**Supporting Statement for the**
**Capital Assessments and Stress Testing**
**(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 for three years, with revision, the Capital Assessments and Stress Testing (FR Y-14A/Q/M; OMB No. 7100-0341) information collection applicable to bank holding companies (BHCs) with total consolidated assets of $50 billion or more and U.S. intermediate holding companies (IHCs) established by foreign banking organizations under 12 CFR 252.153[1]. This information collection is composed of the following three reports:

- The semi-annual FR Y-14A collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative information on methodologies used to develop internal projections of capital across scenarios.[2]
- The quarterly FR Y-14Q collects granular data on various asset classes, including loans, securities, and trading assets, and pre-provision net revenue (PPNR) for the reporting period.
- The monthly FR Y-14M comprises three retail portfolio- and loan-level collections, and one detailed address matching collection to supplement two of the portfolio and loan-level collections.

Both the FR Y-14Q and the FR Y-14M are used to support supervisory stress test models and for continuous monitoring efforts.

The Board proposes revising general FR Y-14 requirements and several schedules of the FR Y-14A/Q/M reports. The revisions would be effective with the FR Y-14 reports as of December 31, 2016, or December 31, 2017, as noted below. For reports as of December 31, 2017, the proposed changes include applying the attestation requirement to U.S. IHCs that are part of the Large Institution Supervision Coordinating Committee (LISCC) framework (LISCC U.S. IHCs)[3]. For reports as of December 31, 2016, the Board proposes formalizing the requirement for BHCs and IHCs electing to undertake planned capital adjustments or incremental capital distribution requests to provide updated submissions of the FR Y-14A Schedule A (Summary - Capital) and Schedule C (Regulatory Capital Instruments, RCI) reflecting these adjustments (as detailed below). To facilitate this collection, the Board proposes adding additional items to the FR Y-14A Schedule C (RCI). Finally, the Board proposes to update the FR Y-14A, Schedule A.1.d. (Summary - Capital) to collect items related to the supplementary leverage ratio (SLR), remove and add sub-schedules to the FR Y-14A Schedule E


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[1] On June 1, 2016, the Board published a final notice in the *Federal Register* (81 FR 35016) requiring intermediate holding companies of foreign banking organizations to file certain regulatory reports and comply with the information collection requirements associated with regulatory capital requirements.

[2] BHCs that must resubmit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

[3] Further information regarding the LISCC designation is available on the Board's public website http://www.federalreserve.gov/bankinforeg/large-institution-supervision.htm.

(Operational Risk) to align with applicable guidance, add one item to Schedule A.5 (Summary - Counterparty), and modify items on the FR Y-14A/Q/M reports to address inconsistencies across schedules and ensure the collection of accurate information. These changes are explained in further detail in the schedule specific sections below.

The FR Y-14A Schedule A.1.d. (Summary - Capital) would be revised for December 31, 2016, to (1) add certain items used to calculate the SLR in alignment with the Board's extension of the initial application of the SLR requirement in the capital plan rule,[4] (2) modify two items, and (3) remove one item. In addition, one item to capture Other Counterparty Losses would be added to Schedule A.5 (Summary - Counterparty) effective December 31, 2016. Finally, Schedule E (Operational Risk) would be revised for December 31, 2016, to (1) remove sub-schedule E.1, BHC Operational Risk Historical Capital, (2) add two new sub-schedules: E.2, Material Risk Identification and E.3, Operational Risk Scenarios, and (3) update outdated methodologies and references.

The FR Y-14Q (quarterly collection) would be revised for December 31, 2016, to add a new column to Schedule B (Securities) to collect the price of the security as a percent of par to enhance supervisory modeling.

Finally, the FR Y-14M (monthly collection) would be revised for December 31, 2016, to modify the definition of Gross Charge-Off Amount on Schedule D (Credit Cards) in order to ensure proper reporting across firms.

These data are, or will be, used to assess the capital adequacy of BHCs and U.S. IHCs using forward-looking projections of revenue and losses to support supervisory stress test models and continuous monitoring efforts, as well as to inform the Board's operational decision-making as it continues to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The total current annual burden for the FR Y-14A/Q/M is estimated to be 928,387 hours and with the changes proposed in this memorandum is estimated to increase by 23,477 hours to 951,864 hours.

**Background and Justification**

Prior to the financial crisis that emerged in 2007, many firms 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 Board 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 Board developed a deeper understanding of the processes by which large BHCs form and

[4] See 12 CFR 225.8(c)(3), 12 CFR 252.53(b)(3).

monitor their assessments and expectations for maintaining adequate capital and the appropriateness of their planned actions and policies for returning capital to shareholders.

The capital plan rule requires BHCs with total consolidated assets of $50 billion or more to submit capital plans to the Federal Reserve annually and to require such firms to request prior approval from the Federal Reserve under certain circumstances before making a capital distribution.[5] In connection with submissions of capital plans to the Federal Reserve, firms are required, pursuant to 12 CFR 225.8(d)(3), to provide certain data to the Federal Reserve.

On December 1, 2011, the Federal Reserve published a final rule (Capital Plan rule) in the *Federal Register* (76 FR 74631) to require BHCs with total consolidated assets of $50 billion or more to submit capital plans to the Federal Reserve annually and to require such firms 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, firms are required, pursuant to 12 CFR 225.8(d)(3), to provide certain data to the Federal Reserve.

The Federal Reserve's stress test rules establish stress testing requirements for certain BHCs, state member banks, savings and loan holding companies, and foreign banking organizations.[6] 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[7] 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).

On June 1, 2016, the Board published a final notice in the *Federal Register* (81 FR 35016) requiring intermediate holding companies of foreign banking organizations to file certain regulatory reports and comply with the information collection requirements associated with regulatory capital requirements, including the FR Y-14 reports. IHCs will begin filing the FR Y-14 reports with submissions as of December 31, 2016.

**Description of Information Collection**

The data collected through the FR Y-14A/Q/M schedules provide the Board with the additional information to 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 also is complemented by other Board supervisory efforts aimed at enhancing the continued viability of large firms, including continuous monitoring of firms'

[5] See 12 CFR 225.8.
[6] See 12 CFR 252, subparts B, E, F, and O.
[7] See 12 U.S.C. 5365(a).

planning and management of liquidity and funding resources and regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions. In order to fully evaluate the data submissions, the Board may conduct follow-up discussions with or request responses to follow up questions from respondents, as needed.

Respondent firms 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.[8] Compliance with the information collection is mandatory.

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

The semi-annual collection of quantitative projected regulatory capital ratios across various macroeconomic scenarios comprises seven primary schedules (Summary, Scenario, Regulatory Capital Instruments, Regulatory Capital Transitions, Operational Risk, Business Plan Changes, and Retail Repurchase Exposures schedules), each with multiple supporting tables.[9]

The FR Y-14A schedules collect current financial information as well as quarterly and annual projections under the Board's supervisory scenarios. The information includes balances for balance sheet and off-balance-sheet positions, income statement and PPNR, and estimates of losses across various portfolios.

