



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), to approve of and assign OMB numbers to collection of information requests and requirements conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the PRA Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB number.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503.

Final approval under OMB delegated authority of the extension for three years, with revision, of the following information collection:

Report title: Capital Assessments and Stress Testing information collection.

Agency form number: FR Y-14A/Q/M.

OMB control number: 7100-0341.

Effective Dates: December 31, 2015, June 30, 2016 and September 30, 2016.

Frequency: Annually, semi-annually, quarterly, and monthly.

Respondents: Any top-tier bank holding company (BHC) (other than a foreign banking organization), that has \$50 billion or more in total consolidated assets, as determined based on:

(i) The average of the BHC's total consolidated assets in the four most recent quarters as reported quarterly on the BHC's Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) (OMB No. 7100-0128); or (ii) the average of the BHC's total consolidated assets in the most recent consecutive quarters as reported quarterly on the BHC's FR Y-9Cs, if the BHC 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 it meets this asset threshold, unless otherwise directed by the Federal Reserve.

Estimated annual reporting hours: FR Y-14A: Summary, 65,142 hours; Macro scenario, 2,046 hours; Operational Risk, 396 hours; Regulatory capital transitions, 759 hours; Regulatory capital instruments, 660 hours; Retail repurchase, 1,320 hours; and Business plan changes, 330 hours. FR Y-14Q: Securities, 1,716 hours; Retail, 2,112 hours; Pre-provision net revenue (PPNR),

93,852 hours; Wholesale, 20,064 hours; Trading, 69,336 hours; Regulatory capital transitions, 3,036 hours; Regulatory capital instruments, 6,864 hours; Operational risk, 6,600 hours; Mortgage Servicing Rights (MSR) Valuation, 1,152 hours; Supplemental, 528 hours; and Retail Fair Value Option/Held for Sale (Retail FVO/HFS), 1,408 hours; Counterparty, 18,288 hours; and Balances, 2,112 hours; FR Y-14M: 1st lien mortgage, 173,040 hours; Home equity, 166,860 hours; and Credit card, 110,160 hours. FR Y-14 On-going automation revisions, 15,840 hours. FR Y-14 Attestation implementation, 43,200 hours; and On-going audit and review, 23,040 hours.

Estimated average hours per response: FR Y-14A: Summary, 987 hours; Macro scenario, 31 hours; Operational Risk, 12 hours; Regulatory capital transitions, 23 hours; Regulatory capital instruments, 20 hours; Retail Repurchase, 20 hours; and Business Plan Changes, 10 hours. FR Y-14Q: Securities, 13 hours; Retail, 16 hours; PPNR, 711 hours; Wholesale, 152 hours; Trading, 1,926 hours; Regulatory capital transitions, 23 hours; Regulatory capital instruments, 52 hours; Operational risk, 50 hours; MSR Valuation, 24 hours; Supplemental, 4 hours; and Retail FVO/HFS, 16 hours; Counterparty, 508 hours; and Balances, 16 hours; FR Y-14M: 1st lien mortgage, 515 hours; Home equity, 515 hours; and Credit card, 510 hours. FR Y-14 On-Going automation revisions, 480 hours. FR Y-14 Attestation Implementation, 4,800 hours; and On-going audit and review, 2,560 hours.

Number of respondents: 33.

General description of report: The FR Y-14 series of reports are authorized by section 165 of the Dodd-Frank Act, which requires the Federal Reserve to ensure that certain BHCs and nonbank financial companies supervised by the Federal Reserve are subject to enhanced risk-based and

leverage standards in order to mitigate risks to the financial stability of the United States (12 U.S.C. 5365). Additionally, section 5 of the Bank Holding Company Act authorizes the Federal Reserve to issue regulations and conduct information collections with regard to the supervision of BHCs (12 U.S.C. 1844).

As these data are collected as part of the supervisory process, they are subject to confidential treatment under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. 552(b)(8)). In addition, commercial and financial information contained in these information collections may be exempt from disclosure under exemption 4 of FOIA (5 U.S.C. 552(b)(4)), if disclosure would likely have the effect of (1) impairing the government's ability to obtain the necessary information in the future, or (2) causing substantial harm to the competitive position of the respondent. Such exemptions would be made on a case-by-case basis.

Though the Federal Reserve intends to share the information collected under the FR Y-14 with the Department of Treasury's Office of Financial Research, such sharing shall not be deemed a waiver of any privilege applicable to such information, including but not limited to any confidential status (12 U.S.C. 1821(t); 12 U.S.C. 1828(x)).

Abstract: The data collected through the FR Y-14A/Q/M schedules provide the Federal Reserve with the additional information and perspective needed to help ensure that large BHCs 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. The annual Comprehensive Capital Analysis and Review (CCAR) exercise is also complemented by other Federal Reserve supervisory efforts aimed at enhancing the continued viability of large BHCs, including

continuous monitoring of BHCs' planning and management of liquidity and funding resources and regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions. In order to fully evaluate the data submissions, the Federal Reserve may conduct follow up discussions with or request responses to follow up questions from respondents, as needed.

The Capital Assessments and Stress Testing information collection consists of the FR Y-14A, Q, and M reports. The semi-annual FR Y-14A collects information on the stress tests conducted by BHCs, including 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 scenarios.¹ The quarterly FR Y-14Q and the monthly FR Y-14M are used to support supervisory stress test models and for continuous monitoring efforts. The quarterly FR Y-14Q collects granular data on BHCs' various asset classes, including loans, securities and trading assets, and PPNR for the reporting period. The monthly FR Y-14M comprises three retail loan- and portfolio-level collections, and one detailed address matching collection to supplement two of the portfolio and loan-level collections.

