

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

*Prudential Standards for Large Bank Holding Companies,
Savings and Loan Holding Companies, and Foreign Banking Organizations
(Docket No. R-1658; RIN 7100-AF45)*

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M; OMB No. 7100-0341). These collections of information are applicable to top-tier U.S. bank holding companies (BHCs) with \$100 billion or more in total consolidated assets and U.S. intermediate holding companies (IHCs) of foreign banking organizations (FBOs). The FR Y-14A, FR Y-14Q, and FR Y-14M reports are used to support the Board's Comprehensive Capital Analysis and Review (CCAR) exercise, supervisory stress test models, and continuous monitoring efforts.

The Board adopted a final rule that establishes risk-based categories for determining prudential standards for large U.S. banking organizations and foreign banking organizations, consistent with section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank),¹ as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), and with the Home Owners' Loan Act (HOLA). The final rule amends certain prudential standards, including standards relating to liquidity, risk management, stress testing, and single-counterparty credit limits, to reflect the risk profile of banking organizations under each category; applies prudential standards to certain large savings and loan holding companies (SLHCs) using the same categories; makes corresponding changes to reporting forms; and makes additional modifications to the Board's company-run stress test and supervisory stress test rules, consistent with section 401 of EGRRCPA. The final rule is effective December 31, 2019.

The Board revised the FR Y-14 so that (1) BHCs with less than \$100 billion in total consolidated assets would no longer have to report and (2) covered SLHCs with \$100 billion or more in total consolidated assets are included in the reporting panel for certain FR Y-14 schedules. The Board revised the FR Y-14 threshold for U.S. intermediate holding companies that would be required to submit these forms, by increasing it to apply only U.S. intermediate holding companies with \$100 billion or more in total consolidated assets. U.S. intermediate holding companies below this size threshold would no longer be required to submit these forms. The Board also made certain revisions to the FR Y-14 forms to eliminate references to the adverse scenario and to eliminate the mid-cycle FR Y-14A submission, consistent with other changes in this final rule. The first as-of date for the amended FR Y-14A/Q/M for BHCs and IHCs is the next report after the effective date of the final rule. The first as-of date for the FR Y-14Q and FR Y-14M for SLHCs is June 30, 2020, and for the FR Y-14A for SLHCs is December 31, 2021.

¹ Pub. L. No. 111-203, 124 Stat. 1376 (2010).

The current estimated total annual burden for the FR Y-14 is 858,384 hours, and would increase to 922,400 hours. The adopted revisions would result in an increase of 64,016 hours. The draft forms and instructions for the FR Y-14 are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx>.

Background and Justification

Section 165(i)(1) of the Dodd-Frank Act requires the Board to conduct an annual stress test of certain companies to evaluate whether the company has sufficient capital, on a total consolidated basis, to absorb losses as a result of adverse economic conditions (supervisory stress test).² Further, section 165(i)(2) of the Dodd-Frank Act requires the Board to issue regulations requiring such companies to conduct company-run stress tests.³ On May 24, 2018, the EGRRCPA became law and amended sections 165(i)(1) and (2) of the Dodd-Frank Act, among other changes.⁴ The Board's rules implementing sections 165(i)(1) and (i)(2) of the Dodd-Frank Act establish stress testing requirements for certain BHCs, state member banks, SLHCs, FBOs, and nonbank financial companies supervised by the Board.⁵

Additionally, the Board's capital plan rule requires certain firms to submit capital plans to the Board annually and requires such firms to request prior approval from the Board under certain circumstances before making a capital distribution.⁶ In connection with submissions of capital plans to the Board, firms are required, pursuant to 12 CFR 225.8(e)(3), to provide information including, but not limited to, the firm's financial condition, structure, assets, risk exposure, policies and procedures, liquidity, and risk management.

The annual CCAR exercise complements other Board supervisory efforts aimed at enhancing the continued viability of large firms, including continuous monitoring of firms' planning and management of liquidity and funding resources, as well as regular assessments of credit, market and operational risks, and associated risk management practices.

The FR Y-14 series of reports collects CCAR, stress test, and capital plan data from the largest holding companies, which are those with \$100 billion or more in total consolidated assets. The data collected through the FR Y-14A/Q/M reports provide the Board with the information needed to help ensure that large holding companies 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.

