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), has extended for three years, with revision, the Systemic Risk Report (FR Y-15; OMB No. 7100-0352). 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),[1] intermediate holding companies (IHCs) with total consolidated assets of $50 billion or more,[2] and any U.S. BHC designated as a global systemically important bank holding company (GSIB).[3] 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.[4] 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).[5]

In September 2019, the Board proposed to revise the FR Y-15 by (1) adding trading volume items to the memoranda section of Schedule C (Substitutability indicators) to capture the trading of securities issued by public sector entities, other fixed income securities, listed equities, and other securities, (2) adding a separate line item for equity securities with readily determinable fair values not held for trading to Schedule D (Complexity indicators), (3) adding foreign derivative claims, total cross-jurisdictional claims, foreign derivative liabilities, other foreign liabilities, and total cross-jurisdictional liabilities to the memoranda section of Schedule E (Cross-Jurisdictional Activity indicators), (4) adding a requirement that respondents keep a record of the data submitted, and (5) making other minor clarifications and conforming

---

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

[2] 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.

[3] 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.

[4] 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 (the 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).

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

edits to the form and instructions.[6] The Board adopted the proposal with certain modifications, as discussed below. Certain changes will become effective beginning with reports reflecting the December 31, 2019, report date. Other changes will become effective beginning with reports reflecting the June 30, 2020, or December 31, 2020, report dates, as described below.

The current estimated total annual burden for the FR Y-15 is 69,316 hours, and would increase to 69,660 hours. The adopted revisions would result in an increase of 344 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 intuitions 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.[7] 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.[8] 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

[6] 84 FR 47509 (September 10, 2019).
[7] 80 FR 49082 (August 14, 2015).
[8] 12 U.S.C. §§ 1842(c)(7) and 1828(c)(5).

- 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

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.[9]

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

[9] 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).

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).[10] Second-tier funding consists of funding secured by level 2A liquid assets and covered asset exchanges.[11] 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, 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, FBOs with combined U.S. assets of $100 billion or more will be required to file the report for both their U.S. IHCs, if any, and their CUSO.

Adopted Revisions to the FR Y-15

The FR Y-15 has been revised by (1) adding trading volume items to the memoranda section of Schedule C, (2) adding a separate line item for equity securities with readily determinable fair values not held for trading on Schedule D, (3) adding derivatives items and revised total cross jurisdictional claims and total cross jurisdictional liabilities items to the memoranda section of Schedule E, (4) adding a requirement that respondents keep a record of the data submitted, and (5) making other minor clarifications to the form and instructions. The changes are effective for reports reflecting the December 31, 2019 report date. The revisions do not affect the calculation of the GSIB surcharge under either method 1 or method 2.

Trading Volume Items

The Board added new memoranda items for trading volume to the substitutability category (Schedule C) of the FR Y-15, which focuses on financial system infrastructure. Market liquidity is likely disrupted during a financial crisis, which could make it challenging for market participants to find a substitute bank, for example, in a timely manner. Disruptions to market liquidity can lead to a dislocation of asset prices, putting pressure on market participants' balance

[10] 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.
[11] For the list of assets that are level 2A liquid assets, see 12 CFR 249.20.

sheets and potentially resulting in adverse feedback loops such as preventing market participants from raising capital. The trading volume memoranda items are necessary to capture bank activities in the secondary market, identifying potential sources of disruption to market liquidity. The addition of the trading volume items provide a more holistic view of market activity given that the underwriting items on Schedule C already capture activity in the primary market.

Equity Securities

In January 2016, FASB issued Accounting Standard Update (ASU) 2016-01. FASB described how one of the main provisions of the ASU differs from previous GAAP as follows: "the amendments in this update supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities (including other ownership interests, such as partnerships, unincorporated joint ventures, and limited liability companies) to be measured at fair value with changes in the fair value recognized through net income." In order to make the FR Y-15 report consistent with ASU 2016-01, the Board revised the FR Y-15 reporting forms and instructions by adding a new data item 6 to Schedule D to separate and reclassify equity securities with readily determinable fair values from the available for sale category. This change is consistent with the change that has already been made to the FR Y-9C report forms and instructions.

