

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

*Regulatory Capital Treatment for Investments in Certain Unsecured Debt Instruments of  
Global Systemically Important U.S. Bank Holding Companies, Certain Intermediate Holding  
Companies, and Global Systemically Important Foreign Banking Organizations;  
Total Loss-Absorbing Capacity Requirements  
(Docket No. R-1655; RIN 7100-AF43)*

**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)<sup>1</sup> (collectively with BHCs, IHCs, and SLHCs, holding companies) with \$100 billion or more in total consolidated assets became 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.<sup>2</sup> The FR Y-14A, FR Y-14Q, and FR Y-14M reports (FR Y-14 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, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) (collectively, the agencies) adopted a final rule<sup>3</sup> that applies to advanced approaches banking organizations with the aim of reducing both interconnectedness within the financial system and systemic risks. The final rule requires deduction from a banking organization's regulatory capital for certain investments in unsecured debt instruments issued by foreign or U.S. global systemically important banking organizations (GSIBs) for the purposes of meeting minimum total loss-absorbing capacity (TLAC) requirements and, where applicable, long-term debt (LTD) requirements, or for investments in unsecured debt instruments issued by GSIBs that are pari passu or subordinated to such debt instruments. The final rule is effective on April 1, 2021.

To implement the reporting requirements of the final rule, the Board revised the FR Y-14 reports to add new regulatory capital line items and to amend instructions for existing regulatory capital items. In addition, the Board has renumbered items in the FR Y-14A, Schedule A.1.d (Capital) instructions to correspond with related items on the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128). The revisions are effective for the

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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 84 FR 59032 (November 1, 2019).

<sup>3</sup> 86 FR 708 (January 6, 2021).

June 30, 2021, as of date.

The current estimated total annual burden for the FR Y-14 reports is 838,216 hours, and would increase to 838,324 hours. The revisions would result in an increase of 108 hours. The draft reporting forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx>.

## **Background and Justification**

Section 165(i)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)<sup>4</sup> 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).<sup>5</sup> 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.<sup>6</sup> 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.<sup>7</sup> The Board's rules implementing sections 165(i)(1) and (i)(2) of the Dodd-Frank Act, and section 401 of EGRRCPA 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.<sup>8</sup>

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.<sup>9</sup> 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-14 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 reports collect stress test and capital plan data from the largest holding

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<sup>4</sup> Pub. L. No. 111-203, 124 Stat. 1376 (2010).

<sup>5</sup> See 12 U.S.C. § 5365(i)(1).

<sup>6</sup> See 12 U.S.C. § 5365(i)(2).

<sup>7</sup> 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.

<sup>8</sup> See 12 CFR 252, Subparts B, E, F, and O.

<sup>9</sup> See 12 CFR 225.8.

companies, which are those with \$100 billion or more in total consolidated assets. The data collected through the FR Y-14 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.

## **Description of Information Collection**

These collections of information are applicable to top-tier 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.<sup>10</sup>
- 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, and 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

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<sup>10</sup> 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.

information on a quarterly basis and to conduct ongoing supervision.

### **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 the holding companies with \$100 billion or more in total consolidated assets,<sup>11</sup> 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 and FR Y-14Q**

The agencies adopted a final rule that applies to advanced approaches banking organizations with the aim of reducing both interconnectedness within the financial system and systemic risks. The final rule requires deduction from a banking organization's regulatory capital for certain investments in unsecured debt instruments issued by foreign or U.S. GSIBs for the purposes of meeting minimum TLAC requirements and, where applicable, LTD requirements, or for investments in unsecured debt instruments issued by GSIBs that are *pari passu* or subordinated to such debt instruments. The final rule is effective on April 1, 2021.

On March 19, 2020, the Board proposed to revise the FR Y-14 reports to collect TLAC and LTD information. To implement the reporting requirements of the final rule, the Board revised the FR Y-14 reports to add new regulatory capital line items and to amend instructions for existing regulatory capital items. In addition, the Board has renumbered items in the FR Y-14A, Schedule A.1.d (Capital) instructions to correspond with related items on the FR Y-9C. The revisions are effective for the June 30, 2021, as of date.

#### *FR Y-14A, Schedule A.1.d (Capital)*

In order to align Schedule A.1.d with the FR Y-9C, the Board added the following items to Schedule A.1.d:

- Outstanding eligible long-term debt,

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<sup>11</sup> Covered SLHCs with \$100 billion or more in consolidated assets were required to file the FR Y-14Q and FR Y-14M 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, 2021, as of date.

- Total loss-absorbing capacity,
- LTD and TLAC total risk-weighted assets ratios,
- IHCs of foreign GSIBs only: LTD and TLAC leverage ratios,
- LTD and TLAC supplementary leverage ratios,
- Institution-specific TLAC buffer necessary to avoid limitations on distributions discretionary bonus payments,
- TLAC risk-weighted buffer, and
- TLAC leverage buffer.

*FR Y-14Q, Schedule D (Regulatory Capital)*

The Board revised the instructions for item 1 (Aggregate amount of non-significant investments in the capital of unconsolidated financial institutions) to require banking organizations subject to Category I and II standards to include covered debt instruments.

