DRAFT

Schedule HC-R, Part I Instructions
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Line Item 11 LESS: Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments.

(i) All non-advanced approaches holding companies (Column A)

Not applicable. Proceed to HC-R, Part 1, line 12 to complete the subtotal calculation.

(ii) All advanced approaches holding companies (Column B)

A holding company has a non-significant investment in the capital of an unconsolidated financial institution if it owns 10 percent or less of the issued and outstanding common shares of that holding company.

Report the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that, in the aggregate with covered debt instruments, as applicable [8] exceed the 10 percent threshold for non-significant investments, calculated as described below. The holding company may apply associated DTLs to this deduction.

Example and a worksheet calculation:
Assumptions:

- A holding company has a total of $200 in non-significant investments in the capital and covered debt instruments of unconsolidated financial institutions, of which $100 is in common shares. For this example, all of the $100 in common shares is in the common stock of a publicly traded financial institution.
- Assume the amount reported on Schedule HC-R, Part I, item 5 (common equity tier 1 capital before adjustments and deductions is $1,000.
- Assume the amounts reported in Schedule HC-R, Part I, items 6 through 9(f), are all $0.

(11.ii) Advanced approaches holding company worksheet

(1)	Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions (including in the form of common stock, additional tier 1, tier 2 capital, and covered debt instruments).	$200
(2)	Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock.	$100
(3)	Subtract from Schedule HC-R, Part I, item 5, the amounts in Schedule HC-R, Part I, and items 6, 7, 8, 9, and 10.	$1,000 - $0 = $1,000
(4)	Multiply the amount in step (3) by 10 percent. This is “the 10 percent threshold for non-significant investments.”	$1,000 x 10% = $100

(5)	If (1) is greater than (4), subtract (4) from (1) and multiply the result by the ratio of (2) divided by (1). Report this amount in this Schedule HC-R, Part I, item 11.
	
	If (1) is less than (4), enter zero in this item 11.
		Line (1) is greater than line (4); therefore $200 - $100 = $100. Then ($100 x 100/200) = $50. Report $50 in this line item 11.

(6)	Assign the applicable risk weight to the amount of non-significant investments in the capital of unconsolidated financial institutions that does not exceed the 10 percent threshold for non-significant investments.	Of the $100 in common shares, $50 are deducted in this line item 11. The remaining $50 needs to be included in risk-weighted assets in Schedule HC-R, Part II.*

* In this case (assuming that publicly traded equity exposures do not qualify for a 100 percent risk weigh under section 52(b) (3) (iii) of the regulatory capital rules), $50 x 300% risk weight for publicly traded common shares under section 52(b) (5) of the capital rules = $150 in risk-weighted assets for the portion of common shares in an unconsolidated financial institution that are not deducted. Include this amount in Schedule HC-R, Part II, risk-weighted assets, “All other assets” item.

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[8] Covered debt instruments is defined in 12 CFR 217.2.

Line Item 17 LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions.

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(ii) All advanced approaches holding companies (Column B)

Report the total amount of deductions related to investments in own additional tier 1 and tier 2 capital instruments; investments in own covered debt instruments, if applicable; reciprocal cross holdings; investments in the capital and covered debt instruments of unconsolidated financial institutions; investments in excluded covered debt instruments, as applicable;[9] if the holding company does not have a sufficient amount of additional tier 1 capital before deductions (reported in Schedule HC-R, Part I, item 23) and tier 2 capital before deductions (reported in Schedule HC-R, Part I, item 42.a and 42.b) to absorb these deductions in Schedule HC-R, Part 1, items 24 or 43, as appropriate.

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Line Item 24 LESS: Additional tier 1 capital deductions.

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(ii) Advanced approaches holding companies

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(3) Non-significant investments in additional tier 1 capital of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.

As noted in the instructions for HC-R, Part 1, item 11 above, a holding company has a non-significant investment in the capital of an unconsolidated financial institution if it owns 10 percent or less of the issued and outstanding common shares of that institution.

Calculate this amount as follows:

(1) Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock, additional tier 1 capital, tier 2 capital, and covered debt instruments.

(2) Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of additional tier 1 capital.

(3) If the amount in (1) is greater than the 10 percent threshold for non-significant investments (Schedules HC-R, Part 1, item 11, step (4)), then multiply the difference by the ratio of (2) over (1). Report this product in this item 24.

