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

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, with revision, the Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M; OMB No. 7100-0341). These collections of information are applicable to top-tier U.S. bank holding companies (BHCs), U.S. intermediate holding companies of foreign banking organizations (IHCs), and covered savings and loan holding companies (SLHCs)[1] (collectively holding companies) with $100 billion or more in total consolidated assets. The FR Y-14A, FR Y-14Q, and FR Y-14M reports (FR Y-14 reports) are used to support and calibrate the supervisory stress test models used in connection with setting firms' stress capital buffer (SCB) requirements and collect company-run stress test results. The data are also used to support the supervision and regulation of these financial institutions.

The Board proposes to revise the FR Y-14 reports to implement various changes to the reports that would collect more granular information on lending to nondepository financial institutions (NDFIs), improve the timeliness and coverage of the Board's collections of counterparty credit risk data, remove data fields deemed no longer necessary, and make other minor revisions and instructional clarifications. For the FR Y-14Q and FR Y-14M, the proposed revisions would be effective for the September 30, 2024, as-of date submissions, and for the FR Y-14A, the December 31, 2024, as-of date submissions.

The current estimated total annual burden for the FR Y-14 reports is 826,938 hours and would increase to 848,900 hours as a result of the revisions. The revisions would result in an increase of 21,962 hours in estimated burden which also reflects the implementation cost associated with the addition of two firms to the FR Y-14 reporting panel since the FR Y-14 was last updated. The implementation costs for the two new firms contribute 14,400 burden hours.

Background and Justification

Section 165(i)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)[2] requires the Board to conduct an annual stress test of certain companies to evaluate whether the company has sufficient capital, on a total consolidated basis, to absorb losses as a result of adverse economic conditions (supervisory stress test).[3] Further, section 165(i)(2) of the Dodd-Frank Act requires the Board to issue regulations requiring such companies to conduct company-run stress tests.[4] On May 24, 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amended sections 165(i)(1) and

[1] Covered SLHCs are those that are not substantially engaged in insurance or commercial activities. *See* 12 CFR 238.2(ff).
[2] Pub. L. No. 111-203, 124 Stat. 1376 (2010).
[3] 12 U.S.C. § 5365(i)(1).
[4] 12 U.S.C. § 5365(i)(2).

(2) of the Dodd-Frank Act, among other changes.[5] The Board's rules implementing sections 165(i)(1) and (i)(2) of the Dodd-Frank Act, and section 401 of EGRRCPA, establish stress testing requirements for certain BHCs, state member banks, savings and loan holding companies, foreign banking organizations, and nonbank financial companies supervised by the Board.[6]

Additionally, the Board's capital plan rule requires certain firms to submit capital plans to the Board annually and requires such firms to request prior approval from the Board under certain circumstances before making a capital distribution.[7] In connection with submissions of capital plans to the Board, firms are required, pursuant to 12 CFR 225.8(e)(3) and 12 CFR 238.170(e)(3), to provide information including, but not limited to, the firm's financial condition, structure, assets, risk exposure, policies and procedures, liquidity, and risk management.

The FR Y-14 reports collect stress test and capital plan data from the largest holding companies, which are those with $100 billion or more in total consolidated assets. The data collected through the FR Y-14 reports provide the Board with the information needed to help ensure that large holding companies have strong, firm-wide risk measurement and management processes supporting their internal assessments of capital adequacy and that their capital resources are sufficient given their business focus, activities, and resulting risk exposures. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions.

The FR Y-14 reports complement other Board supervisory efforts aimed at enhancing the continued viability of large firms, including continuous monitoring of firms' planning and management of liquidity and funding resources, as well as regular assessments of credit, market, and operational risks, and associated risk management practices.

Description of Information Collection

These collections of information are applicable to top-tier holding companies with total consolidated assets of $100 billion or more. This family of information collections is composed of the following three reports:

- The annual FR Y-14A, which collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios, and qualitative information on methodologies used to develop internal projections of capital across

[5] EGRRCPA requires "periodic" supervisory stress tests for bank holding companies with $100 billion or more, but less than $250 billion, in total consolidated assets and amended section 165(i)(1) to require annual supervisory stress tests for bank holding companies with $250 billion or more in total consolidated assets. EGRRCPA amended section 165(i)(2) to require bank holding companies with $250 billion or more in total consolidated assets, and financial companies with more than $250 billion in total consolidated assets, to conduct "periodic" stress tests. Finally, EGRRCPA amended both sections 165(i)(1) and (2) to no longer require the Board to include an "adverse" scenario in company-run or supervisory stress tests, reducing the number of required stress test scenarios from three to two.
[6] *See* 12 CFR 252, subparts B, E, F, and O.
[7] *See* 12 CFR 225.8; 12 CFR 238.170.

scenarios.[8]

- The quarterly FR Y-14Q, which collects granular data on various asset classes, including loans, securities, trading assets, and pre-provision net revenue (PPNR) for the reporting period.
- The monthly FR Y-14M, which comprises three retail portfolio- and loan-level schedules, and one detailed address matching schedule to supplement two of the portfolio- and loan-level schedules.

FR Y-14A (annual collection)

The annual collection of quantitative projected regulatory capital ratios across various macroeconomic scenarios comprises five primary schedules (Summary, Scenario, Regulatory Capital Instruments, Operational Risk, and Business Plan Changes), each with multiple supporting tables. The FR Y-14A schedules collect current financial information and projections under the Board's supervisory scenarios. The information includes balances for balance sheet and off-balance-sheet positions, income statement and PPNR, and estimates of losses across various portfolios. Firms are also required to submit qualitative information supporting their projections, including descriptions of the methodologies used to develop the internal projections of capital across scenarios and other analyses that support their comprehensive capital plans.

FR Y-14Q (quarterly collection)

The FR Y-14Q schedules (Retail, Securities, Regulatory Capital Instruments, Regulatory Capital, Operational Risk, Trading, PPNR, Wholesale Risk, Fair Value Option/Held for Sale, Supplemental, Counterparty, and Balances) collect firm-specific data on positions and exposures that are used to support and calibrate the supervisory stress test models to monitor actual versus forecast information on a quarterly basis and to conduct ongoing supervision.

FR Y-14M (monthly collection)

The FR Y-14M report includes two portfolio- and loan-level schedules for First Lien data and Home Equity data, and an account- and portfolio-level schedule for Domestic Credit Card data. To match senior and junior lien residential mortgages on the same collateral, the Address Matching schedule gathers additional information on the residential mortgage loans reported in the First Lien and Home Equity schedules.

Respondent Panel

The respondent panel consists of BHCs, SLHCs, and IHCs with $100 billion or more in total consolidated assets, as based on (1) the average of the firm's total consolidated assets in the four most recent quarters as reported quarterly on the firm's Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128) or (2) the average of the firm's total consolidated assets in the most recent consecutive quarters as reported quarterly on the firm's

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[8] In certain circumstances, a firm may be required to re-submit its capital plan. 12 CFR 225.8(e)(4); 12 CFR 238.170(e)(4). Firms that must re-submit their capital plan generally must also provide a revised FR Y-14A in connection with their resubmission.

FR Y-9Cs, if the firm has not filed an FR Y-9C for each of the most recent four quarters. Reporting is required as of the first day of the quarter immediately following the quarter in which the respondent meets this asset threshold, unless otherwise directed by the Board.

Proposed Revisions

The proposed revisions to the FR Y-14A/Q/M reports would collect more granular information on lending to nondepository financial institutions (NDFIs), improve the timeliness and coverage of the Board's collections of counterparty credit risk data, remove data fields deemed no longer necessary, and make other minor revisions and instructional clarifications. All proposed revisions would be effective for the September 30, 2024, report date for the FR Y-14Q and FR Y-14M, and for the December 31, 2024, report date for the FR Y-14A.

