

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

**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)<sup>1</sup> authorizes the Board to implement enhanced prudential standards for certain bank holding companies (BHCs), nonbank financial companies supervised by the Board (nonbank systemically important financial institutions, or nonbank SIFIs), and foreign banking organizations (FBOs).<sup>2</sup> Section 165 also imposes requirements relating to stress tests on the companies listed above and certain other financial companies, including state member banks (SMBs).<sup>3</sup> The Board has relied on this authority to enact Regulation YY - Enhanced Prudential Standards (12 CFR Part 252), which applies to BHCs and FBOs with total consolidated assets of \$100 billion or more, nonbank SIFIs, and U.S. intermediate holding companies (IHCs) of FBOs with total consolidated assets of \$100 billion or more, as well as SMBs with total consolidated assets of \$250 billion or more. The enhanced prudential standards and other requirements contained in Regulation YY 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.

The Board revised the FR YY to take into account existing provisions in Regulation YY that include information collections, but had not been included in previous clearances.

The current estimated total annual burden for the FR YY is 23,880 hours, and would increase to 26,458 hours. The revisions would result in an increase of 2,578 hours. There are no required reporting forms associated with this information collection.

**Background and Justification**

*Statutory Goals and Authorities*

Section 165 of the Dodd-Frank Act, as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) requires the Board to establish enhanced prudential standards for certain financial institutions in order to prevent or mitigate risks to U.S. financial stability that could arise from the material financial distress, failure, or ongoing

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<sup>1</sup> Pub. L. 111-203, 124 Stat. 1376 (2010).

<sup>2</sup> 12 U.S.C. § 5365. As discussed further infra, the Dodd-Frank Act requires the Board to adopt enhanced prudential standards only for a limited subset of companies but authorizes them for a different subset of companies.

<sup>3</sup> 12 U.S.C. § 5365(i)(2).

activities of large, interconnected financial institutions.<sup>4</sup> The statute directs the Board to establish prudential standards for BHCs and for nonbank SIFIs with total consolidated assets of \$250 billion or more.<sup>5</sup> The standards that apply to these institutions must 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>6</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, including the company's business model.<sup>7</sup>

Section 165 requires that the prudential standards that apply to these companies include risk-based and leverage capital requirements,<sup>8</sup> liquidity requirements, overall risk-management requirements, resolution plan requirements, and concentration limits.<sup>9</sup> The Board also specifically must impose a maximum debt-to-equity limit of no more than 15-to-1 for such a company, if the FSOC has determined that the company poses a grave threat to the financial stability of the United States and that the imposition of such a requirement is needed to mitigate that risk.<sup>10</sup> The Board is also authorized to establish additional standards for these companies, including contingent capital requirements, enhanced public disclosures, short-term debt limits, and other prudential standards that the Board of Governors, either on its own or pursuant to a recommendation by the FSOC, determines appropriate.<sup>11</sup>

The Board is generally required to tailor the application of the prudential standards enacted under the section, differentiating among companies based on their risk characteristics,<sup>12</sup> and may establish asset thresholds for the application of particular standards.<sup>13</sup> The statute also authorizes but does not require the Board to apply any prudential standard developed under section 165 of the Dodd-Frank Act to any BHC with assets of \$100 billion or more.<sup>14</sup>

In addition, section 165 requires both that the Board conduct supervisory stress tests and that covered companies conduct their own internal stress tests. The Board must conduct annual supervisory stress tests of BHCs and nonbank SIFIs with total consolidated assets of \$250 billion or more.<sup>15</sup> The Board is also required to conduct periodic stress tests of BHCs with total consolidated assets of at least \$100 billion but less than \$250 billion.<sup>16</sup> In addition, BHCs and

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<sup>4</sup> Id.

<sup>5</sup> 12 U.S.C. § 5365(a)(1).

<sup>6</sup> See 12 U.S.C. § 5365(a)(1)(A).

<sup>7</sup> See 12 U.S.C. §§ 5365(a)(1)(B); 5365(b)(3). 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>8</sup> Section 165 does allow for the possibility that the Board, in consultation with FSOC, determines that such risk-based capital requirements are not appropriate for a company subject to more stringent prudential standards because of its activities or structure. In this case, the statute allows the Board to apply other standards that result in similarly stringent risk controls. 12 U.S.C. § 5365(b)(1)(A)(i).

<sup>9</sup> 12 U.S.C. § 5365(b)(1)(A).

<sup>10</sup> 12 U.S.C. § 5365(j)(1).

<sup>11</sup> 12 U.S.C. § 5365(b)(1)(B).

<sup>12</sup> 12 U.S.C. § 5365(a)(2)(A). The statute also provides for specific tailoring considerations related to FBOs and foreign nonbank financial companies. See 12 U.S.C. § 5365(a)(2).

<sup>13</sup> 12 U.S.C. § 5365(a)(1)(B).

<sup>14</sup> 12 U.S.C. § 5365(a)(2)(C).

<sup>15</sup> 12 U.S.C. § 5365(i)(1)(A).

<sup>16</sup> 12 U.S.C. § 5365 note.

nonbank SIFIs with total consolidated assets of \$250 billion or more are required to periodically conduct their own internal stress tests (company-run stress tests), as the Board requires by regulation.<sup>17</sup>

### *Implementation*

The Board has implemented these statutory authorities and mandates in Regulation YY. Regulation YY includes various enhanced prudential standards, which apply differentially depending on firm size (Subparts D, N, O). These standards include risk-based leverage capital and stress test requirements, risk management and risk committee requirements, liquidity-risk-management requirements, and liquidity stress testing and buffer requirements. Regulation YY also contains provisions regarding company-run stress tests (Subparts B and F), supervisory stress tests (Subpart E), risk committee requirements (Subparts C and M), long-term debt and total loss-absorbing capital requirements (Subparts G and P), counterparty credit limits (Subparts H and Q), requirements for qualified financial contracts (QFCs) for global systemically important banking organizations (Subpart I), and debt-to-equity limits (Subpart U).

Regulation YY includes recordkeeping, reporting, and disclosure requirements (information collections). These information collections are related to the production and maintenance of information that the Board needs to carry out its statutory obligations (*e.g.*, conducting the supervisory stress tests), ensure firms' compliance with the regulatory and statutory requirements, and monitor risks to U.S. financial stability that could arise from the material financial distress or failure or ongoing activities of large, interconnected financial institutions.