Current Actions: On September 16, 2015, the Federal Reserve published a notice in the Federal Register (80 FR 55621) requesting public comment for 60 days on the extension, with revision, of the FR Y-14A/Q/M. The Federal Reserve proposed to revise several schedules of the FR Y 14A/Q/M reports effective December 31, 2015, March 31, 2015 and June 30, 2016, and to

¹ BHCs that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

implement an attestation requirement for LISSC firms as-of June 30, 2016. The comment period for this notice expired on November 16, 2015.

The Board received two comment letters addressing the proposed changes: one from the Financial Services Roundtable, and one from The Clearing House, the Institute of International Bankers, the American Bankers Association, and the Securities Industry and Financial Markets Association. Comments focused on the scope and timing of the proposed attestation requirement, and the timing of proposed modifications to existing items or schedules, in particular the FR Y-14Q Wholesale schedules (Schedule H.1 and H.2). Commenters requested clarification of the instructions for proposed or existing items, or were technical in nature. Responses to these comments are addressed in the attached draft FR Y-14A/Q/M reporting forms and instructions.

The Federal Reserve also received several comments not directly related to the proposed revisions to the FR Y-14 information collection regarding (1) challenges with the frequency and timing of changes, (2) the Frequently Asked Questions (FAQ) process, (3) technical instructions and data submission processes, (4) edit checks and (5) estimate of reporting burden. Although not specifically addressed herein, these comment letters, well as feedback provided in meetings with both individual respondents and industry groups, have assisted the Federal Reserve's effort to continually improve its internal processes and practices. The following section includes a detailed discussion of aspects of the proposed FR Y-14 collection for which the Federal Reserve received substantive comments and an evaluation of, and responses to the comments received.

Detailed Discussion of Public Comments:

A. General Comments

In general, commenters expressed concern with the timing of the proposed changes. Specifically commenters stated there was not sufficient time to undertake the changes necessary to implement the proposed revisions and develop appropriate processes and procedures surrounding the attestation requirement. One commenter recommended that the Federal Reserve provide a minimum of six months between the finalization of reporting and technical requirements and the effective date of proposed changes to the FR Y-14A/Q/M reports in order for respondents to adhere to standard software development life cycles.

In response to these comments, the final FR Y-14 regulatory report (final FR Y-14) delays the effective date for nearly all proposed changes to reports with a June 30, 2016, as-of date, as detailed in the schedule-specific sections below. This extension provides respondents with approximately six months to make needed system changes. In addition, the final FR Y-14 delays by two quarters, until September 30, 2016, the effective date of certain changes to the wholesale schedules (Schedules H.1 and H.2), as indicated in the schedule-specific section below.

Certain changes in the final FR Y-14 would take effect beginning with the regulatory reports that have a December 31, 2015, as-of date. These changes include the shift in the FR Y-14A as-of date, from September 30 to December 31, in accordance with modifications to the capital plan and stress test rules; formalization of the FR Y-14Q Business Plan Changes schedule as a regulatory report (rather than as a case-by-case supervisory collection of information); elimination of the FR Y-14Q Securities B.2 sub-schedule, and removal of certain

items related to tier 1 common capital.² These changes align the FR Y-14 reports with changes in the final capital rule that the Board recently approved, better align regulatory reporting requirements with other existing requirements, reduce burden, or formalize information collections that are already reported as part of the supervisory process. In light of the limited comment on, and limited impact of, these proposed changes, they will be implemented, as proposed, with a December 31, 2015, as-of date.

In response to the Federal Reserve's solicitation for feedback regarding burden associated with the FR Y-14A/Q/M, one commenter suggested that the estimates of reporting burden are substantially lower than a good-faith estimate provided by a sample of reporting firms. The commenter outlined the type of effort and resources, and associated burden required to file the FR Y-14A/Q/M reports and offered to engage in further discussion with the Federal Reserve regarding burden estimates. Burden estimates are based on a schedule by schedule calculation while the estimates provided by the commenter are aggregated. This difference makes it difficult to modify the proposed burden estimates without more detailed information from the commenter. For these reasons, the burden estimates remain the same as proposed.

Commenters also suggested several improvements to the current FAQ process, including providing status on a real time basis, establishing a searchable repository, distributing more frequently, and setting a standard schedule for responding to questions. The Federal Reserve is continually working to improve the FAQ process. As part of these ongoing efforts the Federal Reserve recently implemented a new FAQ system to enhance the Federal Reserve's ability to track and respond to questions. The new system will allow for more insight into the status of FAQs and help ensure more consistent timing on responses. In addition, similar to the effort

² See 79 Federal Register 64026 (October 27, 2014); 80 Federal Register 75419 (December 2, 2015).

undertaken in 2013,³ the Federal Reserve incorporated all relevant historical FAQs into the final instructions associated with this proposal. The Federal Reserve will continue to incorporate relevant comments and questions related to the FR Y-14 into the instructions on a regular basis.

In the proposal, the Federal Reserve notified respondents of the intent to share FR Y-14 data sets with the Office of Financial Research (OFR). One commenter recommended that the OFR publish aggregate summaries of the data so reporting companies, and the public, can gain insights into industry trends and developments.

B. Attestation

Commenters generally expressed concerns about specific elements of the proposed attestation requirement for the FR Y-14 submission and, in particular, the timing necessary to meet the proposed requirements.

