

**Supporting Statement for the  
Reporting and Recordkeeping Requirements Associated with Regulation Y (Capital Plans)  
(FR Y-13; OMB No. 7100-0342)**

## **Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Reporting and Recordkeeping Requirements Associated with Regulation Y (Capital Plans) (FR Y-13; OMB No. 7100-0342). Section 225.8 (BHC capital plan rule) of Regulation Y - Bank Holding Companies and Change in Bank Control (12 CFR Part 225) requires each large bank holding company, bank holding company designated by the Board, large U.S. intermediate holding company, and nonbank financial company designated by the Board (jointly referred to as large BHCs) to submit a capital plan to the Board on an annual basis, requires such BHCs to request prior approval from the Board under certain circumstances before making a capital distribution, and includes certain other reporting and recordkeeping requirements.<sup>1</sup>

The current estimated total annual burden for the FR Y-13 is 177,562 hours. There is no formal reporting form for this information collection.

## **Background and Justification**

During the years leading up to the 2008 financial crisis, many BHCs made significant distributions of capital, in the form of stock repurchases and dividends, without due consideration of the effects that a prolonged economic downturn could have on their capital adequacy and ability to continue to operate and remain credit intermediaries during times of economic and financial stress. To address such practices, the Board adopted the BHC capital plan rule pursuant to authority under the Bank Holding Company Act of 1956 (BHC Act),<sup>2</sup> the International Lending Supervision Act of 1983 (ILSA),<sup>3</sup> and the International Banking Act of 1978 (IBA).<sup>4</sup> The capital plan rule is consistent with section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, pursuant to which the Board is required to impose enhanced prudential standards on large BHCs, including stress testing requirements; enhanced capital, liquidity, and risk management requirements; and a requirement to establish a risk committee.<sup>5</sup> The Board believes that it is appropriate to hold large BHCs to an elevated capital planning standard because of the elevated risk posed to the financial system by large BHCs and the importance of capital in mitigating these risks. This information is not available from other sources.

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<sup>1</sup> Large savings and loan holding companies are also subject to capital planning requirements, pursuant to Subpart S of the Board's Regulation LL - Savings and Loan Holding Companies (12 CFR Part 238). The information collection included in that Subpart are accounted for in the Board's Reporting, Recordkeeping, and Disclosure Requirements Associated with Regulation LL (FR LL; OMB No. 7100-0380) Paperwork Reduction Act (PRA) clearance.

<sup>2</sup> 12 U.S.C. § 1831 et seq.

<sup>3</sup> 12 U.S.C. §§ 3907(a) and 3909(a).

<sup>4</sup> 12 U.S.C. §§ 3106(a) and 3108(a).

<sup>5</sup> Generally, section 165 of Pub. L. No. 111-203, 124 Stat. 1376 (2010); 12 U.S.C. § 5365.

## Description of Information Collection

The reporting and recordkeeping requirements are found in sections 225.8(e), (h), (i), and (j). The requirements help ensure that large BHCs have appropriate capital plans in place to address their capital adequacy and their ability to continue operating and to remain credit intermediaries during times of economic and financial stress. No other federal law mandates these reporting requirements. The Board understands that respondents use information technology to comply with these requirements, including storing records and submitting capital plans and related notices digitally.

### *Reporting Requirements*

Section 225.8(e)(1) requires a large BHC to develop and submit to the Board a written capital plan. The required elements of a capital plan are set forth in section 225.8(e)(2). The level of detail and analysis expected in a capital plan will vary based on the BHC's size, complexity, risk profile, scope of operations, and the effectiveness of its processes for assessing capital adequacy. The capital plan must contain at least the following elements:

- An assessment of the expected uses and sources of capital over the planning horizon that reflects the BHC's size, complexity, risk profile, and scope of operations, assuming both expected and stressful conditions,
- A detailed description of the BHC's process for assessing capital adequacy,
- The BHC's capital policy, and
- A discussion of any expected changes to the BHC's business plan that are likely to have a material impact on the BHC's capital adequacy or liquidity.

Section 225.8(e)(3) requires large BHCs to provide certain data to the Board or appropriate Reserve Bank upon request, including:

- The BHC's financial condition, including its capital,
- The BHC's structure,
- Amount and risk characteristics of the BHC's on- and off-balance sheet exposures, including exposures within the BHC's trading account, other trading-related exposures (such as counterparty-credit risk exposures) or other items sensitive to changes in market factors, including, as appropriate, information about the sensitivity of positions to changes in market rates and prices,
- The BHC's relevant policies and procedures, including risk management policies and procedures,
- The BHC's liquidity profile and management,
- The loss, revenue, and expense estimation models used by the BHC for stress scenario analysis, including supporting documentation regarding each model's development and validation, and
- Any other relevant qualitative or quantitative information requested by the Board or the appropriate Reserve Bank to facilitate review of the BHC's capital plan.

