

**Supporting Statement for the  
Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation YY  
(FR YY; OMB No. 7100-0350)**

*Capital Planning and Stress Testing Requirements for Large Bank Holding Companies,  
Intermediate Holding Companies and Savings and Loan Holding Companies  
(Docket No. R-1724; RIN 7100-AF95)*

**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 Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation YY (FR YY; OMB No. 7100-0350). Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires the Board to implement Regulation YY - Enhanced Prudential Standards (12 CFR Part 252) for bank holding companies (BHCs) and foreign banking organizations (FBOs) with total consolidated assets of \$50 billion or more. The enhanced prudential standards include risk-based and leverage capital requirements, liquidity standards, requirements for overall risk management (including establishing a risk committee), stress test requirements, and debt-to-equity limits for companies that the Financial Stability Oversight Council (FSOC) has determined pose a grave threat to financial stability.

On February 3, 2021,<sup>1</sup> the Board adopted a final rule to tailor the requirements in the Board's capital plan rule (capital plan rule) based on risk. As part of the final rule, the Board added a new reporting requirement to the FR YY.

The current estimated total annual burden for the FR YY is 27,751 hours, and would increase to 27,752 hours. The revision would result in an increase of 1 hour. There are no required reporting forms associated with this information collection.

**Background and Justification**

Section 165 of the Dodd-Frank Act<sup>2</sup> directs the Board to establish prudential standards for BHCs with total consolidated assets of \$50 billion or more and for nonbank financial companies that the FSOC has determined will be supervised by the Board (nonbank financial companies supervised by the Board) in order to prevent or mitigate risks to U.S. financial stability that could arise from the material financial distress or failure, or ongoing activities of, large, interconnected financial institutions. The Dodd-Frank Act requires the enhanced prudential standards established by the Board under section 165 to be more stringent than those standards applicable to other BHCs and to nonbank financial companies that do not present similar risks to U.S. financial stability.<sup>3</sup> The standards must also increase in stringency based on several factors, including the size and risk characteristics of a company subject to the rule, and the Board must

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<sup>1</sup> See 86 FR 7927 (February 3, 2021).

<sup>2</sup> Public Law 111-203, 124 Stat 1376 (2010).

<sup>3</sup> See 12 U.S.C. § 5365(a)(1)(A).

take into account the difference among BHCs and nonbank financial companies based on the same factors.<sup>4</sup> Generally, the Board has authority under section 165 to tailor the application of the standards, including differentiating among companies subject to section 165 on an individual basis or by category. In applying section 165 to FBOs, the Dodd-Frank Act also directs the Board to give due regard to the principle of national treatment and equality of competitive opportunity, and to take into account the extent to which the FBO is subject, on a consolidated basis, to home-country standards that are comparable to those applied to financial companies in the United States.<sup>5</sup>

The prudential standards must include enhanced risk-based and leverage capital requirements, liquidity requirements, risk-management and risk-committee requirements, resolution-planning requirements, single counterparty credit limits, stress-test requirements, and a debt-to-equity limit for companies that the FSOC has determined pose a grave threat to the financial stability of the United States. Section 165 also permits the Board to establish other prudential standards in addition to the mandatory standards, including three enumerated standards—a contingent capital requirement, enhanced public disclosures, and short-term debt limits—and any “other prudential standards” that the Board determines are “appropriate.”

In addition, section 165(i)(1) of the Dodd-Frank Act requires the Board to conduct an annual stress test of each covered company to evaluate whether the covered company has sufficient capital, on a total consolidated basis, to absorb losses as a result of adverse economic conditions (supervisory stress tests). Section 165(i)(2) of the Dodd-Frank Act requires the Board to issue regulations that require covered companies to conduct stress tests semiannually and require financial companies with total consolidated assets of more than \$10 billion that are not covered companies and for which the Board is the primary federal financial regulatory agency to conduct stress tests on an annual basis (collectively, company-run stress tests).

On October 12, 2012, the Board published a final rule implementing the stress testing requirements imposed by section 165(i). Under the final rules, the Board would conduct an annual supervisory stress test of covered companies under three sets of scenarios, using data as of September 30 of each year as reported by covered companies, and publish a summary of the results of the supervisory stress tests in early April of the following year. In addition, the final rule required each covered company to conduct two company-run stress tests each year: (1) an “annual” company-run stress test using data as of September 30 of each year and the three scenarios provided by the Federal Reserve and (2) an additional company-run stress test using data as of March 31 of each year and three scenarios developed by the company. The final rule required each covered company to publish the summary of the results of its company-run stress tests within 90 days of submitting the results to the Board.

On March 27, 2014, the Board published a final rule implementing risk management and liquidity standards for U.S. BHCs with total consolidated assets of \$50 billion or more and risk-based and leverage capital requirements, liquidity standards, risk management, and stress-test requirements for FBOs with total consolidated assets of \$50 billion or more, in accordance with

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<sup>4</sup> See 12 U.S.C. § 5365(a)(1)(B). Under section 165(a)(1)(B) of the Dodd-Frank Act, the enhanced prudential standards must increase in stringency based on the considerations listed in section 165(b)(3).

<sup>5</sup> See 12 U.S.C. § 5365(a)(2).

section 165. The final rule also established a 15-to-1 debt-to-equity limit for companies that the FSO has determined pose a grave threat to financial stability. The amendments also establish risk-committee requirements and capital stress-testing requirements for certain BHCs and FBOs with total consolidated assets of \$10 billion or more.

