, where appropriate, strengthening the capital bases of banking institutions involved in international lending.

U.S. risk-based capital requirements are based on an internationally agreed upon framework for capital measurement that was developed by the Basel Committee on Banking Supervision (BCBS) and endorsed by the central-bank governors of the Group of Ten (G-10)¹ Countries in 1988. Although the 1988 Accord has been a stabilizing force for the international banking system, the world financial system has become increasingly more complex. The BCBS developed a new regulatory capital framework that recognizes new developments in financial products, incorporates advances in risk measurement and management practices, and more precisely assesses capital charges in relation to risk. In April 2003, the BCBS released for public comment a document entitled The New Basel Capital Accord (Proposed New Accord) that set forth proposed revisions to the 1988 Accord. Also, the agencies participated with other members of the BCBS during the development of the New Accord, which was issued in June 2004. The agencies also participated in the Fourth Quantitative Impact Study during the fall and winter of 2004-2005 (QIS 4; OMB No. 7100-0303), to better understand the potential impact of the proposed framework on the risk-based capital requirements for banks.

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¹ The Group of Ten is made up of eleven industrial countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States) which consult and cooperate on economic, monetary and financial matters.

On December 7, 2007, the agencies published a final rule in the *Federal Register*, entitled Risk-Based Capital Standards: Advanced Capital Adequacy Framework – Basel II. This final rule was based on the New Basel II Capital Accord and recognizes developments in financial products, incorporates advances in risk measurement and management practices, and imposes capital requirements that are generally more sensitive to risk. In particular, the final rule requires banks to assign risk parameters to exposures and provides specific risk-based capital formulas that would be used to transform these risk parameters in to risk-based capital requirements. Included within the final rule are requirements for public disclosure of certain information at the consolidated banking organization level as well as a reference to certain additional regulatory reporting requirements for banks and BHCs. The additional regulatory reporting requirements referenced within the final rule, and described more fully herein, comprise the agencies' regulatory reporting requirements. Effective with the March 31, 2014, report date, the agencies incorporated the Basel III capital disclosure template in its entirety consistent with the revised regulatory capital rules and revised advanced approaches rules to calculate risk-weighted assets.

The Board uses the data collected to:

- Assess the components of each bank's risk-based capital requirements;
- Assess each bank's capital relative to inherent risks and the Board's minimum capital requirements;
- Monitor the levels and components of the risk-based capital requirements for banks through peer, outlier, and risk trend analyses;
- Evaluate the quantitative impact and competitive implications of the implementation of the framework on risk-based capital levels within reporting banks and on an overall industry basis;
- Provide market participants, depositors, the public, supervisors, and other interested parties with information about banks' risk-based capital; and
- Supplement on-site examination processes and decisions pertaining to the allocation of supervisory resources.

In addition, this proposal assists supervised institutions in understanding expectations surrounding the system development necessary for implementation and validation of the framework.

The Board needs to monitor and assess international active banks' conformance with capital adequacy standards and understand the capital resulting from the implementation of the framework. The general risk-based regulatory capital data submitted by international active banks does not provide enough relevant information regarding risk-based capital under the framework. Because the final rule includes transitional arrangements that involve capital floors linked to the general risk-based capital rules (as defined in the final rule), the Board believes it is necessary to require data submissions under both the general risk-based capital rules and advanced risk-based capital frameworks for as long as a bank is subject to risk-based capital floors.

As noted in the final rule, the Board conducts analyses to gauge the impact of the framework, and the preparedness of banks to compute risk-based capital consistent with those requirements, during the parallel run and transitional floor periods. Data submitted through these

reporting requirements, combined with dual reporting requirements for the general risk-based capital data, provides quantitative support for these impact analyses. Such analyses also helps the Board evaluate the competitive and cyclical implications of the framework relative to capital requirements for banks subject to the general risk-based capital rules and the adequacy of capital generated under the framework. General risk-based capital data are currently captured in the Consolidated Reports of Condition and Income (Call Report) for banks (FFIEC 031 and FFIEC 041; OMB No. 7100-0036) and the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128).