Section 225.8(e)(4) requires the large BHC to update and resubmit its capital plan to the appropriate Reserve Bank within 30 calendar days of the occurrence of certain events.

Section 225.8(h)(2)(i) allows a large BHC to request reconsideration of its stress capital buffer requirement within 15 calendar days of receipt, and section 225.8(i) sets forth the required timing and contents of such a request. A request for reconsideration must include a detailed explanation of why reconsideration should be granted (that is, why a stress capital buffer requirement should be reconsidered). With respect to any information that was not previously provided to the Federal Reserve in the bank holding company's capital plan, the request should include an explanation of why the information should be considered. The BHC may include a request for an informal hearing.

Section 225.8(h)(2)(ii)(B) requires that within two business days of receipt of notice of a stress capital buffer requirement, a large BHC must notify the Board of any adjustments made to planned capital distributions for the fourth through seventh quarters of the planning horizon under the BHC baseline scenario. Because planned capital distributions are a component in the calculation of large BHCs' stress capital buffer requirements, such adjustments can impact the stress capital buffer requirement that would ultimately become effective for the firm. The two-day deadline ensures that large BHCs are able to adjust their planned capital distributions and inform the Board of such adjustments before they may be required, under securities law, to publicly disclose information regarding the firm's forthcoming stress capital buffer requirement.

Under section 225.8(j)(1), in certain circumstances, large BHCs are required to obtain prior approval from the Board before making capital distributions.<sup>6</sup> A BHC may submit a request for non-objection that includes all the information from 225.8(j)(2). Such prior approval requests must contain the following information:

- The BHC's current capital plan or an attestation that there have been no changes to the capital plan since it was last submitted to the Federal Reserve,
- The purpose of the transaction,
- A description of the capital distribution, including for redemptions or repurchases of securities, the gross consideration to be paid and the terms and sources of funding for the transaction, and for dividends, the amount of the dividend(s), and
- Any additional information requested by the Board or appropriate Reserve Bank (which may include, among other things, an assessment of the BHC's capital adequacy under a revised stress scenario provided by the Federal Reserve, a revised capital plan, and supporting data).

Section 225.8(j)(4) provides that if the Board or appropriate Reserve Bank disapproves of a large BHC's capital distribution, the BHC within 15 calendar days of receipt of a notice of disapproval by the Board may submit a written request for a hearing.

Capital plans are submitted to the Federal Reserve's IntraLinks system. Occasionally some supporting materials are submitted via email to examiners.

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<sup>6</sup> Section 225.8(k) includes certain reporting requirements, which are cleared as part of the Board's Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M; OMB No. 7100-0341) PRA clearance.

### *Recordkeeping Requirements*

Section 225.8(e)(1) requires a large BHC to maintain a capital plan. This requirement is ongoing, for as long as the BHC is subject to the BHC capital plan rule. The Board believes this ongoing requirement is necessary, given the importance of continued capital management at large BHCs.

### **Respondent Panel**

The FR Y-13 panel comprises top-tier BHCs domiciled in the United States with \$100 billion or more in total consolidated assets; U.S. intermediate holding companies with total consolidated assets of \$100 billion or more; any other bank holding company domiciled in the United States that is made subject to section 225.8, in whole or in part, by order of the Board; and any nonbank financial company supervised by the Board that is made subject to section 225.8 pursuant to a rule or order of the Board.

### **Frequency and Time Schedule**

The FR Y-13 is submitted annually for some reporting and on occasion for the remainder of the reporting requirements. The recordkeeping requirement is ongoing. The time schedule for the reporting requirements in section 225.8 are established by the regulation:

- Section 225.8(e)(1)(ii) requires a large BHC to submit its complete capital plan to the Board and the appropriate Reserve Bank each year by April 5<sup>th</sup>, or such later date as directed by the Board or by the appropriate Reserve Bank with concurrence of the Board,
- Section 225.8(e)(3) requires large BHCs to provide certain data to the Board, upon the request of the Board or appropriate Reserve Bank,
- Section 225.8(e)(4) requires the large BHC to update and resubmit its capital plan within 30 calendar days of the occurrence of certain events,
- Section 225.8(h)(2)(ii)(B) requires that within two business days of receipt of notice of a stress capital buffer requirement, a large BHC must notify the Board of any adjustments made to planned capital distributions for the fourth through seventh quarters of the planning horizon under the BHC baseline scenario,
- Section 225.8(i) provides that the large BHC may submit a written request for reconsideration within 15 calendar days of receipt of a notice of a BHC's stress capital buffer requirement,
- Section 225.8(j)(1) provides that, in certain circumstances, large BHCs will be required to obtain prior approval from the Board before making capital distributions, and
- Section 225.8(j)(4) provides that if the Board or appropriate Reserve Bank disapproves of a large BHC's capital distribution, the BHC within 15 calendar days of receipt of a notice of disapproval by the Board may submit a written request for a hearing.