This information is not available from other sources. No other federal law mandates these reporting, recordkeeping, and disclosure requirements. If this information were not collected or were collected less frequently, the Board would not be able to carry out its statutory responsibilities and prevent, mitigate, and monitor these risks to financial stability.

### **Description of Information Collection**

The reporting requirements are found in sections 252.14(a)(3)(ii), 252.14(b)(4)(ii), 252.16, 252.35(a)(8), 252.44(d)(3)(ii), 252.45(a), 252.45(b), 252.54(a)(3)(ii), 252.54(b)(4)(ii), 252.85(b)(1), 252.87(b), 252.132(d), 252.143(a), 252.143(b), 252.143(c), 252.145(a), 252.146(c)(1)(iii), 252.153(c)(3), 252.154(a), 252.154(c), 252.157(b), 252.158(c)(1), 252.158(c)(2), 252.158(d)(1)(ii), 252.220(c), and 252.221(c) of Regulation YY. The recordkeeping requirements are found in sections 252.22(a)(2)(i), 252.22(a)(3)(v), 252.33(a)(2)(i), 252.33(a)(3)(v), 252.34(d), 252.34(e)(3), 252.34(f), 252.34(h), 252.56(c)(1), 252.144(b)(1)(ii)(A), 252.147(e)(2)(ii), 252.153(e)(3)(ii)(A), 252.153(e)(5), 252.155(a)(2)(i), 252.156(e), 252.156(g), and 252.157(a)(7) of Regulation YY. The disclosure requirements are found in sections 252.17, 252.58, 252.65, 252.153(e)(5), and 252.167 of Regulation YY.

Section 252.153(e)(5) (applicable to U.S. IHCs for FBOs with combined U.S. assets of \$100 billion or more and U.S. non-branch assets of \$50 billion or more) requires U.S. IHCs to

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<sup>17</sup> 12 U.S.C. § 5365(i)(2)(A).

comply with the requirements of Subparts E (sections 252.41 to 252.47, relating to supervisory stress testing) and F (sections 252.51 to 252.58, relating to company-run stress testing) of the section in the same manner as a BHC. This provision thus imposes the same reporting, recordkeeping, and/or disclosure requirements imposed on BHCs by Subparts E and F (discussed further below) onto U.S. IHCs.

## **Reporting Requirements**

### *Relating to Enhanced Prudential Standards Generally (Subparts D, N, and O)*

## **Capital Adequacy Standards for FBOs**

Section 252.143(a)(1) requires an FBO subject to Subpart N (i.e., one with total consolidated assets of \$100 billion or more and with combined U.S. assets of less than \$100 billion) with total consolidated assets of \$250 billion or more to certify to the Board that it meets, on a consolidated basis, capital adequacy standards established by its home-country supervisor that are consistent with the regulatory capital framework published by the Basel Committee on Banking Supervision (Basel Capital Framework). Section 252.143(a)(2) provides that 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 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 subject to Subpart N with total consolidated assets of \$250 billion to provide to the Board reports relating to the FBO's compliance with the capital adequacy measures described in section 252.143(a), concurrently with filing the Capital and Asset Report for Foreign Banking Organizations (FR Y-7Q; OMB No. 7100-0125).

Section 252.143(c) provides that if an FBO does not satisfy the requirements of the section, 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. 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.

Section 252.154(a) contains a similar requirement to 252.143(a), but for FBOs subject to Subpart O (i.e., FBOs with total consolidated assets of \$100 billion or more and combined U.S. assets of \$100 billion or more). Each of these FBOs must certify to the Board that it meets, on a consolidated basis, the capital adequacy standards established by its home-country supervisor that are consistent with the Basel Capital Framework. Section 252.154(a)(2) provides that if 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(c) contains a provision that mirrors section 252.143(c), allowing the Board to impose requirements, conditions, or restrictions on the activities or business operations of the U.S. operations of an FBO that does not satisfy the requirements of the section. This provision similarly allows the FBO to make a request for reconsideration within 14 days of the Board's notification of any requirements, conditions, or restrictions imposed under this subsection.

### **Liquidity Stress Test Requirements for BHCs and FBOs**

Section 252.35(a) requires BHCs subject to Subpart D (i.e., BHCs with assets of \$100 billion or more, as specified by section 252.31(a)) to conduct liquidity stress tests, at least at the frequency specified by section 252.34(a)(2) (i.e., monthly or quarterly, depending on the category of the firm). Section 252.35(a)(8) provides that if the Board determines that a bank holding company must conduct liquidity stress tests according to a frequency other than the frequency specified by section 252.35(a)(2), the Board will notify the bank holding company before the change in frequency takes effect and describe the basis for its determination. Within 14 calendar days of receipt of a notification under this paragraph, the bank holding company may request in writing that the Board reconsider the requirement.

Section 252.145(a) requires FBOs subject to Subpart N (i.e., FBOs with total consolidated assets of \$100 billion or more and combined U.S. assets of less than \$100 billion) with average total consolidated assets of \$250 billion or more but combined U.S. assets of less than \$100 billion to annually report to the Board 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<sup>18</sup> and must incorporate 30-day, 90-day, and one-year stress-test horizons.

Section 252.157(b) requires an FBO subject to Subpart N 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.

### **Capital Stress Test Requirements for FBOs**

Section 252.146(c)(1)(ii) requires an FBO that does not meet the requirements established by 252.146(b)(1) and (2) (dealing with whether an FBO subject to Subpart N is subject to a home-country supervisory stress test regime that meets certain criteria) to conduct stress tests of its U.S. subsidiaries to determine whether those subsidiaries have the capital necessary to absorb losses as a result of adverse economic conditions. FBOs with total average consolidated assets of \$250 billion or more must conduct these stress test at least annually, while FBOs with total consolidated assets of less than \$250 billion must conduct them at least

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<sup>18</sup> 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.

biennially. Section 252.146(c)(1)(iii) requires FBOs subject to this section to report a summary of the results of these stress tests to the Board. The summary must include (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 aggregate losses, (5) pre-provision net revenue, (6) total loan loss provisions, (7) 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 (8) an explanation of the most significant causes for any changes in regulatory capital ratios.