The FFIEC 101 is necessary to ensure that the new risk-based regulatory capital framework is implemented in the United States in a safe and sound manner. There is no other reporting form that collects from all banks and BHCs the information that is gathered through the FFIEC 101.

Description of Information Collection

Who Must Report

The FFIEC 101 information collections are mandatory for institutions using the advanced approaches risk-based capital rule (advanced approaches banking organizations): national banks (12 U.S.C. § 161), state member banks and bank holding companies (12 U.S.C. § 324 and 12 U.S.C. § 1844(c)), savings and loan holding companies (12 U.S.C. § 1467a(b)), insured state nonmember commercial and savings banks (12 U.S.C. § 1817), and savings associations (12 U.S.C. § 1464).

Overview of the Data Collection

Respondents are required to submit detailed data on the components of their capital and risk-weighted assets in nineteen schedules (A through S). A limited portion of this data is publicly available (Schedules A and B and data items 1 and 2 of Schedule S). The majority of the data is not publicly available.

Publicly Available Data

Schedules A and B (and data items 1 and 2 of proposed Schedule S, Operational Risk) include data items that are publicly available for each reporting entity for reporting periods subsequent to its parallel run period. Schedule A contains information about the components of Tier 1 capital, Tier 2 capital, and adjustments to regulatory capital as defined within the rule. Schedule B contains summary information about risk-weighted assets by risk type, and, in the case of credit risk exposures, outstanding balances and aggregated information about the drivers and estimates that underlie the calculation of risk-weighted assets.

The general exposure breakdowns in Schedule B are as follows:

• Wholesale Exposures, including separate reporting for the following types of exposures: Corporate; Bank; Sovereign; Income Producing Real Estate; High Volatility Commercial Real Estate; Eligible Margin Loans, Repo-Style Transactions, and OTC Derivatives with Cross Product Netting; Eligible Margin Loans, Repo-Style Transactions, and OTC Derivatives without Cross Product Netting;

- Retail Exposures, including separate reporting for the following types of exposures: Residential Mortgage Closed-end First Liens, Residential Mortgage Closed-end Junior Liens, Residential Mortgage Revolving Exposures, Qualifying Revolving Exposures, and Other Retail Exposures;
- Securitization Exposures;
- Equity Exposures;
- Other Assets:
- Excess Eligible Credit Reserves Not Included in Tier 2 Capital;
- Market Risk Equivalent Assets; and
- Operational Risk.

Some of the aggregate data items submitted in Schedule B are derived from information contained in the more detailed confidential supporting schedules described below. The data contained in Schedule B describe the main summary-level components of banks' risk-weighted assets, but would not allow users to exactly replicate banks' risk-weighted asset calculations since the data are averaged, weighted, and rounded.

Schedule S shows the data items within the operational risk exposure class that banks submit. Data items 1 and 2 are publicly available and include high-level information on operational risk capital, expected operational loss, eligible operational risk offsets, and total risk-based capital requirements for operational risk.

The intent of these disclosures is to provide market participants, depositors, supervisors, the public, and other interested parties with a sufficient level of detail (comparable, in principle, to risk-based capital information collected currently) about banks' major capital and risk-weighted asset components as well as summary information about the composition of regulatory capital and the risk parameters that underlie risk-weighted asset calculations.

Non-publicly Available Data

The data items contained in Schedules C through S describe the main components of banks' risk-weighted assets and are essentially expanded detail of the more summary information contained in the public data items shown in Schedule B. The data submitted in these schedules are not made available to the public (except for data items 1 and 2 of Schedule S, Operational Risk). Supervisors request these data to support comparisons of certain critical capital drivers across banks and across time. For the reasons cited previously, however, the information contained in the columns of the tables would not allow users to exactly replicate banks' risk-weighted asset calculations. A brief description of the content of Schedules C through S follows.

Wholesale Exposures. Schedules C through J show data items within the wholesale exposure category that are submitted. Each schedule represents a sub-portfolio of the wholesale exposure category as listed on the public Schedule B. For each reported sub-portfolio, the schedule groups exposures into sub-portfolio segments using supervisor-defined probability of default (PD) ranges. The reported cells within these schedules then describe the main risk

parameters and characteristics of each sub-portfolio segment.