(4) If the amount in (1) is less than the 10 percent threshold for non-significant investments, report zero.

For example, assume a holding company has a total of$200 in non-significant investments (step 1), including $60 in the form of additional tier 1 capital (step 2), and its 10 percent threshold for non-significant investments is $100 (as calculated in step 4 of item 11). Since the aggregate amount of non-significant investments exceeds the 10 percent threshold for non-significant investments by $100 ($200-$100), the holding company must multi-ply $100 by the ratio of 60/200 (step 3). Thus, the holding company would need to deduct $30 from its additional tier 1 capital.

…..

(5) Other adjustments and deductions.

Include adjustments and deductions applied to additional tier 1 capital due to insufficient tier 2 capital to cover deductions (related to reciprocal cross holdings, non-significant investments in the tier 2 capital of unconsolidated financial institutions, significant investments in the tier 2 capital of unconsolidated financial institutions, significant investments in the covered debt instruments of unconsolidated financial institutions, non-significant investments in the covered debt instruments of unconsolidated financial institutions, and investments in excluded covered debt instruments).

Also include adjustments and deductions related to DTAs that arise from net operating loss and tax credit carry for-wards, gain-on-sale in connection with a securitization exposure, defined benefit pension fund assets, and changes in fair value of liabilities due to changes in own credit risk.

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[9] *Excluded covered debt instrument* is defined in 12 CFR 217.2.

Line Item 43 LESS: Tier 2 capital deductions.

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(ii) Advanced approaches holding companies

(1) Investments in own tier 2 capital instruments.

Report the holding company's investments in (including any contractual obligation to purchase) its own tier 2 instruments, whether held directly or indirectly. Also report investments in (including any contractual obligation to purchase) its own covered debt instruments, as applicable, whether held directly or indirectly.

A holding company may deduct gross long positions net of short positions in the same underlying instrument only if the short positions involve no counterparty risk.

The holding company must look through any holdings of index securities to deduct investments in its own capital instruments. In addition:

(i) Gross long positions in investments in an institution's own regulatory capital instruments resulting from holdings of index securities may be netted against short positions in the same index;

(ii) Short positions in index securities that are hedging long cash or synthetic positions can be decom-posed to recognize the hedge; and

(iii) The portion of the index that is composed of the same underlying exposure that is being hedged may be used to offset the long position if both the exposure being hedged and the short position in the index are covered positions under the market risk capital rule, and the hedge is deemed effective by the institution's internal control processes.

2) Reciprocal cross-holdings in the capital of financial institutions.

Include investments in the tier 2 capital instruments of other financial institutions that the institution holds reciprocally, where such reciprocal crossholdings result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's capital instruments.

Also include investments in the covered debt instruments of other financial institutions that the holding company holds reciprocally, where such reciprocal crossholdings result from a formal or informal arrangement to swap, exchange, or otherwise intend to hold each other's instruments.

(3) A global systemically important BHC, as defined in 12 CFR 217.2, or a Board-regulated holding company that is a subsidiary of a global systemically important banking organization, as defined in 12 CFR 252.2: investments in non-qualifying excluded covered debt instruments.

Report the amount of any investment, on a gross long basis, in a covered debt instrument that was originally designated as an excluded covered debt instrument, in accordance with 12 CFR 217.22(c)(4)(iv)(A), but is:

- no longer held in connection with market making-related activities permitted under 12 CFR 248.4; or
- a direct exposure or an indirect exposure to a covered debt instrument held in connection with market making-related activities permitted under 12 CFR 248.4 and has been held for more than 30 business days.

Such an institution must also report its aggregate investment in excluded covered debt instruments that exceeds 5 percent of the institution's common equity tier 1 capital calculated as follows:

(1) Determine the aggregate amount of investments in excluded covered debt instruments measured on a gross long basis in accordance with 12 CFR 217.22(h)(2).
(2) If the amount in (1) is greater than 5 percent of the amount reported in Schedule HC-R, Part I, item 12, column B, report the difference in this item 43.

(4) Non-significant investments in tier 2 capital and covered debt instruments of unconsolidated financial institutions that exceed the 10 percent threshold for non-significant investments.

A global systemically important BHC, as defined in 12 CFR 217.2, or a Board-regulated holding company that is a subsidiary of a global systemically important banking organization, as defined in 12 CFR 252.2, should proceed directly to step (2).