General

FR Y-14 Q&A System

Firms that report the FR Y-14 frequently have questions on the reporting requirements. In order to promote the accuracy and consistency of the FR Y-14 reports, the Board developed a Q&A system where firms could submit questions to receive clarification on reporting the FR Y-14. Due to the volume of questions received and the detailed scenarios described in some questions, the Board is limited in its ability to address all submitted questions, and firms occasionally do not receive responses in a timely manner. Often, revisions to the FR Y-14 address outstanding questions or otherwise make previous questions no longer applicable. Moreover, during the revision process, the public is provided the opportunity to comment on various aspects of the FR Y-14 that are unclear. Therefore, unanswered questions that predate the most recent FR Y-14 revisions may become obsolete.

In connection with this proposal, the Board encourages the submission of comments regarding any aspects of the FR Y-14 instructions that may be unclear. Upon receipt of public comments following the proposal, the Board intends to answer relevant unaddressed questions and retire unanswered questions in the system submitted prior to publication of the initial notice. Firms will continue to have the opportunity to submit questions related to the FR Y-14 to the Federal Reserve.

Question 1: Given that revisions to the FR Y-14 often address outstanding questions, what are the advantages or disadvantages to retiring the outstanding questions in the FR Y-14 Q&A system following the receipt of public comments?

Supporting Documentation

Firms currently use Intralinks to submit supporting documentation for certain FR Y-14A/Q/M schedules to the Board. Intralinks is being replaced by One Agile Supervision Solution (OASiS), and firms will be required to submit supporting documentation through OASiS instead of Intralinks for the 2024 supervisory stress test. Therefore, the Board proposes to update all references to Intralinks in the FR Y-14A/Q/M instructions to reflect the transition to OASiS.

Historical Data

New reporters of the FR Y-14 are currently required to provide historical reports of the FR Y-14Q PPNR and Retail schedules, providing reports for all periods from when it first submits the FR Y-14 back to March 2009 and January 2007, respectively. Firms began reporting the FR Y-14 in 2012, and this historical data requirement enabled the Board to understand how a firm's retail and PPNR schedules had performed in the years preceding the initial submissions, to appropriately project its losses in the supervisory stress test. However, given the passage of time, firm-level historical data from as far in the past as 2007 or 2009 is less relevant to modeling a firm's losses in the stress test. Additionally, firms that join the FR Y-14 panel may face significant burdens to produce the required historical data. Therefore, the Board proposes to modify this requirement in the FR Y-14Q instructions such that new reporters, or existing reporters that must begin filing a Retail schedule, would be required to provide historical reports only for the five years preceding the first quarter that the firm is subject to reporting. This change would reduce reporting burden, align with the original spirit of the FR Y-14 historical reporting requirements, and make the reporting requirement consistent for all firms regardless of when they begin reporting.

Question 2: The Board has not established a process through which a firm may request an exemption from an FR Y-14 historical data reporting requirement. What would be the advantages and disadvantages of establishing such a process? In particular, would such a process be appropriate even if the changes to the historical data reporting requirements described above are adopted? If a process for requesting an exemption is established, what factors, such as the unavailability of data, cost of providing data, or materiality of data, should the Board consider in acting in these types of requests? In addition, what would be an appropriate deadline for the filing of such requests (for example, one month, three months, or six months prior to the date on which the data would be due)?

Question 3: As an alternative to the proposed requirement to provide five years of historical data, what would be the advantages and disadvantages of requiring historical data from a different number of years, such as 2 years or 10 years?

Exploratory Market Shocks

The supervisory stress test includes a global market shock (GMS) component that applies to covered companies with substantial trading exposures and is calculated using a large set of shocks to market risk factors.[9] The losses associated with the GMS are included in a firm's losses under the severely adverse scenario, and consequently, generally feed into their ultimate SCB requirement. Currently, the use of a single GMS limits the Board's ability to capture and test a firm's resilience to a range of risks, which is the purpose of the supervisory stress test. Exploratory market shocks are informative to supervisory efforts and help bolster the safety, soundness, and resiliency of the financial system. Consistent with the nature of exploratory market shocks and their information-serving purposes, the losses associated with any exploratory

[9] *See* Board of Governors of the Federal Reserve System, *2023 Stress Test Scenarios* (February 2023), https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20230209a1.pdf.

market shocks would not contribute to firms' capital requirements. Therefore, to expand risk identification beyond the current GMS framework, the Board proposes to revise the FR Y-14 instructions to require firms to submit relevant data with respect to all market shocks that the Board may conduct in a given year, including any exploratory market shocks. Firms currently subject to the GMS component of the supervisory stress test would be required to report FR Y-14 information related to any exploratory market shocks. For purposes of estimating the burden associated with the FR Y-14, the Board estimates that it would conduct two exploratory market shocks per year. However, the number of exploratory market shocks conducted may vary from year to year.

Collection of Supplemental CECL Information

The FR Y-14A, "Collection of Supplemental CECL Information" is a one-time submission required from firms that have adopted ASU 2016-13, which collects certain information reflecting the current expected credit losses (CECL) methodology. This collection was implemented to identify the effect and timing of the adoption of CECL and the associated transition provisions, as provided by section 301 of the regulatory capital rules. As all firms have now adopted ASU 2016-13, this supplemental collection is not needed on a go-forward basis for modeling or analytic purposes. Therefore, the Board proposes to remove the "Collection of Supplemental CECL Information" from the FR Y-14A.

Other Revisions

For Comprehensive Capital Analysis and Review (CCAR) submissions of FR Y-14A, Schedule A (Summary), under both the internal stress scenario as well as the supervisory severely adverse scenario, firms are currently instructed to report alternative capital actions, which the firms would expect to take if the stress scenario were realized. Per the Board's capital rule, the maximum payout amount is a function of a firm's eligible retained income and capital ratios.[10] However, upon a request of the Board-regulated institution, the Board may approve additional distributions if it determines that the distribution would not be contrary to the purposes of this capital rule, or to the safety and soundness of the Board-regulated institution.[11] To accurately monitor firms' capital ratios and plans under the internal stress scenario and the supervisory severely adverse scenario, the Board proposes to instruct firms to report the CCAR submissions of Schedule A inclusive of capital actions for which the firm expects to request prior approval under 12 CFR 217.11.

Net charge-offs are generally defined to be gross of write-downs. FR Y-14A, Schedule A.1.a (Income Statement), line item 114 ("Total Net Charge-offs during the quarter") instructs firms to report as defined in the FR Y-9C, Schedule HI-B (Charge-Offs and Recoveries on Loans and Leases and Changes in Allowances for Credit Losses), Part I (Charge-offs and Recoveries on Loans and Leases), line item 9 (Total), column A (Charge-offs) minus column B (Recoveries) and is derived as the sum of Schedule A.1.a., items 114a-d. However, FR Y-9C, Schedule HI-B, Part I, line item 9, column A is charge-offs gross of write downs, and Column B is recoveries. The calculation defined in the instructions for line item 114a ("Net charge-offs during the quarter

[10] 12 CFR 217.11(a)(2)(ii).
[11] 12 CFR 217.11(c)(1)(vi).

on loans and leases") is FR Y-9C, Schedule HI-B, Part II (Changes in Allowances for Credit Losses), Column A (Loans and leases held for investment, item 3 (Charge-offs) minus item 2 (Recoveries), where item 3 is charge-offs net of write-downs. This creates an inconsistency between how firms are instructed to report line item 114, which is done as reported on the FR Y-9C, and its sum as a total of line items 114a-d. For alignment and accurate reporting, the Board proposes to revise the instructions for the FR Y-14A, Schedule A.1.a line item 114a to be gross of write downs and line item 114 to be the total of the components,114a-d.