Retail Exposures. Schedules K through O show data items within the retail exposure category that are submitted. Again, each schedule represents a sub-portfolio of the retail exposure category as listed on the public Schedule B. PD ranges are used to sub-divide each sub-portfolio into segments.² The reported cells within these schedules then describe the main risk parameters and characteristics of each sub-portfolio segment. The retail schedules also incorporate risk characteristics that are believed to be commonly used drivers within banks' risk management and measurement processes, including the distribution of each sub-portfolio segment by loan-to-value ranges (applies only to real estate exposures), weighted average credit bureau score, and weighted average account age.³

Securitization Exposures. Schedules P and Q show data items within the securitization exposure class that are submitted. Schedule P provides information by rating categories about exposures subject to either the Ratings-Based Approach (RBA) or the Internal Assessment Approach (IAA). Schedule Q provides certain memoranda information about unrated securitization exposures, exposures treated under the Supervisory Formula Approach, synthetic securitizations, and risk-weighted assets relating to early amortization features of securitizations as prescribed in the rule.

Equities. Schedule R provides information about a bank's equity exposures by type of exposure and by approach to measuring required capital. Schedule R also provides information on equity exposures subject to specific risk weights and equity exposures to investment funds. A bank also completes the appropriate section of the schedule based on whether it uses a simple risk-weight approach, a full internal models approach, or a partially modeled approach to measuring required capital for equity exposures.

Operational Risk. Schedule S shows the data items within the operational risk exposure class that banks submit. Data items submitted in this schedule, which are confidential, include various details about historical operational losses, on a stand-alone and group-wide basis, for the current reporting period and those historical operational losses used to model operational risk capital. The schedule also contains confidential data items related to scenarios, distribution assumptions, and loss caps used to model operational risk capital.

Proposed Revisions

Proposed SLR Changes

The agencies propose to add two new tables to FFIEC 101 Schedule A to collect information related to the agencies' SLR disclosures required in Table 13 of section 173 of the advanced approaches rule. Proposed Tables 1 and 2, which would replace existing items 91

² Unlike the wholesale credit exposure reporting schedules, the PD ranges for retail exposures differ from sub-portfolio to sub-portfolio.

³ For qualifying revolving exposures and other (non-mortgage) retail exposures, the exposure at default (EAD) of accounts under two years old is reported instead of weighted average age for each sub-portfolio exposure segment.

through 98 of FFIEC 101 Schedule A,4 would be aligned with the international leverage ratio common disclosure template that was adopted by the Basel Committee on Banking Supervision in January 2014 (international leverage ratio common disclosure template),⁵ with some minor changes to the titles of the line items and clarifications in the instructions, consistent with the revisions to the SLR in the regulatory capital rule (SLR rule)⁶ and the accounting terminology of U.S. generally accepted accounting principles. The proposal would incorporate the complete international leverage ratio common disclosure template into Schedule A in order to ensure transparency and comparability of reporting of regulatory capital elements among internationally active banking organizations. However, one item on the international leverage ratio common disclosure template is inapplicable to U.S. firms and has been excluded from proposed Schedule A by being shaded out. Specifically, "Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure" is on the international leverage ratio common disclosure template but is not included in proposed Schedule A. The proposed revised Schedule A also would include an additional item applicable to certain advanced approaches bank holding companies only, which would collect data on an advanced approaches bank holding company's enhanced SLR buffer, if applicable.

Scope, Timing, and Frequency of Proposed Reporting Changes

The proposed revisions to the FFIEC 101 would apply only to an advanced approaches banking organization as described in section 173(a)(2) of the advanced approaches rule. The Generally, the SLR disclosures apply to an advanced approaches institution, unless it is (1) a consolidated subsidiary of a BHC, SLHC, or depository institution that is subject to these disclosure requirements or (2) a subsidiary of a non-U.S. banking organization that is subject to comparable public disclosure requirements in its home jurisdiction. Completing the proposed FFIEC 101 items for the SLR would satisfy an advanced approaches banking organization's requirement to disclose Table 13.