Calculate this amount as described below.

(1) A holding company subject to the advanced approaches rule that is not a global systemically important BHC, as defined in 12 CFR 217.2, or a Board-regulated holding company that is a subsidiary of a global systemically important banking organization, as defined in 12 CFR 252.2: determine the amount of covered debt instruments subject to the non-significant investments threshold.

> (i) Determine the aggregate amount of investments in covered debt instruments measured on a gross long basis in accordance with §217.22(h)(2).
>
> (ii) If the amount in (i) is greater than 5 percent of the amount of Schedule HC-R, item 12, report the difference, on a net long position basis in accordance with §217.22(h)(1), in steps (2) and (3) below as the holding company's amount of “covered debt instruments.”

(2) Determine the aggregate amount of non-significant investments in the capital of unconsolidated financial institutions in the form of common stock, additional tier 1, tier 2 capital, and covered debt instruments.

(3) Determine the amount of non-significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital and covered debt instruments.

(4) If (2) is greater than the 10 percent threshold for non-significant investments (Schedule HC-R, item 11, step (4)), then, multiply the difference by the ratio of (3) over (2). Report this product in this line item.

(5) If (2) is less than the 10 percent threshold for non-significant investments, enter zero

(5) Significant investments in the capital of unconsolidated financial institutions not in the form of common stock to be deducted from tier 2 capital.

Report the total amount of significant investments in the capital of unconsolidated financial institutions in the form of tier 2 capital and covered debt instruments.

(6) Other adjustments and deductions.

Include any other applicable adjustments and deductions applied to tier 2 capital in accordance with the regulatory capital rules of the Board.

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Long-Term Debt and Total Loss-Absorbing Capacity (TLAC)

Line items 54 and 55 should only be reported by a global systemically important BHC, as defined in 12 CFR 217.2, (top-tier BHC of U.S. GSIB) or an intermediate holding company that is required to be established pursuant to 12 CFR 252.153 and is controlled by a global systemically important foreign banking organization, as defined in 12 CFR 252.2 (IHC of foreign GSIB).

Line Item 54 Outstanding eligible long-term debt

(i) Top-tier BHCs of U.S. GSIBs:

Report the outstanding eligible external long-term debt amount, which is the sum of:

(1) 100 percent of the amount due to be paid of unpaid principal of the outstanding eligible debt securities issued by the top-tier BHC of the U.S. GSIB in greater than or equal to 730 days (two years); and

(2) 50 percent of the amount due to be paid of unpaid principal of the outstanding eligible debt securities issued by the top-tier BHC of the U.S. GSIB in greater than or equal to 365 days (one year) and less than 730 days (two years); and

(3) Zero percent of the amount due to be paid of unpaid principal of the outstanding eligible debt securities issued by the top-tier BHC of the U.S. GSIB in less than 365 days (one year).

See 12 CFR 252.61 for the definition of eligible debt security under the Board's TLAC rule. See 12 CFR 252.62(b)(2) for the definition of the date on which principal is due to be paid on an outstanding eligible debt security is calculated.

(ii) IHCs of foreign GSIBs:

Report the outstanding eligible long-term debt amount, which is the sum of:

(1) 100 percent of the amount of the outstanding eligible Covered IHC debt securities issued by the IHC due to be paid in greater than or equal to 730 days (two years); and

(2) 50 percent of the amount of the outstanding eligible Covered IHC debt securities issued by the IHC due to be paid in greater than or equal to 365 days (one year) and less than 730 days (two years).

(3) Zero percent of the amount of the outstanding eligible Covered IHC debt securities issued by the IHC due to be paid in less than 365 days (one year).

See 12 CFR 252.161 for the definition of eligible Covered IHC debt security under the Board's TLAC rule. See 12 CFR 252.162(b)(2) for the definition of the date on which principal is due to be paid on an outstanding eligible debt security is calculated.