Cross Jurisdictional Scope and Derivative Exposures

The current GSIB assessment methodology uses the Bank for International Settlements (BIS) locational statistics to estimate cross-jurisdictional liabilities. This is achieved by adding the liabilities for branches and subsidiaries and then subtracting a bank's intragroup operations. In the BIS statistics, derivative claims/receivables are reported at the consolidated level, while derivative liabilities are captured at the individual jurisdiction level based on local accounting rules. To avoid inconsistencies in the treatment of derivatives assets and liabilities, positions related to derivatives are excluded from the current indicators (i.e., cross-jurisdictional claims and liabilities). The Board added new memoranda items to Schedule E to capture consolidated foreign derivative liabilities and other foreign liabilities on an immediate risk basis. The sum of these two items have been captured separately as total cross-jurisdictional liabilities. The Board also added memoranda items to capture consolidated foreign derivative claims on an ultimate risk basis and total cross-jurisdictional claims. These changes have harmonized data for claims and liabilities across jurisdictions.

Recordkeeping Requirements

The instructions for the FR Y-15 require respondents to retain a signed copy of the data submitted. The FR Y-15 formerly did not account for this recordkeeping requirement, so the Board revised the FR Y-15 to account for this collection of information.

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

The FR Y-15 was derived, in part, from indicators of systemic risk developed by the Basel Committee on Banking Supervision (BCBS) to assess the global systemic importance of banks. In January 2019, the BCBS revised its data collection after consultation with representatives from numerous national supervisory authorities, including the Board.[12] Many of the changes to the FR Y-15 would correspond to changes already made to the BCBS data collection.

---

[12] See Instructions for the End-2018 GSIB Assessment Exercise (January 2019), https://www.bis.org/bcbs/gsib/instr_end18_gsib.pdf. See also Basel Committee on Banking Supervision, Global Systemically Important Banks: Revised Assessment Methodology and the Higher Loss Absorbency Requirement (July 2018), https://www.bis.org/bcbs/publ/d445.pdf.

Public Comments

On September 10, 2019, the Board published an initial notice in the *Federal Register* (84 FR 47509) requesting public comment for 60 days on the extension, with revision, of the FR Y-15. The comment period for this notice expired on November 12, 2019. The Board received three comment letters on the proposed information collection: two letters from financial industry trade organizations and one letter from a U.S. GSIB. Among other issues, commenters requested (1) a delay in the effective date of certain proposed items, (2) clarifications on the scope and intent of certain proposed items, (3) flexibility to rely on existing reports for some proposed items, and (4) additional proposed changes to the Board's GSIB rule or the scope of current indicators in the GSIB surcharge methodology.

Comments on Changes to Schedule C (Substitutability Category)

For the proposed trading volume memorandum items, some commenters asked for further clarification on the scope of the items. One commenter asked whether securities considered "traded" only include the trading of securities held in the trading account, as defined in the FR Y-9C. The Board is confirming that the trading volume instructions do not refer to the scope of the trading account in the FR Y-9C and are based on a new separate measure of a banking organization's trading activity. "Trading account" in the FR Y-9C includes activities – such as foreign exchange, derivatives, and commodity activities – that are excluded from the scope of trading volume in Schedule C.

One commenter asked the Board to address whether the reference to "contractual date" in the proposed instructions was intended. In the final instructions, the Board has modified the proposed instructions to refer to "trade date" rather than "contractual date," as the former term is consistent with the intended scope of the memorandum items.

One commenter requested clarification about the treatment of failed trades in the trading volume memoranda items. In the final instructions, the Board has clarified that if a trade were to fail and the full amount of the trade were not to settle, the transaction should not be reported in the trading volume memorandum items.

One commenter asked how to measure trading volume for an investment that a FR Y-15 filer newly consolidates onto its balance sheet, particularly if that investment does not have readily available information regarding the volume of securities purchased or sold prior to its consolidation. In the final instructions, the Board has modified the proposed instructions to state that a banking organization has the choice of (1) reporting previous quarters' data of trading volume activity for an unconsolidated entity, if such data are available or (2) begin immediately calculating the applicable trading volume activity upon consolidation and report an annualized amount based on the activity measurement until four quarters of data are available.

