

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

*Regulations Q, Y, and YY: Regulatory Capital, Capital Plan, and Stress Test Rules
(Docket No. R-1603; RIN 7100-AF02)*

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 currently applicable to top-tier U.S. bank holding companies (BHCs) and U.S. intermediate holding companies of foreign banking organizations (IHCs) with \$100 billion or more in total consolidated assets. Covered savings and loan holding companies (SLHCs)¹ (collectively with BHCs, IHCs, and SLHCs, holding companies) with \$100 billion or more in total consolidated assets will also become respondents to the FR Y-14Q and FR Y-14M effective June 30, 2020, and will become respondents to the FR Y-14A effective December 31, 2021.² 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) and Dodd-Frank Act Stress Test (DFAST) exercises and supervisory stress test models, and also are used in connection with the supervision and regulation of these financial institutions.

The Board adopted changes to the FR Y-14 related to a final rule (SCB rule) that simplifies the Board's capital framework while preserving strong capital requirements for large firms.³ In connection with the SCB rule, the Board modified the FR Y-14A report to collect information regarding a firm's capital conservation buffer requirements (including the stress capital buffer requirement) and any applicable distribution limitations under the regulatory capital rule. Finally, to align with the SCB rule, the Board revised the FR Y-14A instructions to require a firm to submit an updated FR Y-14A, Schedule C (Regulatory Capital Instruments), within 15 days after notice of distributions in excess of planned distributions as required under the capital plan rule. The revisions are effective with the December 31, 2020, as-of-date, except for the revisions to FR Y-14A, Schedule C, which are effective when the final rule goes into effect, May 18, 2020.

The current estimated total annual burden for the FR Y-14 is 802,756 hours, and would increase to 803,476 hours. The adopted revisions would result in an increase 720 hours. The draft forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx>.

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

² See 84 FR 59032 (November 1, 2019).

³ 85 FR 15576 (March 18, 2020).

Background and Justification

Section 165(i)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)⁴ 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).⁵ 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.⁶ On May 24, 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amended sections 165(i)(1) and (2) of the Dodd-Frank Act, among other changes.⁷ 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, savings and loan holding companies, foreign banking organizations, and nonbank financial companies supervised by the Board.⁸

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.⁹ 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 FR Y-14A/Q/M reports complement 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 collect 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. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions.

⁴ Pub. L. No. 111-203, 124 Stat. 1376 (2010).

⁵ See 12 U.S.C. § 5365(i)(1).

⁶ See 12 U.S.C. § 5365(i)(2).

⁷ 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.

⁸ See 12 CFR 252, subparts B, E, F, and O.

⁹ See 12 CFR 225.8.

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 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.¹⁰
- 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 (annual collection)

The 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), each with multiple supporting tables.

The FR Y-14A schedules collect current financial information and 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, Operational Risk, Trading, PPNR, Wholesale Risk, Fair Value Option/Held for Sale, Supplemental, Counterparty, and Balances) 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.

¹⁰ In certain circumstances, a BHC or 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,¹¹ 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.

Revisions to the FR Y-14A

The SCB rule integrated the Board's regulatory capital rule with the CCAR, as implemented through the Board's capital plan rule. The final rule made amendments to the capital rule, capital plan rule, stress test rules, and Stress Testing Policy Statement. Under the SCB rule, the Board will use the results of its supervisory stress test to establish the size of a firm's stress capital buffer requirement, which replaces the static 2.5 percent of risk-weighted assets component of a firm's capital conservation buffer requirement. Through the integration of the capital rule and CCAR, the SCB rule removed redundant elements of the current capital and stress testing frameworks that currently operate in parallel rather than together, including the CCAR quantitative objection and the assumption that a firm makes all capital actions under stress.