Firms 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)**

The FR Y-14Q schedules (Retail, Securities, Regulatory Capital Instruments, Regulatory Capital Transitions, Operational Risk, Trading, PPNR, Wholesale, Mortgage Servicing Rights, Fair Value Option/Held for Sale, Supplemental, Counterparty, and Balances schedules) collect firm-specific data on positions and exposures that are used as input to supervisory stress test models, to monitor actual versus forecast information on a quarterly basis, and to conduct ongoing supervision.

**Current FR Y-14M (monthly collection)**

The FR Y-14M includes two portfolio and loan-level collections for First Lien data and Home Equity data and an account and portfolio-level collection for Domestic Credit Card data. In order to match senior and junior lien residential mortgages on the same collateral, the Address Matching schedule gathers additional information on the residential mortgage loans reported in the First Lien and Home Equity schedules.

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[8] The most current reporting templates for the FR Y-14A/Q/M are available at www.federalreserve.gov/apps/reportforms/default.aspx.

[9] The "mid-cycle" FR Y-14A is limited to three schedules: the Summary, Macro Scenario, and Retail Repurchase Exposure schedules. The Retail Repurchase Exposure schedule is collected on the FR Y-14Q submission date.

**Proposed Revision to the FR Y-14A/Q/M**

**Proposed Attestation Requirement for LISCC U.S. IHC respondents**

The Board proposes to add an attestation requirement to the FR Y-14A/Q/M reports for U.S. IHC respondents that are part of the LISCC framework. Foreign banking organizations with non-branch assets of $50 billion or more were required to form a U.S. IHC by July 1, 2016. The IHCs established by Barclays, Credit Suisse, UBS, and Deutsche Bank are expected to be the LISCC U.S. IHC respondents. This requirement would be consistent with the existing attestation requirement applicable to U.S. domiciled BHCs that are part of the LISCC framework (LISCC respondents).

On September 16, 2015, the Board published a notice in the *Federal Register* proposing to require a Chief Financial Officer (CFO) level attestation for LISCC respondents.[10] On January 21, 2016, the Board finalized the attestation requirement for LISCC respondents, with a phased-in implementation approach beginning with the reports as of December 31, 2016.[11] The Board proposes applying an attestation requirement to LISCC U.S. IHCs following a similar phased-in implementation approach, effective beginning December 31, 2017, and fully phased in by December 31, 2018. The proposed effective date would provide LISCC U.S. IHCs with time to develop the appropriate internal processes and procedures to fully implement the proposed attestation following the creation of their U.S. IHCs in July 2016, and the first filing of FR Y-14 reports as of December 31, 2016.

As discussed in the final *Federal Register* notice adopting the attestation requirement for domestic LISCC respondents, the attestation requirement was designed to help ensure that the data reported to the Board were reliable and accurately reflect the firm's exposures.[12] These data are integral to the Board's assessment of the safety and soundness of a banking organization, as the Board uses financial data reported by a banking organization to assess whether the banking organization has the capital necessary to absorb losses under stress.

The Board has initially applied the attestation requirement to only LISCC respondents given the added resources required to implement the attestation.[13] Similarly, the Board would propose to apply the attestation requirement only to those U.S. IHCs that will be part of the LISCC framework, as the resources needed to ensure accurate data are appropriate in light of the risks that the U.S. operations of these firms pose to the financial system.

Under the proposal the attestation would include three parts. First, for projected data reported on the FR Y-14A/Q and for actual data reported on the FR Y-14A/Q/M reports,

[10] See 80 FR 55621 (September 16, 2015).
[11] See 81 FR 3412 (January 21, 2016).
[12] See 80 FR 55621 (September 16, 2015).
[13] As noted in the preamble to the *Federal Register* notice (80 FR 55621, September 16, 2015), the attestation requirement may require respondents to enhance certain systems and processes in order to meet the attestation requirement, such as enhancing information technology infrastructure and adding or modifying internal control frameworks and data governance committees to include accountability and escalation processes, as well as to increase the frequency of audits of internal controls over the FR Y-14A/Q/M reports.

collectively, the CFO (or equivalent senior officer[14]) of a LISCC U.S. IHC would be required to attest that the reports have been prepared in conformance with the instructions issued by the Board.[15] Second, for actual data, the CFO (or equivalent senior officer) of a LISCC U.S. IHC would be required to attest that senior management is responsible for the internal controls over the reporting of these data, and that the data reported are materially correct to the best of senior management's knowledge. The CFO would also be required to attest that the controls are effective and include those practices necessary to provide reasonable assurance as to the accuracy of these data. The CFO would be required to attest that the controls are audited annually by internal audit or compliance staff, and are assessed regularly by management of the named institution. For the third part, the CFO would be required to agree to report material weaknesses in these internal controls and any material errors or omissions in the data submitted to the Board promptly as they are identified. Both domestic LISCC firms and LISCC U.S. IHCs subject to the attestation requirement should have a policy in place for determining materiality in the context of attesting to material correctness and internal controls.[16]

As indicated above, the Board proposes that the attestation for LISCC U.S. IHCs would follow a phased-in implementation approach beginning December 31, 2017. The attestation submitted with reports as of December 31, 2017, would relate to the effectiveness of internal controls over submissions for the as of date and would not include an attestation to submissions through the year. Beginning with the monthly FR Y-14M report submitted on January 31, 2018, and for each monthly, quarterly, and semi-annual FR Y-14 report submitted thereafter, respondents would attest to conformance with the FR Y-14 instructions and to the material correctness of data to the best of the respondent's knowledge, and agree to report material weaknesses and any material errors in the data as they are identified. The full attestation requirement, including attestation to the effectiveness of internal controls throughout the previous year, would be effective starting with the reports submitted as of December 31, 2018. The attestation pages submitted by LISCC U.S. IHCs would be the same as those used by LISCC BHCs.

**Proposed Requirement to Submit Adjusted Capital Action Data**

The Board proposes to require additional submissions of certain FR Y-14 schedules to collect information on adjustments to planned capital actions and incremental capital distribution from BHCs and IHCs that have elected to make such adjustments, effective with the reports as of December 31, 2016. An ad-hoc process is currently used to collect this information, which is

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[14] "An equivalent senior officer" refers to a senior officer who functions as the CFO but carries a different title.

[15] The instructions define the scope and content of items that must be reported, and specify that the reports must be filed in accordance with U.S. generally accepted accounting principles (GAAP). The instructions further state that respondents should maintain financial records in such a manner and scope to ensure the FR Y-14A/Q/M reports reflect a fair presentation of the HCs' financial condition and assessment of performance under stressed scenarios.