Similarly, section 252.158(c)(1) requires an FBO subject to Subpart O (i.e., an FBO with total consolidated assets of \$100 billion or more and combined U.S. assets of \$100 billion or more) to annually report to the Board summary information about its stress-testing activities and results. These reports must include 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 subject to Subpart O 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 on an annual basis: (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) requires that any FBO that does not meet the requirements established by section 252.158(b)(1) and (2) (dealing with whether an FBO subject to Subpart O is subject to a home-country supervisory stress test regime that meets certain criteria), then the FBO must maintain eligible assets in U.S. branches and agencies. These eligible assets must equal, on a daily basis, no less than 108 percent of the average value over each day of the previous calendar quarter of the total liabilities of all U.S. branches and agencies of the FBO. In addition, to the extent an FBO has not established a U.S. IHC, the FBO must 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 a summary of the results. This summary must include the same information as required under section 252.158(c)(2), as well as any other information specified by the Board.

### **Relating to U.S. IHCs**

Section 252.153(c)(1) provides that, upon request of an FBO, the Board may permit the FBO to establish or designate multiple U.S. IHCs, not transfer its ownership interest in certain

subsidiaries to a U.S. IHC, or use an alternative organizational structure to hold its combined U.S. operations. Section 252.153(c)(3) requires the request to include an explanation of why the request should be granted and any other information required by the Board. Section 252.153(c)(2) establishes the factors the Board will consider when evaluating such a request. These factors include whether applicable law would prohibit the FBO from owning or controlling one or more of its U.S. subsidiaries through a single U.S. IHC, or whether circumstances otherwise warrant an exception based on the FBO's activities, scope of operations, structure, or other similar considerations.

*Relating to Company-Run Stress Tests (Subparts B and F)*

Sections 252.13 and 252.14 require SMBs with average total consolidated assets of greater than \$250 billion to conduct internal stress tests, at a frequency set based on the SMB's particular characteristics. Section 252.14(a)(2)(ii) allows the Board to require an SMB to conduct a stress test on a more or less frequent basis than would otherwise be required. Section 252.14(a)(3)(i) provides that if the Board requires an SMB to conduct a stress test on a more or less frequent basis, the Board will notify the SMB in writing and provide a discussion of the basis for its determination. Section 252.14(a)(3)(ii) provides an SMB with the option to request reconsideration of requirement to conduct a stress test on a more or less frequent basis than would otherwise be required, provided that the request is made within 14 calendar days of receipt of a notification of change in frequency. An SMB's request for reconsideration must include an explanation as to why the request should be granted.

Section 252.14(b)(1) requires SMBs conducting internal stress tests to use, at a minimum, the scenarios provided by the Board. However, section 252.14(b)(2) and 252.14(b)(3) allow the Board to require an SMB to include additional components or scenarios when conducting its stress tests. Section 252.14(b)(4)(i) provides that if the Board requires an SMB to use one or more additional components in its severely adverse scenario or to use one or more additional scenarios, the Board will notify the company in writing by December 31 and include a discussion of the basis for its determination. Section 252.14(b)(4)(ii) provides an SMB with the option to request reconsideration of a requirement that the company include the additional component(s) or additional scenario(s), subject to the same 14-day timeline to submit a request as applies to requests related to changes in frequency. And again, an SMB's request for reconsideration must include an explanation as to why the request should be granted.

Section 252.16(a) requires an SMB that is required to conduct internal stress tests under section 252.14 to report the results of such stress test to the Board for each stress test cycle. The report must include the following information for the baseline 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, and (3) for each quarter of the planning horizon, estimates of aggregate losses, pre-provision net revenue, provision for credit losses, net income, and regulatory capital ratios.

Sections 252.53 and 252.54 require certain covered BHCs, U.S. IHCs, and nonbank SIFIs to conduct their own stress tests, at the frequency specified by section 252.54(a)(2) (annually,

biennially, or periodically, depending on the firm type/size). Section 252.54(a)(3)(i) provides that if the Board requires a covered company to conduct a stress test on a more or less frequent basis than would otherwise be required, the Board will notify the covered company in writing and provide a discussion of the basis for its determination. Section 252.54(a)(3)(ii) allows the covered company to request in writing that the Board reconsider the requirement to conduct a stress test on a more or less frequent basis, provided that it makes the request within 14 days of receipt of the notification. A covered company's request for reconsideration must include an explanation as to why the request should be granted.

Section 252.54(b)(1) generally requires covered companies conducting stress tests to use, at a minimum, the scenarios provided by the Board. Section 252.54(b)(2) and 252.54(b)(3) allow the Board to require covered companies to include additional components or scenarios in their stress tests. Section 252.54(b)(4)(i) provides that if the Board requires an SMB to use one or more additional components in its severely adverse scenario or to use one or more additional scenarios, the Board will notify the company in writing by December 31 and include a discussion of the basis for its determination. Section 252.54(b)(4)(ii) provides that within 14 calendar days of receipt of a notification under paragraph, the SMB may request in writing that the Board reconsider the requirement that the company include the additional component(s) or scenario(s). The SMB's request must include an explanation as to why the request should be granted.

#### *Relating to Supervisory Stress Tests (Subpart E)*

Section 252.44 establishes that the Board will conduct supervisory stress tests of covered companies. The frequency with which the Board will conduct such stress tests is set forth in 252.44(d)(1). Section 252.44(d)(2)(i) allows the Board to conduct a supervisory stress test of a covered company on a more or less frequent basis than would otherwise be required by section 252.44(d)(1). Section 252.44(d)(3)(i) provides that if the Board determines to change the frequency of the stress test under section 252.44(d)(2)(i), the Board will notify the company in writing and provide a discussion of the basis for its determination. Section 252.44(d)(3)(ii) allows a covered company to request in writing, within 14 days of its receipt of such a notification, that the Board reconsider the requirement to conduct a stress test on a more or less frequent basis than would otherwise be required. A covered company's request for reconsideration must include an explanation as to why the request should be granted.

Section 252.45(a) provides that companies subject to Subpart E must submit to the Board such data, on a consolidated basis, that the Board determines is necessary in order for the Board to derive the relevant pro forma estimates of the covered company over the planning horizon. Section 252.45(b) provides that the Board may require a covered company to submit (1) any other information on a consolidated basis that the Board deems necessary in order to (a) ensure that the Board has sufficient information to conduct its analysis under Subpart E and (b) project a company's pre-provision net revenue, losses, provision for credit losses, and net income; and (2) pro forma capital levels, regulatory capital ratios, and any other capital ratio specified by the Board under the scenarios described in section 252.44(b).