## **Description of Information Collection**

The reporting requirements are found in sections 252.16; 252.85(b); 252.87(b); 252.132(a), (b), and (d); 252.143(a), (b), and (c); 252.144(a), (b), and (d); 252.145(a); 252.146(c)(1)(iii); 252.153(a)(3); 252.153(b)(5); 252.153(c)(3); 252.154(a), (b), and (c); 252.157(b); 252.158(c)(1); 252.158(c)(2); 252.158(d)(1)(ii); and 252.164 of Regulation YY. The recordkeeping requirements are found in sections 252.15(c); 252.34(e)(3); 252.34(f); 252.34(h); 252.35(a)(7); 252.56(c)(1); 252.153(e)(5); 252.156(e); 252.156(g); and 252.157(a)(7) of Regulation YY. The disclosure requirements are found in sections 252.58; 252.65; 252.153(e)(5); and 252.167 of Regulation YY. No other federal law mandates these reporting, recordkeeping, and disclosure requirements.

### *Reporting Requirements*

Section 252.16 requires a state member bank (SMB) that is a covered company subsidiary and a savings and loan holding company (SLHC) that has average total consolidated assets of \$50 billion or more to report the results of the stress test to the Board by April 5, unless that time is extended by the Board in writing; and an SMB that is not a covered company subsidiary, a BHC, and an SLHC with average total consolidated assets of less than \$50 billion to report the results of the stress test to the Board by July 31, unless that time is extended by the Board in writing. The report must include the following information for the baseline scenario, adverse scenario, severely adverse scenario, and any other scenario required under section 252.14(b)(3): (1) a description of the types of risks being included in the stress test, (2) a summary description of the methodologies used in the stress test, (3) for each quarter of the planning horizon, estimates of aggregate losses, pre-provision net revenue, provision for loan and lease losses, net income, and regulatory capital ratios, (4) an explanation of the most significant causes for the changes in regulatory capital ratios, and (5) any other information required by the Board.

Section 252.85(b) requires a covered entity (a bank holding company that is identified as a global systemically important BHC; a subsidiary of a bank holding company that is identified as a global systemically important BHC; and a U.S. subsidiary, U.S. branch, or U.S. agency of a global systemically important FBO other than a U.S. subsidiary, U.S. branch, or U.S. agency) to request the Board to approve as compliant with the requirements of sections 252.83 and 252.84 provisions of one or more forms of covered qualified financial contracts (QFCs), or proposed amendments to one or more forms of covered QFCs, with enhanced creditor protection conditions. Enhanced creditor protection conditions means a set of limited exemptions to the requirements of section 252.84(b) that are different than those of paragraphs (d), (f), and (h) of section 252.84. A covered entity making a request must provide (1) an analysis of the proposal under each consideration of paragraph 252.85(d), (2) a written legal opinion verifying that proposed provisions or amendments would be valid and enforceable under applicable law of the

relevant jurisdictions, including, in the case of proposed amendments, the validity and enforceability of the proposal to amend the covered QFCs, and (3) any additional relevant information that the Board requests.

Section 252.87(b) requires each top-tier FBO that determines that it has the characteristics of a global systemically important banking organization (GSIB) under the global methodology to notify the Board of the determination by January 1 of each calendar year.<sup>6</sup>

Section 252.132(a) requires an FBO with a class of stock (or similar interest) that is publicly traded and total consolidated assets of at least \$10 billion but less than \$50 billion to, on an annual basis, certify to the Board that it maintains a committee of its global board of directors (or equivalent thereof), on a standalone basis or as part of its enterprise-wide risk committee (or equivalent thereof) that (1) oversees the risk management policies of the combined U.S. operations of the FBO and (2) includes at least one member having experience in identifying, assessing, and managing risk exposures of large, complex firms.

Section 252.132(b) requires the certification to be filed on an annual basis with the Board concurrently with the Annual Report of Foreign Banking Organizations (FR Y-7; OMB No. 7100-0297).

Section 252.132(d) requires that if an FBO does not satisfy the U.S. risk committee certification, the Board may impose requirements, conditions, or restrictions relating to the activities or business operations of the combined U.S. operations of the FBO. The Board will coordinate with any relevant State or Federal regulator in the implementation of such requirements, conditions, or restrictions. If the Board determines to impose one or more requirements, conditions, or restrictions, the Board will notify the company before it applies any requirement, condition, or restriction, and describe the basis for imposing such requirement, condition, or restriction. Within 14 calendar days of receipt of a notification, the company may request in writing that the Board reconsider the requirement, condition, or restriction. The Board will respond in writing to the company's request for reconsideration prior to applying the requirement, condition, or restriction.

Section 252.143(a) requires an FBO with total consolidated assets of \$50 billion or more and combined U.S. assets of less than \$50 billion to certify to the Board that it meets capital adequacy standards on a consolidated basis established by its home-country supervisor that are consistent with the regulatory capital framework published by the Basel Committee on Banking Supervision, as amended from time to time (Basel Capital Framework). Home-country capital adequacy standards that are consistent with the Basel Capital Framework include all minimum risk-based capital ratios, any minimum leverage ratio, and all restrictions based on any applicable capital buffers set forth in "Basel III: A global regulatory framework for more resilient banks and banking systems" (2010) (Basel III Accord), each as applicable and as implemented in accordance with the Basel III Accord, including any transitional provisions set forth therein. In the event that a home-country supervisor has not established capital adequacy

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<sup>6</sup> Global methodology means the assessment methodology and the higher loss absorbency requirement for global systemically important banks issued by the Basel Committee on Banking Supervision, as updated from time to time. See 12 CFR 252.2(o).

standards that are consistent with the Basel Capital Framework, the FBO must demonstrate to the satisfaction of the Board that it would meet or exceed capital adequacy standards on a consolidated basis that are consistent with the Basel Capital Framework were it subject to such standards.

Section 252.143(b) requires an FBO with total consolidated assets of \$50 billion or more and combined U.S. assets of less than \$50 billion to provide to the Board reports relating to its compliance with the capital adequacy measures concurrently with filing the Capital and Asset Report for Foreign Banking Organizations (FR Y-7Q; OMB No. 7100-0125).