[16] The materiality policy should include a robust analysis of all relevant quantitative and qualitative considerations, including, but not limited to, the size and effect of the omission or misstatement on firms' projected regulatory capital ratios in stressed scenarios. Qualitative factors may result in a conclusion that a small change in regulatory capital ratios is considered material. Those circumstances might include the repeat occurrence of errors and omissions, the proximity of a firm's regulatory capital ratios to minimum capital requirements, and whether errors and omissions could change a knowledgeable person's view of the adequacy of internal controls over the capital adequacy process.

necessary if, for example, firms intend to exercise the option to adjust their planned capital distributions based on the preliminary results of the supervisory quantitative assessment in CCAR.[17] Given the time-sensitive nature of the collection, current manual collection processes, and ongoing need for firms to submit the data, formalizing the requirement as part of the FR Y-14 would reduce operational risk, establish a regular, standard submission process, and account for the burden of providing these data. Additionally, it would formalize a standard process for firms to employ in submitting information regarding requests to make incremental capital distributions above those included in their capital plans.

The proposed requirement includes two components. First, for adjustments to planned capital actions, firms would be required to submit an updated FR Y-14A Schedule A.1.d (Summary, Capital - CCAR) for the BHC Baseline, Supervisory Adverse, and Supervisory Severely Adverse scenarios and an updated FR Y-14A Schedule C (RCI). These submissions would be collected subsequent to the firms' annual FR Y-14 submission in a timeframe communicated by the Board of at least 14 calendar days in advance of the submission. Second, for incremental capital action requests (i.e. requests for additional capital distributions in the period between CCAR exercises), firms would be required to resubmit the FR Y-14A Schedule C (RCI). The incremental capital action requests would be submitted at the time a firm seeks approval for or notifies the Board of its intention to make additional capital distributions.

To allow for the collection of the information necessary to understand these adjustments, the Board proposes adding certain items to the FR Y-14A Schedule C (RCI) including: (1) cash dividends declared on preferred stock, (2) cash dividends declared on common stock, (3) common shares outstanding (Millions), and (4) common dividends per share ($).

**Proposed Revision to the FR Y-14A**

The proposed revisions to the FR Y-14A consist of adding data items in accordance with the finalized modifications to the capital plan and stress test rules (Regulation Y and YY),[18] and modifying existing data items to provide more precise information. The limited changes to Schedule A.1.d (Capital) are expected to require relatively minimal additional burden on firms and in the case of the SLR items are required in accordance with mandatory capital planning requirements. The proposed changes to Schedule E (Operational Risk) would balance the increase in burden due to the addition and modification of items to align with expectations outlined in SR Letter 15-18 with the reduction in burden from the elimination of the outdated and unnecessary data collection.

**Schedule A (Summary)**

***Schedule A.1.d (Capital)*** In accordance with the finalized amendments to the capital plan and stress test rules, a firm will be required to estimate its SLR for the DFAST/CCAR planning horizon beginning January 1, 2018.[19] To facilitate the mandatory reporting of this

[17] The CCAR Instructions provide further information regarding adjustments a BHC may make to its planned capital distributions http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20160128a1.pdf.
[18] See 80 FR 75419 (December 2, 2015).
[19] See 12 CFR 225.8(c)(3), 12 CFR 252.53(b)(3).

information, it is necessary to add SLR items to the FR Y-14A report. The Board proposes adding two items to the FR Y-14A Summary Schedule (A.1.d, Capital) report as of December 31, 2016: Supplementary Leverage Ratio Exposure (SLR Exposure) and Supplementary Leverage Ratio (the SLR). The SLR would be a derived field.

In addition, to collect more precise information regarding deferred tax assets (DTAs), the Board proposes modifying one existing item on the FR Y-14A Schedule A.1.d (Summary - Capital) as of December 31, 2016. The Board proposes changing existing item 111 on Schedule A.1.d. (Summary - Capital), “Deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks, net of DTLs, but before related valuation allowances”, to “Deferred tax assets arising from temporary differences, net of DTLs.” A firm in a net deferred tax liability (DTL) position would report this item as a negative number. This modification would provide more specific information about the components of the “DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs” subject to the common equity tier 1 capital deduction threshold.

The Board also proposes removing Schedule HC-M, Memoranda item 107, “Total number of bank holding company common shares outstanding”, from the FR Y-14A Schedule A (Summary - Capital) with the reports as of December 31, 2016, to reduce burden on firms. This item provides minimal additional value and therefore, is no longer needed.

Finally, to reduce the risk of inconsistencies in reporting and align with other regulatory reports, certain definitions in the instructions for the FR Y-14A Schedule A.1.d (Summary - Capital) would be clarified or streamlined to reference comparable items on the FR Y-9C.

***Schedule A.5 (Counterparty)*** The Board proposes adding the item “Other counterparty losses” to Schedule A.5 (Summary - Counterparty), similar to the item that was removed with the proposal finalized October 1, 2014.[20] The Board provides guidance to respondents to include risks not considered in the supervisory scenarios and the addition of this item will allow these risks to be captured. This change is proposed to be effective with the reports as of December 31, 2016.

**Schedule E (Operational Risk)**

The Board proposes several changes to the FR Y-14A Schedule E (Operational Risk) for the reports as of December 31, 2016, to align with the guidance and expectations contained in recent supervisory letters, notably SR Letter 15-18. SR Letter 15-18 outlines expectations regarding a firm’s risk management infrastructure and strength of associated processes.

In order to capture the information surrounding the risk management infrastructure and processes as outlined in SR Letter 15-18, the Board proposes adding two sub-schedules to the FR Y-14A Schedule E (Operational Risk) and modifying the supporting documentation requirements for this schedule effective with the reports as of December 31, 2016. First, new

[20] See 79 FR 59264 (October 1, 2014).

sub-schedule E.2, Material Risk Identification, would collect information on a firm's material operational risks included in loss projections based on their risk management framework, a component of risk management emphasized in SR Letter 15-18. Second, new sub-schedule E.3, Operational Risk Scenarios, would collect a firm's operational risk scenarios included in the BHC Baseline and BHC Stress projections, a fundamental element of the framework. Finally, the Board recommends updating the requirements for supporting documentation and modifying certain terminology, definitions, and references to align with SR Letter 15-18.

Certain information related to the previous methodology are no longer necessary to collect given the aforementioned change in guidance, resulting in the proposed removal of these items and updating of associated terminology. Sub-schedule E.1 (BHC Operational Risk Historical Capital) would be removed as this schedule pertains to Advanced Measurement Approaches (AMA) methodology and these data are no longer necessary. This change in methodology also results in the removal of two associated columns on the FR Y-14A Schedule A.6 (Operational Risk Scenario Inputs and Projections): Type of Data and Brief Description. References to previous methodology would be updated, including changing the name of a column on the FR Y-14A Schedule A.6 (Operational Risk Scenario Inputs and Projections) from Units of Measure to Risk Segment. These changes would also be effective with the report as of December 31, 2016.