Both commenters argued that the proposed effective date of June 30, 2016, would not provide sufficient time to implement several of the proposed attestation requirements. However, one commenter agreed that it would be practical and appropriate for respondents to provide an attestation as to conformance with the FR Y-14 instructions by June 30, 2016, subject to the specific recommendations in the commenter's letter. Both commenters indicated that additional time was needed to adapt to The Committee of Sponsoring Organizations (COSO)-based framework, including materially supplementing and/or modifying existing systems and processes, and establishing policies, documentation, and certification frameworks. One commenter pointed out that, although some respondents may be able to leverage parts of their existing control infrastructure required under the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley),

³ See 78 Federal Register 59934

the scope and level of data granularity on the FR Y-14 forms is substantially larger than what is required under Sarbanes-Oxley and therefore beyond the capability of most firms. Finally, one commenter noted that the implementation of the various attestation requirements would require a significant investment in firm personnel, management, and compliance and information technology resources, and additional time for implementation would allow for more deliberate expansion and upgrade of existing processes and systems to support the attestation.

In light of the above, both commenters suggested alternative implementation timelines. One commenter noted that a major consulting firm estimated it would take a company 15 months to implement the controls necessary to assess risk information. The other commenter suggested a phased-in implementation approach, which would provide respondents additional time to make the more substantial alterations to existing systems and processes necessary to support certain components of the proposed attestation. The phased in approach would involve: (i) an attestation solely regarding compliance with the FR Y-14 instructions effective as of June 30, 2016, which is the same timeframe as in the proposal; (ii) an incremental requirement for respondents to demonstrate as part of the supervisory process, by April 2017, that a framework has been put in place to identify, test, and independently validate key control activities to support these attestations; and (iii) an attestation regarding the effectiveness of internal controls and to the material correctness of data as of April 2018.

In addition, one commenter indicated that the proposal appeared to require attestation to internal controls with each annual, quarterly and monthly FR Y-14 report submission, but that doing so would not be feasible at that frequency. The commenter suggested that the effectiveness of internal controls be limited to annual submissions on the FR Y-14A.

The Federal Reserve recognized in the initial Federal Register notice the time needed for LISCC firms to “enhance certain systems and processes” and “modify internal control frameworks and data governance committees.” In response to comments and in order to allow additional time for respondents to put internal controls processes and frameworks in place and complete testing of these processes and frameworks, the initial attestation requirement in the final Y-14 will be delayed until reports with a December 31, 2016, as-of date. In addition, in connection with the initial attestation and to allow time for respondents to develop and test their internal control systems, the initial attestation will relate solely to the effectiveness of internal controls over submissions as of December 31, 2016, rather than with respect to submissions throughout the year. Effective for the monthly, quarterly, and semi-annual FR Y-14 reports submitted as of January 31, 2017, and thereafter, respondents will attest to conformance with the FR Y-14 instructions and to the material correctness of data to the best of the respondent’s knowledge, and agree to report material weaknesses and any material errors in the data as they are identified starting January 1, 2017. Effective December 31, 2017, and for all future reporting periods, a respondent’s attestation as to the effectiveness of internal controls will be with regard to FR Y-14 submissions filed throughout the year.

To clarify the timing of these staggered attestation requirements, the final Y-14 includes three separate attestation cover pages. First, as indicated, with respect to the monthly, quarterly, and annual FR Y-14 reports with a December 31, 2016, as-of date, respondents will attest to internal controls around the reports submitted as of that date. Second, effective for the monthly, quarterly, and semi-annual FR Y-14 reports submitted beginning January 31, 2017, and thereafter, respondents will attest on a separate cover page to the respondent’s conformance with the FR Y-14 instructions and to the material correctness of data to the best of the respondent’s

knowledge, and agree to report material weaknesses and any material errors in the data as they are identified starting January 1, 2017. Third and finally, effective for reports with a December 31, 2017, as-of date and for all future FR Y-14 submissions as of December 31 of a calendar year, the initial December 31, 2016, cover page will be replaced by a new cover page that will be submitted annually and will include an attestation to the effectiveness of internal controls around the annual FR Y-14A submission and around the FR Y-14Q/M reports that are submitted throughout the year.

Commenters suggested various modifications to the attestation requirement and associated attestation language. One commenter noted that the proposal indicates that the Federal Reserve would not expect to penalize a firm for incorrect reporting where there has been a good faith effort to reasonably interpret the instructions or seek input on a question or interpretation from the Federal Reserve and requested that similar qualifying language be added to the attestation form. The final FR Y-14 includes these revisions to the attestation form.

Under the proposal, the firm's CFO would have been required to attest to the internal controls over the reporting of actual data as-of the reporting period. A commenter noted that internal controls over financial reporting and risk management data are the joint responsibility of senior management and that the CFO is not individually responsible for internal controls over the reporting of FR Y-14 data. The commenter suggested that the attestation form be modified to indicate that the CFO attests that senior management is responsible for the internal controls over the reporting of the FR Y-14 data. In response, the final FR Y-14 incorporates this modification to the attestation form.

Both commenters addressed the definition of materiality in the attestation language. One commenter expressed concern with the absence of a definition of “materiality” which inherently requires each respondent to make an individual determination on materiality. The other commenter requested that the Federal Reserve confirm that respondents would be expected to develop materiality policies based on their own capital plan submission. The Federal Reserve does not generally define materiality within the FR Y-14 reports.

Furthermore, outlining materiality for specific respondents would not be feasible. As stated in the Federal Register for the proposal, a BHC would be required to have a policy for determining materiality in the context of quantitative and qualitative considerations for their firm.

Accordingly, the final FR Y-14 includes the proposed definition of materiality without change.