FR Y-14A, Schedule A.7.a, item 36 ("Provisions for Unfunded Off-Balance Sheet Credit Exposures") instructs firms to report the provision for credit losses on off-balance sheet exposures normally reported as one of the items in FR Y-9C, Schedule HI, item 7.d ("Other noninterest expense"). Prior to implementation of the CECL methodology, provisions for off-balance sheet exposures were recorded as other noninterest expense. However, CECL incorporates provisions for off-balance sheet exposures in provisions for loan and lease losses. The FR Y-9C has been updated to reflect this standard. As a result, the FR Y-9C, Schedule HI, item 7.d is no longer relevant for item 36 on FR Y-14A, Schedule A.7.a. To ensure consistency between reports, the Board proposes to update the instructions for item 36 to reference the FR Y-9C, Schedule HI-B, Part II, item M7 ("Provisions for credit losses on off-balance sheet credit exposures").

On January 26, 2023, the Board adopted a final rule to implement the Adjustable Interest Rate (LIBOR) Act.[12] The rule established benchmark replacements for certain contracts governed by U.S. law to address references to LIBOR, which ceased to exist after June 30, 2023. The Board therefore proposes to revise the FR Y-14 to remove or replace all references to LIBOR in a manner consistent with the rule.

Counterparty

Submission of fourth quarter data

Unstressed submissions of FR Y-14Q, Schedule L (Counterparty) are currently collected four times per year. Three of the as-of dates are the last calendar days of the first, second, and third quarters. The fourth is the Board provided as-of date for the GMS component of the supervisory stress test, which must fall between October 1 of the previous calendar year and March 1 of the year of the supervisory stress test.[13] These requirements can result in a timing gap between the unstressed submissions for the first and third quarters of up to 6 months. This timing gap can result in the Board not having up-to-date data on firms' counterparty credit risks. The absence of important data has been noted during times of instability, when it is important to have reliable, timely data. To address this limitation and create consistency in reporting frequency, the Board proposes to require an additional unstressed Schedule L submission as of the last calendar day of the fourth quarter. Consistent with the due date for the other FR Y-14Q schedules as of the fourth quarter, this submission would be due 52 days after the calendar quarter-end. A stressed and unstressed Schedule L would still be submitted as-of the Board-provided GMS date, as is currently required.

[12] 88 FR 5204 (January 26, 2023).
[13] 12 CFR 252.54(b)(2)(i).

Reporting Scope and Frequency for Firms Subject to Category I Standards

The FR Y-14Q instructions set several materiality thresholds to determine the frequency and scope of reporting for several schedules. Only firms subject to Category I, II, or III standards and that, as of two quarters preceding the reporting quarter, have on average for four quarters, aggregate trading assets and liabilities of $50 billion or more, or aggregate trading assets and liabilities equal to 10 percent or more of total consolidated assets, must submit FR Y-14Q, Schedule L. Firms with trading operations below the materiality threshold are not required to report Schedule L. As a result, certain U.S. GSIBs do not file the complete Schedule L.

Category I standards apply to firms that qualify as U.S. global systemically important banks (GSIBs), given the risk their individual failure poses to the broader financial system. For the U.S. GSIBs that are not currently required to report Schedule L, the minimal data on their counterparty credit exposures is not sufficiently frequent or comprehensive to provide meaningful risk monitoring when a financial market stress event occurs.

To ensure that data on all U.S. GSIB counterparty risks, including credit valuation adjustment and counterparty default risks, will be available in a timely manner, the Board proposes to revise the threshold for Schedule L reporting to be inclusive of all firms subject to Category I standards. The reporting threshold would remain unchanged for firms subject to Category II, III, and IV standards.

Reporting of Counterparties under the Firm-generated Scenario

FR Y-14Q, Schedule L.5 (Derivatives and Securities Financing Transactions Profile) collects information on a firm's top counterparties associated with securities financing transactions (SFTs) and/or derivative positions at the level of positions netting. Specifically, Schedule L.5.1 (Derivative and SFT information by counterparty legal entity and netting set/agreement) is intended to identify the counterparties to these types of positions under ranking methodologies and the associated exposures. Schedule L.5 is submitted yearly under the stressed conditions as prescribed in the Board-provided scenario. Firms are also required to generate their own stress scenario, but the related exposures are not collected on Schedule L.5. To have more information on a firm's view of its own risk profile, the Board proposes to require the reporting of Schedule L.5 under the firm-generated stress scenario. This revision would require a new ranking methodology to be reported on Schedule L.5 under which a firm ranks its top 25 counterparties by stressed net current exposure (net CE) under the firm-generated scenario and the reporting of the related exposures on sub-schedules L.5.2-L.5.4.

Assumptions Associated with the Reporting of CVA Sensitivities

FR Y-14Q, Schedule L.4 (Aggregate and Top 10 CVA Sensitivities by Risk Factor) collects sensitivity information of aggregate asset-side CVA based on changes in underlying risk factors. Generally, a sensitivity refers to a 1-unit change in the risk factor, and a slide refers to a larger change in the risk factor. However, Schedule L.4 does not specify the assumptions under which to calculate the CVA which results in inconsistent reporting across firms and hinders data comparisons. Additionally, the other CVA sub-schedules (L.1, L.2, and L.3) specify that the data are to be reported using the Board-provided scenario and specifications (i.e., margin period of risk of 10 business days, keeping CSA thresholds flat, no gains from netting, and no credit downgrade triggers). To increase the consistency of reporting and to better assess the impact of the market shock scenario across firms, the Board proposes to specify that the CVA sensitivities on Schedule L.4 must be reported using the Federal Reserve provided specifications.

Netting when Calculating Net CE

FR Y-14Q, Schedule L collects information on net CE for SFT agreements in a firm's portfolio. Generally, if a firm does not have a close-out netting agreement with a counterparty on its SFT portfolio, the firm is not allowed to take a netting benefit across the transactions but can net exposures across multiple legs within a single transaction when calculating net CE. However, the instructions for reporting net CE are ambiguous regarding netting practices. To clarify the reporting of net CE in Schedule L, the Board proposes to revise the instructions to describe how a firm can net exposures when calculating net CE for SFTs. This revision would address questions and issues raised in FR Y-14 Q&As #Y140001627 and #Y140001614.

Removal of Fields Deemed No Longer Necessary

FR Y-14Q, Schedule L.5.1 (Derivative and SFT information by counterparty legal entity and netting set/agreement) collects information about a firm's top counterparties associated with SFTs and/or derivative positions at the level of position netting under different ranking methodologies. The collection of these data supports both the stress test modeling and supervisory monitoring of counterparty exposures. Over time, several items on Schedule L.5.1 have been identified as providing minimal value in these supervisory activities. These items are:

- Threshold CP
- Threshold BHC or IHC or SLHC
- Minimum Transfer Amount CP
- Minimum Transfer Amount BHC or IHC or SLHC
- CDS Reference Entity Type
- 5Y CDS Spread (bp)

Additionally, the item "Downgrade Trigger Modeled?" on Schedule L.1.a (Top consolidated/parent counterparties comprising 95% of firm unstressed credit valuation adjustment (CVA), ranked by unstressed CVA) and L.1.b (Top consolidated/parent counterparties comprising 95% of firm stressed CVA, ranked by Federal Reserve Severely Adverse Scenario stressed CVA for the CCAR quarter) is no longer necessary as firms are instructed to report 'NA' in this field. To reduce burden and ensure the Board only collects necessary data, the Board proposes to retire all the items discussed in this sub-section from Schedule L.

Other FR Y-14Q, Schedule L Revisions

Firms are required to identify the type of non-cash collateral or initial margin that were either posted or received for SFT and derivative agreements in the "Non-Cash Collateral Type" field, per the general instructions for Schedule L.5.1. However, the "Non-Cash Collateral Type" instructions do not specify if this field applies to both derivatives and SFTs. To remove ambiguity, the Board proposes to clarify that the "Non-Cash Collateral Type" field pertains to both SFTs and derivatives. This revision would address questions and issues raised in FR Y-14 Q&A #Y140001591.