**Proposed Revisions to the FR Y-14Q**

The proposed revision to the FR Y-14Q consists of adding an item to more accurately collect information that is currently derived. This proposed change would allow for more accurate and consistent reporting of information with minimal anticipated burden on respondents.

**Schedule B (Securities)**

For reports as of December 31, 2016, the Board proposes adding a new column to the FR Y-14Q Schedule B.1 (Securities 1 - Main Schedule) to collect the price of the security to more accurately collect price information and thereby enhance supervisory modeling. Because this information is believed to be readily available, the Board estimates this revision would impose minimal additional burden while improving the ability to use these data.

**Proposed Revision to the FR Y-14M**

**Schedule D (Credit Card)**

For reports as of December 31, 2016, the Board proposes modifying the definition of Item 62, Gross Charge-off Amount – Current month to reflect the intended method of reporting the item and in response to industry comments. The definition would be modified to indicate that all gross charge-offs must be reported regardless of whether they are from purchased or impaired loans by eliminating the reference to allowance for loan and lease losses (ALLL).

**Respondent Panel**

The respondent panel consists of any top-tier BHC or IHC, that has $50 billion or more in total consolidated assets, as determined based on (1) the average of the firm's total consolidated assets in the four most recent quarters as reported quarterly on the firm's Consolidated Financial Statements for Holding Companies (FR Y-9C) (OMB No. 7100-0128) or (2) the average of the firm's total consolidated assets in the most recent consecutive quarters as reported quarterly on the firm's FR Y-9Cs, if the firm 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 Board.

**Time Schedule for Information Collection and Publication**

The following tables outline by schedule the as of dates for the data and the due date for the current submissions to the Board by reporting frequency (annually, semiannually, quarterly, or monthly).

| Schedules and Sub-Sub-schedules | Data as of date | Submission Date to Federal Reserve |
|---|---|---|
| **Semiannual Schedules** | | |
| **Summary, Macro Scenario** | • Data as of December 31st.<br>• Data as of June 30th. | • Data are due April 5th of the following year.<br>• Data are due October 5th of the same year. |
| **Retail Repurchase Exposures** | • Data as of December 31st.<br>• Data as of June 30th. | Data are due seven calendar days after the FR Y-9C reporting schedule (52 calendar days after the calendar quarter-end for December and 47 calendar days after the calendar quarter-end for June). |
| **Annual Schedules** | | |
| **Regulatory Capital Instruments, Regulatory Capital Transitions, Operational Risk, and Business Plan Changes schedules** | • Data as of December 31st. | • Data are due April 5th of the following year. |
| **<u>CCAR Market Shock exercise</u>**<br>**Summary schedule**<br>• **Trading Risk**<br>• **Counterparty** | Data as of a specified date in the first quarter. As of date would be | • Data are due April 5th |

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| | communicated by Federal Reserve[21] | |

| Schedules | Data as of date | Submission Date to Federal Reserve |
|---|---|---|
| **FR Y-14Q (Quarterly Filings)** | | |
| **Securities**<br>**PPNR**<br>**Retail**<br>**Wholesale**<br>**Operational**<br>**MSR Valuation**<br>**Supplemental**<br>**Retail FVO/HFS**<br>**Regulatory Capital Transitions**<br>**Regulatory Capital Instruments**<br>**Balances** | Data as of each calendar quarter end. | Data are due seven calendar days after the FR Y-9C reporting schedule (52 calendar days after the calendar quarter-end for December and 47 calendar days after the calendar quarter-end for March, June, and September). |
| **Trading Schedule**<br>**Counterparty Schedule** | Due to the CCAR Market Shock exercise, the as of date for the fourth quarter would be communicated in the subsequent quarter.<br><br>For all other quarters, the as of date would be the last day of the quarter, except for firms that are required to re-submit their capital plan.<br><br>For these firms, the as of date for the quarter preceding the quarter in which they are required to re-submit a capital | Data are due seven calendar days after the FR Y-9C reporting schedule.<br><br>**Fourth quarter – Trading and Counterparty (Regular/unstressed submission):**<br>52 calendar days after the notification date (notifying respondents of the as of date) or March 15, whichever comes earlier. **Unless the Board requires the data to be provided over a different weekly period**, firms 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. |

[21] As outlined in Section 252.54 (Annual Stress Tests) of Regulation YY (12 CFR 252), the as of date will be between January 1st and March 1st of that calendar year and will be communicated to the firms by March 1st of the calendar year. Firms are permitted to submit the CCR schedule and the Trading and CCR sub-schedules of the Summary schedule as of another recent reporting date prior to the supplied as of date as appropriate.

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|---|---|---|
| | plan would be communicated to the firms during the subsequent quarter | **Fourth quarter – Counterparty (CCAR/stressed submission):** April 5.<br>In addition, for firms that are required to re-submit a capital plan, the due date for the quarter preceding the quarter in which the firms are required to re-submit a capital plan would be the later of (1) the normal due date or (2) the date that the re-submitted capital plan is due, including any extensions. |
| **FR Y-14M (Monthly Filings)** | | |
| **All schedules** | Data as of the last business day of each calendar month. | Data are due by the 30th calendar day of the following month. |

As proposed and mentioned above, the Board would notify companies at least 14 calendar days in advance of the date on which it expects companies to submit any adjusted capital actions. For the incremental capital action submission, a firm would submit the adjustment at the time the firm seeks approval for the additional capital distributions (see 12 CFR 225.8(g)) or notifies the Board of its intention to make additional capital distributions under the de minimis exception (see 12 CFR 225.8(g)(2)).

**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 firms 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 firms (12 U.S.C. § 1844).

With regard to the CFO-level attestation requirement, which is intended to improve accountability and accuracy and heighten requirements for internal control, the Board provided sufficient description and justification to require such attestation from respondents, consistent with the aforementioned statutory authorities.

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)), if disclosure would likely have the effect of (1) impairing the government's ability to obtain the necessary information in the future or (2) causing substantial harm to the competitive position of the respondent. Such exemptions would be made on a case-by-case basis.

## Consultation Outside the Agency

On July 28, 2016, the Board published a notice in the *Federal Register* (81 FR 49653) requesting public comment for 60 days on the extension, with revision, of the FR Y-14A/Q/M reports. The comment period for this notice expired on September 26, 2016. The Board received three comment letters addressing the proposed changes: one from the Financial Services Roundtable, one from the Clearing House, and one from the Federal Advisory Council. Commenters requested clarification of the instructions, forms, or general requirements for proposed items, in particular the operational risk modifications to the FR Y-14A, Schedule E.2 and E.3. The Board also received general comments regarding (1) the frequency of changes and stability of the collection, (2) timing of release of technical instructions, and (3) estimates of reporting burden.