Section 252.143(c) requires that if an FBO does not satisfy the home-country capital adequacy standards, the Board may impose requirements, conditions, or restrictions, including risk-based or leverage capital requirements, relating to the activities or business operations of the U.S. operations of the FBO. The Board will coordinate with any relevant State or Federal regulator in the implementation of such requirements, conditions, or restrictions. If the Board determines to impose one or more requirements, conditions, or restrictions, the Board will notify the company before it applies any requirement, condition, or restriction, and describe the basis for imposing such requirement, condition, or restriction. Within 14 calendar days of receipt of a notification, the company may request in writing that the Board reconsider the requirement, condition, or restriction. The Board will respond in writing to the company's request for reconsideration prior to applying the requirement, condition, or restriction.

Section 252.144(a) requires an FBO with total consolidated assets of \$50 billion or more and combined U.S. assets of less than \$50 billion to, on an annual basis, certify to the Board that it maintains a committee of its global board of directors (or equivalent thereof), on a standalone basis or as part of its enterprise-wide risk committee (or equivalent thereof) that (1) oversees the risk management policies of the combined U.S. operations of the FBO and (2) includes at least one member having experience in identifying, assessing, and managing risk exposures of large, complex firms.

Section 252.144(b) requires the certification to be filed on an annual basis with the Board concurrently with the FR Y-7.

Section 252.144(d) requires that if an FBO does not satisfy the U.S. risk committee certification, the Board may impose requirements, conditions, or restrictions relating to the activities or business operations of the combined U.S. operations of the FBO. The Board will coordinate with any relevant State or Federal regulator in the implementation of such requirements, conditions, or restrictions. If the Board determines to impose one or more requirements, conditions, or restrictions, the Board will notify the company before it applies any requirement, condition, or restriction, and describe the basis for imposing such requirement, condition, or restriction. Within 14 calendar days of receipt of a notification, the company may request in writing that the Board reconsider the requirement, condition, or restriction. The Board will respond in writing to the company's request for reconsideration prior to applying the requirement, condition, or restriction.

Section 252.145(a) requires an FBO with total consolidated assets of \$50 billion or more and combined U.S. assets of less than \$50 billion to report to the Board on an annual basis the results of an internal liquidity stress test for either the consolidated operations of the FBO or the combined U.S. operations of the FBO. Such liquidity stress test must be conducted consistently with the Basel Committee principles for liquidity risk management and must incorporate 30-day, 90-day, and one-year stress-test horizons. The “Basel Committee principles for liquidity risk management” means the document titled “Principles for Sound Liquidity Risk Management and Supervision” (September 2008) as published by the Basel Committee on Banking Supervision, as supplemented and revised from time to time.

Section 252.146(c)(1)(iii) requires an FBO with total consolidated assets of more than \$50 billion and combined U.S. assets of less than \$50 billion to conduct an annual stress test of its U.S. subsidiaries to determine whether those subsidiaries have the capital necessary to absorb losses as a result of adverse economic conditions and report on an annual basis a summary of the results of the stress test to the Board that includes a description of the types of risks included in the stress test, a description of the conditions or scenarios used in the stress test, a summary description of the methodologies used in the stress test, estimates of aggregate losses, pre-provision net revenue, total loan loss provisions, net income before taxes and pro forma regulatory capital ratios required to be computed by the home-country supervisor of the FBO and any other relevant capital ratios, and an explanation of the most significant causes for any changes in regulatory capital ratios.

Section 252.153(a)(3) requires that within 30 days of establishing or designating a U.S. intermediate holding company (IHC), an FBO with U.S. non-branch assets of \$50 billion or more to provide to the Board (1) a description of the U.S. IHC, including its name, location, corporate form, and organizational structure, (2) a certification that the U.S. IHC meets the requirements of this subpart, and (3) any other information that the Board determines is appropriate.

Section 252.153(b)(5) requires each top-tier FBO that controls a U.S. IHC to submit to the Board by January 1 of each calendar year through the U.S. IHC (1) notice of whether the home-country supervisor (or other appropriate home-country regulatory authority) of the top-tier FBO of the U.S. IHC has adopted standards consistent with the global methodology and (2) notice of whether the top-tier FBO prepares or reports the indicators used by the global methodology to identify a banking organization as a GSIB and, if it does, whether the top-tier FBO has determined that it has the characteristics of a GSIB under the global methodology.

Section 252.153(c)(3) requires that a request to establish or designate multiple U.S. IHCs must be submitted to the Board 180 days before the FBO must form a U.S. IHC. A request not to transfer any ownership interest in a subsidiary must be submitted to the Board either 180 days before the FBO acquires the ownership interest in such U.S. subsidiary, or in a shorter period of time if permitted by the Board. The request must include a description of why the request should be granted and any other information the Board may require.

Section 252.154(a) requires an FBO with combined U.S. assets of \$50 billion or more to certify to the Board that it meets capital adequacy standards on a consolidated basis established

by its home-country supervisor that are consistent with the regulatory capital framework published by the Basel Committee on Banking Supervision, as amended from time to time (Basel Capital Framework). Home-country capital adequacy standards that are consistent with the Basel Capital Framework include all minimum risk-based capital ratios, any minimum leverage ratio, and all restrictions based on any applicable capital buffers set forth in “Basel III: A global regulatory framework for more resilient banks and banking systems” (2010) (Basel III Accord), each as applicable and as implemented in accordance with the Basel III Accord, including any transitional provisions set forth therein. In the event that a home-country supervisor has not established capital adequacy standards that are consistent with the Basel Capital Framework, the FBO must demonstrate to the satisfaction of the Board that it would meet or exceed capital adequacy standards at the consolidated level that are consistent with the Basel Capital Framework were it subject to such standards.

Section 252.154(b) requires an FBO with combined U.S. assets of \$50 billion or more to provide to the Board reports relating to its compliance with the capital adequacy measures concurrently with filing the FR Y-7Q.