*Relating to Risk Committee Requirements (Subparts C and M)*

Section 252.132(d) allows the Board to impose consequences if an FBO does not satisfy section 252.132's requirements to (1) certify the existence of a U.S. risk committee, (2) take appropriate measures to ensure its U.S. operations implement the risk management policies overseen by the risk committee, and (3) provide the committee sufficient information to allow it to carry out its responsibilities. Specifically, the Board may impose requirements, conditions, or restrictions relating to the activities or business operations of the combined U.S. operations of the FBO. 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.

*Relating to Requirements for QFCs for Global Systemically Important Banking Organizations (Subpart I)*

Section 252.85(b)(1) allows a covered entity, as defined by section 252.82(b) (i.e., global systemically important BHCs and certain subsidiaries of such companies), to request the Board to approve as compliant with the requirements of sections 252.83 and 252.84 (dealing with requirements for QFCs in relation to U.S. special resolution regimes and insolvency proceedings, respectively), proposed provisions of one or more forms of covered QFCs, or proposed amendments to one or more forms of covered QFCs, with enhanced creditor protection conditions.<sup>19</sup> Section 252.85(b)(3) requires that a covered entity making a request provide (1) an analysis of the proposal under each of the considerations set out in section 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(a) establishes criteria that qualify a top-tier FBO that controls a covered company (as defined by section 243.2(f)) as a global systemically important FBO if any single criterion is met. These criteria include an application of the global methodology.<sup>20</sup> Section 252.87(c) requires top-tier FBOs that (1) are or control a covered company and (2) prepare or report for any purpose the indicator amounts necessary to determine whether the top-tier FBO is a global systemically important banking organization under the global methodology, to use that data to determine whether the FBO so qualifies. Section 252.87(b) requires each top-tier FBO that determines, pursuant to section 252.87(c), that it has the characteristics of a global systemically important banking organization to notify the Board of the determination by January 1 of each calendar year.

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<sup>19</sup> The term "covered QFCs" is defined in section 252.82(c). The term "enhanced creditor protection conditions" is defined in section 252.85(b)(2).

<sup>20</sup> The global methodology is defined as 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. 12 CFR 252.2.

### *Relating to Debt-to-equity Limits for BHCs and FBOs (Subpart U)*

Sections 252.220 and 252.221 relate to debt-to-equity limits for U.S. BHCs and for FBOs, respectively. These limits apply if the FSOC makes a determination pursuant to section 165(j) of the Dodd-Frank Act that the organization in question poses a grave threat to the financial stability of the United States and that a debt-to-equity requirement is necessary to mitigate such risk. Section 252.220(b) and 252.221(b) both state that the FSOC or the Board, on the FSOC's behalf, will provide the relevant organization of notice if the FSOC makes such a determination. Section 252.220(b) requires that a BHC that receives such a notice achieve and maintain a debt-to-equity ratio of no more than 15-to-1 no later than 180 days after receiving the notice. Similarly, section 252.221(b) provides that within 180 days of receiving such a notice, (1) the U.S. IHC or, if the FBO has not established a U.S. IHC, any U.S. subsidiary (excluding certain types of subsidiaries) must achieve and maintain a debt-to-equity ratio of no more than 15-to-1 and (2) the U.S. branches and agencies of the FBO must maintain eligible assets in the U.S. branches and agencies that, on a daily basis, are not less than 108 percent of the average value over each day of the previous calendar quarter of the total liabilities of all branches and agencies operated by the FBO in the United States.

Section 252.220(c) and 252.221(c) provide affected firms with the opportunity request an extension of the time period for compliance with the debt-to-equity requirement imposed under this section. Both section 252.220(c) and 252.221(c) allow for the affected BHC or FBO, respectively, to request extensions of up to two additional periods of 90 days each. The Board will grant the request if it determines the relevant company has made good faith efforts to comply with the debt-to-equity ratio requirement and that each extension would be in the public interest. Both sections require that requests for extension be received in writing by the Board no less than 30 days prior to the expiration of the existing time period for compliance and include information sufficient to demonstrate that the BHC or FBO, respectively, has made good faith efforts to comply with the debt-to-equity requirement and that each extension would be in the public interest.

### *Reporting Requirements Covered in Other Clearance Packages*

Regulation YY also contains certain reporting requirements that are cleared with other clearance packages. These include section 252.57, which is addressed in the Capital Assessments and Stress Testing (FR Y-14; OMB No. 7100-0341); section 252.78(a)(2), which is addressed in the Single-Counterparty Credit Limits (FR 2590; OMB No. 7100-0377); section 252.147(a)(3), which is addressed in the Annual Report of Foreign Banking Organizations (FR Y-7; OMB No. 7100-0297) and Report of Changes in Organizational Structure (FR Y-10; OMB No. 7100-0297); section 252.147(b)(5), which is addressed in the FR Y-7; section 252.147(c), which is addressed in the FR Y-10; section 252.153(a)(3), which is addressed in the FR Y-7 and FR Y-10; section 252.153(b)(5), which is addressed in the FR Y-7; section 252.154(b), which is addressed in the FR Y-7Q; section 252.172(c)(4), which is addressed in the FR Y-7 and FR Y-7Q; section 252.172(d)(1), which is addressed in the FR 2590; section 252.178(a)(3), which is addressed in the FR 2590, and section 252.178(c)(2), which is addressed in the FR 2590.

## **Recordkeeping Requirements**

Sections 252.22(a)(2)(i) (applicable to BHCs with total consolidated assets of \$50 billion or more) and 252.33(a)(2)(i) (applicable to BHCs with total consolidated assets of \$100 billion or more) require that a BHC's global risk-management framework include policies and procedures establishing risk-management governance, risk-management procedures, and risk-control infrastructure for its global operations. Sections 252.144(b)(1)(ii)(A) (applicable to FBOs with total consolidated assets of \$100 billion or more but combined U.S. assets of less than \$100 billion) and 252.155(a)(2)(i) (applicable to FBOs with total consolidated assets of \$100 billion or more and combined U.S. assets of \$100 billion or more) require the same of covered FBOs with respect to their combined U.S. operations. Sections 252.147(e)(2)(ii) (applicable to U.S. IHCs for FBOs with combined U.S. assets of less than \$100 billion and U.S. non-branch assets of \$50 billion or more) and 252.153(e)(3)(ii)(A) (applicable to U.S. IHCs for FBOs with combined U.S. assets of \$100 billion or more and U.S. non-branch assets of \$50 billion or more) impose the same requirement on covered U.S. IHCs, with respect to the U.S. IHC.