No comments were received specifically related to the modifications to the FR Y-14A Schedule A.5, FR Y-14Q Schedule B, or FR Y-14M Schedule D. Therefore the Federal Reserve will proceed with the aforementioned changes effective December 31, 2016. Furthermore, no comments were received on the proposed application of attestation to LISCC US IHCs. The Federal Reserve will apply the attestation requirement to LISCC US IHCs effective December 31, 2017. The Federal Reserve will adopt the remaining reporting requirements as proposed, with revisions in response to comment, as outlined below.

The following section includes a detailed discussion of aspects of the proposed FR Y-14 collection for which the Federal Reserve received substantive comments and an evaluation of, and responses to the comments received. A detailed discussion of these comments is also included in the final *Federal Register* notice for the FR Y-14 revisions. Where appropriate, responses to these comments and technical matters are also addressed in the revised FR Y-14A/Q/M reporting forms and instructions.

### Detailed Discussion of Public Comments

### A. General Comments

In general, commenters expressed concerns with the timing of implementing changes and the frequency of changes to the FR Y-14 series of reports. Two commenters indicated that additional time before the implementation of changes would be needed to allow for the development of internal processes and procedures, and integration of changes, and to materially improve the FR Y-14 data collection. Specifically, consistent with previously submitted comments, the Financial Services Roundtable requested a minimum of six months between the finalization of all reporting and technical requirements and the effective date, and a reduction in the frequency of changes. Both the Financial Services Roundtable and the Clearing House requested earlier publication of technical instructions and the ability to address clarifying questions before adoption of any final rule or the effective date of the changes. Both organizations expressed their willingness to continue to work with the Federal Reserve on addressing these issues. Finally, the Federal Advisory Council encouraged stability in the reporting requirements as continued iterations and modifications necessitate the utilization of manual processes to meet filing deadlines.

As previously indicated, the Federal Reserve recognizes the challenges with implementing changes in a timely and controlled manner, especially when the changes are finalized close to the effective date.[22] The Federal Reserve continues to weigh the need to collect additional information or benefits of enhancing the collection in light of the proposed effective date with the objective of providing as much time as is feasible in advance of implementation. The Federal Reserve has engaged the industry in ongoing dialogue regarding several of the specific recommendations contained in these letters and continues to assess these recommendations. In response to these comments, the Federal Reserve will revisit these discussions and consider additional ways to further engage the industry throughout the process in order to improve the transparency and clarity surrounding proposed changes.

In regards to the proposed changes, the Federal Reserve notes that the changes related to collecting components of SLR on the FR Y-14A Schedule A (Summary – Capital) align with related changes to the rule and allow for the incorporation of regulatory elements into the stress test as required. The inclusion of the requirement to submit certain FR Y-14 schedules to collect information on adjustments to planned capital actions and incremental capital distribution from firms that have elected to make such adjustments formalizes the process and format by which firms undertaking such actions would be providing the information. It is expected, therefore, that firms could leverage existing processes and controls for collecting and reporting this information given that regardless of the collection method, this information would be provided. Similarly, the information collected on proposed FR Y-14A, Schedules E.2 and E.3, would otherwise be provided as part of the supporting documentation submitted by a firm subject to SR Letter 15-18. Furthermore, the Federal Reserve has engaged the industry regarding the expectations outlined in SR Letter 15-18, and the requirements remain largely the same as proposed. Therefore, the Federal Reserve will not delay the implementation of these proposed changes given they are consistent with recent supervisory guidance or would replace collections of the same or similar information through other methods or processes.

Other changes with a December 31, 2016, implementation date are clarifying in nature, streamline the instructions, address industry feedback, or remove information. These include the remaining changes to the FR Y-14A, Schedule A.1.d (Summary – Capital), the changes to the FR Y-14A, Schedule A.6 (Ops Risk) which align with updated methodology, the elimination of the FR Y-14A, Schedule E.1, and the definitional change to the FR Y-14M, Schedule D (Credit Cards). Given these changes will reduce burden and address reporting issues to alleviate confusion and inconsistent reporting for the CCAR cycle and do not involve the collection of new information, these changes will be implemented with a December 31, 2016, effective date.

While the collection of other losses on the FR Y-14A, Schedule A.5 (Summary – Counterparty) results in the collection of additional information for which internal processes and controls need to be developed, the Federal Reserve reiterates that this information was previously collected. Draft forms and instructions were provided with the publication of the initial notice and remain the same as proposed. No comments were received specifically regarding this change, therefore the Federal Reserve will implement this change as proposed.

[22] See, e.g., 79 FR 59264 (October 1, 2014).

Finally, the addition of the column for "Price" on the FR Y-14Q, Schedule B (Securities) addresses inconsistencies in reporting identified in prior reporting periods. As noted in the proposal, the data currently collected on the FR Y-14 leaves data gaps that can result in outdated information and ultimately reduced accuracy of modeling. While the Federal Reserve understands that the collection of new information close to the effective date results in process challenges, delaying the collection of price information could result in the need for resubmissions in the short term. The Federal Reserve indicated in the initial notice that they understood these data to be readily available on the as of date, and no comments were received specifically indicating challenges with reporting the information necessary for this proposed change. Therefore, the Federal Reserve will implement this change as proposed.

In response to the Federal Reserve's solicitation for feedback regarding burden associated with the FR Y-14A/Q/M, the Financial Services Roundtable noted that dialogue regarding the estimates of burden associated with the FR Y-14 collection with Federal Reserve staff is ongoing. The Federal Reserve regularly reviews burden estimates and discussions with industry groups regarding FR Y-14 burden are ongoing.

**B. Schedule Specific Comments**

**FR Y-14A**

***Schedule A.1.d. (Capital)***

The Federal Reserve received two requests for clarification related to the proposed modifications requiring firms to estimate the SLR for the projection horizon beginning January 1, 2018, for baseline and stress scenarios, in accordance with revisions to the capital plan and stress test rules, and report these ratios on Schedule A.1.d. The requests related to the application of this requirement to both BHCs and IHCs.

Specifically, one industry group commented that the inclusion of this information on the FR Y-14A, Schedule A (Summary) suggests that the Federal Reserve will require institutions' projections to remain above the regulatory minimum on a post-stress basis beginning January 1, 2018, and going forward in order to quantitatively pass the Comprehensive Capital Analysis and Review (CCAR), implying an accelerated effective date from January 1, 2018, to December 31, 2016. Accordingly, the commenter asked the Federal Reserve to clarify that information regarding the SLR would be collected for informational purposes only on the FR Y-14A Summary Schedule as of December 31, 2016, and that banks would not be expected to meet the post stress supplementary minimum for purposes of the 2017 CCAR. The commenter also asked the Federal Reserve to confirm this would be informational and on a best efforts basis for IHCs of FBOs and that they would not be expected to meet leverage or supplementary leverage post stress minima for CCAR 2017.