Separately, each advanced approaches banking organization, regardless of its parallel run status, is required to disclose its SLR, and the numerator and denominator of its SLR, under section 172(d) of the advanced approaches rule. This is a separate disclosure requirement, which the agencies have proposed to implement for banks and savings associations that are advanced approaches banking organizations through a revision to Schedule RC-R, Part I, Regulatory Capital Components and Ratios, of the Consolidated Reports of Condition and

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⁴ Although items 91 through 98 are included on the FFIEC 101 report form, these items are currently shaded out and not collected.

⁵ See Basel Committee on Banking Supervision, Basel III leverage ratio framework and disclosure requirements; pages 11-12; available at http://www.bis.org/publ/bcbs270.pdf.

⁶ See 12 CFR 3.10(c)(4) (OCC) for national banks and Federal savings associations; 12 CFR 217.10(c)(4) (Board) for BHCs, SLHCs, and state member banks; 12 CFR 324.10(c)(4) (FDIC), for state nonmember banks and state savings associations, all as amended by 79 FR 57725 (September 26, 2014).

⁷ A top-tier advanced approaches banking organization would be required to complete Tables 1 and 2 of FFIEC 101 Schedule A, regardless of parallel run status. Any advanced approaches banking organization that is a consolidated subsidiary of a top-tier advanced approaches BHC, SLHC, or insured depository institution would not complete Tables 1 and 2.

⁸ See 12 CFR 3.172(d) (OCC); 12 CFR 217.172(d) (Board); and 12 CFR 324.172(d) (FDIC).

Income (Call Report) (FFIEC 031 and FFIEC 041) reporting forms using the standard PRA notice and comment process.⁹

An IHC formed or designated for purposes of compliance with the Board's Regulation YY (12 CFR 252.153) is required to meet all applicable capital adequacy standards set forth in the Board's Regulation Q, except for subpart E. 10 An IHC that meets the definition of an advanced approaches banking organization under the Board's Regulation Q (12 CFR 217.100) (advanced approaches IHC) would begin reporting the proposed SLR data items in the FFIEC 101 effective with the March 31, 2018, reporting date, and would begin calculating these proposed items starting January 1, 2018. This reporting requirement is consistent with Regulation YY, which subjects advanced approaches IHCs to the SLR beginning on January 1, 2018. Such an IHC would not be required to complete the rest of the FFIEC 101 because Regulation YY requires an IHC to calculate its risk-based capital requirements using only the standardized approach, and not the advanced approaches rule, even if it meets the advanced approaches applicability threshold. 11 Further, any FBO that was subject to the SLR disclosures prior to the formation of an IHC would complete FFIEC 101 Schedule A, Tables 1 and 2, through the December 31, 2017, reporting date.

Depository institutions that are exempt from filing the FFIEC 101, but remain subject to the SLR, would not need to begin filing the FFIEC 101. Instead, these institutions would report their SLR, and the numerator and denominator of their SLR, under the proposed Call Report revisions discussed above.

The agencies propose to collect the SLR information in Tables 1 and 2 of FFIEC 101 Schedule A quarterly. Each reporting entity would continue to submit the applicable quarterly reports on the same due dates as are currently in effect for the reporting entity for as long as it remains subject to the requirements of section 173(a)(2) of the advanced approaches rule.

Confidentiality

To ensure transparency of regulatory capital data reported by internationally active banking organizations, the agencies propose to make public the SLR information collected in proposed SLR Tables 1 and 2 of FFIEC 101 Schedule A, regardless of an advanced approaches banking organization's parallel run status.

Initial Reporting

For the September 30, 2016, and March 31, 2018, initial report dates, as applicable, banking organizations may provide reasonable estimates for any new or revised items in SLR Tables 1 and 2 of FFIEC 101 Schedule A initially required to be reported as of that date for

⁹ See 80 FR 56539 (September 18, 2015).