Sections 252.22(a)(3)(v) and 252.33(a)(3)(v) (applicable to BHCs with total consolidated assets of \$50 billion or more but less than \$100 billion and \$100 billion or more, respectively) require the firm's risk committee to fully document and maintain records of its proceedings, including risk-management decisions.

Section 252.34(d) (applicable to BHCs with total consolidated assets of \$100 billion or more) requires a BHC to establish and maintain a review function that is independent of management functions that execute funding to evaluate its liquidity risk management. The independent review function must (1) regularly review and evaluate the adequacy and effectiveness of the company's liquidity risk-management processes, including its liquidity stress processes and assumptions, (2) assess whether the company's liquidity risk-management function complies with applicable laws and regulations, and sound business practices, and (3) report material liquidity risk-management issues to the board of directors or the risk committee in writing for corrective action, to the extent permitted by law. The Board has stated that the "[p]ersonnel conducting these reviews should seek to understand, test, and evaluate the liquidity risk management processes, document their review, and recommend solutions for any identified weaknesses."<sup>21</sup>

Section 252.34(e)(3) requires a BHC with total consolidated assets of \$100 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 \$100 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

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<sup>21</sup> 79 FR 17240, 17255 (March 27, 2014).

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 \$100 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 regular basis (with required frequency determined by firm size), 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 252.156(g)(1) imposes the same requirements on FBOs with combined U.S. assets of \$100 billion or more.

Section 252.34(h)(2) requires a BHC with total consolidated assets of \$100 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 252.156(g)(2) imposes the same requirements on FBOs with combined U.S. assets of \$100 billion or more.

Section 252.34(h)(3) requires a BHC with total consolidated assets of \$100 billion or more to establish and maintain procedures for monitoring intraday liquidity risk exposure, consistent with the BHC's capital structure, risk profile, complexity, activities, and size. Section 252.156(g)(3) imposes the same requirements on FBOs with combined U.S. assets of \$100 billion or more. Under these provisions, if the BHC is a global systemically important banking organization or a Category II or III BHC or if the FBO is not a Category IV banking organization, then the 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 252.56(c)(1) (applicable to certain U.S. BHCs and nonbank SIFIs) 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, which imposes company-run stress test requirements on the companies covered by the section. 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 and regulations.

Section 252.156(e) (applicable to FBOs with total consolidated assets of \$100 billion or more and combined U.S. assets of \$100 billion or more) requires a covered FBO 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 must also 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, which must satisfy certain requirements established by the regulation. The contingency funding plan must also 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 252.157(a)(7) requires an FBO with total consolidated assets of \$100 billion or more and combined U.S. assets of \$100 billion or more, to establish and maintain, within its combined U.S. operations and its enterprise-wide risk management, 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 the 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 252.17(a) requires an SMB to publicly disclose a summary of the results of the stress test required by Subpart B, which imposes requirements for company-run stress tests for SMBs with total consolidated assets over \$250 billion. An SMB that is a covered company subsidiary (i.e., an SMB that is a subsidiary of a covered company as defined by section 252.52 for Subpart F, which include certain large BHCs and nonbank SIFIs) must publicly disclose a summary of the results of the stress test within 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; and an SMB that is not a covered company subsidiary must publicly disclose a summary of the results of the stress test in the period beginning on October 15 and ending on October 31, unless that time is extended by the Board in writing. The required summary may be disclosed on an SMB's website, or in any other forum that is reasonably accessible to the public.

Section 252.17(b)(1) provides that an SMB that is a subsidiary of a BHC satisfies the public disclosure requirements of Subpart B if the BHC publicly discloses summary results of its stress test pursuant to section 251.17 or section 252.58 (discussed below), unless the Board determines that the disclosures at the holding company level do not adequately capture the potential impact of the scenarios on the capital of the SMB and requires the SMB to make public disclosures. Section 252.17(b)(2) requires an SMB that is not a subsidiary of a BHC to publicly disclose, at a minimum, the following information regarding the severely adverse scenario: (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) estimates of aggregate losses, pre-provision net revenue, provision for credit losses, net income, and pro forma regulatory capital ratios and any other capital ratios specified by the Board, and (4) an explanation of the most significant causes for the changes in regulatory capital ratios.

Section 252.58 requires a covered company (certain large BHCs and nonbank SIFIs, as defined in section 252.52) to publicly disclose a summary of the results of the company-run stress test required under section 252.54 within 15 calendar days after the Board publicly discloses the results of its supervisory stress test of the covered company, unless that time is extended by the Board in writing. The summary may be disclosed on the covered company's website, 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 credit losses, realized losses or gains on available-for-sale and held-to-maturity securities, trading and counterparty 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 section 165(i)(2) of the Dodd-Frank Act,<sup>22</sup> as implemented by Subpart B (requiring company-run stress tests for SMBs with total consolidated assets over \$250 billion), 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

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<sup>22</sup> 12 U.S.C. § 5365(i)(2).

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 252.167 requires a resolution covered IHC (as defined in section 252.161) for purposes of Subpart P (dealing with long-term debt, total loss absorbing capital, and restrictions on corporate practices for certain IHCs) that has any outstanding eligible external debt securities (as defined by section 252.161) 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 United States 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 U.S. BHCs, domestic and foreign nonbank SIFIs, SMBs, FBOs, and U.S. IHCs.

### **Frequency and Time Schedule**

The FR YY contains both reporting, recordkeeping, and disclosure requirements that have regular cadences (e.g., weekly, quarterly, biennial, annual) and ones that are event-generated. The frequency and time schedules for these information collections are set forth in the relevant regulations.

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

The Board revised the FR YY to take into account existing provisions in Regulation YY that include information collections, but had not been included in previous clearances.

### **Public Availability of Data**

Certain provisions listed above require firms to publicly disclose data. The Board does not customarily disclose the information reported to the Board, except to the extent required by the Freedom of Information Act (FOIA), as discussed below.