Bank holding companies (BHCs) must maintain capital above each minimum regulatory capital ratio on a pro forma basis throughout the planning horizon. The capital plan rule defines minimum regulatory capital ratio to include the SLR.[23] Under the 2015 amendment to the capital

[23] See 12 CFR 225.8(d)(8).

plan rule, the Board delayed the incorporation of the SLR requirement in the capital plan and stress test rules for one year, until 2017.[24] Accordingly, for the 2017 capital plan and stress test cycle, BHCs subject to the SLR will be required to maintain capital above a minimum three (3) percent SLR on a pro forma basis for quarters of the planning horizon beginning January 1, 2018, which corresponds with the fifth projection quarter of the CCAR 2017 exercise.

Under the capital plan rule and stress test rules, all regulatory capital ratios are calculated using the definitions of capital, risk-weighted assets, and total assets that are in effect during a particular quarter of a planning horizon.[25] For example, the Federal Reserve required firms to meet minimum common equity tier 1 ratio requirements, which came into effect on January 1, 2015, beginning in the fourth projection quarter of CCAR 2014.

Similarly, both the leverage and supplementary leverage requirements become effective for the intermediate holding companies (IHCs) of foreign banking organizations (FBOs) on January 1, 2018. In CCAR 2017, beginning with quarters that correspond to dates after January 1, 2018 (i.e. the fifth quarter of the CCAR 2017 planning horizon), each U.S. IHC will be required to calculate the tier 1 leverage ratio and the SLR and demonstrate in the IHC's own baseline and stress projections that it can maintain capital above a minimum four (4) percent tier 1 leverage ratio and three (3) percent SLR. Notably, however, for an IHC designated by an FBO that was not a BHC previously subject to CCAR, the IHC will not be subject to the supervisory stress test or public objection to its 2017 capital plan. For CCAR 2018, all IHCs will be subject to all aspects of CCAR, including the supervisory stress test, public disclosure of results, and public notice of the Federal Reserve's action on each IHCs capital plan. In CCAR 2018, leverage requirements will be in effect for all quarters of the planning horizon.

Given the alignment with the capital plan and stress testing rules as outlined above, the modifications to the FR Y-14A, Schedule A.1.d (Summary – Capital), will be implemented as proposed for reports submitted as of December 31, 2016. No further comments were received regarding the other proposed changes to the FR Y-14A, Schedule A.1.d (Summary - Capital) and these changes will also be implemented as proposed.

***Schedule A.6 (BHC Operational Risk Scenario Inputs and Projections)***

Two commenters requested clarification regarding the change of the column heading from "Unit of Measure" to "Risk Segment" in the FR Y-14A, Schedule A.6 and associated instructions. First, one commenter asked whether there was an expectation that respondents use classifications other than Basel event types in the reporting of the risk segment. The Federal Reserve clarifies that large and complex firms should use risk segments that best describe the risks to which they are exposed. Classifications other than the current Units of Measure are acceptable and in some cases may be preferable to more clearly link the methodologies used to measure those risks for both day-to-day business operations and to estimate post-stress capital needs.

[24] See 80 FR 75419, 75421 (December 2, 2015), 12 CFR 225.8(c)(3).

[25] See Comprehensive Capital Analysis and Review 2016 Summary Instructions (January 2016), p. 3.

Second, the other commenter inquired as to whether the change in heading would also result in a change in the definition of the reported column. Specifically, the commenter asked whether (1) the definition of Risk Segment to be used is the same definition for Risk Segment contained in the prior instructions (i.e., "the BHC's internal classification of operational risk into granular risk categories used for risk management and operational risk loss projection purposes"), (2) the prior definition of Unit of Measure should be applied (i.e., "the level at which the BHC's quantification model generates a separate distribution for estimating potential operational losses"), or (3) an alternate definition of Risk Segment should be applied. The Federal Reserve confirms that the definition of Risk Segment to be used is the same definition for Risk Segment contained in the prior instructions and as indicated in the draft instructions associated with this notice (i.e., "the BHC's internal classification of operational risk into granular risk categories used for risk management and operational risk loss projection purposes"). Because this definition is already contained in the instructions, the change will be implemented as proposed.

***Schedule C (RCI)***

Under the proposed revisions to the FR Y-14A, firms would be required to resubmit the FR Y-14A, Schedule C for incremental capital action requests at the time a firm seeks approval for or notifies the Federal Reserve of its intention to make additional capital distributions in the period between CCAR exercises. While the commenter expressed support for the Federal Reserve's objective of formalizing a standard process for firms to submit information regarding requests for additional capital distributions in the period between CCAR exercises, the commenter requested that the Federal Reserve institute a threshold, below which firms would not need to resubmit the FR Y-14A, Schedule C (RCI) as part of the request. The commenter indicated that this would enable firms to make small incremental distributions without requiring the internal processes and control structure otherwise needed to resubmit the template outside of the annual CCAR process.

The Federal Reserve reiterates that firms may not exceed the distributions included in their capital plan on a gross or net basis. As such, a firm seeking to make incremental capital distributions must notify the Federal Reserve (in the case of a de minimis incremental distribution) or request approval (in the case of incremental distributions that do not qualify for the de minimis exception for well capitalized firms). In any case where a firm seeks to make incremental distributions it is important that the Federal Reserve have up to date information on the firm's capital plan. As such, the Federal Reserve does not believe such a threshold is appropriate and will implement the requirement as proposed.

***Schedules E (Operational Risk)***

Several of the changes proposed to the FR Y-14A, Schedule E (Operational Risk) were consistent with the guidance and expectations contained in recent supervisory letters, notably SR Letter 15-18. SR Letter 15-18 sets out the differences in expectations for U.S. bank holding companies and intermediate holding companies of foreign banking organizations that are either (1) subject to the Federal Reserve's Large Institution Supervision Coordinating Committee (LISCC) framework or (2) have total consolidated assets of $250 billion or more or consolidated total on-balance sheet foreign exposure of $10 billion or more (Large and Complex firms). Two commenters requested clarification as to whether the proposed changes to the FR Y-14A, Schedule E were intended to apply to all BHCs and IHCs, or only to those institutions subject to SR Letter 15-18. The Federal Reserve confirms that the additional sub-schedules proposed for the FR Y-14A Schedule E would apply only to BHCs and IHCs subject to SR Letter 15-18, in alignment with the guidance outlined therein; however, notes that the elimination of Schedule E.1 would apply for all firms.

The Federal Reserve proposed adding a new sub-schedule, Schedule E.2 Material Risk Identification, to capture material operational risks included in a firm's projections. Two commenters requested additional clarification on the information to be captured in this sub-schedule. One commenter requested guidance regarding the definition of "material" operational risks, as the subjective application of materiality may lead to varying definitions across organizations. The commenter also questioned at what point organizations not just include Basel Loss Event Type I as their material operational risks and if additional guidance would be provided on quantifying risks that do not have a one-to-one (1:1) match of risk to dollars (e.g., those implicitly captured in the estimates through historical losses experienced).