² See 12 U.S.C. § 5365(i)(1).

³ See 12 U.S.C. § 5365(i)(2).

⁴ EGRRCPA requires "periodic" supervisory stress tests for bank holding companies with \$100 billion or more, but less than \$250 billion, in total consolidated assets and amended section 165(i)(1) to require annual supervisory stress tests for bank holding companies with \$250 billion or more in total consolidated assets. EGRRCPA amended section 165(i)(2) to require bank holding companies with \$250 billion or more in total consolidated assets, and financial companies with more than \$250 billion in total consolidated assets, to conduct "periodic" stress tests. Finally, EGRRCPA amended both sections 165(i)(1) and (2) to no longer require the Board to include an "adverse" scenario in company-run or supervisory stress tests, reducing the number of required stress test scenarios from three to two.

⁵ See 12 CFR 252, subparts B, E, F, and O.

⁶ See 12 CFR 225.8.

Information gathered in this data collection is also used in the supervision and regulation of these financial institutions.

Description of Information Collection

These collections of information are applicable to holding companies with total consolidated assets of \$100 billion or more. This family of information collections is composed of the following three mandatory reports:

- The semi-annual FR Y-14A, which 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.⁷
- The quarterly FR Y-14Q, which collects granular data on various asset classes, including loans, securities, trading assets, and pre-provision net revenue (PPNR) for the reporting period.
- The monthly FR Y-14M, which is comprised of three retail portfolio- and loan-level schedules, and one detailed address matching schedule to supplement two of the portfolio- and loan-level schedules.

FR Y-14A (semi-annual collection)

The semi-annual collection of quantitative projected regulatory capital ratios across various macroeconomic scenarios is comprised of five primary schedules (Summary, Scenario, Regulatory Capital Instruments, Operational Risk, Business Plan Changes (BPC)), each with multiple supporting tables.

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.

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 inputs to supervisory stress test models to monitor actual versus forecast information on a quarterly basis and to conduct ongoing supervision.

⁷ In certain circumstances, a BHC or U.S. IHC may be required to re-submit its capital plan. See 12 CFR 225.8(e)(4). Firms that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

FR Y-14M (monthly collection)

The FR Y-14M report includes two portfolio- and loan-level schedules for First Lien data and Home Equity data, and an account- and portfolio-level schedule for Domestic Credit Card data. 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.

Respondent Panel

The respondent panel consists of holding companies with \$100 billion or more in total consolidated assets,⁸ as 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 the respondent meets this asset threshold, unless otherwise directed by the Board.

Adopted Revisions

The Board adopted a final rule that establishes risk-based categories for determining prudential standards for large U.S. banking organizations and foreign banking organizations, consistent with section 165 of the Dodd-Frank, as amended by the EGRRCPA, and with the HOLA. The final rule amends certain prudential standards, including standards relating to liquidity, risk management, stress testing, and single-counterparty credit limits, to reflect the risk profile of banking organizations under each category; applies prudential standards to certain large savings and loan holding companies using the same categories; makes corresponding changes to reporting forms; and makes additional modifications to the Board's company-run stress test and supervisory stress test rules, consistent with section 401 of EGRRCPA. The final rule is effective December 31, 2019.

The Board revised the FR Y-14 so that (1) BHCs with less than \$100 billion in total consolidated assets would no longer have to report and (2) covered SLHCs with \$100 billion or more in total consolidated assets are included in the reporting panel for certain FR Y-14 schedules. The Board revised the FR Y-14 threshold for U.S. intermediate holding companies that would be required to submit these forms, by increasing it to apply only U.S. intermediate holding companies with \$100 billion or more in total consolidated assets. U.S. intermediate holding companies below this size threshold would no longer be required to submit these forms. The Board also made certain revisions to the FR Y-14 forms to eliminate references to the adverse scenario and to eliminate the mid-cycle FR Y-14A submission, consistent with other changes in this final rule. The first as-of date for the amended FR Y-14A/Q/M for BHCs and IHCs is the next report after the effective date of the final rule. The first as-of date for the

⁸ Covered SLHCs with \$100 billion or more in consolidated assets are not required to file the FR Y-14Q and FR Y-14M until the reports with the June 30, 2020, as-of date, and are not required to file the FR Y-14A until the report with the December 31, 2020, as-of date.