Line Item 55 Total loss-absorbing capacity

(i) Top-tier BHCs of U.S. GSIBs:

Report external total loss-absorbing capacity, which is the sum of:

(1) The top-tier BHC of the U.S. GSIB's common equity tier 1 capital, as reported on Schedule HC-R, Part I, item 19, minus any common equity tier 1 minority interest, as reported on Schedule HC-R, Part I, item 4;

(2) The top-tier BHC of the U.S. GSIB's additional tier 1 capital, as reported on Schedule HC-R, Part I, item 25, minus any additional tier 1 minority interest, as reported on Schedule HC-R, Part I, item 22; and

(3) The top-tier BHC of the U.S. GSIB's outstanding eligible external long-term debt amount, as reported in item 54, plus 50 percent of the amount due to be paid of unpaid principal of outstanding eligible debt securities issued by the top-tier BHC of the U.S. GSIB in greater than or equal to 365 days (one year) but less than 730 days (two years).

(ii) IHCs of foreign GSIBs identified as non-resolution IHCs pursuant to 12 CFR 252.164:

Report total loss absorbing capacity, which is the sum of:

(1) The IHC's common equity tier 1 capital, as reported on Schedule HC-R, Part I, item 19 (excluding any common equity tier 1 minority interest, as reported on Schedule HC-R, Part I, item 4), held by a company that is incorporated or organized outside of the United States and that directly or indirectly controls the IHC,;

(2) The IHC's additional tier 1 capital, as reported on Schedule HC-R, Part I, item 25 (excluding any additional tier 1 minority interest, as reported on Schedule HC-R, Part I, item 22), held by a company that is incorporated or organized outside of the United States and that directly or indirectly controls the IHC; and

(3) The IHC's outstanding eligible long-term debt amount, as reported in item 54, plus 50 percent of the amount of unpaid principal of outstanding eligible Covered IHC debt securities issued by the IHC due to be paid in greater than or equal to 365 days (one year) but less than 730 days (two years).

(iii) IHCs of foreign GSIBs identified as resolution IHCs pursuant to 12 CFR 252.164:

Report total loss absorbing capacity, which is the sum of:

(1) The IHC's common equity tier 1 capital, as reported on Schedule HC-R, Part I, item 19, minus any common equity tier 1 minority interest, as reported on Schedule HC-R, Part I, item 4;

(2) The IHC's additional tier 1 capital, as reported on Schedule HC-R, Part I, item 25, minus any additional tier 1 minority interest, as reported on Schedule HC-R, Part I, item 22; and

(3) The IHC's outstanding eligible long-term debt amount, as reported in item 54, plus 50 percent of the amount due to be paid of unpaid principal of outstanding eligible Covered IHC debt securities issued by the IHC in greater than or equal to 365 days (one year) but less than 730 days (two years).

Long-Term Debt and Total Loss-Absorbing Capacity Ratios

Line items 56 through 59 should only be reported by a global systemically important BHC, as defined in 12 CFR 217.2, (top-tier BHC of U.S. GSIB) or an intermediate holding company that is required to be established pursuant to 12 CFR 252.153 and is controlled by a global systemically important foreign banking organization, as defined in 12 CFR 252.2 (IHC of foreign GSIB).

These line items should be reported as ratios as a percentage, rounded to four decimal places.

Line Item 56 LTD and TLAC total risk-weighted assets ratios.

Column A: divide Schedule HC-R Part I, item 54 by item 46(a).

Column B: divide Schedule HC-R Part I, item 55 by item 46(a).

Line Item 57 LTD and TLAC total risk-weighted assets ratios using advanced approaches rule.

Only top-tier BHCs of U.S. GSIBs report this line item.

Column A: divide Schedule HC-R Part I, item 54 by item 46(b).

Column B: divide Schedule HC-R Part I, item 55 by item 46(b).

Line Item 58 LTD and TLAC leverage ratios

Note: only IHCs of foreign GSIBs report this line item.

Column A: divide Schedule HC-R Part I, item 54 by item 30.

Column B: divide Schedule HC-R Part I, item 55 by item 30.

Line Item 59 LTD and TLAC supplementary leverage ratios

Only holding companies subject to Category I, II, or III standards report this line item.

Column A: divide Schedule HC-R Part I, item 54 by FFIEC 101 Schedule A, Table 2, item 2.21.

Column B: divide Schedule HC-R Part I, item 55 by FFIEC 101 Schedule A, Table 2, item 2.21.

Risk-Based Capital Buffer for Holding Companies Subject to the Capital Plan Rule Only:

For line items **60 and 61**, Column A reflects buffer calculations under the standardized approach, Column B represents buffer calculations under the advanced approaches.