The Federal Reserve expects large and complex firms to maintain capital planning processes that capture or otherwise consider the full range of material risks facing the firm. A firm should identify how and where its material risks are accounted for within the capital planning process. The Federal Reserve expects a firm to seek input from multiple stakeholders across the organization (for example, senior management, finance and risk professionals, front office and line-of-business leadership) in identifying its material risks. Materiality thresholds should be established at multiple levels of the BHC and include (1) easily quantifiable risks and (2) risks that are more difficult to quantify. The specifics of the risk identification process will differ across firms given differences in organizational structure, business activities, and size and complexity of operations. However, the risk identification process at all firms subject to this guidance should be dynamic, inclusive, and comprehensive, and drive the firm's capital adequacy analysis. A firm should (1) evaluate material risks across the enterprise to ensure comprehensive risk capture on an ongoing basis, (2) establish a formal risk identification process and evaluate material risks at least quarterly, (3) actively monitor its material risks, and (4) use identified material risks to inform key aspects of the firm's capital planning, including the development of stress scenarios, the assessment of the adequacy of post-stress capital levels, and the appropriateness of potential capital actions in light of the firm's capital objectives.

Regarding risks that do not have a 1:1 match of risk to dollars, firms should have transparent and well-supported estimation approaches based on both quantitative analysis and expert judgment, and should not rely on unstable or unintuitive correlations to project operational losses. Scenario analysis should be a core component of the firm's operational loss projection approaches. Certain operational risks, particularly those most likely to give rise to large losses, often may not have measureable relationships to the overall scenario conditions. In addition, large operational loss events are often idiosyncratic, limiting the relevance of historical data.

The other commenter suggested that rather than create a new template to capture material operational risks that are included in a firm's risk projections, as well as those excluded from the firms' risk projections, the Federal Reserve continues to refer to the CCAR supporting documentation for a discussion of operational risks provided that the supporting documentation conforms with all Federal Reserve requirements. By collecting this information in a structured way via the new FR Y-14 sub-schedule, the Federal Reserve expects to ensure a clear and consistent reporting of material risks, including a transparent reconciliation of which risks are included or excluded from the projections. The supporting documentation should, among other things, provide a description of the process(es) employed to identify, select and/or exclude risks from the reported projections.

Several comments were received regarding the draft forms and instructions associated with the proposed FR Y-14A, Schedule E.2. First, commenters requested additional clarification as to the Federal Reserve's expectations with respect to the reporting of Material Risks in Schedule E.2, particularly as to the intended definitions of "Risk Name", "Risk Segment" and "BHC Stress Projection Amount" in this schedule.

As indicated in the draft instructions and consistent with other instructions for this schedule, the Federal Reserve does not intend to provide specific definition for these terms. Each firm uses its unique methodology for each identified material risk as well as its risk segment. Risk segmentation and resulting material risks vary based on business mix, risk profile, and risk drivers. Therefore the Federal Reserve does not expect a standard taxonomy for reporting purposes. Risk Name is the firm's taxonomy for a given material risk. Risk Segment is the firm's chosen taxonomy for risk segmentation/risk categorization.

Second, in order to better conform the items as proposed in the draft forms and consistent with the item description, the commenter requested the addition of "Operational" before "Risk(s)" to the (1) title of the schedule, (2) header of the first column in the schedule, and (3) descriptions below the aforementioned header on Schedule E.2. Consistent with the request regarding the insertion of the word "Operational" into the appropriate locations on Schedule E.2, the commenter also suggested the addition of the words "Operational Risk" to each of the names of the columns in Schedule E.3, as well as to the lines for "percentage of the loss estimates" and "total number of scenarios." The forms will be updated as suggested.

In regards to Schedule E.3, the commenter requested the addition of the word "9-Qtr Projection" after "BHC Baseline" and "BHC Stress" to clarify that the total nine quarter projections are the information being sought on this schedule. To further clarify the column titles in schedule E.3, "Nine-Quarter Loss Projection" will be added after "BHC Base Line" and after "BHC Stress."

Finally, one commenter requested additional clarity surrounding expectations for the information to be reported under the column "Methodology for applying scenario results" on the proposed FR Y-14A, Schedule E.3. The Federal Reserve clarifies that the intent of this column is for the firm to note the name of methodology used to quantify losses using the Scenario approach. For example, quantitative model, historical averages, estimate based on expert judgment, etc.

The changes to the FR Y-14A, Schedule E (Operational Risk) will be implemented as of December 31, 2016, with the revisions noted above.

### FR Y-14Q

#### *Schedule H.1 (Corporate Loan)*

In addition to the comments specific to the proposed changes contained in the initial notice, the Federal Reserve also received two comments regarding the reporting of syndicated pipelines and disposition activity on Schedule H.1 (Wholesale – Corporate), to which no changes were proposed. The commenter inquired as to when the Federal Reserve would provide draft and/or final technical instructions for the third quarter 2016 reporting requirements on Syndicated Finance Pipeline Reporting and Disposition Activity. Technical instructions for the third quarter were posted to the public website on October 17, 2016.

The commenter also questioned whether the Federal Reserve would provide an interim exemption on having to provide responses to edit check exceptions for these new reporting requirements similar to what was done for the 2Q 2016 Fronting Exposure edit checks, which did not require responses until 4Q 2016. The Federal Reserve emphasizes the value of edit checks for both firms and the Federal Reserve in ensuring data quality, particularly for newly reported items. The final notice adopting these changes delayed the implementation of these requirements an additional quarter (to be effective as of September 30, 2016), in order to allow firms additional time to prepare for the reporting of these exposures.[26] Therefore, exemptions to edit checks responses on these reporting requirements are not planned at this time.

On December 22, 2016, the Board published a final notice in the *Federal Register* (81 FR 93917).

## 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 928,387 hours and with the proposed revisions would increase by 23,477 hours, for a total of 951,864 hours, including 18,720 hours of automation burden. This increase is primarily due to the addition of the attestation requirement for LISCC U.S. IHCs, modifications to Schedule E (Operational Risk), and the addition of the requirement to submit certain FR Y-14 schedules identifying adjustments to planned capital actions and incremental capital distributions. These reporting requirements represent 7.6 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 83,499 hours and with the proposed revisions would increase by 1,241 hours for a total of 84,740 hours. The increase is primarily due to the addition of sub-schedules to Schedule E (Operational Risk) and the addition of the requirement to submit certain FR Y-14 schedules identifying adjustments to

[26] See 81 FR 3412 (January 21, 2016).

planned capital actions and incremental capital distributions. For burden purposes, the Board estimates approximately five adjusted or incremental capital plans may be submitted in a year; however, the number of respondents will vary based on the firms electing to make an adjustment.

**FR Y-14Q Burden**

The current total annual burden hours for the FR Y-14Q is estimated to be 223,708 hours and with the proposed revisions would increase by 156 hours for a total of 223,864 hours. The additional burden to collect the new column on Schedule B (Securities) is expected to be minimal and other changes are clarifying in nature.