On FR Y-14Q, Schedule L.5, firms are instructed to rank their top 25 counterparties with positive net CE for each of the ranking methodologies. However, in some cases, a firm may not have 25 counterparties with positive net CE. For clarity, the Board proposes to specify that if a firm has less than 25 applicable counterparties for a given ranking methodology, then it should only report the applicable counterparties, and should not report additional counterparties with zero net CE. This revision would address questions and issues raised in FR Y-14 Q&A #Y140001595.

Net CE is calculated at the counterparty netting agreement level where it is possible for an underlying netting agreement to cover both fair-value and accrual SFT agreements. Schedule L currently pertains to both fair-value and accrual SFTs, however the instructions only mention fair-value SFTs when calculating Net CE. To reduce ambiguity, the Board proposes to clarify that, when a netting agreement covers both fair-value and accrual SFTs, a firm should combine both types of SFTs for purposes of reporting Net CE and CVA metrics in Schedule L.

The FR Y-14Q, Schedule L.5.1 "Agreement Type" field requires firms to identify the derivative agreement type when at least one of the netting sets associated with the counterparty has a legally enforceable collateral agreement. For derivatives, allowable entries are "Derivatives 1-way CSA [Credit Support Annex]", "Derivatives 2-way SCSA [Standard Credit Support Annex]", "Derivatives 2-way old CSA", or "Derivatives Centrally Cleared". However, the instructions do not currently provide definitions for these agreement types. The Board proposes to clarify that firms should use the International Swaps and Derivatives Association, Inc., publication of the 2013 Standard Credit Support Annex for the basis of classifying derivatives as SCSA and use Old-CSA for agreements made prior to this publication when reporting this field.

<u>Wholesale</u>

FR Y-14Q, Schedule H (Wholesale) collects loan-level information on corporate and commercial real estate loans and leases to support the supervisory stress test and risk analyses. The data collected includes details on the obligor and loan itself, and the financial health of the obligor. The following proposed revisions would enhance Schedule H to address growing financial stability risks, improve the quality of collected data, and address new accounting standards.

Reporting Treatment of Nondepository Financial Institutions

U.S. bank exposures to NDFIs have grown rapidly over the past five years and banks' credit commitments to NDFIs reached about $2 trillion in the fourth quarter of 2022.[14] This growth poses risks to banks, as certain NDFIs operate with very high leverage and are dependent

[4] *See* Board of Governors of the Federal Reserve System, *Financial Stability Report* (May 2023), https://www.federalreserve.gov/publications/files/financial-stability-report-20230508.pdf.

on credit from the banking sector. Currently, data on exposures to NDFIs are limited on the FR Y-14, as banks report minimal information about these obligors, relative to other corporate borrowers. This lack of data hinders staff's ability to consistently measure, monitor, and model the risks stemming from these exposures under stress.

The FR Y-14 report currently does not require firms to report certain financial information (such as total assets, total liabilities, short term debt or net income) on NDFI obligors, which results in a material data gap. As a result, less than half of the total committed exposure on the corporate loan schedule include data on the financial health of the obligor. This lack of data means the stress test models may not accurately capture risks associated with loans to NDFIs. Similarly, this lack of data reduces the consistency of measurement and monitoring of these exposures for supervisory purposes. To understand the financial conditions of NDFI borrowers, the Board proposes to require the reporting of fields 52 through 82 on Schedule H.1, the "Obligor Financial Data Section", for NDFIs.

Currently the FR Y-14 lacks the necessary granularity to classify the business type of NDFI obligors that borrow from firms and the associated risks. As the various business types of NDFIs pose different types of risks to banks, these data are necessary to consistently measure and monitor the risks NDFIs pose to firms and to ensure that the supervisory stress test is appropriately calibrated for loans to NDFIs. To understand banks' exposures to various NDFI types, the Board proposes to add a "NDFI Entity Type" field to Schedule H.1 in which firms would have multiple options to specify the NDFI type (e.g., credit fund, broker-dealer, special purpose entity, etc.) to which the facility was extended.

Question 4: Which, if any, of the financial data fields (fields 52 through 82) would be especially difficult to provide for NDFI obligors due to differences in financial statement frameworks or other obstacles?

Reporting of Financial Sponsors

The role of financial sponsors has contributed to the growth of NDFI activities in the corporate sector over the past several years. A financial sponsor is any person, including any subsidiary of such person, whose principal business activity is acquiring, holding, and selling investments in otherwise unrelated companies that each are distinct legal entities with separate management, books, records, and bank accounts, whose operations are not integrated with one another and whose financial condition and creditworthiness are independent of the other companies so owned by such person. While the proposed revisions to Schedule H described above would collect information on lending to NDFIs and the associated risks, they would not increase insight into equity investments in the corporate sector where NDFIs are increasing their activities. To address this data gap, the Board proposes to introduce three new fields on FR Y-14Q, Schedule H.1 to capture if the obligor is controlled by a financial sponsor, and if so, that financial sponsor's legal name and legal entity identifier. These fields would inform the Board of lending to companies controlled by a NDFI, a noted gap of insights into firm activities with NDFIs.

Additional Options for the Reporting of Security Type

FR Y-14Q, Schedule H.1 item 36 (“Security Type”) requires firms to report the predominant security type for collateral other than or in addition to real estate. There are currently seven options that can be reported for this field. The majority of wholesale loans are secured by collateral, which serves as the primary source of repayment. Further, collateral is a key risk transmitter from NDFIs to firms and provides an additional insight into the NDFI’s activities. The lack of granularity in this field diminishes the Board’s understanding of this characteristic of the obligor’s facility, as the options provided are not comprehensive. To better define the collateral underlying the loan, the Board proposes to add twelve additional response options to the “Security Type” field, covering an array of known collateral types, and implement an “Other Security Type” field to capture the full range of collateral types.

Reporting of Fee Information

The data collected by Schedule H includes pricing characteristics of each loan and sources of lender income, such as the facility’s interest rate. However, a facility’s fees can also be a significant source of lender income and risk. Fee information is not currently captured on Schedule H. The fee structure is a component of the overall loan pricing, an indicator of lender tolerance, and a contributor to the fair value of loans. The lack of fee data constrains the Board’s supervisory risk assessment process and obscures the pricing characteristics of the facilities reported. To increase insight into this aspect of a loan’s pricing and riskiness, the Board proposes to add five fields to Schedule H.1 and Schedule H.2 to capture the facility’s fee structure.

Reporting of Collateral Market Value

On Schedule H.1, one of the fields used to gain insight into the financial health of the obligor is “Collateral Market Value”, line item 93, which requires the reporting of collateral market value for facilities that require ongoing or periodic valuation of collateral if the value has been updated in the firm’s internal risk management systems. Per the current instructions, this field is only reported for collateral that is market-based. These specifications result in infrequent reporting of this field, severely limiting its usefulness in evaluating firm risk. To increase the understanding of a loan’s risk characteristics, the Board proposes to modify the instructions of the “Collateral Market Value” field to require the reporting of collateral valuations for all facilities with commitments based on collateral.

Loan Covenant Violation Information

Loan covenants appear in many commercial loan contracts and circumscribe specific actions a borrower may take (nonfinancial covenants) or thresholds for cash flow or balance sheet variables (financial covenants). Breaching a covenant can put a borrower into technical default and may give the lender the right to modify the terms of the agreement. Covenant violations can increase a lender’s bargaining power and can provide broad opportunity to renegotiate contract terms when the lender’s internal cost of funds rises. Thus, covenant violations could lead to a reduction in the existing stock of credit, potentially affecting a large segment of borrowers. Information regarding loan covenants provides additional details regarding the lender’s perspective of loan riskiness. Additionally, details on a covenant violation would increase the Board’s understanding of a firm’s ability to renegotiate a credit relationship, change its exposure to a given borrower, or provide early warning signs of future loan performance. However, FR Y-14Q, Schedule H.1 does not capture covenant details. Therefore, the Board proposes to introduce a field to capture if a loan covenant exists, whether the covenant has been violated, and, if so, whether the agreement has been amended.