¹⁰ See 12 CFR 252.153(e)(2)(i)(A).

¹¹ An IHC that chooses to comply with subpart E of 12 CFR part 217 would be required to report the entirety of the FFIEC 101. See 12 CFR 252.153(e)(2)(i)(B). In contrast, a bank holding company that is a subsidiary of a foreign banking organization that is subject to subpart E of 12 CFR part 217, but that has received prior written approval from the Board to not comply with subpart E of 12 CFR part 217, would not be required to report the entire FFIEC 101, but generally would be expected to complete Schedule A. See 12 CFR 252.153(e)(2)(i)(C).

which the requested information is not readily available.

Detail of the Proposed FFIEC 101 SLR Data Changes

The proposed SLR items in FFIEC 101 Schedule A, Tables 1 and 2, are aligned with the international leverage ratio common disclosure template to ensure consistency and comparability of reporting of regulatory capital elements by internationally active banking organizations. While the SLR calculated under the SLR rule and this reporting proposal would be the same, the proposed SLR items in Tables 1 and 2 may require different calculation steps than those described in the SLR rule because Tables 1 and 2 have been designed to be consistent with the calculation steps in the international template.

The proposed items are divided into two tables: (1) Summary comparison of accounting assets and total leverage exposure (Table 1) and (2) Supplementary leverage ratio (Table 2). A brief description of each of these tables and the proposed items is provided below.

Table 1, Items 1.1–1.8: Summary Comparison of Accounting Assets and Total Leverage Exposure

Proposed Table 1, items 1.1 through 1.8, would collect summary information on accounting assets for purposes of reconciling balance sheet assets reported in published financial statements and total leverage exposure. The proposed items align with those included in Table 1 of the international leverage ratio common disclosure template. Item 1.1 would collect total consolidated assets as of quarter end as reported in published financial statements. Item 1.2 would collect the adjustment for investments in banking, financial, insurance, and commercial entities that are consolidated for accounting purposes but are outside the scope of regulatory consolidation. Item 1.3, adjustment for fiduciary assets recognized on-balance sheet but excluded from total leverage exposure, would be shaded out and not collected, as it is not applicable to U.S. banking organizations. Item 1.4 would collect the accounting and regulatory adjustments required to reconcile what an institution reports on its published financial statements with the amount an institution includes for exposures to derivatives transactions in total leverage exposure (calculated on a quarter end basis), in addition to any off-balance sheet and related regulatory adjustments (calculated using the mean of the amount calculated as of the last day of each of the three months of the reporting quarter). Similarly, item 1.5 would collect the accounting and regulatory adjustments required to reconcile what an institution reports on its published financial statements with the amount an institution includes for exposures to repo-style transactions in its total leverage exposure (calculated on a quarter end basis), in addition to any off-balance sheet and related regulatory adjustments (calculated using the mean of the amount calculated as of the last day of each of the three months of the reporting quarter). Item 1.6 would collect the adjustment for off-balance sheet exposures. Item 1.7 would include two subcomponents where item 1.7a would collect adjustments for deductions from tier 1 capital and item 1.7b would collect adjustments due to the difference in the frequency of certain calculations required for accounting purposes compared to the measurement required for purposes of total leverage exposure. Specifically, 1.7b would adjust an institution's calculations in Table 1, items 1.1, 1.4 and 1.5 that are reported on a quarter end basis to a daily average as required in the calculation of an institution's total leverage exposure as reported in Table 2, item 2.21. Item 1.8

would collect total leverage exposure by summing items 1.1 through 1.6 and subtracting items 1.7a and 1.7b. This item should equal Table 2, item 2.21.

Table 2, Items 2.1–2.23: Supplementary Leverage Ratio

Proposed Table 2, items 2.1 through 2.23, would collect detailed information for the calculation of total leverage exposure and the SLR, consistent with the international leverage ratio common disclosure template.

