

**Supporting Statement for the  
Systemic Risk Report  
(FR Y-15; OMB No. 7100-0352)**

*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 Systemic Risk Report (FR Y-15; OMB No. 7100-0352). The FR Y-15 quarterly report collects systemic risk data from U.S. bank holding companies (BHCs), covered savings and loan holding companies (SLHCs),<sup>1</sup> intermediate holding companies (IHCs) with total consolidated assets of \$50 billion or more, and any U.S. BHC designated as a global systemically important bank holding company (GSIB).<sup>2</sup> Among other purposes, the Board uses the FR Y-15 data to monitor, on an ongoing basis, the systemic risk profile of certain institutions that are subject to enhanced prudential standards under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).<sup>3</sup>

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 (FBOs), consistent with section 165 of the Dodd-Frank Act, 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 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. Consistent with the final rule, the FR Y-15 has been amended to require U.S. bank holding companies and U.S. covered savings and loan holding companies with \$100 billion or more in total consolidated assets to file the form, as well as foreign banking organizations with \$100 billion or more in combined U.S. assets. These foreign banking organizations will file all schedules of the FR Y-15 on behalf of their U.S. intermediate holding companies (Column A) and combined U.S. operations (Column B). The final form also includes revisions to the title, Schedules A and E, and new Schedules H through N for FBOs. The first as-of date for the amended FR Y-15 is June 30, 2020.

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<sup>1</sup> Covered SLHCs are those that are not substantially engaged in insurance or commercial activities. See 12 CFR 217.2.

<sup>2</sup> See 12 CFR 217.402. A U.S. top-tier holding company with total consolidated assets of \$50 billion or more that is a subsidiary of a foreign banking organization must file the FR Y-15. Only the top tier of a multi-tiered holding company with total consolidated assets of \$50 billion or more must file the FR Y-15.

<sup>3</sup> Pub. L. No. 111-203 (2010); 12 U.S.C. § 5365.

The current estimated total annual burden for the FR Y-15 is 59,348 hours, and would increase to 69,316 hours. The adopted revisions would result in an increase of 9,968 hours. The forms and instructions for the FR Y-15 are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/default.aspx>.

## **Background and Justification**

Section 165 of the Dodd-Frank Act directs the Board to establish enhanced prudential standards, including risk-based capital requirements, for certain large financial institutions. These standards must be more stringent than the standards applicable to other financial institutions that do not present similar risks to U.S. financial stability. Additionally, these standards must increase in stringency based on several factors, including the size and risk characteristics of a company subject to the rule, and the Board must take into account the differences among bank holding companies and nonbank financial companies.

Pursuant to the requirement to establish enhanced risk-based capital standards under section 165 of the Dodd-Frank Act, the Board published a final rule establishing a GSIB surcharge on the largest, most interconnected U.S. BHCs in August 2015.<sup>4</sup> The GSIB surcharge is calculated using an indicator-based approach that focuses on those aspects of a BHC's operations that are likely to generate negative externalities in the case of its failure or distress. The rule's methodologies assess six components of a BHC's systemic footprint: size, interconnectedness, substitutability, complexity, cross-jurisdictional activity, and reliance on short-term wholesale funding. The indicators comprising these six components are reported on the FR Y-15. More generally, the FR Y-15 report is used to monitor the systemic risk profile of the institutions that are subject to enhanced prudential standards under section 165.

Additionally, the Dodd-Frank Act requires that the Board consider the extent to which a proposal would result in greater or more concentrated risks to the stability of the United States banking or financial system as part of its review of certain banking applications.<sup>5</sup> The data reported on the FR Y-15 are used by the Board to analyze the systemic risk implications of such applications.

## **Description of Information Collection**

The report consists of the following schedules:

- Schedule A - Size Indicator
- Schedule B - Interconnectedness Indicators
- Schedule C - Substitutability Indicators
- Schedule D - Complexity Indicators
- Schedule E - Cross-Jurisdictional Activity Indicators
- Schedule F - Ancillary Indicators
- Schedule G - Short-term Wholesale Funding Indicator

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<sup>4</sup> 80 FR 49082 (August 14, 2015).

<sup>5</sup> 12 U.S.C. §§ 1842(c)(7) and 1828(c)(5).