Loan Amortization Reporting

FR Y-14Q, Schedule H.2 requires the reporting of the number of months to fully amortize a loan or indication of a non-standard amortization schedule in line item 20 ("Amortization"). However, there is not equivalent data collected for corporate loans on Schedule H.1, and so the Board proposes to add an identical item to Schedule H.1. The current expected credit losses (CECL) methodology requires additional consideration of amortization periods to accurately quantify the lifetime of a loan and balance run off. Therefore, receiving amortization information on Schedule H.1 would provide data to more accurately model provisions for corporate loans in the stress test.

Troubled Debt Restructurings

FR Y-14Q, Schedule H.2 collects information on loans that have been modified as a troubled debt restructuring (TDR). Additionally, line item 10 ("Origination Date") indicates that firms should generally not update the origination date if the modification made is a TDR. In March 2022, the Financial Accounting Standards Board (FASB) issued new accounting guidance, ASU No. 2022-02, which eliminated the recognition of TDRs. In addition, ASU 2022-02 introduced accounting disclosures for loan modifications to borrowers experiencing financial difficulty (LMBEFDs). This guidance went into effect January 1, 2023, for firms that have adopted ASU No. 2016-13. Consistent with ASU 2022-02, the Board proposes to introduce a new field to Schedule H.1 and Schedule H.2 to capture loans modified as LMBEFDs for firms that have adopted ASU 2016-13. The Board also proposes to retire item 49 as it is no longer needed under ASU 2022-02. Additionally, the Board proposes to add LMBEFDs to line item 10 to indicate that LMBEFDs are generally not considered a major loan modification, as currently indicated for TDRs.

Units of Size for Property Size Reporting

Beginning with the June 30, 2023, as-of date, the Board added two options, "Healthcare" and "Warehouse/Distribution" to the "Property Type" field on the FR Y-14Q, Schedule H.2.[15] Schedule H.2, line item 39 ("Property Size") collects data on the size of the property securing the facility and specifies the unit of size in which to report this field based on the property type. The instructions currently do not specify how to report this field for the new healthcare and warehouse/distribution property types. Therefore, the Board proposes to specify that item 39 should be reported in square feet when reporting the size of healthcare and warehouse/distribution property types.

Unused Commitments

[15] 87 FR 52560 (August 26, 2022).

The instructions to FR Y-14Q, Schedule H require firms to include any unused commitments that are reported on FR Y-9C, Schedule HC-L (Derivatives and Off-Balance-Sheet Items) that would be reported in the relevant FR Y-9C category if such loans were drawn (including all undrawn commitments extended to non-consolidated variable interest entities and commitments to commit as defined in the FR Y-9C). Schedule H is intended to capture all unused commitments where the firm has extended terms that the borrower has accepted and are either in writing or otherwise legally binding. The current Schedule H language is ambiguous as to how to account for undrawn commitments, which can result in inconsistencies across reports. To ensure consistent reporting across firms and to eliminate ambiguity, the Board proposes to update the Schedule H language to be clear about which commitments must be reported.

Removal of Fields Deemed No Longer Necessary

On FR Y-14Q, Schedule H.1 (Corporate), item 43 ("Interest Income Tax Status"), firms report the tax status of interest income for Federal or State Income Tax purposes. The allowable values are "Taxable" or "Tax Exempt," as determined by whether the interest income received by the firm is tax exempt. The Board has determined that information on the tax status of interest income is no longer relevant for modeling or monitoring purposes, therefore, the Board proposes to retire item 43 from Schedule H.1.

<u>Retail</u>

Alignment between Loan-Level and Portfolio-Level First Lien Schedules

Currently, FR Y-14M, Schedule A.2 (Domestic First Lien Closed-end 1-4 Family Residential Portfolio Level Table) captures total principal balance and cumulative write-downs within a firm's domestic first-lien portfolio but does not capture total debt from loans involuntarily terminated, total net recoveries, or total credit enhancements received. While Schedule A.1 (Domestic First Lien Closed-end 1-4 Family Residential Loan Level Table) collects these data for individual loans, the absence of these data on Schedule A.2 limits the Board's insight into charge-off and recovery information at the portfolio level. The current granularity of the collection prohibits the calculation of write-downs in a specific month or the timing of the loan termination. Therefore, the Board proposes to add the fields "Total Debt from Loans Involuntarily Terminated," "Total Net Recoveries," and "Total Credit Enhancements Received" to Schedule A.2. The instructions for these fields would replicate the language currently used for the related fields on Schedule A.1.

Owner-Occupied Nonfarm Nonresidential Loans

FR Y-14Q, Schedule A.9 (U.S. Small Business) instructs firms to report "scored" or "delinquency managed" domestic small business loans as included in FR Y-9C, Schedule HC-C (Loans and Lease Financing Receivables) line items 2.a, 2.b, 3, 4.a, 4.b, 7, 9.a, 9.b.2, and 10.b. A key differentiating factor between corporate loans and small business loans is how the firm evaluates the creditworthiness of the borrower. For small business lending, firms rely on the credit score of the borrower (scored) and/or use delinquency management. Therefore, scored or delinquency managed owner-occupied nonfarm nonresidential (NFNR) loans as reported in line item 1.e.1 in the FR Y-9C, Schedule HC-C are small business loans and should be reported as such on Schedule A.9. However, the Schedule A.9 instructions do not reference the corresponding FR Y-9C line item. Further, FR Y-14Q, Schedule M (Balances) does not distinguish between wholesale and retail owner-occupied NFNR loans, as there is only one line item under which to report all owner-occupied NFNR loans. To eliminate reporting ambiguity, the Board proposes to specify that scored or delinquency managed owner-occupied NFNR loans, as reported in the FR Y-9C, Schedule HC-C, line item 1.e.1, should be reported on Schedule A.9. The Board also proposes to specify that scored owner-occupied NFNR loans be reported as small business loans (line item 2.b) on Schedule M.1 and to add a line item to Schedule M.2 for scored owner-occupied NFNR loans. The existing owner-occupied NFNR field (line item 1.b.3.a) on schedule M.1 would specify that it is only intended to capture the wholesale loan balance. For completeness, the Board proposes to enable the reporting of column F ("Scored Loans") for line item 7.d.1 ("Domestic Owner Occupied NFNR") on FR Y-14Q, Schedule K (Supplemental). The Board proposes to also clarify that column F applies only to owner-occupied NFNR loans. These revisions would ensure scored owner-occupied NFNR loans are reported properly across the FR Y-14Q.

Reporting of International and Domestic Credit Card Loans

The instructions for FR Y-14Q, Schedule A.3 (International Credit Card) require firms to report small business and corporate credit card loans that are issued to non-U.S. addressees, as defined in the FR Y-9C, Schedule HC-C, item 4.b ([Loans] To non-U.S. addresses), which only accounts the loans for which the borrower is non-U.S. domiciled. However, reporting international loans determined by borrower domicile is inconsistent with the other international retail sub-schedules and the Balances schedule. All other FR Y-14Q retail schedules and the Balances schedule instruct firms to report international loans as determined by the location of the holding office. The use of borrower domicile as the defining criteria for loans in Schedule A.3 results in credit card loans issued by international offices to U.S. addresses being reflected only in Schedule M, which does not provide any loan details. To align reporting standards of international loans across all FR Y-14 schedules and ensure the Board has the data needed to project loan performance in the stress test, the Board proposes to define all international credit card loans by office location, not borrower domicile. This revision would supersede the guidance issued in FR Y-14 Q&As #Y14000700, # Y140001258, # Y140001176, and # Y14000994, and these Q&As would be updated to point to the new instructions.