One commenter requested that the Federal Reserve make attestation requirements applicable to the intermediate holding company (IHC) subsidiaries of LISC foreign banking organizations (FBOs) no earlier than April 2018. On February 18, 2014, the Board adopted a final rule implementing enhanced prudential standards for FBOs,⁴ which, among other things, requires an FBO with U.S. non-branch assets of greater than \$50 billion to establish a U.S. IHC by July 1, 2016, to which it must transfer its entire ownership interest in all U.S. BHCs, U.S. insured depository institutions, and U.S. subsidiaries.⁵ The commenter expressed concern that the timing of the implementation of the attestation requirement would be particularly challenging for FBOs currently restructuring to complete the formation of their IHC. Currently, the Board has not proposed reporting requirements for IHCs, which, as noted in the preamble to the final rule implementing enhanced prudential standards for FBOs, would be addressed at a later date.

⁴ 79 Federal Register 17239 (March 27, 2014).

⁵ See 12 CFR 252.153.

At such time as the Board proposes reporting requirements for IHCs, the Federal Reserve expects to invite comment through a notice and comment process, and would evaluate the particular circumstances and challenges surrounding IHC formation vis-à-vis the full spectrum of Board regulatory reporting requirements. The Federal Reserve does, however, reiterate that the attestation requirement applies to LISCC firms.

C. Schedule Specific Comments

FR Y-14A

Schedules A.1.c.1 (General RWA) and A.1.d. (Capital)

Related to the proposed modifications to the collection in accordance with revisions to the capital plan and stress test rules, specifically elimination of the use of the tier 1 common ratio, one commenter noted that as of the end of the comment period, the changes to the capital plan and stress test rules had not yet been finalized and asked that the Federal Reserve reflect any changes in the final release of the FR Y-14 forms. On November 25, 2015, the Board approved the final rule to modify the capital plan and stress test rules. Accordingly, and in response to the comment, the final FR Y-14 removes items relating to the reporting of “tier 1 common capital” as proposed from the following schedules in order to align with the final rule: FR Y-14A General RWA (Schedule A.1.c.1), Standardized RWA (Schedule A.1.c.2), Capital (Schedule A.1.d), Regulatory Capital Transitions (Schedule D.4), Regulatory Capital Instruments (RCI, Schedule

C), and the FR Y-14Q Regulatory Capital Transitions (Schedule D.4) and Regulatory Capital Instruments (Schedule C).⁶

Both commenters supported the removal of items related to tier 1 capital consistent with the rule, however recommended removing the items from the technical instructions in order to limit the number of edit checks respondents are required to respond to, rather than keeping these items in the technical instructions as proposed. The Federal Reserve recognizes the burden of responding to edits, as well as the technical effort by both the Federal Reserve and respondents to incorporate report changes. The Federal Reserve will keep the tier 1 common capital-related items in the FR Y-14A Summary schedule (Schedule A) technical instructions in order to mitigate the operational risk of making changes as proposed; however, to address the commenters concerns and reduce the burden on respondents, edit checks on these items will be eliminated and responses will not be requested.

Schedules A.1.c.2 (Standardized RWA) and D.4 (RCT)

Under the proposal, the Standardized RWA (FR Y-14A, Schedule A.1.c.2) and Regulatory Capital Transitions (FR Y-14A, Schedule D.4 and FR Y-14Q, Schedule D.4) schedules would have been revised by replacing the existing market-risk weight asset portion with the relevant items from the FFIEC 102 and aligning the remaining items with the FR Y-9C Schedule HC-R Part II. Both commenters noted that the aforementioned changes were effective for the Standardized RWA schedule (FR Y-14A, Schedule A.1.c.d) as-of December 31, 2015 and for the Regulatory Capital Instruments schedules (FR Y-14A Schedule D.4, FR Y-14Q Schedule D.4) as-of June 30, 2016. They recommended that the effective dates be consistent and delayed

⁶ Effective January 1, 2016, tier 1 common capital has been removed from the Board's capital plan rule (12 CFR 225.8). See 80 Federal Register 75419 (December 2, 2015).

until June 30, 2016. In response, the changes for all three schedules (FR Y-14A, A.1.c.2 (Standardized RWA), D.4 (RCT) and 14Q D.4 (RCT) will be implemented as modified below, effective June 30, 2016.

One commenter expressed concern that these modifications would require an unnecessary level of forecasting granularity around Market Risk RWA and recommended that this level of detail not be included in the final version. The other commenter stated they had no objection to the changes as proposed. In response to the comment received, the Federal Reserve further reviewed the items proposed to be added to these schedule in alignment with the FFIEC 102. In light of these comments, the final FR Y-14 removes the requirement to report projections for certain more granular proposed items from the FR Y14A Standardized RWA (Schedule A.1.c.2) and Regulatory Capital Transitions (Schedule D.4) schedules, while retaining general alignment with the structure of the FFIEC 102 report and reporting of the actual information. These changes will be implemented as modified effective June 30, 2016.

Schedule A.2.b (Retail Repurchase)

Commenters expressed concern with the proposal to break out the Retail Repurchase schedule from the Summary (Schedule A) and moving the submission date in line with the quarterly schedules given the schedule contains projected data as well as actual data. The commenters were also concerned that the proposed effective date of June 30, 2016 would not allow respondents enough time to implement the necessary controls and processes required to submit the new semi-annual schedule and recommended delaying implementation an additional six months to be effective December 31, 2016. The Federal Reserve agrees that the projected data should remain part of the Summary (Schedule A) and confirms that the new FR Y-14A

semi-annual schedule breaks out only the actual data from the existing Retail Repurchase schedule (Schedule A.2.b). Given the information to be collected on both schedules is already reported on the FR Y-14A, the restructuring changes only the submission date for actual not projected data, and that the submission date is more than six months out, the final FR Y-14 proceeds with this change as indicated above, effective June 30, 2016 as proposed.