Some of the reporting requirements within the schedules overlap with data already collected in the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128), Country Exposure Report (FFIEC 009; OMB No. 7100-0035), and Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319). Where relevant data are already collected by those reports, the FR Y-15 automatically populates items based on the source form so that the information does not need to be reported twice. Automatically-retrieved items are listed in the general instructions of the FR Y-15 under section H, titled “Data Items Automatically Retrieved from Other Reports.”

### **Schedule A - Size Indicator**

The Size Indicator Schedule includes items addressing derivative exposures and securities financing transaction (SFT) exposures. The schedule also includes other on-balance sheet assets, regulatory adjustments, gross notional amounts of items subject to different credit conversion factors (0%, 20%, 50%, and 100%) under section 217.33 of the Board’s Regulation Q - Capital Adequacy of Bank Holding Companies, Savings and Loan Holding Companies, and State Member Banks (12 CFR 217), securities received as collateral in securities lending, cash collateral received in conduit securities lending transactions, and credit derivatives sold net of related credit production bought.

### **Schedule B - Interconnectedness Indicators**

The Interconnectedness Indicators Schedule is comprised of three subcategories: intra-financial system assets, intra-financial system liabilities, and securities outstanding. Intra-financial system assets are comprised of funds deposited with or lent to unaffiliated financial institutions, certificates of deposit, unused portion of committed lines extended to other financial institutions, holdings of securities issued by other financial institutions, net positive current exposure of SFTs with other financial institutions, and information about over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value.

Intra-financial system liabilities include deposits due to depository institutions, deposits due to non-depository financial institutions, borrowings obtained from other financial institutions, unused portions of committed lines obtained from other financial institutions, net negative current exposure of SFTs with other financial institutions, and information about OTC derivatives with other financial institutions that have a net negative fair value.

Securities outstanding include secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificates of deposit, common equity, and preferred shares and other forms of subordinated funding. Standby letters of credit extended to other financial institutions are reported as a memorandum item.

### **Schedule C - Substitutability Indicators**

The Substitutability Indicators Schedule includes the value of payments sent by the banking organization over the reporting year via large value payment systems or through an

agent. These payments are reported by currency. Additional currencies are reported as memorandum items. Payments made in currencies not listed are also collected. The schedule also includes assets held as a custodian on behalf of customers, equity underwriting activity, debt underwriting activity, and unsecured settlement/clearing lines provided.

#### **Schedule D - Complexity Indicators**

The Complexity Indicators Schedule includes the notional amount of OTC derivatives cleared through a central counterparty, the notional amount of OTC derivatives settled bilaterally, trading securities, available-for-sale (AFS) securities, trading and AFS securities that meet the definition of level 1 liquid assets, trading and AFS securities that meet the definition of level 2 liquid assets after haircuts, assets valued for accounting purposes using level 3 measurement inputs, and held-to-maturity securities.<sup>6</sup>

#### **Schedule E - Cross-Jurisdictional Activity Indicators**

The Cross-Jurisdictional Activity Indicators Schedule includes foreign claims on an ultimate-risk basis (i.e., immediate-counterparty claims that have been adjusted, where relevant, based on the country of residence of the guarantor or collateral provided), foreign liabilities (excluding local liabilities in local currency), any foreign liabilities to related offices included in the reported foreign liabilities total, and local liabilities in local currency.

#### **Schedule F - Ancillary Indicators**

The Ancillary Indicators Schedule includes total liabilities, retail funding, total gross revenue, total net revenue, foreign net revenue, gross value of cash provided and gross fair value of securities provided in SFTs, gross value of cash received and gross fair value of securities received in SFTs, gross positive fair value of OTC derivative contracts, gross negative fair value of OTC derivative contracts, and number of jurisdictions where the banking organization has a branch, a subsidiary, or other entity that is consolidated under U.S. generally accepted accounting principles.

#### **Schedule G – Short-Term Wholesale Funding Indicator**

The Short-Term Wholesale Funding Indicator Schedule captures first, second, and third tier funding and all other components of short-term wholesale funding. First-tier funding consists of funding secured by level 1 liquid assets, retail brokered deposits and sweeps, unsecured wholesale funding obtained outside of the financial sector, and firm short positions involving level 2B liquid assets or assets that do not qualify as high-quality liquid assets (HQLA).<sup>7</sup> Second-tier funding consists of funding secured by level 2A liquid assets and covered asset exchanges.<sup>8</sup>

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<sup>6</sup> For definitions of level 1 and level 2 liquid assets, see 12 CFR 249.20. For a definition of level 3 measurement inputs see Financial Accounting Standards Board (FASB) Accounting Standards Topic 820, Fair Value Measurements and Disclosures (formerly FASB Statement No. 157, Fair Value Measurements).