**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
<b>FR Y-14A (Annual Filings)</b>		
<b>Summary, Macro Scenario, Operational Risk, and Business Plan Changes</b>	December 31 <sup>st</sup> of a given year and June 30, 2020.	April 5 <sup>th</sup> of the following year for data as of December 31 <sup>st</sup> of a given year, 45 calendar days following the publication of the scenarios for data as of June 30, 2020, or, if required, upon resubmission of a firm’s capital plan.
<b><u>CCAR Market Shock exercise</u></b> <b>Summary schedule</b> <ul style="list-style-type: none"> <li>• <b>Trading Risk</b></li> <li>• <b>Counterparty</b></li> </ul>	A specified date in the first quarter of a given year that would be communicated by the Board, <sup>12</sup> and June 30, 2020.	April 5 <sup>th</sup> of the following year for data as of December 31 <sup>st</sup> of a given year, 45 calendar days following the publication of the scenarios for data as of June 30, 2020, or, if required, upon resubmission of a firm’s capital plan.
<b>Regulatory Capital Instruments</b>	December 31 <sup>st</sup> of a given year, and June 30, 2020.	For data as of December 31 <sup>st</sup> of a given year: <ul style="list-style-type: none"> <li>• Original submission: Data are due April 5<sup>th</sup> of the following year.</li> </ul>

<sup>12</sup> 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).

		<ul style="list-style-type: none"> <li>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.</li> <li>Incremental submission: Within 15 days after making any capital distribution in excess of those included in a firm’s capital plan (see 12 CFR 225.8(k)).</li> </ul> <p>For data as of June 30, 2020:</p> <ul style="list-style-type: none"> <li>45 calendar days following the publication of the scenarios</li> </ul> <p>Upon resubmission of a firm’s capital plan:</p> <ul style="list-style-type: none"> <li>As required.</li> </ul>
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Schedules	Firm Category	Frequency	Data as of date	Submission Date to Board
<b>FR Y-14Q Filings</b>				
<b>Wholesale Risk</b>	Category I-III	Monthly	Last day of each calendar month	<p>For non quarter-end month-ends (e.g., July): By the 30<sup>th</sup> calendar day after the last day of the preceding calendar month.</p> <p>For quarter-end month-ends (e.g., September): Seven days after the FR Y-9C reporting schedule: Reported data (47 days after the calendar quarter-end for March, June, and September and 52 days after the calendar quarter-end for December).</p>
	Category IV	Quarterly	Quarter-end	Seven days after the FR Y-9C reporting schedule: Reported data (47 calendar days after the calendar quarter-end for March, June, and

				September and 52 calendar days after the calendar quarter-end for December)
<b>Retail, Securities, Regulatory Capital Instruments, Regulatory Capital, Operational Risk, PPNR, FVO/HFS, Supplemental, and Balances</b>	All firms	Quarterly	Quarter-end	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).
<b>Trading, Counterparty</b>	All firms	Quarterly	<p>Fourth Quarter: GMS as of date for all exposures except Trading FVO Loan Hedges, which should be reported as of calendar quarter-end.</p> <p>All Other: Quarter-end</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. <b><u>Unless the Board requires the data to be provided over a different weekly period</u></b>, BHCs, SLHCs, and IHCs 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 stressed GMS submission: April 5<sup>th</sup>.</p>

				<p>June 30, 2020 - Counterparty stressed GMS submission: 45 calendar days following the publication of the scenarios.</p> <p>All other: 47 calendar days after the calendar quarter-end (Seven days after the FR Y-9C reporting schedule).</p> <p>Upon resubmission of a firm's capital plan - Counterparty stressed GMS submission: as required.</p>
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Schedules	Data as of date	Submission Date to Board
<b>FR Y-14M (Monthly Filings)</b>		
<b>All schedules</b>	The last business day of each calendar month.	By the 30 <sup>th</sup> 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 file the FR Y-14A/Q/M 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.<sup>13</sup> The Board has authority to require SLHCs 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 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.<sup>14</sup> In addition, section 401(g) of EGRRCPA (12 U.S.C. § 5365 note)

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

<sup>14</sup> 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



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.”<sup>15</sup> The obligation to file the 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)).<sup>16</sup>

### **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System with regard to the FR Y-14 revisions.

### **Public Comments**

On April 8, 2019, the agencies published a notice of proposed rulemaking in the *Federal Register* (84 FR 13814) for public comment. The comment period for this notice expired on June 7, 2019. On March 19, 2020, the Board separately published a notice in the *Federal Register* (85 FR 15776) on the conforming changes to the FR Y-14 to effectuate the proposed deduction framework for investments in covered debt instruments and to disclose new items related to TLAC and LTD. The comment period for this notice expired on May 18, 2020. The Board received no comments on the FR Y-14 proposed changes. On January 6, 2021, the agencies published a final rule in the *Federal Register* (86 FR 708).

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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.

<sup>15</sup> 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).

<sup>16</sup> 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. 7100-0380).

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-14 is 838,216 hours, and would increase to 838,324 hours as a result of the revisions. The Board estimates that the average hours per response for the FR Y-14A filers would increase from 926 hours to 929 hours. These reporting requirements represent approximately 9.3 percent of the Board's total paperwork burden.

<b>FR Y-14</b>	<i>Estimated number of respondents<sup>17</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
FR Y-14A	36	1	926	33,336
FR Y-14Q <sup>18</sup>	36	4	2,201	316,944
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>				838,216
<b>Proposed</b>				
FR Y-14A	36	1	929	33,444
FR Y-14Q <sup>18</sup>	36	4	2,201	316,944
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>				838,324
<i>Change</i>				108

<sup>17</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>. 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.

<sup>18</sup> Note that for firms subject to Category I-III standards, FR Y-14Q, Schedule H (Wholesale), is submitted 12 times a year and the stressed counterparty data on FR Y-14Q, Schedule L (Counterparty) is submitted twice a year. However, the rest of the FR Y-14Q schedules are only submitted 4 times a year.

The estimated total annual cost to the public for the FR Y-14 is \$48,406,974, and would increase to \$48,413,211 with the revisions.<sup>19</sup>

### **Sensitive Questions**

These collections of information contain 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 is \$2,677,200 for ongoing costs.

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<sup>19</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 \$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/>.