Schedule A.2.c (ASC 310-30)

The Federal Reserve proposed eliminating this schedule effective as-of June 30, 2016. One commenter recommended that the Federal Reserve eliminate this schedule as-of December 31, 2015. The other commenter noted that although they have previously requested a six month window between the finalization of changes and effective date, it is less burdensome to remove a minor reporting item and therefore supported the change as proposed. In an effort to allow as much time as possible between finalization and the effective date for both the removal and addition of items and in support of limiting the changes effective for the December 31, 2015 as-of date, the final FR Y-14 implements this change as proposed.

Schedule A.7.c (PPNR)

In an effort to reduce burden, the Federal Reserve proposed aligning this schedule with the “normal environment” requirement. There were no questions or concerns on the proposed change, however one commenter requested that the Federal Reserve periodically review whether the items to be submitted are still necessary and propose removing those that are not. The Federal Reserve continues to review the FR Y-14 and propose to remove items as they are no longer necessary, as evidenced in this proposal with the removal of two schedules and other items. Upon further review, the final FR Y-14 eliminates three additional variables from the

PPNR Metrics schedule (Schedule A.7.c): Merchant Banking/Private Equity - Assets Under Management (Line 27), Sales and Trading – Total Proprietary Trading Revenue (Line 29), and Investment Services – Corporate Trust Deals Administered (Line 43). In addition, a materiality threshold will be added to the investment banking metrics of the PPNR Metrics schedule to further limit the amount of detail required for many firms. The instructions will be updated to indicate that only firms who report greater than \$100 million in item 15, Investment Banking, of Schedule A.7.a (PPNR Projections) should report the investment banking metrics (Lines 11 to 26) in Section A of Schedule A.7.c (PPNR Metrics). The Federal Reserve will continue to review the FR Y-14 reports for unnecessary items for potential elimination in future proposals. In addition, in response to the general request for additional time to implement changes, the effective date of all modifications to this schedule will be delayed until June 30, 2016.

Schedule F (Business Plan Changes)

One commenter supported the formalization of the Business Plan Changes (BPC) schedule (Schedule F), but was concerned that the BPC schedule instructions as proposed did not appear consistent with the FR Y-14A summary and did not incorporate previous FAQ guidance. The commenter also requested that clarification on the definition of “material”. The final FR Y-14 BPC instructions have been updated to identify a limited number of items on the BPC schedule which, for technical reasons, require different instructions. In addition, the final FR Y-14 instructions have been updated to include certain clarifications from the FAQ process. Finally, the requirement to report the BPC schedule is based on whether the BHC includes material business plan changes in their capital plan, as defined in the CCAR instructions. In response, the final FR Y-14 includes updates to the BPC instructions to refer BHCs to the CCAR instructions for a given year for requirements of materiality.

FR Y-14Q

The majority of comments received regarding the FR Y-14Q requested clarification of item definitions and will be addressed in the final instructions. Several substantive comments, particularly on the Wholesale Corporate Loan (Schedule H.1) and Commercial Real Estate (Schedule H.2) schedules, are summarized below.

Schedule A.1-A.10 (Retail)

Commenters requested additional information on the proposed change to the loan population on the Retail schedule. They noted that the initial notice in the Federal Register stated that the change would limit the population of the schedule to “accrual loans”, while the draft instructions indicate a BHC should “include loans and leases held for investment at amortized cost.” The language in the Federal Register Notice should have stated that the change was to “restrict the loan population of this schedule to loans held at amortized cost in order to accurately reflect the intention of the schedule and be responsive to industry comments.” This is in alignment with the language in the draft instructions. In response to the general request to provide additional time to implement changes, the effective date of this change will be delayed until the report as-of June 30, 2016.

Schedule A.8-A.9 (Retail)

One commenter expressed concern with the effective date of the proposal to exclude non-purpose loans for purchasing and carrying securities from this schedule as it requires changes to complex, product-specific loan tagging rules, including for loans already tagged for months in the quarter. The commenter requested that the Federal Reserve make this change effective as-of

June 30, 2016. The effective date of this change, as well as the complementary changes to the FR Y-14Q Wholesale (Schedule H.1) and Balances (Schedule M) schedules until the report as-of June 30, 2016.

Schedule C.3 (Regulatory Capital Instruments (RCI) – Issuances during the Quarter)

Both commenters requested clarification on the intended effective date of this change and the nature of the one-time submissions. The additions and modifications will be implemented as proposed, however in response to the general request to provide additional time to implement changes, the effective date of the changes proposed for December 31, 2015 will be delayed until the report as-of June 30, 2016. As a result, all proposed changes to the RCI schedule will be effective June 30, 2016, at which time there will be one separate one-time submission of all subordinated debt instruments for the effective date. Additionally, any new respondents are required to report the one-time submission.

Schedule D.4 (RCT)

As with the corresponding changes to the FR Y-14A Standardized RWA (Schedule A.1.c.2) and RCT (D.4) schedules, commenters noted the inconsistent effective dates and recommended that the proposed changes to the FR Y-14Q RCT (Schedule D.4) also be effective June 30, 2016. The Federal Reserve agrees with this suggestion and the proposed changes will be made effective as-of June 30, 2016.

As noted in regards to the FR Y-14A, one commenter expressed concern that the proposed modifications would require an unnecessary level of forecasting granularity around Market Risk RWA. Since the FR Y-14Q RCT Schedule (Schedule D.4) does not require any

projected data, the changes to the FR Y-14Q RCT schedule will be implemented as proposed effective June 30, 2016.