Further, to avoid ambiguity, the Board proposes to revise the FR Y-14Q retail schedule instructions to clarify that only loans held in foreign offices should be reported on the international sub-schedules. Additionally, to avoid a reporting gap or confusion in the "Geography" field, the Board proposes to add "United States" to Region 1 for all international retail sub-schedules. These revisions would be consistent with the proposed revision that would provide that international loans are classified as such based on the location of the office that holds the loan balance.

Relatedly, and for completeness in the collection of credit card loan data, the Board proposes to incorporate loans issued by domestic offices to international domiciles on FR Y-14M, Schedule D (Credit Cards). Currently, the FR Y-14M defines domestic credit card loans by office location but does not account for loans issued by domestic offices to international addressees. This revision would close this reporting gap and instruct firms to report all credit card loans held in domestic offices, issued to both U.S. and non-U.S. addressees.

Revenue and Loss Sharing Agreements

As mentioned in the *2023 Supervisory Stress Test Methodology* document, the Board adjusts projected credit card losses to reflect agreements with private entities to share a portion of both revenues and losses generated by a specific credit card portfolio.[16] Currently, the Board collects the data used to make this adjustment through a supplemental data collection. The Board proposes to formalize this supplemental collection by requiring the reporting of all revenue and loss sharing agreements (RLSAs) on FR Y-14M, Schedule D (Domestic Credit Card). Schedule D currently only collects data on RLSAs with the Federal Deposit Insurance Corporation (FDIC). This revision would require firms to report all accounts that are a part of any RLSA on Schedule D.1 (Domestic Credit Card Loan Level Table), line item 70 (“Loss Share”). Additionally, the Board would add two line items to Schedule D.2 (Domestic Credit Card Portfolio Level Table) to collect information on the dollar amount received or credited for credit losses associated with RLSAs. Incorporating this supplemental collection would ensure reporting of RLSAs is standardized and all firms receive consistent treatment in the supervisory stress test.

Troubled Debt Restructurings

FR Y-14M, Schedule A.1 and Schedule B.1 (Domestic Home Equity Loan/Line Level Table) collect information on loans that have been modified as a troubled debt restructuring (TDR). Specifically, line item 96 (“Troubled Debt Restructuring Flag”) on Schedule A.1 and line item 55 (“Troubled Debt Restructuring Date”) on Schedule B.1 are reported by firms that have made a loan modification classified as a TDR, as defined in the FR Y-9C Glossary. However, as discussed above, ASU 2022-02 eliminated the recognition of TDRs and introduced accounting disclosures for LMBEFDs. This guidance went into effect January 1, 2023, for firms that have adopted ASU No. 2016-13. Consistent with ASU 2022-02, the Board proposes to introduce a new field to each Schedule A.1 and Schedule B.1 to capture LMBEFDs for firms that have adopted ASU 2016-13. The Board also proposes to retire the existing TDR fields as they are no longer needed under ASU 2022-02.

Removal of Fields Deemed No Longer Necessary

The Board proposes to remove three items from FR Y-14M, Schedule D.1 (Domestic Credit Card Loan Level Table) that are inconsistently reported and therefore provide reduced value in supervisory stress test modeling and related analyses. Specifically, the Board proposes to remove item 42 (“Behavioral Score”), item 111 (“Behavioral Score Name Version”), and item 114 (“Date Co-Borrower was Added”). Items 42 and 114 are firms’ internal estimates that are difficult to compare across firms due to inconsistencies in how they are recorded. Similarly, item 114 is infrequently reported which results in limited value for modeling or analysis.

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[16] *See* Board of Governors of the Federal Reserve System, *2023 Supervisory Stress Test Methodology* (June 2023), https://www.federalreserve.gov/publications/files/2023-june-supervisory-stress-test-methodology.pdf.

Line item 77 “Modification Type” on the FR Y-14M, Schedule B.1 allows the reporting of multiple types of modifications to a loan. One of the reportable codes in this field is “99 = Other,” which captures cases when the loan modification type is unknown. As the “Modification Type” field covers all possible modification action types, the Board proposes to remove line item 90 “Other Modification Action Type” from Schedule B.1. Item 90 captures the loans under unknown modification types but is no longer needed by the Board.

Other Revisions

The instructions for FR Y-14M, Schedule A.1 and Schedule B.1 “Workout Type Completed” fields, line items 77 and 61 respectively, require firms to leave these items blank if the loan has never been in loss mitigation. To align the instructions for the workout type fields, the Board proposes to clarify that the “Workout Type Started” fields on these schedules (Schedule A.1, line item 143 and Schedule B.1, line item 120), should also be left blank if the loan has never been in loss mitigation.

The Board previously adopted revisions to expand the circumstances under which firms would report the “Principal Deferred” and “Principal Write-Down” items on FR Y-14M, Schedule B.1; however, the instructions for “Principal Deferred” were not revised to reflect this.[17] Specifically, the revision intended to expand reporting requirements for loans deferred due to loss mitigation activities. These revisions were adopted and implemented for the corresponding fields on the FR Y-14M, Schedule A.1. For consistency, the Board proposes to update the instructions for the FR Y-14M, Schedule B.1 line item 59 (“Principal Deferred”) and to expand reporting requirements to loans deferred due to loss mitigation activities. For completeness, the Board proposes to clarify the instructions for the “Principal Write-Down” field on the FR Y-14M, Schedule B.1 to indicate the line item should be coded “Y” if adjustment to the unpaid principal balance has occurred through modification or loss mitigation activities.

Firms are required to report quarter-end balances for charge cards with a pay-over-time feature under line item 3.b (“Charge Cards”) on FR Y-14Q, Schedule M (Balances). The Board has received questions asking if the corresponding line item on FR Y-14A, Schedule A.1.b (Balances) should also reflect charge cards with a pay-over-time feature. For consistency and clarity, the Board proposes to specify that charge cards with a pay-over-time feature should be reported in line item 36 (“Charge Cards”) on FR Y-14A, Schedule A.1.b.

<u>Balances</u>

Information on shared-loss agreements (SLAs) with the FDIC has historically been reported on the FR Y-9C, which collected data on the balances of a portfolio covered by such agreements. These data have been used to monitor the impact of SLAs on a firm’s loan and lease losses. However, in connection with a recent statutorily mandated review, the Board removed most of these items from the FR Y-9C.[18] To ensure that the Board continues to receive this information and that SLAs are reflected appropriately in the supervisory stress test, the Board proposes to create a new FR Y-14Q, Schedule M (Balances) sub-schedule to collect data on

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[17] 87 FR 52560 (August 26, 2022).
[18] 88 FR 18315 (March 28, 2023).

loans and leases covered by SLAs with the FDIC. This collection would be substantially similar to the data previously collected by the FR Y-9C. However, collecting the information through the FR Y-14, rather than the FR Y-9C, would ensure that only firms subject to the supervisory stress test are required to report the information.

Trading

Small Business Investment Companies

FR Y-14Q, Schedule F (Trading) is designed to capture profit/loss sensitivities to positions firms hold in their trading books, private equity investments, fair value option (FVO) loan hedges, and certain other assets under fair value accounting. Private equity includes all equity related investments such as common, preferred, and convertible securities. Currently, investments in small business investment companies (SBICs) are reported under the “Other Unspecified Sector/Industry” industry group in the “Unspecified Sector/Industry” sector.[19] This item is meant to capture the carry value of instruments not easily categorized into one of the specified industries and sectors, investments in several sectors, and for which there is insufficient detail to break out the carry value of the holding into component sectors. However, given the unique characteristics of SBICs that distinguish them from general private equity exposures, the Board proposes to add “SBIC Interests” as an industry group to capture funded and unfunded equity interests in SBICs.