Line Item 60 Capital conservation buffer requirement (sum of items 60.a through 60.c)

Line Item 60(a) of which: Stress capital buffer or 2.5000 percent (for advanced approaches)

Column A: Report the holding company’s stress capital buffer requirement as determined under 12 CFR 225.8.
Column B: Report 2.5000 percent, if applicable

Line Item 60(b) of which: GSIB surcharge (if applicable)
Column A: Report the holding company’s GSIB sur-charge as determined under 12 CFR 217.11 (c), if applicable.
Column B: Report the holding company’s GSIB surcharge as determined under 12 CFR 217.11 (c), if applicable.

Line Item 60(c) of which: Countercyclical capital buffer amount (if applicable)

Column A: Report the countercyclical capital buffer amount as determined under 12 CFR 217.11 (b). If applicable, report that amount reported in FFIEC 101, Schedule A, item 66.
Column B: Report the countercyclical capital buffer amount as determined under 12 CFR 217.11 (b). If applicable, report that amount reported in FFIEC 101, Schedule A, item 66.

Line Item 61 Capital conservation buffer

Column A: Report the holding company’s standardized approach capital conservation buffer as a percentage, rounded to four decimal places. Except as described below, the standardized approach capital conservation buffer is equal to the lowest of the following ratios:

(1) Schedule HC-R, Part I, item 47, Column A, less 4.5000, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;

(2) Schedule HC R, Part I, item 48, Column A, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rule;

(3) Schedule HC-R, Part I, item 49, Column A, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

However, if any of the three ratios calculated above is less than zero (i.e., is negative), the holding company’s standardized approach capital conservation buffer is zero.

For example, for the December 31, 2020 report date, the standardized approach capital conservation buffer reported in item **61** would be equal to the lower of (1), (2), and (3)(floored at zero), using items 47, 48, and 49, respectively, as reported for the December 31, 2020 report date.

Column B: Report the holding company’s advanced approaches capital conservation buffer as a percentage, rounded to four decimal places. Except as described below, the advanced approaches capital conservation buffer is equal to the lowest of the following ratios:

(1) Schedule HC-R, Part I, item 47, Column B, less 4.5000, which is the minimum common equity tier 1 capital ratio requirement under section 10 of the regulatory capital rules;

(2) Schedule HC R, Part I, item 48, Column B, less 6.0000 percent, which is the minimum tier 1 capital ratio requirement under section 10 of the regulatory capital rule schedule HC-R, Part I, item 49, Column B, less 8.0000 percent, which is the minimum total capital ratio requirement under section 10 of the regulatory capital rules.

TLAC Buffers

Line Item 62 Institution-specific TLAC buffer necessary to avoid limitations on distributions and discretionary bonus payments.

Line item 62 should only be reported by top-tier BHCs of U.S. GSIBs and the IHCs of foreign GSIBs.

Line item 62(a) TLAC risk-weighted asset buffer.

In order to avoid limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers, a top-tier BHC of a U.S. GSIB and the IHC of a foreign GSIB must hold a TLAC buffer above its minimum risk-based TLAC requirements.

The amount reported in Schedule HC-R, Part I, item 62(a) must be greater than the following:

Top-tier BHCs of U.S. GSIBs: the sum of 2.5 percent, any applicable countercyclical capital buffer pursuant to 12 CFR 217.11(b) (expressed as a percentage), and its method 1 capital surcharge pursuant to subpart H of Regulation Q (12 CFR 217.400 through 217.406).

IHCs of Foreign GSIBs: the sum of 2.5 percent and any applicable countercyclical capital buffer pursuant to 12 CFR 217.11(b) (expressed as a percentage).

Otherwise, the holding company will face limitations on distributions and certain discretionary bonus payments and will be required to complete Schedule HC-R Part I, items 66 through 69.

(i) Top-tier BHCs of U.S. GSIBs:

Report the top-tier BHC's TLAC risk-weighted buffer as a percentage, rounded to four decimal places, which is calculated as:

The top-tier BHC's common equity tier 1 capital ratio (the lower of Schedule HC-R, Part I, item 47, Column A and Column B) (expressed as a percentage), minus the greater of zero and the following amount:

(1) 18 percent; minus

(2) The ratio (expressed as a percentage) of the top tier BHC's additional tier 1 capital (as reported on Schedule HC-R, Part I, item 25), minus any additional tier 1 minority interest (as reported on Schedule HC-R, Part I, item 22), to its total risk-weighted assets (the larger of Schedule HC-R, Part I, items 46.a and 46.b); and minus

(3) The ratio (expressed as a percentage) of the global systemically important BHC's outstanding eligible external long-term debt amount (as reported on Schedule HC-R, Part I, item 54) to total risk-weighted assets (the larger of Schedule HC-R, Part I, items 46.a and 46.b).