Items 2.1 through 2.3 would collect information about an institution's on-balance sheet exposures. Item 2.1 would collect the balance sheet carrying value of all on-balance sheet assets, net of the allowance for loan and lease losses as defined in the regulatory capital rule (excluding on-balance sheet assets for derivative transactions and repo-style transactions, but including on-balance sheet collateral received in derivative transactions). Item 2.2 would collect deductions from common equity tier 1 capital and additional tier 1 capital, calculated as the sum of existing items 28 and 43 on Schedule A of the FFIEC 101, net of Schedule A, items 11, 14, and certain amounts reported in item 27. Item 2.3 would collect total on-balance sheet exposures, calculated as the difference between items 2.1 and 2.2.

Items 2.4 through 2.11 would collect information about an institution's derivative exposures. Item 2.4 would collect the replacement cost for cleared and non-cleared derivative transactions. Item 2.5 would collect the add-on amounts for potential future exposure (PFE) for all derivative transactions included in item 2.4 (regardless of whether the transaction or the transaction's netting set has a positive or negative fair value). Item 2.6 would collect the gross-up amount for collateral posted in derivative transactions if the collateral is deducted from onbalance sheet assets. Item 2.7 would collect the deduction of receivable assets for qualifying cash variation margin posted in derivative transactions. Item 2.8 would collect exempted exposures to central counterparties in cleared transactions. Item 2.9 would collect the adjusted effective notional principal amount of sold credit protection. Item 2.10 would collect the adjusted effective notional principal amount offsets and PFE deductions for sold credit protection. Item 2.11 would collect total derivative exposures, calculated as the sum of items 2.4, 2.5, 2.6, and 2.9, minus items 2.7, 2.8, and 2.10.

Items 2.12 through 2.16 would collect information about an institution's repo-style transactions. Item 2.12 would collect gross assets for repo-style transactions, with no recognition of netting. Item 2.13 would collect the reduction of the gross value of receivables in reverse repurchase transactions by cash payables in repurchase transactions with the same counterparty. Item 2.14 would collect the counterparty credit risk for all repo-style transactions. Item 2.15 would collect the exposure amount for repo-style transactions where an institution acts as an agent. Item 2.16 would collect total exposures for repo-style transactions, calculated as the sum of items 2.12, 2.14, and 2.15, minus item 2.13.

Items 2.17 through 2.19 would collect information about an institution's off-balance sheet exposures. Item 2.17 would collect off-balance sheet exposures at gross notional amounts. Item 2.18 would collect adjustments for conversion to credit equivalent amounts. Item 2.19 would collect total off-balance sheet exposures, calculated as the difference between items 2.17

and 2.18.

Items 2.20 through 2.22 would collect information about an institution's capital, total leverage exposure, and the SLR. Item 2.20 would collect tier 1 capital as reported in existing item 45 on Schedule A of the FFIEC 101. Item 2.21 would collect total leverage exposure, calculated as the sum of items 2.3, 2.11, 2.16, and 2.19. Item 2.22 would collect the SLR, calculated by dividing item 2.20 by item 2.21.¹²

Item 2.23, the enhanced SLR buffer, is an additional line item that is not included on the international leverage ratio common disclosure template. This item would apply only to advanced approaches BHCs that are subject to the enhanced SLR standard and it would help determine whether the bank holding company is subject to limitations on capital distributions and discretionary bonus payments.¹³

Reporting the Legal Entity Identifier

The Legal Entity Identifier (LEI) is a 20-digit alpha-numeric code that uniquely identifies entities that engage in financial transactions. The recent financial crisis spurred the development of a Global LEI System (GLEIS). Internationally, regulators and market participants have recognized the importance of the LEI as a key improvement in financial data systems. The Group of Twenty (G-20) nations directed the Financial Stability Board (FSB) to lead the coordination of international regulatory work and deliver concrete recommendations on the GLEIS by mid-2012, which in turn were endorsed by the G-20 later that same year. In January 2013, the LEI Regulatory Oversight Committee (ROC), including participation by regulators from around the world, was established to oversee the GLEIS on an interim basis. With the establishment of the full Global LEI Foundation in 2014, the ROC continues to review and develop broad policy standards for LEIs. The OCC, the Board, and the FDIC are all members of the ROC.