Section 252.154(c) requires that if an FBO does not satisfy the home-country capital adequacy standards, the Board may impose requirements, conditions, or restrictions relating to the activities or business operations of the U.S. operations of the FBO. The Board will coordinate with any relevant State or Federal regulator in the implementation of such requirements, conditions, or restrictions. If the Board determines to impose one or more requirements, conditions, or restrictions, the Board will notify the company before it applies any requirement, condition, or restriction, and describe the basis for imposing such requirement, condition, or restriction. Within 14 calendar days of receipt of a notification, the company may request in writing that the Board reconsider the requirement, condition, or restriction. The Board will respond in writing to the company’s request for reconsideration prior to applying the requirement, condition, or restriction.

Section 252.157(b) requires an FBO with combined U.S. assets of \$50 billion or more to make available to the Board, in a timely manner, the results of any liquidity internal stress tests and establishment of liquidity buffers required by regulators in its home jurisdiction. The report must include the results of its liquidity stress test and liquidity buffer, if required by the laws or regulations implemented in the home jurisdiction, or expected under supervisory guidance.

Section 252.158(c)(1) requires an FBO with combined U.S. assets of \$50 billion or more to report to the Board by January 5 of each calendar year, unless such date is extended by the Board, summary information about its stress-testing activities and results, including the following quantitative and qualitative information: (1) a description of the types of risks included in the stress test, (2) a description of the conditions or scenarios used in the stress test, (3) a summary description of the methodologies used in the stress test, (4) estimates of (a) aggregate losses, (b) pre-provision net revenue, (c) total loan loss provisions, (d) net income before taxes, and (e) pro forma regulatory capital ratios required to be computed by the home-country supervisor of the FBO and any other relevant capital ratios, and (5) an explanation of the most significant causes for any changes in regulatory capital ratios.

Section 252.158(c)(2) requires that if, on a net basis, the U.S. branches and agencies of an FBO with combined U.S. assets of \$50 billion or more provide funding to the FBO's non-U.S. offices and non-U.S. affiliates, calculated as the average daily position over a stress test cycle for a given year, the FBO must report the following information to the Board by January 5 of each calendar year, unless such date is extended by the Board: (1) a detailed description of the methodologies used in the stress test, including those employed to estimate losses, revenues, and changes in capital positions, (2) estimates of realized losses or gains on available-for-sale and held-to-maturity securities, trading and counterparty losses, if applicable, and loan losses (dollar amount and as a percentage of average portfolio balance) in the aggregate and by material sub-portfolio, and (3) any additional information that the Board requests.

Section 252.158(d)(1)(ii) requires an FBO with combined U.S. assets of \$50 billion or more that has not established a U.S. IHC, to conduct an annual stress test of its U.S. subsidiaries to determine whether those subsidiaries have the capital necessary to absorb losses as a result of adverse economic conditions and report to the Board on an annual basis a summary of the results of the stress test that includes the qualitative and quantitative information required for home-country supervisory stress and any other information specified by the Board.

Section 252.164 requires each top-tier global systemically important FBO with U.S. non-branch assets that equal or exceed \$50 billion to submit to the Board a certification indicating whether the planned resolution strategy of the top-tier FBO involves the U.S. IHC or its subsidiaries entering resolution, receivership, insolvency, or similar proceedings in the United States. The rule requires the top-tier FBO to update this certification when its resolution strategy changes.

#### *Recordkeeping Requirements*

Section 252.15(c) requires that senior management of a BHC, SLHC, or SMB to establish and maintain a system of controls, oversight, and documentation, including policies and procedures, that are designed to ensure that its stress testing processes are effective in meeting the requirements in this subpart. These policies and procedures must, at a minimum, describe the company's stress testing practices and methodologies, and processes for validating and updating the company's stress test practices and methodologies consistent with applicable laws, regulations, and supervisory guidance.

Section 252.34(e)(3) requires a BHC with total consolidated assets of \$50 billion or more to adequately document its methodology for making cash flow projections and the included assumptions and submit such documentation to the risk committee.

Section 252.34(f) requires a BHC with total consolidated assets of \$50 billion or more to establish and maintain a contingency funding plan that sets out the company's strategies for addressing liquidity needs during liquidity stress events. The contingency funding plan must be commensurate with the company's capital structure, risk profile, complexity, activities, size, and established liquidity risk tolerance. The company must update the contingency funding plan at least annually, and when changes to market and idiosyncratic conditions warrant. The contingency funding plan must include specified quantitative elements, an event management

process that sets out the BHC's procedures for managing liquidity during identified liquidity stress events, and procedures for monitoring emerging liquidity stress events. The procedures must identify early warning indicators that are tailored to the company's capital structure, risk profile, complexity, activities, and size.

Section 252.34(h)(1) requires a BHC with total consolidated assets of \$50 billion or more to establish and maintain policies and procedures to monitor assets that have been, or are available to be, pledged as collateral in connection with transactions to which it or its affiliates are counterparties. These policies and procedures must provide that the BHC (1) calculates all of its collateral positions on a weekly basis (or more frequently, as directed by the Board), specifying the value of pledged assets relative to the amount of security required under the relevant contracts and the value of unencumbered assets available to be pledged, (2) monitors the levels of unencumbered assets available to be pledged by legal entity, jurisdiction, and currency exposure, (3) monitors shifts in the BHC's funding patterns, such as shifts between intraday, overnight, and term pledging of collateral, and (4) tracks operational and timing requirements associated with accessing collateral at its physical location (for example, the custodian or securities settlement system that holds the collateral).

Section 252.34(h)(2) requires a BHC with total consolidated assets of \$50 billion or more to establish and maintain procedures for monitoring and controlling liquidity risk exposures and funding needs within and across significant legal entities, currencies, and business lines, taking into account legal and regulatory restrictions on the transfer of liquidity between legal entities.