If either of the TLAC total risk weighted asset ratios, as reported in line item 56, Column B, or item 57, Column B, are less than or equal to 18 percent, the GSIB's external TLAC risk-weighted buffer level should be reported as zero.

(ii) IHCs of foreign GSIBs - has been identified as a non-resolution IHC pursuant to 12 CFR 252.164:

Report the IHC's TLAC risk-weighted buffer as a percentage, rounded to four decimal places, which is calculated as:

The IHC's common equity tier 1 capital ratio (the lower of Schedule HC-R, Part I, item 47, Column A and Column B, if applicable) (expressed as a percentage), minus the greater of zero and the following amount:

(1) 16 percent; minus

(2) The ratio (expressed as a percentage) of the IHC's additional tier 1 capital (as reported on Schedule HC-R, Part I, item 25), minus any additional tier 1 minority interest (as reported on Schedule HC-R, Part I, item 22), held by a company that is incorporated or organized outside of the United States and that directly or indirectly controls the IHC, to its total risk-weighted assets (the larger of Schedule HC-R, Part I, items 46.a and 46.b, if applicable); and minus

(3) The ratio (expressed as a percentage) of the IHC's outstanding eligible long-term debt amount (as reported on Schedule HC-R, Part I, item 54) to total risk-weighted assets (the larger of Schedule HC-R, Part I, items 46.a and 46.b, if applicable).

If the TLAC total risk weighted asset ratio, as reported in line item 56, Column B, or, if applicable, item 57, Column B, are less than or equal to 16 percent, the IHC's TLAC risk-weighted buffer level should be reported as zero.

(iii) IHCs of foreign GSIBs - has been identified as a resolution IHC pursuant to 12 CFR 252.164:

Report the IHC's TLAC risk-weighted buffer as a percentage, rounded to four decimal places, which is calculated as:

The IHC's common equity tier 1 capital ratio (the lower of Schedule HC-R, Part I, item 47, Column A and Column B, if applicable) (expressed as a percentage) minus the greater of zero and the following amount:

(1) 18 percent; minus

(2) The ratio (expressed as a percentage) of the IHC's additional tier 1 capital (as reported on Schedule HC-R, Part I, item 25), minus any additional tier 1 minority interest (as reported on Schedule HC-R, Part I, item 22), to its total risk-weighted assets (the larger of Schedule HC-R, Part I, items 46.a and 46.b, if applicable); and minus

(3) The ratio (expressed as a percentage) of the IHC's outstanding eligible long-term debt amount (as reported on Schedule HC-R, Part I, item 54) to total risk-weighted assets (the larger of Schedule HC-R, Part I, items 46.a and 46.b, if applicable).

If the TLAC total risk weighted asset ratio, as reported in line item 56, Column B, or, if applicable, item 57, Column B, are less than or equal to 18 percent, the IHC's TLAC risk-weighted buffer level should be reported as zero.

Line item 62(b) TLAC leverage buffer.

Line item 62(b) should only be reported by top-tier BHCs of U.S. GSIBs.

In order to avoid limitations on distributions, including dividend payments, and certain discretionary bonus payments to executive officers, a top-tier BHC of a U.S. GSIB must hold a TLAC buffer above its minimum leverage TLAC requirements greater than 2.0 percent.

Otherwise, the top-tier BHC of a U.S. GSIB will face limitations on distributions and certain discretionary bonus payments and will be required to complete Schedule HC-R Part I, items 66 through 69.

Report the top-tier BHC's TLAC leverage buffer as a percentage, rounded to four decimal places, which is calculated as:

The top-tier BHC's supplementary leverage ratio (as reported on Schedule HC-R, Part I, item 53) (expressed as a percentage), minus the greater of zero and the following amount:

(1) 7.5 percent; minus

(2) The ratio (expressed as a percentage) of the top-tier BHC's outstanding eligible external long-term debt amount to total leverage exposure (as reported on Schedule HC-R, Part I, item 59, Column A).