Capital

The instructions for FR Y-14Q, Schedule D (Capital) line item M1 (“Taxes paid through the as-of date of the current fiscal year”) require firms to report the amount of taxes paid during the fiscal year, through the as-of date, that are included in Schedule D, line item 17 (“Amount to be deducted from common equity tier 1 due to deduction threshold”). The reference to line item 17 is erroneous, as this item was modified during an update to the form and instructions. To correct this error and restore the original intent of item M1, the Board proposes to remove the reference to line item 17 from the instructions to clarify that firms should report taxes paid through the as-of date of the current fiscal year.

FR Y-14A, Schedule A.1.d (Capital), line item 56 (“Unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available for sale equity exposures includable in tier 2 capital”) previously captured unrealized gains on AFS equity securities that were recognized in AOCI. However, ASU 2016-01 reclassified unrealized gains on AFS equity securities to be reflected in the retained earnings component of equity capital. To address the new accounting standard, the Board proposes to retire item 56, as what was previously captured in this item is already reflected in retained earnings.

Firms are required to submit a version of FR Y-14A, Schedule C (Regulatory Capital Instruments) at the time the firm seeks approval for additional capital distributions pursuant to 12 CFR 225.8(j) or within 15 days after making any capital distribution approved pursuant to that section or a capital distribution in excess of the firm’s final planned capital distributions. These

[19] See 13 CFR part 107 for the definition of SBICs.

Schedule C submissions are referred to as “Incremental” submissions. In FR Y-14 Q&A #Y140001459, the Board clarified that an Incremental submission is required if a firm makes a distribution such that the dollar amount exceeds the firm’s final planned capital distribution, as measured on an aggregate basis beginning in the fourth quarter of the planning horizon through the quarter at issue, even if that change is not reflected on Schedule C. The Board proposes to add language to incorporate that response and clarify that these Incremental submissions are required.

Securities

Reporting of Market Value

Firms are required to report the market value of the security being hedged on FR Y-14Q, Schedule B.2 (Securities), line item 4 (“Market Value”). Currently, the instructions for this field instruct firms to report amortized cost when reporting a security that contains trade lots or holdings that are not part of the hedging relationship. Since this field is intended to capture the market value of the security, the reference to amortized cost is erroneous and duplicative since amortized cost is reported in line item 3 (“Amortized Cost”). To correct this erroneous reference, the Board proposes to revise the language from “amortized cost” to “market value” in the instructions for line item 4.

Hedge Designations

FR Y-14Q, Schedule B.2, item 15 (ASU 2017-12 Hedge Designations) currently captures ASU 2017-13 hedge designations allowed in conjunction with partial-term hedging election in ASC 815-20-25-12b(2)(ii). On March 28, 2022, the FASB issued ASU 2022-01, which established the portfolio layer method to allow multiple hedged layers of a closed portfolio, rather than just a single layer as currently allowed. To be consistent with ASU 2022-01, the Board proposes to revise item 15 to reflect the updated portfolio layer method of hedge accounting.

Removal of Field Deemed No Longer Necessary

FR Y-14Q, Schedule B.2 (Investment Securities with Designated Accounting Hedges), item 11 (“Hedged Cash Flow”) collects information on the type of cash flow associated with the hedge if it is a cash flow hedge. The Board has determined that this variable is not needed for modeling or monitoring purposes, the Board proposes to retire item 11 from Schedule B.2.

Supplemental

FR Y-14Q, Schedule K (Supplemental) is intended to capture gaps in the data collected between the FR Y-14 and FR Y-9C, and firms generally do not need to complete all fields in the schedule. Specifically, Column A (Immaterial Portfolios) captures the carrying value of loans in immaterial or excluded portfolios that were not reported elsewhere on the FR Y-14Q of FR Y-14M because they did not meet the materiality thresholds. These instructions currently do not specify whether these portfolios need to be reported on Schedule K if they were only reported on one of the FR Y-14Q or FR Y-14M. Since Schedule K is intended to capture gaps in collected data, portfolios that are reported on either the FR Y-14Q or the FR Y-14M should not be reported on the schedule, and the Board proposes to clarify this existing expectation in the instructions.

Additionally, the instructions for Column D (Outstanding Balance of Commercial Real Estate and Corporate loans under $1M in committed balance) tell firms to report the outstanding balance of CRE and corporate loans with under $1 million in committed balance for each of the categories that had been excluded from FR Y-14Q, Schedule H based solely on commitment size. Column D is intended to capture the sum of the outstanding balance for these loans with under $1 million in committed balance in a portfolio that is reported on Schedule H. Column A is intended to capture the balance of immaterial portfolios, not reported on Schedule H. To remove ambiguity, the Board proposes to clarify that column D should only be reported for loans that are included in a portfolio reported on Schedule H but were excluded based solely on commitment size.

Time Schedule for Information Collection

The following tables outline, by schedule and reporting frequency (annually, quarterly, or monthly), the as-of dates for the data and their associated due date for the current submissions to the Board.

Schedules and Sub-schedules	Data as-of-date	Submission Date to Federal Reserve
FR Y-14A Filings		
Summary, Macro Scenario	• Data as-of December 31st.	• Original Submission: Data are due April 5th of the following year. • Adjusted summary schedule submission: The Federal Reserve will notify companies at least 14 calendar days in advance of the date on which it expects companies to submit any adjusted capital actions. Upon resubmission of a firm's capital plan: • As required
Operational Risk, and Business Plan Changes, and Collection of Supplemental CECL Information schedules	• Data as-of December 31st.	• Original Submission: Data are due April 5th of the following year. Upon resubmission of a firm's capital plan:

		• As required
<u>Market Shock exercises</u> **Summary schedule** • **Trading Risk** • **Counterparty**	• Data as-of a specified date in the first quarter. As-of-date would be communicated by Federal Reserve.[20]	• Original Submission: Data are due April 5th Upon resubmission of a firm's capital plan: • As required
Regulatory Capital Instruments	• Data as-of December 31st.	• Original submission: Data are due April 5th of the following year. • Adjusted submission: The Federal Reserve will notify companies at least 14 calendar days in advance of the date on which it expects companies to submit any adjusted capital actions. • Incremental submission: At the time the firm seeks approval for additional capital distributions pursuant to 12 CFR 225.8(j) or within 15 days after making any capital distribution approved pursuant to that section or a capital distribution in excess of the firm's final planned capital distributions. Upon resubmission of a firm's capital plan: • As required

Schedules	Firm Category	Frequency	Data as of date	Submission Date to Board

[20] As outlined in section 252.54(b) of Regulation YY and section 238.143(b) of Regulation LL, the as-of date will be October 1 of the calendar year preceding the year of the stress test cycle to March 1 of the calendar year of the stress test cycle and will be communicated to the BHCs and SLHCs by March 1st of the calendar year. BHCs and SLHCs are permitted to submit the CCR schedule and the Trading and CCR sub-schedules of the Summary schedule as-of another recent reporting date prior to the supplied as-of date, as appropriate.

FR Y-14Q Filings				
Retail, Securities, Regulatory Capital Instruments, Regulatory Capital, Operational Risk, PPNR, FVO/HFS, Supplemental, Wholesale Risk, and Balances	All firms	Quarterly	Quarter-end	Data are due seven calendar days after the FR Y-9C reporting schedule (52 calendar days after the calendar quarter-end for December and 47 calendar days after the calendar quarter-end for March, June, and September).