Section 252.34(h)(3) requires a BHC with total consolidated assets of \$50 billion or more to establish and maintain procedures for monitoring intraday liquidity risk exposure. These procedures must address how the management of the BHC will (1) monitor and measure expected daily gross liquidity inflows and outflows, (2) manage and transfer collateral to obtain intraday credit, (3) identify and prioritize time-specific obligations so that the BHC can meet these obligations as expected and settle less critical obligations as soon as possible, (4) manage the issuance of credit to customers where necessary, and (5) consider the amounts of collateral and liquidity needed to meet payment systems obligations when assessing the BHC's overall liquidity needs.

Section 252.35(a)(7) requires a BHC with total consolidated assets of \$50 billion or more to establish and maintain policies and procedures governing its liquidity stress testing practices, methodologies, and assumptions that provide for the incorporation of the results of liquidity stress tests in future stress testing and for the enhancement of stress testing practices over time. A BHC must establish and maintain a system of controls and oversight that is designed to ensure that its liquidity stress testing processes are effective in meeting the final rule's stress testing requirements. A BHC must maintain management information systems and data processes sufficient to enable it to effectively and reliably collect, sort, and aggregate data and other information related to liquidity stress testing.

Section 252.56(c)(1) requires senior management of a covered company to establish and maintain a system of controls, oversight, and documentation, including policies and procedures, that are designed to ensure that its stress testing processes are effective in meeting the

requirements in subpart F. These policies and procedures must, at a minimum, describe the covered company's stress testing practices and methodologies, and processes for validating and updating the covered institution's stress test practices and methodologies consistent with applicable laws, regulations, and supervisory guidance. Policies of covered companies must describe processes for scenario development for the mid-cycle stress test required under section 252.55.

Section 252.153(e)(5) requires a U.S. IHC to comply with the requirements of subparts E and F of 12 CFR Part 252 in the same manner as a BHC.

Section 252.156(e) requires an FBO with combined U.S. assets of \$50 billion or more to establish and maintain a contingency funding plan for its combined U.S. operations that sets out the FBO's strategies for addressing liquidity needs during liquidity stress events. The contingency funding plan must be commensurate with the capital structure, risk profile, complexity, activities, size, and the established liquidity risk tolerance for the combined U.S. operations. The FBO must update the contingency funding plan for its combined U.S. operations at least annually, and when changes to market and idiosyncratic conditions warrant. The contingency funding plan must include specified quantitative elements. The contingency funding plan for an FBO's combined U.S. operations must include an event management process that sets out the FBO's procedures for managing liquidity during identified liquidity stress events for the combined U.S. operations. The contingency funding plan must include procedures for monitoring emerging liquidity stress events. The procedures must identify early warning indicators that are tailored to the capital structure, risk profile, complexity, activities, and size of the FBO and its combined U.S. operations.

Section 252.156(g)(1) requires an FBO with combined U.S. assets of \$50 billion or more to establish and maintain policies and procedures to monitor assets that have been or are available to be pledged as collateral in connection with transactions to which entities in its U.S. operations are counterparties. These policies and procedures must provide that the FBO (1) calculates all of the collateral positions for its combined U.S. operations on a weekly basis (or more frequently, as directed by the Board), specifying the value of pledged assets relative to the amount of security required under the relevant contracts and the value of unencumbered assets available to be pledged, (2) monitors the levels of unencumbered assets available to be pledged by legal entity, jurisdiction, and currency exposure, (3) monitors shifts in the FBO's funding patterns, including shifts between intraday, overnight, and term pledging of collateral, and (4) tracks operational and timing requirements associated with accessing collateral at its physical location (for example, the custodian or securities settlement system that holds the collateral).

Section 252.156(g)(2) requires an FBO with combined U.S. assets of \$50 billion or more to establish and maintain procedures for monitoring and controlling liquidity risk exposures and funding needs of its combined U.S. operations, within and across significant legal entities, currencies, and business lines taking into account legal and regulatory restrictions on the transfer of liquidity between legal entities.

Section 252.156(g)(3) requires an FBO with combined U.S. assets of \$50 billion or more to establish and maintain procedures for monitoring intraday liquidity risk exposure for its

combined U.S. operations. These procedures must address how the management of the combined U.S. operations will (1) monitor and measure expected daily inflows and outflows, (2) maintain, manage and transfer collateral to obtain intraday credit, (3) identify and prioritize time-specific obligations so that the FBOs can meet these obligations as expected and settle less critical obligations as soon as possible, (4) control the issuance of credit to customers where necessary, and (5) consider the amounts of collateral and liquidity needed to meet payment systems obligations when assessing the overall liquidity needs of the combined U.S. operations.

Section 252.157(a)(7) requires an FBO with combined U.S. assets of \$50 billion or more, within its combined U.S. operations and its enterprise-wide risk management, to establish and maintain policies and procedures governing its liquidity stress testing practices, methodologies, and assumptions that provide for the incorporation of the results of liquidity stress tests in future stress testing and for the enhancement of stress testing practices over time. The FBO must establish and maintain a system of controls and oversight that is designed to ensure that its liquidity stress testing processes are effective in meeting the requirements of this section. The FBO must maintain management information systems and data processes sufficient to enable it to effectively and reliably collect, sort, and aggregate data and other information related to the liquidity stress testing of its combined U.S. operations.