In connection with the SCB rule, the Board modified the FR Y-14A to collect information regarding a firm's capital conservation buffer requirements (including the stress capital buffer requirement) and any applicable distribution limitations under the regulatory capital rule. Specifically, the Board revised the FR Y-14A, Schedule A.1.d (Capital) report to collect the following items under firm baseline conditions: (1) the firm's capital conservation buffer requirement and, as applicable, leverage buffer requirement for each quarter of the planning horizon, (2) the firm's capital conservation buffer and, as applicable, leverage buffer as of the preceding quarter-end for each quarter of the planning horizon, which is the difference between the firm's relevant capital ratio and the relevant minimum requirement, and (3) information needed to calculate the firm's maximum payout amount, including the firm's planned total capital distributions, eligible retained income, and maximum payout ratio for each

¹¹ 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.

quarter of the planning horizon. Finally, to align with the SCB rule, the Board revised the FR Y-14A instructions to require a firm to submit an updated FR Y-14A, Schedule C (Regulatory Capital Instruments), within 15 days after notice of distributions in excess of planned distributions as required under the capital plan rule. The revisions are effective with the December 31, 2020, as-of date, except for the revisions to FR Y-14A, Schedule C, which are effective when the final rule goes into effect, May 18, 2020.

Time Schedule for Information Collection

The following tables outline, by schedule and reporting frequency (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 (Annual Filings)		
Summary, Macro Scenario Operational Risk, and Business Plan Changes	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. ¹²	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: Within 15 days after making any capital distributions in excess of those included in a firm's capital plan (see 12 CFR 225.8(k)).

¹² 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 Risk Operational Supplemental Retail FVO/HFS Regulatory Capital 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 capital plan would be the later of (1) the normal due date or (2) the</p>

Schedules	Data as-of date	Submission Date to Board
		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

No data received through this information collection is made 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(c) of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844(c)), and pursuant to section 165(i) of the Dodd-Frank Act (12 U.S.C. § 5365(i)), as amended by section 401(a) and (e) of the EGRRCPA.¹³ The Board has authority to require SLHCs to file the FR Y-14 reports pursuant to section 10(b) of the Home Owners’ Loan Act (12 U.S.C. § 1467a(b)), as amended by section 369(8) and 604(h)(2) of the Dodd-Frank Act. Lastly, the Board has authority to require IHCs to file the FR Y-14 reports pursuant to section 5 of the BHC Act (12 U.S.C § 1844), as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act (12 U.S.C. §§ 5311(a)(1) and 5365).¹⁴ In addition, section 401(g) of EGRRCPA (12 U.S.C. § 5365 note) provides that the Board has the authority to establish enhanced prudential standards for foreign banking organizations with total consolidated assets of \$100 billion or more, and clarifies that nothing in section 401 “shall be construed to affect the legal effect of the final rule of the Board... entitled ‘Enhanced Prudential Standard for [BHCs] and Foreign Banking Organizations’ (79 FR 17240 (March 27, 2014)), as applied to foreign banking organizations with total consolidated assets equal to or greater than \$100 million.”¹⁵ The obligation to file the

¹³ Pub. L. No. 115-174, Title IV § 401(a) and (e), 132 Stat. 1296, 1356-59 (2018).

¹⁴ Section 165(b)(2) of the Dodd-Frank Act (12 U.S.C. § 5365(b)(2)), refers to “foreign-based bank holding company.” Section 102(a)(1) of the Dodd-Frank Act (12 U.S.C. § 5311(a)(1)), defines “bank holding company” for purposes of Title I of the Dodd-Frank Act to include foreign banking organizations that are treated as bank holding companies under section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)). The Board has required, pursuant to section 165(b)(1)(B)(iv) of the Dodd-Frank Act (12 U.S.C. § 5365(b)(1)(B)(iv)), certain foreign banking organizations subject to section 165 of the Dodd-Frank Act to form U.S. intermediate holding companies. Accordingly, the parent foreign-based organization of a U.S. IHC is treated as a BHC for purposes of the BHC Act and section 165 of the Dodd-Frank Act. Because section 5(c) of the BHC Act authorizes the Board to require reports from subsidiaries of BHCs, section 5(c) provides additional authority to require U.S. IHCs to report the information contained in the FR Y-14 reports.