**FR Y-14M Burden**

The current total annual burden hours for the FR Y-14M is estimated to be 579,420 hours. The proposed revisions are clarifying in nature and burden is expected to remain the same.

**Implementation and On-Going Automation Burden**

In an effort to more accurately reflect the burden imposed on the BHCs for reporting the FR Y-14 data, the Board has included estimates for annual on-going automation burden (for existing respondents) and implementation for new respondents. The Board 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 18,720 hours. Additionally, the Board estimates that on average it would take approximately 7,200 hours for each new respondent to implement the requirements of the FR Y-14. Since there are no new respondents for the current proposal, this results in 0 hours.

| | *Number of respondents*[27] | *Annual frequency* | *Estimated average hours per response* | *Estimated annual burden hours* |
|---|---|---|---|---|
| **Current FR Y-14A** | | | | |
| Summary | 39 | 2 | 987 | 76,986 |
| Macro scenario | 39 | 2 | 31 | 2,418 |
| Operational risk | 39 | 1 | 12 | 468 |
| Regulatory Capital Transitions | 39 | 1 | 23 | 897 |
| Regulatory Capital Instruments | 39 | 1 | 20 | 780 |
| Business Plan Changes | 39 | 1 | 10 | 390 |
| Retail Repurchase Exposures | 39 | 2 | 20 | 1,560 |
| *Current FR Y-14A Total* | | | | *83,499* |
| **Current FR Y-14Q** | | | | |
| Retail | 39 | 4 | 16 | 2,496 |
| Securities | 39 | 4 | 13 | 2,028 |
| PPNR | 39 | 4 | 711 | 110,916 |
| Wholesale | 39 | 4 | 152 | 23,712 |
| Trading | 6 | 4 | 1,926 | 46,224 |
| Regulatory Capital Transitions | 39 | 4 | 23 | 3,588 |
| Regulatory Capital Instruments | 39 | 4 | 52 | 8,112 |
| Operational Risk | 39 | 4 | 50 | 7,800 |
| MSR Valuation | 18 | 4 | 24 | 1,728 |
| Supplemental | 39 | 4 | 4 | 624 |
| Retail FVO/HFS | 28 | 4 | 16 | 1,792 |
| Counterparty | 6 | 4 | 508 | 12,192 |
| Balances | 39 | 4 | 16 | 2,496 |
| *Current FR Y-14Q Total* | | | | *223,708* |

[27] Of the respondents required to comply with the FR Y-14A/Q/M information collection, 0 are estimated to be small entities as defined by the Small Business Administration (i.e., entities with less than $550 million in total assets) www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards.

| | | | | |
|---|---|---|---|---|
| **Current FR Y-14M** | | | | |
| Retail Risk | | | | |
| 1st lien mortgage | 37 | 12 | 515 | 228,660 |
| Home equity | 32 | 12 | 515 | 197,760 |
| Credit card | 25 | 12 | 510 | 153,000 |
| *Current FR Y-14M Total* | | | | *579,420* |
| **Implementation and On-going Automation** | | | | |
| Implementation | 0 | 1 | 7,200 | 0 |
| On-going revisions | 39 | 1 | 480 | 18,720 |
| *Implementation and On-going Automation Total* | | | | *18,720* |
| **Attestation** | | | | |
| Implementation | 0 | 1 | 4,800 | 0 |
| On-going | 9 | 1 | 2,560 | 23,040 |
| *Attestation Total* | | | | *23,040* |
| **Current Collection Total** | | | | **928,387** |

| | *Number of respondents*[28] | *Annual frequency* | *Estimated average hours per response* | *Estimated annual burden hours* |
|---|---|---|---|---|
| **Proposed FR Y-14A** | | | | |
| Summary | 39 | 2 | 993 | 77,454 |
| Macro scenario | 39 | 2 | 31 | 2,418 |
| Operational risk | 39 | 1 | 18 | 702 |
| Regulatory Capital Transitions | 39 | 1 | 23 | 897 |
| Regulatory Capital Instruments | 39 | 1 | 21 | 819 |
| Business Plan Changes | 39 | 1 | 10 | 390 |
| Retail Repurchase Exposures | 39 | 2 | 20 | 1,560 |
| **Adjusted Capital Plan Submission** | 5 | 1 | 100 | 500 |
| *Proposed FR Y-14A Total* | | | | *84,740* |
| **Proposed FR Y-14Q** | | | | |
| Retail | 39 | 4 | 16 | 2,496 |
| Securities | 39 | 4 | 14 | 2,184 |
| PPNR | 39 | 4 | 711 | 110,916 |
| Wholesale | 39 | 4 | 152 | 23,712 |
| Trading | 6 | 4 | 1,926 | 46,224 |
| Regulatory Capital Transitions | 39 | 4 | 23 | 3,588 |
| Regulatory Capital Instruments | 39 | 4 | 52 | 8,112 |
| Operational Risk | 39 | 4 | 50 | 7,800 |
| MSR Valuation | 18 | 4 | 24 | 1,728 |
| Supplemental | 39 | 4 | 4 | 624 |
| Retail FVO/HFS | 28 | 4 | 16 | 1,792 |
| Counterparty | 6 | 4 | 508 | 12,192 |
| Balances | 39 | 4 | 16 | 2,496 |
| *Proposed FR Y-14Q Total* | | | | *223,864* |

[28] Of the respondents required to comply with the FR Y-14A/Q/M information collection, 0 are estimated to be small entities as defined by the Small Business Administration (i.e., entities with less than $550 million in total assets) www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards.

| | | | | |
|---|---|---|---|---|
| **Proposed FR Y-14M** | | | | |
| Retail Risk | | | | |
| 1st lien mortgage | 37 | 12 | 515 | 228,660 |
| Home equity | 32 | 12 | 515 | 197,760 |
| Credit card | 25 | 12 | 510 | 153,000 |
| *Proposed FR Y-14M Total* | | | | *579,420* |
| **Proposed Implementation and On-going Automation** | | | | |
| Implementation | 0 | 1 | 7,200 | 0 |
| On-going revisions | 39 | 1 | 480 | 18,720 |
| *Proposed Automation Total* | | | | *18,720* |
| **Attestation** | | | | |
| Implementation | 3 | 1 | 4,800 | 14,400 |
| On-going | 12 | 1 | 2,560 | 30,720 |
| *Attestation Total* | | | | *45,120* |
| **Proposed Collection total** | | | | **951,864** |
| ***Total Change*** | | | | ***23,477*** |

The current annual cost to the public of these reports is estimated to be $49,343,769 and would increase to $50,591,572 with the proposed changes.[29]

### Sensitive Questions

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

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29 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/.

## Estimate of Cost to the Federal Reserve System

The current cost to the Federal Reserve System is estimated to be $2,739,104, the one-time cost is estimated to be $74,300, and the proposed cost is estimated to be $2,779,104.