#### *Disclosure Requirements*

Section 252.58 requires a covered company (a BHC other than an FBO with average total consolidated assets of \$50 billion or more, a U.S. IHC subject to this section pursuant to section 252.153, and a nonbank financial company supervised by the Board) to publicly disclose a summary of the results of the stress test required under section 252.54 within the period that is 15 calendar days after the Board discloses the results of its supervisory stress test of the covered company pursuant to section 252.46(c), unless that time is extended by the Board in writing. A covered company must publicly disclose a summary of the results of the stress test required under section 252.55. This disclosure must occur in the period beginning on October 5 and ending on November 4 of the calendar year in which the stress test is performed pursuant to section 252.55, unless that time is extended by the Board in writing. The summary may be disclosed on the website of a covered company, or in any other forum that is reasonably accessible to the public. The summary results must, at a minimum, contain the following information regarding the severely adverse scenario (1) a description of the types of risks included in the stress test, (2) a general description of the methodologies used in the stress test, including those employed to estimate losses, revenues, provision for loan and lease losses, and changes in capital positions over the planning horizon, (3) estimates of pre-provision net revenue and other revenue; provisions for loan and lease losses, realized losses or gains on available-for-sale and held-to-maturity securities, trading and counterparty losses, and other losses or gains; net income before taxes; loan losses (dollar amount and as a percentage of average portfolio balance) in the aggregate and by subportfolio, including domestic closed-end first-lien mortgages; domestic junior lien mortgages and home equity lines of credit; commercial and industrial loans; commercial real estate loans; credit card exposures; other consumer loans; and all other loans; and pro forma regulatory capital ratios and any other capital ratios specified by the Board, (4) an explanation of the most significant causes for the changes in regulatory capital ratios, and (5) with respect to any depository institution subsidiary that is subject to stress testing

requirements pursuant to 12 U.S.C. § 5365(i)(2), as implemented by subpart B of this part, 12 CFR Part 46 (OCC), or 12 CFR Part 325, subpart C (FDIC), changes over the planning horizon in regulatory capital ratios and any other capital ratios specified by the Board and an explanation of the most significant causes for the changes in regulatory capital ratios.

Section 252.65 requires a U.S. global systemically important BHC to publicly disclose a description of the financial consequences to unsecured debtholders of the global systemically important BHC entering into a resolution proceeding in which the global systemically important BHC is the only entity that would be subject to the resolution proceeding. A global systemically important BHC must provide the disclosure required of this section (1) in the offering documents for all of its eligible debt securities and (2) either on the global systemically important BHC's website or in more than one public financial report or other public regulatory reports, provided that the global systemically important BHC publicly provides a summary table specifically indicating the location(s) of this disclosure.

Section 252.153(e)(5) requires a U.S. IHC to comply with the requirements of subparts E and F of 12 CFR Part 252 in the same manner as a BHC.

Section 252.167 requires a resolution covered IHC that has any outstanding eligible external debt securities to publicly disclose a description of the financial consequences to unsecured debtholders of the resolution covered IHC entering into a resolution proceeding in which the resolution covered IHC is the only entity in the U.S. that would be subject to the resolution proceeding. A resolution covered IHC must provide the disclosure required of this section (1) in the offering documents for all of its eligible debt securities and (2) either on the resolution covered IHC's website or in more than one public financial report or other public regulatory reports, provided that the resolution covered IHC publicly provides a summary table specifically indicating the location(s) of this disclosure.

### **Respondent Panel**

The FR YY panel comprises SMBs, U.S. BHCs, nonbank financial companies, FBOs, U.S. IHCs, foreign SLHCs, and foreign nonbank financial companies supervised by the Board.

### **Revisions to the FR YY**

The Board has amended Regulation YY to allow a firm subject to Category IV standards to elect to participate in the supervisory stress test in a year in which the firm would not normally be subject to the supervisory stress test. To ensure the Board is provided sufficient notice that the firm is participating in the supervisory stress test, the firm would need to make its election by January 15 of the year in which it seeks to opt in to the supervisory stress test by providing written notice to the Board and appropriate Federal Reserve Bank. For purposes of calculating the stress capital buffer requirement in 2021 for a firm subject to Category IV standards that elects to participate in the 2021 supervisory stress test, the final rule includes transitional procedures such that the firm could notify the Board by April 5, 2021. This new reporting requirement is found in section 252.44(d)(2)(ii).

## **Time Schedule for Information Collection**

The information collection pursuant to the reporting requirements mandates that an SMB that is a covered company subsidiary and an SLHC that has average total consolidated assets of \$50 billion or more to report the results of the stress test to the Board by April 5, unless that time is extended by the Board in writing and an SMB that is not a covered company subsidiary, a BHC, and an SLHC with average total consolidated assets of less than \$50 billion must report the results of the stress test to the Board by July 31, unless that time is extended by the Board in writing. FBOs with combined U.S. assets of \$50 billion or more and FBOs that have U.S. branches and agencies of an FBOs with combined U.S. assets of \$50 billion or more provide funding to the FBO's non-U.S. offices and non-U.S. affiliates, calculated as the average daily position over a stress test cycle for a given year, report summary information about its stress-testing activities and results to the Board by January 5 of each calendar year, unless such date is extended by the Board. FBOs with combined U.S. assets of \$50 billion or more report quarterly to the Board the results of any liquidity internal stress tests and establishment of liquidity buffers required by regulators in its home jurisdiction.

The information collection pursuant to the recordkeeping requirements is event-generated and must be maintained on sight. The information collection pursuant to the disclosure requirements mandates that a covered company publicly disclose a summary of the results of the stress test under section 252.54 within the period that is 15 calendar days after the Board discloses the results of its supervisory stress test of the covered company, unless that time is extended by the Board in writing. A covered company must publicly disclose a summary of the results of the stress test required under section 252.55. This disclosure must occur in the period beginning on October 5 and ending on November 4 of the calendar year in which the stress test is performed, unless that time is extended by the Board in writing.

## **Legal Status**

This information collection with respect to domestic BHCs are authorized under section 5(c)(1)(A) of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844(c)(1)(A)). Under section 8(a) of the International Banking Act of 1978 (12 U.S.C. § 3106(a)), the FBOs to which Regulation YY applies are treated as BHCs subject to section 5 of the BHC Act, so these information collections are authorized with respect to FBOs as well. Section 161 of the Dodd-Frank Act (12 U.S.C. § 5361) authorizes the Board to require reports from FSOC-designated nonbank financial companies supervised by the Board. Finally, both section 165 of the Dodd-Frank Act and section 5(c) of the BHC Act authorize the Board to require reports from IHCs.