One commenter asked to clarify the proposed instruction's reference to transactions made on behalf of customers, including securities held as assets. In the final instructions, the Board has modified the proposed instructions to clarify the reference to the principal model of trading.

Trading activity related to the principal model is within the scope of the trading volume memorandum items.

One commenter asked if a transaction in which a firm is not the lead underwriter should be reported and, if so, how to include it in Schedule C. In the final instructions, the Board has modified the proposed instructions to include language clarifying that all trades related to underwriting activity are to be included in the memorandum items.

One commenter asked if firms should exclude certain noncash transactions, including if a firm obtains securities from a bankruptcy settlement or a loan default. The Board is confirming that, consistent with the instructions, only securities purchased and sold are within the scope of the trading volume memorandum items (i.e., securities obtained through bankruptcy settlements or loan defaults would be excluded from the scope of the trading volume memoranda items).

One commenter requested clarification on the definition of “public sector” in memorandum item M.5(a) and whether the definition from the FFIEC 009 would apply. The Board included in the proposed instructions a definition of public sector consistent with the Board’s capital rule in 12 CFR 217.2. The Board is finalizing the instructions with the same scope for public sector in memorandum item M.5(a). The trading volume memoranda items do not reference the definition of public sector of the FFIEC 009.

One commenter requested that syndicated corporate loans be excluded from memorandum item M.5(b) because, according to the commenter, syndicated corporate loans are not securities. Syndicated corporate loans often are arranged by banks and transferred to institutional investors in the form of collateralized loan obligations. The failure of a bank that is participating in the syndicate could jeopardize a corporate borrower’s access to capital in the short-term, particularly in times of market stress or if that bank is the syndicate’s lead arranger. Consistent with the proposed instructions, the Board is confirming that memorandum item M.5(b) is not limited to registered securities and therefore syndicated corporate loans should be included in the scope of the item.

One commenter requested that trading activity in which the firm acts as an agent be excluded from memoranda items M.5(a)-M.5(d) because, according to the commenter, it is unclear why these transaction should be included and the reporting burden would be substantial. The Board has adopted the instructions for memoranda items M.5(a)-M.5(d) as proposed. Responses to these items should include all trading activity of the banking organization within scope of these memoranda items, including when the banking organization acts as an agent in the facilitation of trading activity. Facilitating trading activity as an agent banking organization acting on behalf of clients is an integral financial market infrastructure service, which may be difficult to substitute quickly under stress conditions.

One commenter identified erroneous references to “item M.5” instead of “item M.5(a)” in the instructions for memorandum item M.5(b). The Board has updated the proposed instructions to replace the references to “item M.5” with “M.5(a)” in the instructions for memorandum item M.5(b).

One commenter requested exemptions in memoranda items M.5(a)-M.5(d) for certain trading activities, notably underwriting municipal securities and temporarily holding such securities on the bank's balance sheet and purchasing securities with funds from deferred compensation plans for employees of the bank. According to the commenter, these trading activities are immaterial, but reporting such transactions would be burdensome. The Board believes that, to the extent that such trading activities fall within the proposed instructions for memoranda items M.5(a)-M.5(d), these transactions should be reported because these memoranda items are intended to capture all trading activity in scope. Therefore, the Board has adopted the instructions to these items as proposed.

One commenter asked for clarification on whether CUSIP and/or counterparty netting is permissible within the same legal entity. The Board is confirming in the instructions for memoranda items M.5(a)-M.5(d) that trading volumes should be reported on a gross basis without applying CUSIP or counterparty netting when reporting external transactions or when excluding intra-group or intra-entity transactions. These memoranda items are intended to capture all trading activity flows in scope (i.e. not a point-in-time, stock measurement), and therefore, applying CUSIP or counterparty netting within the same legal entity would be inappropriate.

One commenter requested clarification on whether the trading volume items represented the same population of trading securities reported in Schedule D of the FR Y-15. The Board is clarifying that the scope of the trading volume memorandum items is distinct and broader than that of the Trading and Available-for-Sale (AFS) Securities Indicator in the FR Y-15, consistent with the finalized instructions.

