

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

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), temporarily revised the Systemic Risk Report (FR Y-15; OMB No. 7100-0352) pursuant to its authority to approve temporarily a collection of information without providing opportunity for public comment.¹ The FR Y-15 quarterly report currently collects systemic risk data from U.S. bank holding companies (BHCs), covered savings and loan holding companies (SLHCs),² and intermediate holding companies (IHCs) with total consolidated assets of \$50 billion or more,³ as well as any U.S. BHC designated as a global systemically important bank holding company (GSIB).⁴ Pursuant to separate revisions to the FR Y-15 recently made by the Board, the reporting panel for the FR Y-15 will, effective June 30, 2020, consist of U.S. BHCs and SLHCs with \$100 billion or more in consolidated assets, foreign banking organizations (FBOs) with \$100 billion or more in combined U.S. assets, and any BHC designated as a GSIB.⁵ 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).⁶

In response to recent economic disruptions and volatility in U.S. financial markets caused by the spread of Coronavirus Disease 2019 (COVID-19), the Board issued an interim final rule⁷ that revises, on a temporary basis, the calculation by BHCs, SLHCs, and IHCs of their total leverage exposure, the denominator of the supplementary leverage ratio in the Board's capital rule. Under the interim final rule, these firms must exclude the on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks from the calculation of total leverage exposure until March 31, 2021. In connection with this interim final rule, the Board temporarily revised the FR Y-15, effective beginning with the June 30, 2020, as-of date. This revision

¹ 5 CFR Part 1320, Appendix A (1)(a)(3)(i)(A).

² Covered SLHCs are those that are not substantially engaged in insurance or commercial activities. See 12 CFR 217.2.

³ Until June 30, 2020, the respondent panel for the FR Y-15 includes BHCs, SLHCs, and IHCs with \$50 billion or more in total assets. However, since July 2018, the Board has not taken action to require BHCs and SLHCs with less than \$100 billion in total consolidated assets to file the FR Y-15. See Board statement regarding the impact of the Economic Growth, Regulatory Relief, and Consumer Protection Act, July 6, 2018, available at: <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180706b.htm>.

⁴ 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.

⁵ The Board revised the respondent panel for the FR Y-15 in connection with a recently finalized rule that impacts domestic banking organizations and FBOs: Prudential Standards for Large Bank Holding Companies, Savings and Loan Holding Companies, and Foreign Banking Organizations (Tailoring rule). See 84 FR 59032 (November 1, 2019). Under the Tailoring rule, BHCs and covered SLHCs with less than \$100 billion in total consolidated assets will no longer be required to submit the FR Y-15. FBOs with \$100 billion or more in combined U.S. assets will be required report the FR Y-15 for both their U.S. IHCs, if any, and their combined U.S. operations (CUSO).

⁶ Pub. L. No. 111-203 (2010); 12 U.S.C. § 5365.

⁷ 85 FR 20578 (April 14, 2020)

prevents the interim final rule's temporary exclusions from total leverage exposure from impacting the measurement of the size systemic indicator, which is calculated using data collected by the FR Y-15.

The estimated total annual burden for the FR Y-15 is 69,660 hours. The temporary revisions did not result in a change to the estimated burden hours. The form and instructions 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 2015.⁸ 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.⁹ 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

⁸ 80 FR 49082 (August 14, 2015).

⁹ 12 U.S.C. §§ 1842(c)(7) and 1828(c)(5).

- Schedule F - Ancillary Indicators
- Schedule G - Short-term Wholesale Funding Indicator

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 Part 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.¹⁰

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

¹⁰ 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).

level 2B liquid assets or assets that do not qualify as high-quality liquid assets (HQLA).¹¹ Second-tier funding consists of funding secured by level 2A liquid assets and covered asset exchanges.¹² 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.

Recordkeeping

Respondents must maintain in their files a manually signed and attested printed copy of the data submitted on the FR Y-15. A copy of the cover page of the submitted report should be attached to the printout placed in the respondent's files. These records must be kept for three years following the submission of the relevant FR Y-15 report.

Respondent Panel

The FR Y-15 panel is currently comprised of top-tier U.S. BHCs, covered SLHCs, and 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). Since July 2018, the Board has not taken action to require BHCs and SLHCs with less than \$100 billion in total consolidated assets to file the FR Y-15. Beginning with the June 30, 2020, report date, BHCs and covered SLHCs with less than \$100 billion in total consolidated assets will no longer be required to submit the FR Y-15. Beginning on the same date, FBOs with \$100 billion or more in combined U.S. assets will be required report the FR Y-15 for both their U.S. IHCs, if any, and their combined U.S. operations.

Revisions to the FR Y-15

The delegation of authority to the Board from OMB that permits the Board to approve collections of information under the Paperwork Reduction Act includes the authority to temporarily approve a collection of information without seeking public comment. To exercise this authority, the Board must determine that a new collection of information or a change to an existing collection must be instituted quickly and that public participation in the approval process would substantially interfere with the Board's ability to perform its statutory obligation. Following the temporary approval of an information collection, the Board must conduct a normal delegated review of the collection within six months, including publishing in the *Federal Register* a notice seeking public comment.

The Board has temporarily revised the instructions to the FR Y-15 to ensure that the FR Y-15 is not impacted by the revised calculation of the supplementary leverage ratio. Specifically, the Board has deleted from the FR Y-15 instructions a statement indicating that Schedule A, item 3(a), "Other on-balance sheet assets" will be automatically populated for banking organizations that file the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319) for the same

¹¹ 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.

¹² For the list of assets that are level 2A liquid assets, see 12 CFR 249.20.

reporting period from FFIEC 101, Schedule A, item 2.1. Instead, all FR Y-15 respondents will be required to report Schedule A, item 3(a) according to the instructions for that item. The purpose of this temporary revision is to ensure that the systemic risk indicators reported on the FR Y-15 are not affected by the changes to the capital rule included in the interim final rule, regardless of whether conforming revisions are subsequently made to the FFIEC 101 report. This revision ensures that the size indicator continues to capture all on-balance sheet assets, consistent with the intent of the indicator.

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 Homeowners' Loan Act (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 009 and FFIEC 101. 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 FOIA (5 U.S.C. § 552(b)(8)).

Consultation Outside the Agency

There has been no consultation outside the agency in regard to the revisions to the FR Y-15.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-15 is 69,660 hours, and is unchanged with the temporary revisions. These reporting and recordkeeping requirements represent less than 1 percent of the Board's total paperwork burden.

FR Y-15	<i>Estimated number of respondents¹³</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Reporting	43	4	404	69,488
Recordkeeping	43	4	1	<u>172</u>
<i>Total</i>				69,660

The estimated total annual cost to the public for this collection of information is \$4,022,865.¹⁴

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 \$326,900 for ongoing costs.

¹³ 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>.

¹⁴ 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/>.