Generally, the obligation to respond is mandatory. With respect to aspects of the rule that permit an FBO to request that the Board reconsider its decision to impose restrictions, conditions, or limitations for noncompliance with the enhanced prudential standards, the obligation to respond may be characterized as required in order to obtain the benefit of modifications to the restrictions, etc., initially imposed.

The information collection provisions of Regulation YY are summarized in the table below. In addition to the sections noted there, the regulation requires that covered companies

retain certain records which are not normally provided to the Board. To the extent these records are collected as part of an examination or inspection of the company, they may be accorded confidential treatment under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(8)). Certain other items will be disclosed publicly.

With respect to items reported to the Board and not disclosed publicly, the table below identifies the confidentiality treatment and basis for each regulatory provision. Certain reporting requirements reflected on the table may call for reporting of confidential commercial and financial information that may be withheld under exemption 4 of FOIA (5 U.S.C. § 552(b)(4)). As required information, these items may be withheld under exemption 4 if the submitter establishes that public disclosure could result in substantial competitive harm to the submitting institution, under *National Parks and Conservation Association v. Morton*, 498 F.2d 765 (D.C. Cir. 1974). This determination will be made on a case-by-case basis upon the submitter’s request for confidential treatment. Public disclosure of the remaining information required under Regulation YY would likely cause substantial competitive harm to the submitter. This information will be withheld on the basis of exemption 4 without the requirement of a request for confidentiality.

<b>Information Collection Type</b>	<b>Citations</b>	<b>Reasons for Confidentiality</b>	<b>FOIA Exemption</b>
Report a summary of stress test results to the Board	Section 252.146(c)(1)(iii); Section 252.158(c)(1); Section 252.158(c)(2); Section 252.158(d)(1)(ii)	Disclosure of stress test results would inform competitors of areas of vulnerability, resulting in substantial competitive harm. Information is also collected as part of the supervisory process.	4 and 8 in all cases
Seeking relief from additional commitments imposed by the Board for organizations that fail to satisfy requirements regarding risk management and risk-based and leverage capital requirements.	Section 252.132(d); Section 252.143(c); Section 252.144(d); Section 252.154(c)	This information may be confidential on a case-by-case basis. Release of information relating to additional restrictions imposed for failure to meet risk management and capital requirements could cause substantial competitive harm. Information also	4 and 8

Information Collection Type	Citations	Reasons for Confidentiality	FOIA Exemption
		may be collected as part of the supervisory process.	
Certify to the Board that entity meets capital adequacy standards on a consolidated basis established by its home-country supervisor that are consistent with the Basel regulatory capital framework	Section 252.143(a); Section 252.154(a)	This information may be confidential on a case-by-case basis. This information may or may not be made public according to applicable home-country laws; in cases where home-country regulator provides for confidential treatment, disclosure could cause substantial competitive harm.	4
Provide to the Board reports relating to its compliance with capital adequacy measures	Section 252.143(b); Section 252.154(b)	This information may be confidential on a case-by-case basis. This information may or may not be made public according to applicable home-country laws.	4
Report the results of internal liquidity stress test to the Board	Section 252.145(a)	As with other stress test results, release could cause substantial competitive harm. Information is also collected as part of the supervisory process.	4 and 8 in all cases
Requests to use alternative organizational structure in lieu of forming US IHC	Section 252.153(c)(3)	These exemption requests may include nonpublic information about potential business plans, disclosure of	4

<b>Information Collection Type</b>	<b>Citations</b>	<b>Reasons for Confidentiality</b>	<b>FOIA Exemption</b>
		which could cause substantial competitive harm. This information may be confidential on a case-by-case basis.	
Make available to the Board the results of any liquidity internal stress tests and establishment of liquidity buffers required by regulators in its home jurisdiction	Section 252.157(b)	This information may be confidential on a case-by-case basis. This information may or may not be made public according to applicable home-country laws, and in cases where home-country regulator provides for confidential treatment, disclosure could cause substantial competitive harm and reveal supervisory assessments.	4/8
Report pro forma regulatory capital ratios required to be computed by the home-country supervisor	Section 252.158(c)(1)	These regulatory capital ratios required by the home-country regulators may not be public and may reflect the home country regulator's supervisory assessment of the FBO. Release of this information could cause substantial competitive harm under exemption 4: no additional action	4

Information Collection Type	Citations	Reasons for Confidentiality	FOIA Exemption
		by submitter necessary.	
Certify to the Board that it maintains a U.S. risk committee	Section 252.132(a); Section 252.132(b); Section 252.144(a); Section 252.144(b)	Not confidential.	
Certification upon designating its IHC	Section 252.153(a)(3)	Not confidential.	

### Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

### Public Comments

On October 7, 2020, the Board published a notice of proposed rulemaking in the *Federal Register* (85 FR 63222) for public comment on the extension, with revision, of the FR YY. The comment period for this notice expired on November 20, 2020. The Board did not receive any specific comments related to the Paperwork Reduction Act analysis. On February 3, 2021, the Board published a final rule in the *Federal Register* (86 FR 7927). The final rule is effective on April 5, 2021.

### Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR YY is 27,751 hours, and would increase to 27,752 hours with the revisions. The Board estimates that the average hours per response for the new reporting requirements in section 252.44(d)(2)(ii) is 0.25 hours. These reporting, recordkeeping, and disclosure requirements represent less than 1 percent of the Board’s total paperwork burden.