### **Legal Status**

This information collection is authorized pursuant to section 5(c) of the Bank Holding Company Act of 1956 (BHC Act) (12 U.S.C. § 1844(c)), section 8(a) of the International Banking Act of 1978 (IBA) (12 U.S.C. § 3106(a)), and sections 161 and 165 of the Dodd-Frank Act (12 U.S.C. §§ 5361 and 5365).

Section 5(c) of the BHC Act authorizes the Board to require BHCs and their subsidiaries to submit reports under oath to the Board regarding (1) financial condition, systems for monitoring and controlling financial data and operating risk, and transactions with depository institution subsidiaries of the BHC and (2) compliance by the BHC or its subsidiary with Chapter 17 of Title 12 of the U.S. Code (relating to BHCs), federal laws that the Board has specific jurisdiction to enforce against BHCs or subsidiaries, and (other than in the case of an insured depository institution or functionally regulated subsidiary) any other applicable provision of federal law.<sup>23</sup> Section 5(c) also authorizes the Board to make full use of any other reports or supervisory information that BHCs or their subsidiaries are required to provide to other federal or state regulatory agencies, externally audited financial statements of the BHCs and their subsidiaries, information otherwise available from other federal and state regulatory agencies, and information that is otherwise required to be reported publicly.<sup>24</sup> A BHC or subsidiary is required to make available to the Board any existing reports or documentation that the Board is entitled to use under section 5(b).<sup>25</sup> Section 8(a) of the IBA allows the Board to apply the requirements of section 5(b) of the BHC Act to FBOs.<sup>26</sup>

In addition, section 161 of the Dodd-Frank Act allows the Board to require reports from nonbank SIFIs.<sup>27</sup> These reports may pertain to the financial condition of the company or subsidiary; the systems of the company or subsidiary for monitoring and controlling financial, operating, and other risks; and the extent to which the activities and operations of the company or subsidiary pose a threat to the financial stability of the United States;<sup>28</sup> as well as the company or subsidiary's compliance with the requirements of Subchapter I of Chapter 53 of Title 12 of the U.S. Code (relating to financial stability).<sup>29</sup> The Board is also authorized to use existing reports and information from other agencies, information required to be reported publicly, and externally audited financial statements for such companies.<sup>30</sup> Finally, nonbank SIFIs, as well as their subsidiaries, must provide the Board with any existing reports that the Board is entitled to use.<sup>31</sup>

In addition, section 165 of the Dodd-Frank Act permits the Board to establish enhanced prudential standards for certain BHCs, nonbank SIFIs, and FBOs.<sup>32</sup> These enhanced prudential standards may include public disclosures and such other prudential standards as the Board, either on its own or pursuant to a recommendation by the FSOC, deems appropriate.<sup>33</sup> Moreover, section 165(f) of the Dodd-Frank Act allows the Board to prescribe, by regulation, periodic

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<sup>23</sup> 12 U.S.C. § 1844(c)(1)(A).

<sup>24</sup> 12 U.S.C. § 1844(c)(1)(B).

<sup>25</sup> 12 U.S.C. § 1844(c)(1)(C).

<sup>26</sup> 12 U.S.C. § 3106(a). This provision specifies that (1) any foreign bank that maintains a branch or agency in a state, (2) any foreign bank or foreign company controlling a foreign bank that controls a commercial lending company organized under the law of a state, and (3) any company of which a company falling under category (1) or (2) is a subsidiary, shall be subject to the provisions of the BHC Act. *Id.*

<sup>27</sup> 12 U.S.C. § 5361(a).

<sup>28</sup> 12 U.S.C. § 5361(a)(1)(A).

<sup>29</sup> 12 U.S.C. § 5361(a)(1)(B).

<sup>30</sup> 12 U.S.C. § 5361(a)(2).

<sup>31</sup> 12 U.S.C. § 5361(a)(3).

<sup>32</sup> 12 U.S.C. § 5365(b)(1). As noted *supra*, the Board is required to apply these standards only to BHCs with assets of \$250 billion or more and nonbank SIFIs, but is authorized to apply the standards to the broader class of BHCs with assets of \$100 billion or greater, if certain conditions are met. 12 U.S.C. §§ 5365(a)(2)(C), 5365(b)(1).

<sup>33</sup> 12 U.S.C. § 5365(b)(1)(B).



public disclosures by nonbank SIFIs and BHCs with assets of \$250 billion or more, in order to support market evaluation of the risk profile, capital adequacy, and risk management capabilities of the firms.<sup>34</sup>

Section 165 of the Dodd-Frank Act also requires the Board to conduct annual supervisory stress tests of BHCs with assets of \$250 billion or more and nonbank SIFIs,<sup>35</sup> as well as periodic supervisory stress tests of BHCs with assets of \$100 billion or more but less than \$250 billion.<sup>36</sup> The Board also has authority to conduct annual supervisory stress tests for BHCs and nonbank financial companies that would not otherwise be subject to them.<sup>37</sup> The Board must publish summaries of the results of the supervisory stress tests.<sup>38</sup>

In addition, section 165 requires nonbank SIFIs and BHCs with assets of \$250 billion or more to conduct company-run stress tests on a periodic basis.<sup>39</sup> A company that conducts a company-run stress test must submit a report of its results to the Board,<sup>40</sup> in a form specified by the Board.<sup>41</sup> Moreover, the Board is required to establish regulations requiring firms that conduct company-run stress tests to publish their results.<sup>42</sup>

Generally, the obligation to respond is mandatory. With respect to aspects of the rule that permit a firm to request reconsideration by the Board of a decision to impose requirements, restrictions, conditions, or limitations on the firm, the obligation to respond may be characterized as mandatory in order to obtain the benefit of modifications to such requirements, restrictions, conditions, or limitations that were initially imposed.

FR YY contains reporting requirements, recordkeeping requirements, and disclosure requirements, each of which correspond to a distinct confidentiality status.

### *Reporting Requirements*

FR YY contains numerous reporting requirements relating to firms' compliance with the enhanced prudential standards imposed by Regulation YY. The Board does not require firms to publicly disclose this information, though firms may be required to disclose certain information under applicable state or federal law (e.g., securities laws). To the extent the information that firms submit to the Board is made available to the public, the information would not be considered confidential and would not raise a question of confidentiality. However, to the extent that the information firms submit to the Board is not available to the public (or has not yet been made available to the public, but will be published at a later date), the information qualifies as confidential information. This confidential information would be exempt from disclosure by the

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<sup>34</sup> 12 U.S.C. § 5361(f).