If the TLAC supplementary leverage ratio, as reported in line item 59, Column B, is less than or equal to 7.5 percent, the top-tier BHC's external TLAC leverage buffer level should be reported as zero.

Leverage Buffer and Requirements for Holding Companies Subject to the Capital Plan Rule

Line Item 63 Total leverage exposure for the supplementary leverage ratio (SLR) (if applicable)

Advanced approaches and Category III holding companies must report the total leverage exposure from FFIEC 101 Schedule A, Table 2, Item 2.21.

Line Item 64 Leverage buffer requirement (if applicable)

All GSIB holding companies report 2.0000 percent.

All non-GSIB holding companies report 0.0000 percent.

Line Item 65 Leverage ratio buffer (if applicable)

For all GSIB holding companies, report the leverage buffer as a percentage, rounded to four decimal places, if applicable, from FFIEC 101 Schedule A, Table 2, Item 2.23.

The leverage buffer is equal to Schedule HC-R, item 53, less 3.0000 percent, which is the minimum leverage buffer requirement under section 10(a)(5) of the regulatory capital rules. However, if the holding company's leverage buffer calculated above is less than zero (i.e., is negative), the holding company's leverage buffer is zero.

Maximum Payout Ratios and Amounts for Holding Companies Subject to the Capital Plan Rule:

Note: The instructions for this item 66 were changed to reflect the final rule to change the definition of eligible retained income (see 85 FR 63423).

Line Item 66 Eligible retained income.

Report the amount of eligible retained income as the greater of (1) a holding company's net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income, and (2) the average of holding company's net income over the four preceding calendar quarters. (See the instructions for Schedule HC-R, Part I, item 52, for the definition of "distributions" from section 2 of the regulatory capital rules.)

For Schedule HC-R, Part I, item 66, the four preceding calendar quarters refers to the calendar quarter ending on the last date of the reporting period and the three preceding calendar quarters as illustrated in the example below. The average of an holding company's net income over the four preceding calendar quarters refers to aver-age of three-month net income for the calendar quarter ending on the last date of the reporting period and the three-month net income for the three preceding calendar quarters as illustrated in the example below.

Example and a worksheet calculation:

Assumptions:

• Eligible retained income is calculated for FR Y-9C report date of March 31, 2021.

• The holding company reported the following on its FR Y-9C in Schedule HI, Income Statement, item 14, "Net income (loss) attributable to holding company (item 12 minus item 13)":

FR Y-9C Report date	Amount Reported in Item 14	Three Month Net Income
March 31, 2020	$400 (A)	$400
June 30, 2020	$900 (B)	$500 (A-B)
September 30, 2020	$1,500 (C)	$600 (C-B)
December 31, 2020	$1,900 (D)	$400 (D-C)
March 31, 2021	$200 (E)	$200 (E)

• The distributions and associated tax effects not already reflected in net income (e.g., dividends declared on the holding company's common stock between April 1, 2020, and March 31, 2021) in this example are $400 per each of the four preceding calendar quarters.

	Q2 2020	Q3 2020	Q4 2020	Q1 2020
Net income	$500	$600	$400	$200
Adjustments for distributions and associated tax effects not already reflected in net income	($400)	($400)	($400)	($400)
Adjusted net income (Net income – Adjustments)	$100	$200	$0	($200)

(1)	Calculate a holding company’s net income for the four preceding calendar quarters, net of any distributions and associated tax effects not already reflected in net income	$100 + $200 + $0+ ($200) = $100
(2)	Calculate the average of a holding company’s three-month net income over the four preceding calendar quarters	($500 + $600 +$400 + $200) / 4 = $425*
(3)	Take the greater of step (1) and step (2) and report in Schedule HC-R, Part I, item 51.	$425

* From a practical perspective, a holding company can use the year-to-date net income reflected in Schedule HI, item 14, for December 31, 2020, subtract from it the net income reflected in Schedule HI, item 14, for March 31, 2020, and then add the net income in Schedule HI, item 14, for March 31, 2021 to calculate the numerator in the step 2, above. For the example above, the average of a holding company’s three-month net income over the four preceding calendar quarters: ($1,900 (D) less $400 (A) plus $200 (E)) divided by 4 = $425.