Schedule G (PPNR)

One commenter noted that the Federal Reserve should not eliminate the deposit funding threshold for submission of the Net Interest Income (NII) worksheet and require all respondents to submit such schedules. Specifically, the commenter stated that requiring firms to submit the NII templates would impose undue burden and offered an alternative of only completing the banking book assets and liabilities rather than both trading book and banking book. The Federal Reserve notes that the schedule separates out specific instructions related to trading and banking book expectations and the trading line items are already required to be completed for other regulatory reporting purposes (FR Y-9C). Furthermore, the underlying NII reporting systems are already required as part of separate supervisory expectations related to interest rate risk identification. Finally, collecting this information will enhance the comparability of assets and liabilities across BHCs and promote greater consistency in supervisory evaluations. Therefore, the changes do not appear to impose unnecessary burden and the final FR Y-14 implements the revisions as proposed.

One commenter stated that the Federal Register Notice did not indicate an effective date for the change in the NII worksheet deposit funding threshold. The other commenter added that this change will require sufficient time for newly covered firms to build reporting systems. The effective date was erroneously omitted from the proposal, and changes were intended to be proposed to be effective March 31, 2016. In response to these and the general comments on timing, the effective date of this change will be delayed until June 30, 2016.

Schedule H.1 (Corporate Loan) and H.2 (Commercial Real Estate)

Both commenters expressed concerns with the effective date of the changes to the Corporate Loan and CRE schedules, especially regarding the disposed loan and syndicated pipeline reporting. In particular commenters explained that respondents may need to update systems to capture and report the information required as proposed. They also noted that the non-purpose loans were proposed to be included on the Corporate Loan schedule (H.1) as-of December 31, 2015, but that the new purpose codes associated with those loans were proposed to be effective March 31, 2016 and asked that the changes be implemented concurrently. In response to the aforementioned comments and in consideration of the additional time needed to implement changes, the changes related to disposed loans and the syndicated pipeline will be effective September 30, 2016, and all other changes to the Corporate Loan and Commercial Real Estate schedules effective as-of June 30, 2016.

Commenters requested clarification on the definition and purpose of disposed loans as it relates the expansion of the loan population and the proposed Disposition Flag field. Specifically, they questioned whether facility information should be reported as-of the disposition date and if that means capturing balances and data prior to the actual payoff or charge-off of the facility. The Federal Reserve confirms that the data should be reported as-of the date of disposition, not prior to the payoff or charge-off of the facility.

In addition, one commenter recommended adding Disposition Flag values for when loans fall under the \$1M reporting threshold, or shift from one loan schedule to another. In response, the final FR Y-14 adds two options to the Disposition Flag field. In addition, to accommodate the

new item for facilities shifting from one schedule to another, the final FR Y-14 adds an additional field to capture to which schedule the facility shifted.

The Federal Reserve proposed expanding the options of the Participation Flag item to include the Shared National Credit (SNC) program. One commenter stated that some respondents are classified as expanded reporters and, therefore, subject to a broader data collection referred to as "Large Corporate Syndicated Credit" (LCSC) and therefore recommended that all references to SNCs in the proposal be clarified to include all LCSC eligible credits as well for respondents that are classified as expanded reporters. The Federal Reserve confirms that intent of the new proposed options in the Participation Loan Flag are, in conjunction with the SNC Internal Credit Facility ID, to distinguish whether or not the credit facility is included in the SNC report. Accordingly, the final FR Y-14 implements the change as proposed, effective June 30, 2016.

Both commenters indicated that two items for the Credit Rating Agency Equivalent Rating field (Field 96, 97 of Schedule H.1 and Field 59, 60 of Schedule H.2) were included in the draft instructions but not proposed as changes and therefore had no specified effective date. Commenters had several questions regarding the reporting of these items. The Federal Reserve confirms that these items were erroneously included in the draft instructions, were not proposed to be added, and therefore will not be implemented. These items have been removed from the final FR Y-14 instructions.

Schedule H.1 (Corporate Loan)

Both commenters asked for guidance regarding the intended difference between two of the five categories to be added to the Credit Facility Purpose item, namely (1) non-purpose

margin lending collateralized by securities and (2) other non-purpose lending collateralized by securities. One commenter stated that per the definition, a “non-purpose loan” cannot be a margin loan. After considering the definition and types of loans to be reported in both proposed categories mentioned in the comment, the final FR Y-14 adds only one consolidated category for “Non-purpose loans collateralized by securities” rather than the two categories proposed.

The Federal Reserve proposed expanding the loan population to include non-purpose loans that are not graded in conjunction with complementary changes to FR Y-14Q Schedules A.8, A.9, and M to reflect the intention of the schedule and be response to industry comments. One commenter recommend that the definition of non-purpose loans be revised to "loans collateralized by securities and that the proceeds of such loans are not contractually restricted to be used only to purchase or carry securities." The same commenter expressed that it was unclear whether non-graded loans for purchasing and carrying securities are to be reported at the facility level, and if so that this information is generally not readily available for reporting.

The corporate loan population was amended to include non-purpose loans collateralized by securities made for any purpose other than purchasing or carrying securities which are reportable in the relevant FR Y-9C categories outlined in the instructions. Loans reported in FR Y-9C, Schedule HC-C, line item 9.b.(1) (Loans for purchasing or carrying securities) should not be reported at the facility level in the Corporate schedule. Accordingly, the final FR Y-14 includes the definition as proposed.