<sup>35</sup> 12 U.S.C. § 5365(i)(1)(A).

<sup>36</sup> 12 U.S.C. § 5365 note.

<sup>37</sup> 12 U.S.C. § 5365(i)(1)(B)(ii).

<sup>38</sup> 12 U.S.C. § 5365(i)(1)(B)(V).

<sup>39</sup> 12 U.S.C. § 5365(i)(2)(A). This requirement also applies to all other financial companies that are regulated by a primary federal financial regulatory agency and have assets of \$250 billion or more. *Id.*

<sup>40</sup> 12 U.S.C. § 5365(i)(2)(B).

<sup>41</sup> 12 U.S.C. § 5365(i)(2)(C)(iii).

<sup>42</sup> 12 U.S.C. § 5365(i)(2)(C)(iv).

Board, pursuant to exemptions 4 and 8 of the FOIA (5 U.S.C. §§ 552(b)(4) and (b)(8)). Exemption 4 covers confidential commercial or financial information that is customarily and actually treated as private by its owner and provided to the government under an assurance of privacy.<sup>43</sup> To the extent a covered firm does customarily and actually keep the information it submits to the Board confidential, this information would be exempt from disclosure under exemption 4. Exemption 8 covers matters contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions. As documents related to the firms' condition prepared for the use of the Board, an agency responsible for the regulation and supervision of financial institutions, the information in reports submitted to the Board pursuant to Regulation YY would also be exempt from disclosure under exemption 8.

### *Recordkeeping Requirements*

FR YY also contains several recordkeeping requirements. These requirements ensure that firms maintain appropriate risk management controls, policies, and procedures in relation to the enhanced prudential standards and stress testing requirements that Regulation YY imposes. These records are maintained at each firm and are generally not collected by the Board, so no issue of confidentiality usually arises in connection with these requirements. However, in the event the Board obtained the records in connection with an examination of a covered company, the records would be exempt from disclosure under exemption 8, as documents related to the examination reports prepared by or for the use of the Board, an agency responsible for the regulation or supervision of financial institutions.

### *Disclosure Requirements*

FR YY's disclosure provisions require covered firms to make public disclosures about their company-run stress tests. FR YY also requires certain IHCs to disclose information about the possible effects of a resolution proceeding involving the IHC. These disclosures are made available to the public, so no issue of confidentiality under the FOIA is raised in connection with the records.

## **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

## **Public Comments**

On March 29, 2024, the Board published an initial notice in the *Federal Register* (89 FR 22150) requesting public comment for 60 days on the extension, with revision, of the FR YY. The comment period for this notice expired on May 28, 2024. The Board did not receive any comments. The Board adopted the extension, with revision, of the FR YY as originally proposed. On September 25, 2024, the Board published a final notice in the *Federal Register* (89 FR 78304).

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<sup>43</sup> See *Food Marketing Institute v. Argus Leader Media*, 139 S. Ct. 2356, 2364 (2019).

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR YY is 23,880 hours, and would increase to 26,458 hours with the revisions. The burden estimate was produced using the standard Board burden calculation methodology. These reporting, recordkeeping, and disclosure requirements represent less than 1 percent of the Board's total paperwork burden.

| FR YY                                                      | Estimated number of respondents <sup>44</sup> | Estimated annual frequency | Estimated average hours per response | Estimated annual burden hours |
|------------------------------------------------------------|-----------------------------------------------|----------------------------|--------------------------------------|-------------------------------|
| <b>Current</b>                                             |                                               |                            |                                      |                               |
| <b>Initial Setup</b>                                       |                                               |                            |                                      |                               |
| <b>Reporting</b>                                           |                                               |                            |                                      |                               |
| Section 252.16                                             | 1                                             | 1                          | 150                                  | 150                           |
| <b>Recordkeeping</b>                                       |                                               |                            |                                      |                               |
| Sections 252.34(d), 252.34(e)(3), 252.34(f), and 252.34(h) | 1                                             | 1                          | 200                                  | 200                           |
| 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                          | 200                                  | 200                           |
| <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                                    | 5                             |
| <i>Current Initial Setup</i>                               |                                               |                            |                                      | 1,520                         |
| <b>Ongoing Compliance</b>                                  |                                               |                            |                                      |                               |
| <b>Reporting</b>                                           |                                               |                            |                                      |                               |
| Section 252.16                                             | 1                                             | 1                          | 60                                   | 60                            |
| Section 252.44(d)(3)(ii)                                   | 5                                             | 1                          | 0.5                                  | 3                             |
| Section 252.85(b)(1)                                       | 10                                            | 1                          | 40                                   | 400                           |
| Section 252.87(b)                                          | 22                                            | 1                          | 1                                    | 22                            |
| Section 252.132(d)                                         | 2                                             | 1                          | 10                                   | 20                            |
| Sections 252.143(a) and (b)                                | 43                                            | 1                          | 1                                    | 43                            |
| Section 252.143(c)                                         | 1                                             | 1                          | 0.5                                  | 1                             |
| Section 252.145(a)                                         | 43                                            | 1                          | 50                                   | 2,150                         |
| Section 252.146(c)(1)(iii)                                 |                                               |                            |                                      |                               |
| Annual stress testing                                      | 1                                             | 1                          | 80                                   | 80                            |
| Biennial stress testing                                    | 1                                             | 0.5                        | 80                                   | 40                            |
| Section 252.153(c)(3)                                      | 15                                            | 1                          | 160                                  | 2,400                         |
| Sections 252.154(a)                                        | 18                                            | 1                          | 1                                    | 18                            |

<sup>44</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>.