One commenter asked the Board to provide further clarification on what constitutes a security issued by a central government or agency. In the final instructions, the Board has clarified that a security issued by a central government or agency is defined according to the definition of sovereign exposure under 12 CFR 217.2 ("an exposure directly and unconditionally backed by the full faith and credit of a sovereign"). The Board has therefore modified the proposed instructions to add a citation to the definition of sovereign exposure in memorandum item M.5 of Schedule C.

Comments on Changes to Schedule D (Complexity Category)

One commenter asked the Board to clarify that the previous references to the FR Y-9C (Schedule HC, item 2(b) and item 2(c)) in the instructions for items 5 and 6 of Schedule D of the FR Y-15 should be reinstated. In the final instructions, the Board has modified the proposed instructions for items 5 and 6 to include those references.

Comments on Changes to Schedule E (Cross-Jurisdictional Activity Indicators)

One commenter requested clarity on the scope of exposures to be collected in memoranda item M.4, "Other foreign liabilities on an immediate counterparty basis." Given that Schedule E already collects non-derivative cross-jurisdictional liabilities data, it was unclear to the commenter what "other" liabilities may need to be reported. In the final instructions, the Board has modified the proposed instructions by revising the proposed title of memorandum item M.4 to "Consolidated foreign liabilities on an immediate counterparty basis, excluding derivative liabilities" to enhance the clarity of the item. The existing cross-jurisdictional liabilities items in Schedule E measure amounts based on locational data (i.e., not consolidated). Memoranda items M.3 and M.4 ask for new cross-jurisdictional liability data on a consolidated basis.

Another commenter requested clarification as to whether memorandum item M.3, "Foreign derivative liabilities on an immediate counterparty basis," should align with data collected in the FFIEC 009. The FFIEC 009 collects certain information on foreign derivative claims, but does not collect information on foreign derivative liabilities. Therefore, memoranda item M.3 represents a standalone and distinct data collection request that is not linked to data currently collected on the FFIEC 009. Certain definitional terms are used from the FFIEC 009 to provide guidance for completing memoranda item M.3 (for example, "immediate counterparty").

One commenter asked the Board to clarify memoranda items M.3 and M.4, which requires respondents to "include the…liabilities of U.S. offices to foreign counterparties regardless of whether the foreign counterparty is located inside or outside the United States." The commenter asked the Board to clarify whether this instruction is intended to "solely" capture the FR Y-15 filer's exposures to U.S. branches of counterparties with non-U.S. countries of incorporation. This instructional language does not "solely" capture exposures to U.S. branches of foreign counterparties; it is intended to capture exposures to any foreign counterparty located inside or outside the United States, including individuals. However, these instructions would not include as "foreign counterparties" exposures to IHCs, BHCs, or other banking organizations organized under the laws of the United States, any one of the fifty states of the United States, or the District of Columbia.

One commenter asked if margin liabilities related to derivative contracts reported in memorandum item M.2 must be reported gross - that is, before applying a legally enforceable netting agreement under ASC Subtopic 210-20, Balance Sheet – Offsetting (formerly FASB Interpretation No. 39). The Board confirms that these margin liabilities should be reported on a gross basis, prior to netting.

One commenter requested the addition of a new line item to be added to Schedule E that would allow banks to report existing item 2, "Foreign liabilities (excluding local liabilities in the local currency)," on a net basis by taking balances sourced from TIC-B reports and applying the FFIEC 009's netting approach to those amounts. The Board is retaining its existing netting approach as outlined in the FR Y-15 Instructions for Line Items 2, 2(a), and 3 of Schedule E at this time and is therefore not adding an additional line item for Foreign Liabilities in Schedule E.

One commenter requested that Section H of the General Instructions of the FR Y-15 be updated to specify that memoranda item M.1 will be automatically retrieved from foreign derivative claims data reported in FFIEC 009, Schedule D, columns 1 through 4. In the final instructions, the Board has modified the proposed instructions to Section H of the General Instructions to state that this data will be automatically retrieved.