<b>FR YY</b>	<i>Estimated number of respondents<sup>7</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Current</b>				
<b>Initial Setup</b>				
<b>Reporting</b>				
Section 252.16	1	1	150	150
<b>Recordkeeping</b>				
Section 252.15(c)	1	1	240	240
Sections 252.34(e)(3), 252.34(f), 252.34(h), and 252.35(a)(7)	1	1	160	160
Section 252.56(c)(1)	1	1	280	280
Section 252.153(e)(5)	1	1	280	280
Sections 252.156(e), 252.156(g), and 252.157(a)(7)	1	1	160	160
<b>Disclosure</b>				
Section 252.58	1	1	200	200
Section 252.65	1	1	5	5
Section 252.153(e)(5)	1	1	200	200
Section 252.167	1	1	5	<u>5</u>
<i>Current Initial Setup</i>				1,680
<b>Ongoing Compliance</b>				
<b>Reporting</b>				
Section 252.16	1	1	60	60
Section 252.85(b)	10	1	40	400
Section 252.87(b)	22	1	1	22
Sections 252.132(a) and (b)	24	1	1	24
Section 252.132(d)	2	1	10	20
Sections 252.143(a) and (b)	43	1	1	43
Section 252.143(c)	2	1	10	20
Sections 252.144(a) and (b)	63	1	1	63
Section 252.144(d)	2	1	10	20
Section 252.145(a)	43	1	50	2,150
Section 252.146(c)(1)(iii)				
Annual stress testing	3	1	80	240
Biennial stress testing	2	0.5	80	80
Section 252.153(a)(3)	17	1	20	340
Section 252.153(b)(5)	15	1	10	150
Section 252.153(c)(3)	15	1	160	2,400
Sections 252.154(a) and (b)	18	1	1	18
Section 252.154(c)	2	1	10	20
Section 252.157(b)	18	4	40	2,880
Section 252.158(c)(1)	18	1	40	720

<sup>7</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>.

Section 252.158(c)(2)	10	1	40	400
Section 252.158(d)(1)(ii)	4	1	80	320
Section 252.164	8	1	10	80
<b>Recordkeeping</b>				
Section 252.15(c)	33	1	40	1,320
Sections 252.34(e)(3), 252.34(f), 252.34(h), and 252.35(a)(7)				
Category I-III firms	12	1	200	2,400
Category IV firms	11	1	190	2,090
Section 252.56(c)(1)	23	1	40	920
Section 252.153(e)(5)	11	1	40	440
Sections 252.156(e), 252.156(g), and 252.157(a)(7)				
Category II-III FBOs	10	1	200	2,000
Category IV FBOs	6	1	190	1,140
<b>Disclosure</b>				
Section 252.58	23	2	80	3,680
Section 252.65	8	1	1	8
Section 252.153e5	10	2	80	1,600
Section 252.167	3	1	1	<u>3</u>
<i>Current Ongoing Compliance</i>				26,071

*Current Total*

27,751

**Proposed**

**Initial Setup**

**Reporting**

Section 252.16	1	1	150	150
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**Recordkeeping**

Section 252.15(c)	1	1	240	240
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Sections 252.34(e)(3),  
252.34(f), 252.34(h), and  
252.35(a)(7)

	1	1	160	160
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Section 252.56(c)(1)	1	1	280	280
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Section 252.153(e)(5)	1	1	280	280
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Sections 252.156(e),  
252.156(g), and 252.157(a)(7)

	1	1	160	160
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**Disclosure**

Section 252.58	1	1	200	200
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Section 252.65	1	1	5	5
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Section 252.153(e)(5)	1	1	200	200
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Section 252.167	1	1	5	<u>5</u>
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*Proposed Initial Setup*

1,680

**Ongoing Compliance**

**Reporting**

Section 252.16	1	1	60	60
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Section 252.44(d)(2)(ii)	5	1	0.25	1
Section 252.85(b)	10	1	40	400
Section 252.87(b)	22	1	1	22
Sections 252.132(a) and (b)	24	1	1	24
Section 252.132(d)	2	1	10	20
Sections 252.143(a) and (b)	43	1	1	43
Section 252.143(c)	2	1	10	20
Sections 252.144(a) and (b)	63	1	1	63
Section 252.144(d)	2	1	10	20
Section 252.145(a)	43	1	50	2,150
Section 252.146(c)(1)(iii)				
Annual stress testing	3	1	80	240
Biennial stress testing	2	0.5	80	80
Section 252.153(a)(3)	17	1	20	340
Section 252.153(b)(5)	15	1	10	150
Section 252.153(c)(3)	15	1	160	2,400
Sections 252.154(a) and (b)	18	1	1	18
Section 252.154(c)	2	1	10	20
Section 252.157(b)	18	4	40	2,880
Section 252.158(c)(1)	18	1	40	720
Section 252.158(c)(2)	10	1	40	400
Section 252.158(d)(1)(ii)	4	1	80	320
Section 252.164	8	1	10	80
<b>Recordkeeping</b>				
Section 252.15(c)	33	1	40	1,320
Sections 252.34(e)(3), 252.34(f), 252.34(h), and 252.35(a)(7)				
Category I-III firms	12	1	200	2,400
Category IV firms	11	1	190	2,090
Section 252.56(c)(1)	23	1	40	920
Section 252.153(e)(5)	11	1	40	440
Sections 252.156(e), 252.156(g), and 252.157(a)(7)				
Category II-III FBOs	10	1	200	2,000
Category IV FBOs	6	1	190	1,140
<b>Disclosure</b>				
Section 252.58	23	2	80	3,680
Section 252.65	8	1	1	8
Section 252.153e5	10	2	80	1,600
Section 252.167	3	1	1	<u>3</u>
<i>Proposed Ongoing Compliance</i>				26,072
<i>Proposed Total</i>				27,752
<i>Change</i>				1

The estimated total annual cost to the public for the FR YY is \$1,641,472, and would increase to \$1,641,531 with the revisions.<sup>8</sup>

### **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 cost to the Federal Reserve System is negligible.

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<sup>8</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 \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). 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 2020*, published March 31, 2021, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.