|                                                                  |    |   |     |          |
|------------------------------------------------------------------|----|---|-----|----------|
| Section 252.154(c)                                               | 2  | 1 | 1   | 2        |
| 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>                                             |    |   |     |          |
| Sections 252.34(d),<br>252.34(e)(3), 252.34(f), and<br>252.34(h) |    |   |     |          |
| Category I-III firms                                             | 12 | 1 | 160 | 1,920    |
| Category IV firms                                                | 11 | 1 | 150 | 1,650    |
| Section 252.56(c)(1)                                             | 23 | 1 | 40  | 920      |
| Section 252.153(e)(5)                                            | 11 | 1 | 40  | 440      |
| Sections 252.156(e),<br>252.156(g), and 252.157(a)(7)            |    |   |     |          |
| Category II-III FBOs                                             | 10 | 1 | 160 | 1,600    |
| Category IV FBOs                                                 | 6  | 1 | 150 | 900      |
| <b>Disclosure</b>                                                |    |   |     |          |
| Section 252.58                                                   | 23 | 2 | 80  | 3,680    |
| Section 252.65                                                   | 8  | 1 | 1   | 8        |
| Section 252.153(e)(5)                                            | 10 | 2 | 80  | 1,600    |
| Section 252.167                                                  | 3  | 1 | 1   | <u>3</u> |
| <i>Current Ongoing Compliance</i>                                |    |   |     | 22,360   |
|                                                                  |    |   |     |          |
| <i>Current Total</i>                                             |    |   |     | 23,880   |

## Proposed Initial Setup

### Reporting

|                |   |   |     |     |
|----------------|---|---|-----|-----|
| Section 252.16 | 1 | 1 | 150 | 150 |
|----------------|---|---|-----|-----|

### Recordkeeping

|                                                                  |   |   |     |     |
|------------------------------------------------------------------|---|---|-----|-----|
| Sections 252.34(d),<br>252.34(e)(3), 252.34(f), and<br>252.34(h) | 1 | 1 | 200 | 200 |
| Section 252.56(c)(1)                                             | 1 | 1 | 280 | 280 |
| Section 252.153(e)(5)                                            | 1 | 1 | 280 | 280 |
| Sections 252.156(e),<br>252.156(g), and 252.157(a)(7)            | 1 | 1 | 200 | 200 |

### Disclosure

|                       |   |   |     |          |
|-----------------------|---|---|-----|----------|
| 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> |

*Proposed Initial Setup*

1,520

## Ongoing Compliance

### Reporting

|                                                |    |     |     |       |
|------------------------------------------------|----|-----|-----|-------|
| Sections 252.14(a)(3)(ii) and 252.14(b)(4)(ii) | 1  | 1   | 10  | 10    |
| Section 252.16                                 | 1  | 1   | 60  | 60    |
| Section 252.35(a)(8)                           | 1  | 1   | 0.5 | 1     |
| Section 252.44(d)(3)(ii)                       | 1  | 1   | 0.5 | 1     |
| Section 252.45(a)                              | 1  | 1   | 1   | 1     |
| Section 252.45(b)                              | 1  | 1   | 1   | 1     |
| Section 252.54(a)(3)(ii)                       | 1  | 1   | 0.5 | 1     |
| Section 252.54(b)(4)(ii)                       | 1  | 1   | 0.5 | 1     |
| Section 252.85(b)(1)                           | 10 | 1   | 40  | 400   |
| Section 252.87(b)                              | 22 | 1   | 1   | 22    |
| Section 252.132(d)                             | 2  | 1   | 10  | 20    |
| Sections 252.143(a) and (b)                    | 43 | 1   | 1   | 43    |
| Section 252.143(c)                             | 1  | 1   | 0.5 | 1     |
| Section 252.145(a)                             | 43 | 1   | 50  | 2,150 |
| Section 252.146(c)(1)(iii)                     |    |     |     |       |
| Annual stress testing                          | 1  | 1   | 80  | 80    |
| Biennial stress testing                        | 1  | 0.5 | 80  | 40    |
| Section 252.153(c)(3)                          | 15 | 1   | 160 | 2,400 |
| Section 252.154(a)                             | 18 | 1   | 1   | 18    |
| Section 252.154(c)                             | 2  | 1   | 1   | 2     |
| 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   |
| Sections 252.220(c) and 252.221(c)             | 1  | 1   | 80  | 80    |

### Recordkeeping

|                                                                                                                            |    |   |     |       |
|----------------------------------------------------------------------------------------------------------------------------|----|---|-----|-------|
| Sections 252.22(a)(2)(i), 252.33(a)(2)(i), 252.144(b)(1)(ii)(A), 252.147e(2)(ii), 252.153e(3)(ii)(A), and 252.155(a)(2)(i) | 23 | 1 | 30  | 690   |
| Sections 252.22(a)(3)(v) and 252.33(a)(3)(v)                                                                               | 23 | 1 | 5   | 115   |
| Sections 252.34(d), 252.34(e)(3), 252.34(f), and 252.34(h)                                                                 |    |   |     |       |
| Category I-III firms                                                                                                       | 12 | 1 | 160 | 1,920 |
| Category IV firms                                                                                                          | 11 | 1 | 150 | 1,650 |
| Section 252.56(c)(1)                                                                                                       | 23 | 1 | 40  | 920   |
| Section 252.153(e)(5)                                                                                                      | 11 | 1 | 40  | 440   |

|                                                       |    |   |     |              |
|-------------------------------------------------------|----|---|-----|--------------|
| Sections 252.156(e),<br>252.156(g), and 252.157(a)(7) |    |   |     |              |
| Category II-III FBOs                                  | 10 | 1 | 160 | 1,600        |
| Category IV FBOs                                      | 6  | 1 | 150 | 900          |
| <b>Disclosure</b>                                     |    |   |     |              |
| Section 252.17                                        | 22 | 1 | 80  | 1,760        |
| Section 252.58                                        | 23 | 2 | 80  | 3,680        |
| Section 252.65                                        | 8  | 1 | 1   | 8            |
| Section 252.153(e)(5)                                 | 10 | 2 | 80  | 1,600        |
| Section 252.167                                       | 3  | 1 | 1   | <u>3</u>     |
| <i>Proposed Ongoing<br/>Compliance</i>                |    |   |     | 24,938       |
| <i>Proposed Total</i>                                 |    |   |     | 26,458       |
| <i>Change</i>                                         |    |   |     | <u>2,578</u> |

The estimated total annual cost to the public for the FR YY is \$1,668,018, and would increase to \$1,848,091 with the revisions.<sup>45</sup>

### Sensitive Questions

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

### Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is negligible.

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<sup>45</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 \$23, 45% Financial Managers at \$84, 15% Lawyers at \$85, and 10% Chief Executives at \$124). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2023*, published April 3, 2024, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.