¹⁵ The Board’s final rule referenced in section 401(g) of EGRRCPA specifically stated that the Board would require IHCs to file the FR Y-14 reports. See 79 FR 17240, 17304 (March 27, 2014).

three FR Y-14 reports is mandatory.

The information reported in the FR Y-14 reports is collected as part of the Board's supervisory process, and therefore, such information is afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(8)). In addition, confidential commercial or financial information, which a submitter actually and customarily treats as private, and which has been provided pursuant to an express assurance of confidentiality by the Board, is considered exempt from disclosure under exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)).¹⁶

Consultation Outside the Agency

There has been no consultation outside the agency.

Public Comments

On April 25, 2018, the Board published a notice of proposed rulemaking in the *Federal Register* (83 FR 18160) for public comment. The comment period for this notice expired on June 25, 2018. The Board did not receive any comments related to the Paperwork Reduction Act analysis. On March 18, 2020, the Board published a final rule in the *Federal Register* (85 FR 15576).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-14 is 802,756 hours, and would increase to 803,476 hours with the adopted revisions. The Board estimates that revisions to the FR Y-14A would increase the estimated average hours per response for FR Y-14A filers by 20 hours. These reporting requirements represent approximately 8.2 percent of the Board's total paperwork burden.

¹⁶ Please note that the Board publishes a summary of the results of the Board's CCAR testing pursuant to 12 CFR 225.8(f)(2)(v), and publishes a summary of the results of the Board's DFAST stress testing pursuant to 12 CFR 252.46(b) and 12 CFR 238.134, which includes aggregate data. In addition, under the Board's regulations, covered companies must also publicly disclose a summary of the results of the Board's DFAST stress testing. See 12 CFR 252.58; 12 CFR 238.146. The public disclosure requirement contained in 12 CFR 252.58 for covered BHCs and covered IHCs is separately accounted for by the Board in the Paperwork Reduction Act clearance for FR YY (OMB No. 7100-0350) and the public disclosure requirement for covered SLHCs is separately accounted for in by the Board in the Paperwork Reduction Act clearance for FR LL (OMB No. 7100-NEW).

FR Y-14	<i>Estimated number of respondents¹⁷</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FR Y-14A	36	1	1,065	38,340
FR Y-14Q	36	4	1,920	276,480
FR Y-14M	34	12	1,072	437,376
Implementation	0	1	7,200	0
Ongoing automation revisions	36	1	480	17,280
Attestation implementation	0	1	4,800	0
Attestation ongoing	13	1	2,560	<u>33,280</u>
	<i>Current Total</i>			802,756
Proposed				
FR Y-14A	36	1	1,085	39,060
FR Y-14Q	36	4	1,920	276,480
FR Y-14M	34	12	1,072	437,376
Implementation	0	1	7,200	0
Ongoing automation revisions	36	1	480	17,280
Attestation implementation	0	1	4,800	0
Attestation ongoing	13	1	2,560	<u>33,280</u>
	<i>Proposed Total</i>			803,476
	<i>Change</i>			720

The estimated total annual cost to the public for this collection of information is \$46,359,159 and would increase to \$46,400,739 with the adopted revisions.¹⁸

Sensitive Questions

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

¹⁷ 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>. The estimated number of respondents for the FR Y-14M is lower than for the FR Y-14Q and FR Y-14A because, in recent years, certain respondents to the FR Y-14A and FR Y-14Q have not met the materiality thresholds to report the FR Y-14M due to their lack of mortgage and credit activities. The Board expects this situation to continue for the foreseeable future.

¹⁸ 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 \$20, 45% Financial Managers at \$71, 15% Lawyers at \$70, and 10% Chief Executives at \$93). 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 2019*, published March 31, 2020, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard 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 \$2,598,000 for ongoing costs.