FR Y-14Q and FR Y-14M for SLHCs is June 30, 2020, and for the FR Y-14A for SLHCs is December 31, 2021.

Time Schedule for Information Collection

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

Schedules and Sub-schedules	Data as-of-date	Submission Date to Board
FR Y-14A - Semi-annual Schedules		
Summary, Macro Scenario	December 31 st . June 30 th .	April 5 th of the following year. October 5 th of the same year.
FR Y-14A - Annual Schedules		
Operational Risk and Business Plan Changes Schedules	December 31 st .	April 5 th of the following year.
<u>CCAR Market Shock exercise</u> Summary schedule <ul style="list-style-type: none"> • Trading Risk • Counterparty 	A specified date in the first quarter that would be communicated by the Board. ⁹	April 5 th .
Regulatory Capital Instruments	December 31 st .	<ul style="list-style-type: none"> • Original submission: Data are due April 5th of the following year. • Adjusted submission: The Board will notify companies at least 14 calendar days in advance of the date on which it expects companies to submit any adjusted capital actions. • Incremental submission: At the time the firm seeks approval for 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)).

⁹ See 12 CFR 252.14(b)(2). In February 2017, the Board finalized modifications to the capital plan rule extending the range of dates from which the Board may select the as-of date for the global market shock to October 1 of the calendar year preceding the year of the stress test cycle to March 1 of the calendar year of the stress test cycle. 82 FR 9308 (February 3, 2017).

Schedules	Data as-of date	Submission Date to Board
FR Y-14Q (Quarterly Filings)		
Securities PPNR Retail Wholesale Operational MSR Valuation Supplemental Retail FVO/HFS Regulatory Capital Transitions Regulatory Capital Instruments Balances	<p>Each calendar quarter-end.</p>	<p>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).</p>
Trading Schedule Counterparty Schedule	<p>Due to the CCAR Market Shock exercise, the as-of date for the fourth quarter would be communicated in the subsequent quarter.</p> <p>For all other quarters, the as-of date would be the last day of the quarter, except for firms that are required to re-submit their capital plan.</p> <p>For these firms, the as-of date for the quarter preceding the quarter in which they are required to re-submit a capital plan would be communicated to the firms during the subsequent quarter</p>	<p>Data are due seven calendar days after the FR Y-9C reporting schedule for data as of the quarter end for March, June, and September.</p> <p>Fourth quarter – Trading and Counterparty (Regular/unstressed submission): 52 calendar days after the notification date (notifying respondents of the as-of date) or March 15, whichever comes earlier. <u>Unless the Board requires the data to be provided over a different weekly period,</u> 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.</p> <p>Fourth quarter – Counterparty (CCAR/stressed submission): April 5th. 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</p>

		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	The last business day of each calendar month.	By the 30 th calendar day of the following month.

Public Availability of Data

There is no data related to this information collection available to the public.

Legal Status

The Board has the authority to require BHCs to file the FR Y-14 reports pursuant to section 5 of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844), to require SLHCs to file the FR Y-14 reports pursuant to section 10 of the HOLA (12 U.S.C. § 1467a(b)), and to require the U.S. IHCs of FBOs to file the FR Y-14 reports pursuant to section 5 of the BHC Act, in conjunction with section 8 of the International Banking Act of 1978 (12 U.S.C. § 3106). The FR Y-14 reports are mandatory.

The information collected in these reports is collected as part of the Board’s supervisory process, and therefore is afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(8)). In addition, individual respondents may request that certain data be afforded confidential treatment pursuant to exemption 4 of FOIA, which exempts from disclosure “trade secrets and commercial or financial information obtained from a person and privileged or confidential” (5 U.S.C. § 552(b)(4)). Determinations of confidentiality based on exemption 4 of FOIA would be made on a case-by-case basis.

Consultation outside the Agency

There has been no consultation outside the agency.