The LEI system is designed to facilitate several financial stability objectives, including the provision of higher quality and more accurate financial data. In the United States, the Financial Stability Oversight Council (FSOC) has recommended that regulators and market participants continue to work together to improve the quality and comprehensiveness of financial data both nationally and globally. In this regard, the FSOC also has recommended that its member agencies promote the use of the LEI in reporting requirements and rulemakings, where appropriate.¹⁴

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¹² The SLR is also reported in the Call Report, Schedule RC-R, and the FR Y-9C, Schedule HC-R. The agencies are planning to revise the instructions for the items in these reports in which the SLR is reported to cross-reference the SLR reported in proposed item 2.22 in Table 2 of the FFIEC 101 for those institutions that will report the proposed SLR item in the FFIEC 101.

¹³ See 79 FR 24528 (May 1, 2014) and 80 FR 49082 (August 14, 2015).

¹⁴ Financial Stability Oversight Council 2015 Annual Report, page 14, http://www.treasury.gov/initiatives/fsoc/studies-reports/Documents/2015%20FSOC%20Annual%20Report.pdf.

Effective beginning October 31, 2014, the Board started requiring holding companies to provide their LEI on the cover pages of the FR Y-6, FR Y-7, and FR Y-10 reports¹⁵ only if a holding company already has an LEI. Thus, if a reporting holding company does not have an LEI, it is not required to obtain one for purposes of these Board reports. Additionally, effective December 31, 2015, the Board expanded the collection of the LEI to all holding company subsidiary banking and nonbanking legal entities reportable on certain schedules of the FR Y-10 and in one section of the FR Y-6 and FR Y-7 if an LEI has already been issued for the reportable entity. With respect to the FFIEC 101, the agencies are proposing to have advanced approaches banking organizations provide their LEI on the cover page of the report beginning September 30, 2016, only if an organization already has an LEI. As with the Board reports, an advanced approaches banking organization that does not have an LEI would not be required to obtain one for purposes of reporting it on the FFIEC 101.

Time Schedule for Information Collection

The FFIEC 101 is collected quarterly as of the end of the last calendar day of March, June, September, and December. Reporting BHCs and banks submit data quarterly because efforts to monitor banks' progress toward, and actions under, the framework require regular and consistent data submissions from all of the institutions adopting this framework. The first reporting period for Schedules A through S for each reporting entity seeking to qualify for the advanced approaches corresponds to the first quarter of its parallel run period.

The report due dates are 60 days following the end of a quarter while a state member bank or BHC is in its parallel run period. After completing its parallel run period, the report due dates are the same as the report due dates currently required of banks and BHCs when filing their respective Call Report or FR Y-9C. State member banks must submit the FFIEC 101 to the appropriate Federal Reserve Bank within thirty calendar days following the as-of date; a five-day extension may be given to banks with more than one foreign office. BHCs must submit the FFIEC 101 to the appropriate Federal Reserve Bank within forty calendar days after the March 31, June 30, and September 30 as of dates unless that day falls on a weekend or holiday and within forty-five calendars days after the December 31 as of date.

Individual respondent data, excluding confidential information, would be available on the National Information Center public website.

Legal Status

The Board's Legal Division has determined that section 9(6) of the Federal Reserve Act for state member banks (12 U.S.C. § 324), section 5(c) of the Bank Holding Company Act for BHCs and IHCs (12 U.S.C. § 1844(c)), the Homeowners' Loan Act for savings and loan holding companies (12 U.S.C. § 1467a(b)(2)), and section 165 of the Dodd-Frank Act for IHCs (12 U.S.C. § 5365) authorize the Board to require the information collection. The FFIEC 101 is mandatory for advanced approaches banking organizations.

¹⁵ FR Y-6, Annual Report of Holding Companies; FR Y-7, Annual Report of Foreign Banking Organizations; and FR Y-10, Report of Changes in Organizational Structure (OMB No. 7100-0297).

¹⁶ See 80 FR 38202 (July 2, 2015).