<sup>7</sup> For the list of assets that are level 2B liquid assets and a definition of HQLA, see 12 CFR 249.20 and 249.3, respectively.

<sup>8</sup> For the list of assets that are level 2A liquid assets, see 12 CFR 249.20.

Third-tier funding consists of funding secured by level 2B liquid assets, other covered asset exchanges, and unsecured wholesale funding obtained within the financial sector. The schedule also captures average risk-weighted assets.

### **Respondent Panel**

The FR Y-15 panel is comprised of top-tier U.S. BHCs, covered SLHCs, IHCs with total consolidated assets of \$50 billion or more, and any U.S. BHC designated as a GSIB.

### **Adopted Revisions to the FR Y-15**

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.

Consistent with the final rule, the FR Y-15 has been amended to require U.S. bank holding companies and U.S. covered savings and loan holding companies with \$100 billion or more in total consolidated assets to file the form, as well as foreign banking organizations with \$100 billion or more in combined U.S. assets. These foreign banking organizations will file all schedules of the FR Y-15 on behalf of their U.S. intermediate holding companies (Column A) and combined U.S. operations (Column B). The final form also includes revisions to the title, Schedules A and E, and new Schedules H through N for FBOs. The first as-of date for the amended FR Y-15 is June 30, 2020.

### **Time Schedule for Information Collection**

The FR Y-15 must be submitted as of the last calendar day of March, June, September, and December. The submission date for the March, June, and September reports is 50 calendar days after the as-of date. The submission date for the December report is 65 calendar days after the as-of date.

Respondents are required to submit the report electronically using the Board's standard electronic submission application, Reporting Central. The application validates the report data for mathematical and logical consistency and provides the reporting institution with a confirmation of receipt of its submission.

## **Public Availability of Data**

The FR Y-15 data collection is made available to the public through the National Information Center at <https://www.ffiec.gov/npw>, except for items deemed confidential, as discussed below.

## **Legal Status**

The Board has the authority to require BHCs, SLHCs, FBOs, and IHCs to file the FR Y-15 pursuant to, respectively, section 5 of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844), section 10(b) of the HOLA (12 U.S.C. § 1467a(b)), and 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-15 reports are mandatory.

The data collected on the FR Y-15 are made public unless a specific request for confidentiality is submitted by the reporting entity, either on the FR Y-15 or on the form from which the data item is obtained. Determinations regarding confidential treatment will be made on a case-by-case basis based on exemption 4 of the Freedom of Information Act (FOIA), which protects from disclosure trade secrets and commercial or financial information (5 U.S.C. § 552(b)(4)). A number of the items in the FR Y-15 are retrieved from the FR Y-9C and other items may be retrieved from the FFIEC 101 and FFIEC 009. Confidential treatment will also extend to any automatically-calculated items on the FR Y-15 that have been derived from confidential data items and that, if released, would reveal the underlying confidential data. To the extent confidential data collected under the FR Y-15 will be used for supervisory purposes, it may be exempt from disclosure under exemption 8 of the FOIA (5 U.S.C. § 552(b)(8)).

## **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-15 is 59,348 hours, and would increase to 69,316 hours with the adopted revisions. The Board estimates that the changes to the FR Y-15 would increase the respondent count by 6 respondents. The Board

also estimates that the revisions to the FR Y-15 would increase the estimated average hours per response by 2 hours and would increase the estimated annual burden by 9,968 hours. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR Y-15</b>	<i>Estimated number of respondents<sup>9</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current	37	4	401	59,348
Proposed	43	4	403	69,316
	<i>Change</i>			9,968

The current estimated total annual cost to the public for this collection of information is \$3,418,445 and would increase to \$3,992,602 with the adopted revisions.<sup>10</sup>

### **Sensitive Questions**

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

### **Estimate of Cost to the Federal Reserve System**

The estimated cost to the Federal Reserve System for collecting and processing this report is \$314,400.

<sup>9</sup> 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>.

<sup>10</sup> 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/>.