Trading Counterparty	All firms	Quarterly	Fourth Quarter: GMS as-of date for all exposures except Trading FVO Loan Hedges, which must be reported as of calendar quarter-end. All Other: Quarter-end.	Fourth Quarter – Trading and Counterparty regular/unstressed submission: 52 calendar days after the notification date (notifying respondents of the as-of date) or March 15, whichever comes earlier. **Unless the Board requires the data to be provided over a different weekly period**, BHCs, SLHCs, and IHCs may provide these data as of the most recent date that corresponds to their weekly internal risk reporting cycle as long as it falls within the same week as the as-of date. Fourth quarter – Counterparty stressed GMS submission: April 5th of the following year. All other: 47 calendar days after the calendar quarter-end (Seven days after the FR Y-9C reporting schedule). Upon resubmission of a firm's capital plan – Counterparty stressed GMS submission: as required

Schedules	Data as of date	Submission Date to Board
FR Y-14M (Monthly Filings)		
All schedules	The last business day of each calendar month.	By the 30th calendar day of the following month.

Public Availability of Data

No data received through this information collection is made available to the public.

Legal Status

The FR Y-14 reports are authorized pursuant to sections 5(b) and (c) of the Bank Holding Company Act (BHC Act),[21] sections 102(a)(1) and 165 of the Dodd-Frank Act,[22] section 10(b) of the Home Owners' Loan Act (HOLA),[23] section 8(a) of the International Banking Act,[24] and section 401(g) of the EGRRCPA.[25]

The Board is authorized require BHCs to file the FR Y-14 reports pursuant to sections 5(b) and 5(c) of the BHC Act and section 165 of the Dodd-Frank Act, as amended by the EGRRCPA. Section 5(b) of the BHC Act authorizes the Board to issue regulations and orders relating to capital requirements for BHCs.[26] Section 5(c) of the BHC Act authorizes the Board to require a BHC and any subsidiary of such company to submit reports to keep the Board informed of the BHC's financial condition, systems for controlling financial and operating risks, transactions with depository institution subsidiaries of the BHC, and compliance with law.[27] Section 165 of the Dodd-Frank Act requires the Board to conduct supervisory stress tests of certain large BHCs.[28] In addition, section 165(i)(2) of the Dodd-Frank Act requires the Board to issue regulations requiring certain companies to conduct company-run stress tests.[29] Section 165(i)(2)(B) provides that a company required to run stress tests pursuant to such regulations shall submit reports to the Board and the company's primary federal regulator at the time and in the form required by the regulators.[30]

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[21] 12 U.S.C. §§ 1844(b) & (c).
[22] 12 U.S.C. §§ 5311(a)(1), 5365, 5365 note.
[23] 12 U.S.C. § 1467a(b).
[24] 12 U.S.C. § 3106(a).
[25] 12 U.S.C. § 5365 note.
[26] 12 U.S.C. § 1844(b).
[27] 12 U.S.C. § 1844(c).
[28] *See* 12 U.S.C. §§ 5365(i)(1), 5365 note. Annual supervisory stress tests are required for BHCs with $250 billion or more in total consolidated assets. 12 U.S.C. § 5365(i)(1). "Periodic" supervisory stress tests are required for BHCs with $100 billion or more, but less than $250 billion, in total consolidated assets. 12 U.S.C. § 5365 note.
[29] *See* 12 U.S.C. § 5365(i)(2). Bank holding companies with $250 billion or more in total consolidated assets must conduct "periodic" stress tests.
[30] 12 U.S.C. § 5365(i)(2)(B).

The Board has authority to require SLHCs to file the FR Y-14 reports pursuant to section 10(b) of the HOLA, as amended by the Dodd-Frank Act. Section 10(b) of the HOLA authorizes the Board to require SLHCs to file "such reports as may be required by the Board" containing "such information concerning the operations of such [SLHC]… as the Board may require."[31]

Section 8(a) of the International Banking Act allows the Board to apply the requirements of section 5(b) of the BHC Act to foreign banking organizations,[32] including such organizations' U.S. IHCs. Similarly, section 102(a)(1) of the Dodd-Frank Act allows the Board to apply the requirements of section 165 to U.S. IHCs that are treated as BHCs under section 8(a) of the International Banking Act.[33] In addition, section 401(g) of the EGRRCPA provides that the Board has the authority to establish enhanced prudential standards for foreign banking organizations with total consolidated assets of $100 billion or more, and clarifies that nothing that section "shall be construed to affect the legal effect of the final rule of the Board … entitled 'Enhanced Prudential Standard for [BHCs] and Foreign Banking Organizations' (79 Fed. Reg. 17240 (March 27, 2014)), as applied to foreign banking organizations with total consolidated assets equal to or greater than $100 million."[34] The final rule referenced in section 401(g) of the EGRRCPA specifically stated that the Board would require IHCs to file the FR Y-14 reports.[35]

The obligation to respond is mandatory.

The Board generally treats the information collected by the FR Y-14 reports as confidential. The Board also 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 that 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 would qualify as confidential. This confidential information may be exempt from disclosure by the Board, pursuant to exemptions 4 and 8 of the Freedom of Information Act (FOIA).[36] 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.[37] To the extent that 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

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[31] 12 U.S.C. § 1467a(b)(2). Congress transferred this authority from the Director of the Office of Thrift Supervision to the Board in the Dodd-Frank Act. *See* 12 U.S.C. §§ 5412, 5415.
[32] 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.*
[33] 12 U.S.C. § 5311(a)(1).
[34] 12 U.S.C. § 5365 note.
[35] *See* 79 Fed. Reg. 17240, 17304 (March 27, 2014).
[36] 5 U.S.C. §§ 552(b)(4), (b)(8).
[37] *See Food Marketing Institute v. Argus Leader Media*, 139 S. Ct. 2356, 2364 (2019).

agency responsible for the regulation or supervision of financial institutions. Because the information submitted to the Board in the FR Y-14 is related to the reporting firms' condition and prepared for the use of the Board, an agency responsible for the regulation and supervision of financial institutions, the records containing this information would also be exempt from disclosure under exemption 8.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System with regard to the proposed FR Y-14A/Q/M revisions.

Public Comments

On June 21, 2024, the Board published an initial notice in the *Federal Register* (89 FR 52042) requesting public comment for 60 days on the extension, with revision, of the FR Y-14. The comment period for this notice will expire on August 20, 2024.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-14 reports is 826,938 hours and would increase to 848,900 hours as a result of the revisions. The increase in burden hours reflects the implementation burden associated with the addition of two firms to the FR Y-14 reporting panel. These reporting requirements represent approximately 12.6 percent of the Board's total paperwork burden.

FR Y-14	*Estimated number of respondents*[38]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
FR Y-14A	38	1	1,271	48,298
FR Y-14Q	38	4	1,878	285,456
FR Y-14M	36	12	1,052	454,464
Implementation	0	1	7,200	0
Ongoing automation revisions	38	1	480	17,280
Attestation implementation	0	1	4,800	0
Attestation ongoing	8	1	2,560	20,480
Current Total				826,938
Proposed				

[38] Of these respondents to this information collection, 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. The estimated number of respondents for the FR Y-14M is lower than for the FR Y-14Q and FR Y-14A because, in recent years, certain respondents to the FR Y-14A and FR Y-14Q have not met the materiality thresholds to report the FR Y-14M due to their lack of mortgage and credit activities. The Board expects this situation to continue for the foreseeable future.

FR Y-14	*Estimated number of respondents*[38]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
FR Y-14A	38	1	1,270	48,260
FR Y-14Q	38	4	1,927	293,056
FR Y-14M	36	12	1,052	454,464
Implementation	2	1	7,200	14,400
Ongoing automation revisions	38	1	480[39]	18,240
Attestation implementation	0	1	4,800	0
Attestation ongoing	8	1	2,560	20,480
Proposed Total				848,900
Change				21,962

The estimated total annual cost to the public for the FR Y-14 reports is $54,784,643 and would increase to $56,239,625 with the revisions.[40]

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing the FR Y-14 reports will be obtained.

[39] Because the OASiS submission process is substantially similar to that of Intralinks, that change does not result in an increase in estimated burden.

[40] 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/.