### **Public Availability of Data**

There are no data related to this information collection available to the public.

## Legal Status

The FR Y-13 reporting and recordkeeping requirements are authorized pursuant to sections 5(b) and 5(c) of the BHC Act (12 U.S.C. §§ 1844(b) and (c))<sup>7</sup>, sections 908 and 910 of the ILSA (12 U.S.C. §§ 3907(a) and 3909(a)),<sup>8</sup> and sections 8(a) and 13(a) of the IBA (12 U.S.C. §§ 3106(a) and 3108(a)).<sup>9</sup> The reporting requirements under sections 225.8(e)(1), (e)(3), (e)(4), and (h)(2)(ii)(B) of the Board's Regulation Y and the recordkeeping requirement under section 225.8(e)(1) of the Board's Regulation Y are mandatory. The reporting requirements under sections 225.8(h)(2)(i), (j)(1), and (j)(4) of the Board's Regulation Y are required to obtain a benefit.

Information collected under the FR Y-13 is confidential and proprietary modeling information and highly sensitive business information that is kept confidential by the Board under exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)). Information collected under the FR Y-13 may also be considered confidential under FOIA exemption 8, if it is obtained as part of an examination or supervision of a financial institution (5 U.S.C. § 552(b)(8)).

## Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

## Public Comments

On September 11, 2023, the Board published an initial notice in the *Federal Register* (88 FR 62370) requesting public comment for 60 days on the extension, without revision, of the FR Y-13. The comment period for this notice expired on November 13, 2023. The Board did not receive any comments. The Board adopted the extension, without revision, of the FR Y-13 as originally proposed. On December 26, 2023, the Board published a final notice in the *Federal Register* (88 FR 88919).

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-13 is 177,562 hours. This burden estimate has been updated to take into account that the annual

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<sup>7</sup> Authorizing the Board to issue such regulations and orders, including regulations and orders relating to the capital requirements for BHCs, as may be necessary to enable it to administer and carry out the purposes of the BHC Act and prevent evasions thereof; and authorizing the Board to require a BHC and any subsidiary of such company to submit reports under oath to keep the Board informed as to, *inter alia*, the company's financial condition and compliance with statutes enforced by the Board.

<sup>8</sup> Directing each federal banking agency, including the Board, to cause banking institutions, as defined under the ILSA, to achieve and maintain adequate capital and authorizing such agencies to establish minimum capital levels; and authorizing the Board to prescribe rules or regulations or issue orders as necessary to effectuate the purposes of the ILSA.

<sup>9</sup> Providing that certain foreign banks with U.S. operations will be treated as BHCs for purposes of the BHC Act; and authorizing the Board issue such rules, regulations, and orders as it deems necessary to perform its duties and functions under the IBA and to administer and carry out the provisions and purposes of the IBA.

burden associated with capital plan development and filing is lower for repeat capital plan filers than for first-time filers. Additionally, the burden estimate no longer takes into account section 225.8(e)(1)(iii), which does not include a collection of information, as defined under the PRA. Separately, certain burden hours related to the annual capital plan submission that were previously accounted for as recordkeeping burden have been reallocated to reporting burden, as the burden primarily relates to developing the plan submitted to the Board, rather than keeping records of the information. These reporting and recordkeeping requirements represent approximately 2.6 percent of the Board’s total paperwork burden.

<b>FR Y-13</b>	<i>Estimated number of respondents<sup>10</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<b>Reporting</b>				
Sections 225.8(e)(1) and (2) First-Time	1	1	9,000	9,000
Sections 225.8(e)(1) and (2) Ongoing	33	1	4,000	132,000
Section 225.8(e)(3)	34	1	1,005	34,170
Section 225.8(e)(4)	10	1	100	1,000
Section 225.8(h)(2)(ii)(B)	4	1	2	8
Section 225.8(i)	3	1	16	48
Sections 225.8(j)(1) and (2)	3	1	100	300
Section 225.8(j)(4)	1	1	16	16
<b>Recordkeeping</b>				
Section 225.8(e)(1)	34	1	30	<u>1,020</u>
<i>Total</i>				177,562

The estimated total annual cost to the public for the FR Y-13 is \$11,763,483.<sup>11</sup>

### Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

<sup>10</sup> Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>.

<sup>11</sup> Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group’s hourly rate and then summed (30% Office & Administrative Support at \$22, 45% Financial Managers at \$80, 15% Lawyers at \$79, and 10% Chief Executives at \$118). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2022*, published April 25, 2023, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

## **Estimate of Cost to the Federal Reserve System**

The estimated cost to the Federal Reserve System for collecting and processing the reporting requirements associated with the FR Y-13 is \$106,300. This is equivalent to one full time employee on an annual basis. The other capital plan requirements associated with the FR Y-13 have been integrated into the Board's existing supervisory process.