Some items collected as part of the FFIEC 101 will be made public upon filing. For these items, relating to the SLR, the issue of confidentiality will not arise unless the submitter asks for confidential treatment and provides a basis to withhold the information as confidential commercial information whose disclosure would cause substantial competitive harm, justifying confidential treatment under exemption 4 of the Freedom of Information Act (FOIA). Such requests would have to be considered on a case-by-case basis.

Some items are proposed to be withheld during the so-called "parallel run" period, but released publicly thereafter. These include Schedule A, Schedule B (excluding Schedule B, items 31.a. and 31.b., column D), and items 1-2 in Schedule S, Operational Risk. Schedule A collects information about the components of tier 1 capital, tier 2 capital, adjustments to regulatory capital, regulatory capital ratios, and capital buffer. Schedule B contains summary information about risk-weighted assets by risk type, and, in the case of credit risk exposures, outstanding balances and aggregated information about the estimates that underlie the calculation of risk-weighted assets. Schedule S collects data related to operational risk under the agencies' advanced approaches rules.

The parallel run period is designed in significant part to allow the supervisory agencies to assess the quality of a banking organization's internal models and systems and determine whether the banking organization is ready for the implementation of the advanced approaches. During the parallel run period, supervisors may request a banking organization to amend its internal models, risk measurement and management infrastructure. Public disclosure of these schedule items during the parallel run period could lead investors, competitors, and the public to misjudge the financial health of the institutions, when in fact there has been no change to their underlying fundamentals and, therefore, could result in substantial competitive harm. The specific items treated as confidential during the parallel run period are Schedule A items 78, 79, 86, 87, 88, 89, and 90, as well as Schedules B through S. These classes of data may be protected from disclosure during the parallel run period under exemption 4 of the FOIA.

Finally, Schedules C through S would remain confidential both during and after the parallel run period. The data items found in these schedules contain more detailed information than included in the public schedules, including sensitive information breaking down individual banking organization exposures to borrowers by probability of default, exposures at default, and loss given default. Disclosure of this information could result in substantial competitive harm to the institution, particularly because many financial institutions will not be reporting such data, and would benefit from the public disclosure of such detailed information regarding their competitors they would not be required to disclose themselves. Accordingly, FOIA exemption 4 permits confidential treatment for these data items.

Consultation Outside the Agency

On April 18, 2016, the agencies, under the auspices of the FFIEC, published an initial notice in the *Federal Register* (81 FR 22702) requesting public comment for 60 days on the extension, with revision, of the FFIEC 101. The comment period for this notice expired on June 27, 2016. No comments were received addressing the proposed revisions. On August 18, 2016, the agencies published a final notice in the *Federal Register* (81 FR 55260).

Estimate of Respondent Burden

The current total annual burden for the FFIEC 101 is estimated to be 59,400 hours and would increase to 61,376 hours, as shown in the table below. The estimated average hours per response for state member banks would decrease from 675 hours to 674 hours and bank holding companies and savings and loan holding companies would increase from 675 hours to 677 hours due to the proposed changes. The estimated average hours per response for intermediate holding companies would be 300 hours for the one-time setup and 3 hours for ongoing. These reporting requirements represent less than 1 percent of the total Federal Reserve paperwork burden.

FFIEC 101	Number of respondents 17	Annual frequency	Estimated average hours per response	Estimated annual burden hours
Current				
SMBs, BHCs, and SLHCs	22	4	675	59,400
Proposed				
SMBs	6	4	674	16,176
BHCs and SLHCs	16	4	677	43,328
IHCs	6	4	3	72
IHCs one-time	6	1	300	<u>1,800</u>
Total				61,376
Change				1,976

The current cost to the public for this information collection is estimated to be \$3,157,110 and with the proposed changes would increase to \$3,262,134.¹⁸

Sensitive Ouestions

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

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¹⁷ Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with \$550 million or less in total assets) www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards.

Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$65, 15% Lawyers at \$66, and 10% Chief Executives at \$89). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2015*, published March 30, 2016 www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

OMB guidelines.

Estimate of Cost to the Federal Reserve System

The ongoing costs for collecting and processing the data are estimated to be \$157,694 per year.