One commenter stated that scored non-purpose loans are currently reported on FR Y-14M report and requested confirmation that scored non-purpose loans are not included within “non-purpose loans that are not graded.” The corporate loan population will be expanded as

proposed to include both scored and graded non-purpose loans which are reportable in the relevant FR Y-9C line items indicated in the Corporate Loan Schedule (Schedule H.1) instructions. This change is intended to help ensure that non-purpose commercial loans and loans for purchasing or carrying securities are treated consistently across institutions and the Federal Reserve confirms that any non-purpose loans reportable in other FR Y-9C line items not specified in the Corporate Loan schedule instructions should continue to be reported on other FR Y-14 schedules per the instructions of those schedules. As previously indicated, the final FR Y-14 delays the effective date of this proposed change until June 30, 2016.

One commenter asked for further details surrounding the reporting of the new Credit Facility Purpose (Field 22) code “bridge financing”, including whether this code value only includes real estate financing loans and how it relates to the “mini-perm” loan purpose code recently added to the CRE schedule (Schedule H.2). The Federal Reserve clarifies that bridge financing is not limited to only real estate financing loans. Bridge financing is interim financing, typically taken out for a period of 2 weeks to 3 years pending the arrangement of larger or longer-term financing. The “Bridge Financing” purpose code on the Corporate schedule (Schedule H.1) is not meant to be related to the mini-perm loan purpose code on the CRE schedule (Schedule H.2).

Both commenters requested clarification as to what was to be reported in the two new credit facility types proposed for Field 20 (Credit Facility Type), “Fronting Loan” and “Swingline”. In response to comments, the final FR Y-14 modifies Field 20 (Credit Facility Type) to include one additional option called “Fronting Exposure”, as opposed to the two additional options proposed. The Fronting Exposure option should be selected for credit facilities reported in the schedule that represent a BHC's exposure to fund certain obligations (e.g.,

swinglines or letters of credit) on behalf of other participant lenders. In addition, the instructions are revised to indicate that for credit facilities which include a fronting exposure, BHCs should report their pro-rata share of the stated commitment amount as one facility to the borrower and the fronting obligations as separate credit facilities to each of the lending group participants.

In regards to the proposed changes to the Credit Facility Type field, one commenter also requested guidance on reporting facilities that have both a Swingline and LC Issuance limit. In response to comments, the final FR Y-14 instructions have been revised to indicate that for credit facilities which include a fronting exposure, BHCs should report their pro-rata share of the stated commitment amount as one facility to the borrower and the fronting obligations as separate credit facilities to each of the lending group participants. Fronting exposures are those that represent a BHC's exposure to fund certain obligations (e.g., swinglines or letters of credit) on behalf of other participant lenders. For such exposures, the BHC should report the new Fronting Exposure option in the Credit Facility Type field. To address this, the general instructions will have been updated to include the following example: For example, consider a facility with \$400 million committed balance where the BHC is the agent bank and the BHC's pro-rata share of the commitment is 10% or \$40 million. Assume further that the credit facility contains a \$50 million sublimit that the BHC, as agent, has an obligation to advance on behalf of lending group participants which may include swinglines, letters of credit and other fronting obligations. In this example, the agent BHC would report one credit facility to the borrower with a commitment of \$40 million and would report separate facilities to each of the lending group participants with pro-rata commitments totaling \$45 million (or 90%).

Both commenters asked for clarification regarding the removal of the requirement to only report legally binding commitments. Specifically, one commenter asked for clarification

regarding the definition of “legally binding” and asked whether all uncommitted and/or unadvised lines on the FR Y-14Q report should be included or if the change was to allow for the inclusion of exposures in the syndicated loan pipeline. The other commenter asked if by removing the legally binding restriction to the loan population, the Board intended to report all facilities in the syndicated loan pipeline or just those facilities considered commitments to commit based on a reporting company’s legal definition. The Federal Reserve confirms that the loan population has been amended to capture commitments as defined in the FR Y-9C, Schedule HC-L. In addition, the FR Y-14Q Corporate Loan schedule (Schedule H.1) has been amended to capture facilities in the syndicated loan pipeline including single-signed exposures, regardless of whether the BHC considers those facilities to be commitments. As per the FR Y-14Q, Corporate Loan schedule instructions, BHCs should not report informal “advised lines.”

Also in regards to the removal of the requirement to report only legally binding commitments, one commenter noted that the language in the proposed instructions for the Corporate Loan Schedule (H.1) was not consistent with that of the Commercial Real Estate (CRE) Schedule (H.2) and asked if the intention was to eliminate the legally binding restriction from both schedules. The Federal Reserve agrees that there should be consistency between the wholesale schedules, and the CRE schedule (H.2) of the final FR Y-14 has been revised to also remove the legally binding language in alignment with the Corporate schedule (H.1).

Both commenters stated that it was unclear what type of lending is intended to be captured in the syndicated loan population and what is meant by “closed and settled”. In response, the Federal Reserve confirms that the loan population should include syndicated loan commitments in the various stages of the syndication process, including single-signed exposures

where the BHC has signed a commitment letter and has extended the terms to the borrower, even if the borrower has not countersigned. In response to the comment, the final FR Y-14 clarifies the Syndicated Loan Flag field by including the following: “Closed and settled refers to the final phase where loan documents are fully executed and fully binding with post-closing selldown to all participants complete. Loans which have closed but are still pending execution of final documentation by all syndicate participants should remain in phase 3 ‘Closed but not settled’.”

One commenter asked for clarification as to whether only those syndicated loans for which the respondents serves as lead bank should be reported. The Federal Reserve confirms that any BHC which has signed a commitment letter and extended terms to the borrower should report the syndicated loans.