One commenter asked the Board to clarify whether the foreign derivative liabilities data collected in memorandum item M.4 can be automatically retrieved from Schedule L of the FFIEC 009. The Board confirms that memorandum item M.4 is not populated automatically from FFIEC 009, Schedule L. This is because Schedule L of the FFIEC 009 does not capture all the necessary exposures required in memorandum item M.4: the FFIEC 009 data captures only foreign-office liability data, whereas memorandum item M.4 also asks for the liabilities of U.S. offices to foreign counterparties.

Comments on Proposal's Effective Date

One commenter requested that all the proposed changes to the FR Y-15 be made effective as of June 30, 2020, as it would provide firms sufficient time to establish or modify the necessary processes and infrastructure. With regard to the trading volume items being added to Schedule C, the Board agrees with the commenter that additional time is necessary in order for existing FR Y-15 respondents to modify their relevant processes and infrastructure. Therefore, the Board is delaying the effective date for those items to the June 30, 2020, report date, for existing FR Y-15 respondents. Given that the line item being added to Schedule D utilizes information retrieved directly from current reporting on the FR Y-9C, the Board believes that it is unnecessary to delay the effective date for this item. With regard to the memoranda items related to cross jurisdictional activity and derivatives in Schedule E, certain of these items will be calculated in large part consistent with current reporting requirements for the FFIEC 009. Therefore, the revisions to Schedules D and E will become effective for existing FR Y-15 respondents as of the December 31, 2019, report date, as originally proposed.

One commenter asked if the Board would require FBOs to complete the proposed memorandum items, including the trading volume memorandum items, with respect to their CUSO, as certain FBOs will begin filing the FR Y-15 based on the size of their CUSO as of June 30, 2020, consistent with the Board's recent tailoring rule. The Board has finalized the FR Y-15 revisions with the following effective dates for FBOs that will be required to file the FR Y-15 based on their CUSO:

- June 30, 2020, report date: revisions to Schedule E; and
- December 31, 2020, report date: revisions to Schedules C and D.[13]

For the trading volume memorandum items being added to Schedule C, given that the FBO will begin filing the FR Y-15 based on its CUSO as of June 30, 2020, an FBO would annualize its CUSO trading activity until it were to file four quarters of the FR Y-15.

Comments on the GSIB Surcharge Methodology

One commenter requested that prior to incorporating the proposed memoranda items into the GSIB surcharge framework, the Board undertake a holistic review and recalibration of the framework methodology subject to public comment. This commenter also requested that the

[13] An FBO required to file the FR Y-15 for its CUSO as of December 31, 2020 would look back to collect two quarters of trading volume data (i.e. trading volume information for July 1st - December 31st) and annualize the additional two quarters in Schedule C.

Board adopt a procedural mechanism to ensure that the GSIB surcharge methodology is periodically reassessed, such as once every three or four years. These comments are beyond the scope of the proposal; however staff notes that any incorporation of these memoranda items into the GSIB surcharge framework would be subject to the rulemaking process and provide opportunity for public feedback.

Aside from the changes discussed above, the Board adopted the extension, with revision, of the FR Y-15 as originally proposed. On December 27, 2019, the Board published a final notice in the *Federal Register* (84 FR 71423).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-15 is 69,316 hours, and would increase to 69,660 hours with the adopted revisions. The Board estimates that the revisions to the reporting requirements would increase the estimated average hours per response by 1 hour and would increase the estimated annual burden by 172 hours. The Board estimates that the estimated average hours per response for the recordkeeping requirement would be 1 hour and the estimated annual burden would be 172 hours. These reporting and recordkeeping requirements represent less than 1 percent of the Board's total paperwork burden.

FR Y-15	*Estimated number of respondents*[14]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
Reporting	43[15]	4	403	69,316
Proposed				
Reporting	43	4	404	69,488
Recordkeeping	43	4	1	172
Proposed Total				69,660
Change				344

The current estimated total annual cost to the public for this collection of information is $3,992,602 and would increase to $4,012,416 with the adopted revisions.[16]

[14] 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.
[15] The respondent count increased from 37 to 43 to reflect the final respondent count noted in the PRA section of the Tailoring Rule for the FR Y-15 changes effective June 30, 2020.
[16] 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/.

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 $12,500 for one-time costs and $326,900 for ongoing costs.