Public Comments

On November 29, 2018, the Board published a notice of proposed rulemaking for U.S. banking organizations in the *Federal Register* (83 FR 61408) for public comment. The comment period for this notice expired on January 22, 2019. On May 15, 2019, the Board published a notice of proposed rulemaking for foreign banking organizations in the *Federal Register* (84 FR 21988) for public comment. The comment period for this notice expired on June 21, 2019. The Board did not receive any specific comments related to the Paperwork Reduction Act (PRA) analysis. On November 1, 2019, the Board published a final rule in the *Federal Register* (84 FR 59032). The final rule is effective on December 31, 2019.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-14 is 858,384 hours, and would increase to 922,400 hours with the adopted revisions. The Board estimates that revisions to the FR Y-14 would increase the reporting panel by 2 respondents. The Board estimates that revisions to the FR Y-14 would increase the estimated annual burden by 64,016 hours. These reporting requirements represent approximately 8.6 percent of the Board's total paperwork burden.

FR Y-14	<i>Estimated number of respondents¹⁰</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FR Y-14A				
Summary	36	2	887	63,864
Macro scenario	36	2	31	2,232
Operational risk	36	1	18	648
Regulatory capital instruments	36	1	21	756
Business plan changes	36	1	16	576
Adjusted capital plan submission	5	1	100	<u>500</u>
<i>Current FR Y-14A Total</i>				68,576
FR Y-14Q				
Retail	36	4	15	2,160
Securities	36	4	13	1,872
PPNR	36	4	711	102,384
Wholesale	36	4	151	21,744
Trading	12	4	1,926	92,448
Regulatory capital transitions	36	4	23	3,312
Regulatory capital instruments	36	4	54	7,776
Operational risk	36	4	50	7,200
MSR valuation	15	4	23	1,380
Supplemental	36	4	4	576
Retail FVO/HFS	25	4	15	1,500
Counterparty	12	4	514	24,672
Balances	36	4	16	<u>2,304</u>
<i>Current FR Y-14Q Total</i>				269,328

¹⁰ Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

FR Y-14M

Retail Risk:

1 st lien Mortgage	34	12	516	210,528
Home Equity	28	12	516	173,376
Credit Card	14	12	512	<u>86,016</u>
<i>Current FR Y-14M Total</i>				469,920

Implementation and Ongoing Automation

Implementation	0	1	7,200	0
Ongoing revisions	36	1	480	<u>17,280</u>
<i>Current Implementation and Ongoing Automation Total</i>				17,280

Attestation

Implementation	0	1	4,800	0
Ongoing	13	1	2,560	<u>33,280</u>
<i>Current Attestation Total</i>				33,280

Current Collection Total

858,384

Proposed**FR Y-14A**

Summary	38	2	887	67,412
Macro scenario	36	2	31	2,232
Operational risk	38	1	18	684
Regulatory capital instruments	36	1	21	756
Business plan changes	38	1	16	608
Adjusted capital plan submission	5	1	100	<u>500</u>
<i>Proposed FR Y-14A Total</i>				72,192

FR Y-14Q

Retail	38	4	15	2,280
Securities	38	4	13	1,976
PPNR	38	4	711	108,072
Wholesale	38	4	151	22,952
Trading	12	4	1,926	92,448
Regulatory capital transitions	36	4	23	3,312
Regulatory capital instruments	36	4	54	7,776
Operational risk	38	4	50	7,600
MSR valuation	17	4	23	1,564

Supplemental	38	4	4	608
Retail FVO/HFS	27	4	15	1,620
Counterparty	12	4	514	24,672
Balances	38	4	16	<u>2,432</u>
<i>Proposed FR Y-14Q Total</i>				277,312

FR Y-14M

Retail Risk:

1 st lien Mortgage	36	12	516	222,912
Home Equity	30	12	516	185,760
Credit Card	16	12	512	<u>98,304</u>
<i>Proposed FR Y-14M Total</i>				506,976

Implementation and Ongoing Automation

Implementation	2	1	7,200	14,400
Ongoing revisions	38	1	480	<u>18,240</u>
<i>Proposed Implementation and Ongoing Automation Total</i>				32,640

Attestation

Implementation	0	1	4,800	0
Ongoing	13	1	2,560	<u>33,280</u>
<i>Proposed Attestation Total</i>				33,280

Proposed Collection Total 922,400

Difference 64,016

The current estimated total annual cost to the public for the FR Y-14 is \$49,442,918 and would increase to \$53,130,240 with the adopted revisions.¹¹

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

¹¹ 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 \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). 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 2018*, published March 29, 2019, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, <https://www.bls.gov/soc/>.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System is \$3,045,400 for ongoing costs.