Finally, one commenter stated that information about these syndicated pipeline commitments is generally not captured in a reporting company's loan accounting systems, but is maintained "offline" and appears in analytical documents and other artifacts. Thus, reporting companies would face a significant, on-going manual burden to somehow systematically collect the required detail on syndicated pipeline commitments to support the requested reporting, particularly at the level of detail required. Additionally, absent proposed changes for how to populate correctly the Origination Date, Maturity Date, and Committed Exposure Global for pipeline loans, the Board has provided no guidance on which Corporate Loan (Schedule H.1) fields would be required at time of submission. The other commenter requested a delay in implementation of the disposed loans and syndicated pipeline items of two quarters to at least September 30, 2016. In consideration of this feedback, the implementation of changes related to disposed loans and syndicated pipeline in the final FR Y-14 will be delayed until September 30, 2016.

Schedule L (Counterparty)

One commenter asked if it is acceptable for BHCs to use Global Industry Classification Standards (GICS) codes on this schedule as allowed in Schedule H.1 (Corporate Loan), field 8, in place of the North American Industry Classification System (NAICS) codes indicated in the new column instructions. The Federal Reserve notes that the instructions for Schedule H.1, field 8, also indicate that the NAICS code should be provided and only offer alternatives in the case the NAICS code is not available. In addition, prior submissions have shown that it is rare for firms to provide GICS instead of NAICS codes. To capture the greater level of granularity they make available, particularly for financial institutions, the final FR Y-14 retains the requirement that NAICS codes be used and the instructions remain as proposed.

In addition, one commenter pointed out that the current instructions do not reflect changes effective in the second quarter of 2015 that revised the level at which the BHC must report data on schedules L.1 and L.4. The Federal Reserve confirms that there has been no change to this requirement and that the final instructions for these schedules will reflect the requirement as outlined in the current instructions.

All proposed modifications to the Counterparty Schedule (Schedule L) were proposed to be effective December 31, 2015. Given the general request to provide additional time to implement changes, the effective date of all Counterparty schedule changes to the final FR Y-14 will be delayed until June 30, 2016

FR Y-14M

Schedule A (First Lien) and Schedule B (Home Equity)

Generally, commenters supported the addition of the “Serviced by Others” flag on the First Lien (Schedule A) and Home Equity (Schedule B) schedules. Both commenters noted, however, that the title of the field, “SBO Flag”, implied that the “Y” code should be defined as serviced by others and the “N” code as serviced by the BHC rather than the definitions specified in the instructions. The Federal Reserve agrees that it would be more logical for the flag codes in the instructions to be defined as suggested by the commenter rather than as proposed, and the final FR Y-14 instructions have been adjusted to reflect this change. Given the general request to provide additional time to implement changes, final FR Y-14 delays the effective date of this change until June 30, 2016.

Schedule B (Home Equity)

The Federal Reserve proposed adding a new modification type, proposed code 13 “HELOC Line Renewal” in Field 77 (Modification Type) on this schedule. Field 77 instructs that the modification type should be reported for any loan that is currently operating under modified terms and should identify the specific terms that were altered through loss mitigation efforts. Both commenters questioned if all HELOC line renewals should be reported on this line or only those completed through loss mitigation efforts.

The Federal Reserve appreciates this feedback and agrees there is a distinction between these two cases not captured in this item as proposed. The Federal Reserve believes that renewal of a creditworthy borrower is equivalent to prepayment of the existing line and origination of a new line. For a borrower who does not meet current credit standards, the line renewal is equivalent to a type of loan modification: the contractual terms of the line will be changed because the borrower has been identified as one who is likely to default if the bank takes no

action. Therefore, those borrowers should be treated as though they did not prepay, but instead, entered the amortization period of the HELOC with modified terms. To capture the distinction between these two cases and in response to the comment, the final FR Y-14 has been modified to add an additional code to the Modification Type field, Code 13 to represent the “HELOC Line Renewal (Regular)”, and code 14 to represent “HELOC Line Renewal (loss mitigation strategy)”. The instructions for the final FR Y-14 also will be updated to reflect the additional item codes and their definitions. Given the general request to provide additional time to implement changes, this change will be effective in the final FR Y-14 beginning June 30, 2016

In the initial Federal Register Notice, the Federal Reserve specifically requested information on the collection of data related to the performance of a first lien that is related to a junior lien reported on the FR Y-14M Home Equity Schedule (Schedule B), including what standards could make the item easier to report. In response to this request, one commenter recommended that the Performance of the First Lien on the First Lien Schedule (Schedule A) and Performance of Junior Liens on the Home Equity Schedule (Schedule B) fields be removed from the aforementioned FR Y-14M collections and that the Current Credit Bureau Score, which is already being reported, be used as a proxy to monitor any deterioration for evaluating performance and probability of default. The Federal Reserve recognizes the cost and burden expressed by the industry in supplying these items and appreciates the feedback provided in response to the request. The Federal Reserve agrees with the proposed suggestion to use current scores as a reasonably proxy, and accordingly, the above-mentioned fields in the final FR Y-14 have been removed from the applicable schedules. To ensure the information necessary is available given this change, the instructions for the final FR Y-14 also require that the fields ‘Current Credit Bureau Score Date’ and ‘Current Credit Bureau Score’ be updated at least one

month within the quarter, and refreshed at least one month within every subsequent quarter.

These changes will be effective beginning June 30, 2016.

Technical Clarifications

Commenters asked for a number of technical clarifications regarding specific data items on the FR Y-14 forms. These questions will be addressed in the finalized version of the amended FR Y-14A/Q/M instructions.

Board of Governors of the Federal Reserve System, January 14, 2016.

Robert deV. Frierson,

Secretary of the Board.

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