Line Item 67 Maximum payout ratio

(i) Global systemically important BHCs, as defined in 12 CFR 217.2:

Report the maximum payout ratio for the reporting institution, which corresponds to the lowest ratio determined by its (1) standardized approach capital conservation buffer, advanced approaches capital conservation buffer, and leverage buffer, as set forth in Table 2 to 12 CFR 217.11; (2) the external TLAC risk-weighted buffer, as set forth in Table 1 to 12 CFR 252.63; and (3) the TLAC leverage buffer, as set forth in Table 2 to 12 CFR 252.63.

(ii) Intermediate holding companies that are required to be established pursuant to 12 CFR 252.153 and are controlled by global systemically important foreign banking organizations, as defined in 12 CFR 252.2 (IHCs of foreign GSIBs):

Report the maximum payout ratio for the reporting institution, which corresponds to the lowest ratio determined by its (1) standardized approach capital conservation buffer, advanced approaches capital conservation buffer, and leverage buffer, as set forth in Table 2 to 12 CFR 217.11; and (2) the Covered IHC TLAC buffer, as set forth in Table 1 to 12 CFR 252.165.

(iii) All other holding companies subject to the Capital Plan Rule:

Report the maximum payout ratio for the reporting institution, which corresponds to the lowest ratio deter-mined by its standardized approach capital conservation buffer; if applicable, advanced approaches capital conservation buffer; and, if applicable, leverage buffer; as set forth in Table 2 to 12 CFR 217.11.

Line Item 68 Maximum payout amount

Report the maximum payout amount, equal to the holding company’s eligible retained income (item 66) multi-plied by the maximum payout ratio reported in item 67.

For example, in order to determine the maximum payout amount that a firm may pay in capital distributions and discretionary bonus payments for the second quarter of 2021, a firm would multiply its applicable maximum payout ratio by its eligible retained income. The eligible retained income used to calculate the maximum payout amount for the period from April 1, 2021 to June 30, 2021 would be based on the firm’s net income for the four calendar quarters ending on March 31, 2021 and the maximum payout ratio would be determined based on the capital or TLAC ratios, as applicable, of the firm as of March 31, 2020 (as described in item 67). Firms that are subject to stress buffer requirements are expected to know their capital positions on a daily basis. If a firm has any uncertainty regarding its quarter-end capital ratios prior to filing its regulatory reports, it should be conservative with capital distributions (including buybacks) during the beginning of a calendar quarter in order to avoid a situation in which it distributes more than the amount permitted under the capital rule.

Line Item 69 Distributions and discretionary bonus payments during the quarter.

Report the amount of distributions and discretionary bonus payments made during the calendar quarter ending on the report date.

For example, for purposes of the December 31, 2020, report date, report in item 69 the distributions and discretionary bonus payments made during the quarter ending December 31, 2020. See instructions for item 52 above for the definition of “distribution.”

Schedule HC-R, Part II Instructions – Risk Weighted Assets

General Instructions

Amounts to Report in Column B

The amount to report in column B will vary depending upon the nature of the particular item.

For items 1 through 8 and 11 of Schedule HC-R, Part II, column B should include the amount of the reporting holding company's on-balance sheet assets that are deducted or excluded (not risk weighted) in the determination of risk-weighted assets. Column B should include assets that are deducted from capital such as:

• Goodwill;
• Other intangibles (other than mortgage servicing assets (MSAs));
• Gain on sale of securitization exposures;
• For non-advanced approaches holding companies, threshold deductions above the 25 percent individual limits for (1) deferred tax assets (DTAs) arising from temporary differences that could not be realized through net operating loss carrybacks, (2) MSAs, net of associated deferred tax liabilities (DTLs), and (3) investments in the capital of unconsolidated financial institutions;
• For advanced approaches holding companies, thresh-old deductions above the 10 percent individual or 15 percent combined limits for (1) DTAs arising from temporary differences that could be realized through net operating loss carrybacks, (2) MSAs, net of associated DTLs, and (3) significant investments in the capital of unconsolidated financial institutions in the form of common stock;
• For advanced approaches holding companies, non-significant investments in the capital of unconsolidated financial institutions in the form of common stock that exceed the 10 percent threshold for non-significant investments;
• For advanced approaches holding companies, investments in covered debt instruments and nonqualifying excluded covered debt instruments,[1] as applicable; and
• Any other assets that must be deducted in accordance with the requirements of the Board.

[1] Nonqualifying excluded covered debt instruments are those subject to deduction according to the instructions for HC-R, Part I, item 43