



## **FEDERAL RESERVE SYSTEM**

### **Proposed Agency Information Collection Activities; Comment Request**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Temporary approval of information collection; notice, request for comment.

**SUMMARY:** The Board has temporarily revised the Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M; OMB No. 7100-0341) pursuant to the authority delegated to the Board by the Office of Management and Budget (OMB), per OMB Regulations on Controlling Paperwork Burdens on the Public. The temporary revisions, which would collect data pertaining to certain aspects of the Coronavirus Aid, Relief, and Economic Security Act, information on firm activity associated with various Federal Reserve lending facilities, and information regarding emerging risks arising from the coronavirus disease 2019 (COVID-19) pandemic, are applicable to reports beginning with the July 31, 2020, or September 30, 2020, as of date. Additionally, the Board invites comment on a proposal to extend for three years, with revision, the FR Y-14A/Q/M reports in order to address questions related to the reporting of certain current expected credit losses (CECL) and capital data, which would be applicable to reports beginning with the December 31, 2020, as of date.

**DATES:** Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

**ADDRESSES:** You may submit comments, identified by FR Y-14A, FR Y-14Q, or FR Y-14M, by any of the following methods:

- Agency Website: <https://www.federalreserve.gov/>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include the OMB number in the subject line of

the message.

- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20<sup>th</sup> Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at

<https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request.

Accordingly, comments will not be edited to remove any identifying or contact information.

Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue, NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452-3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Additionally, commenters may send a copy of their comments to the Office of Management and Budget (OMB) Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17<sup>th</sup> Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

**FOR FURTHER INFORMATION CONTACT:** A copy of the Paperwork Reduction Act (PRA) OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, if approved. These documents will also be made available on the Board's public website at

<https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

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.

**SUPPLEMENTARY INFORMATION:** On June 15, 1984, OMB delegated to the Board authority under the PRA to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies. Pursuant to its delegated authority, the Board may temporarily approve a revision to a collection of information, without providing opportunity for public comment, if the Board determines that a change in an existing collection must be instituted quickly and that public participation in the approval process would defeat the purpose of the collection or substantially interfere with the Board’s ability to perform its statutory obligation.

As discussed below, the Board has made certain temporary revisions to the FR Y-14A/Q/M information collection. The Board’s delegated authority requires that the Board, after temporarily approving a collection, publish a notice soliciting public comment. Therefore, the Board is also inviting comment on a proposal to extend the FR Y-14A/Q/M information collection for three years, with these revisions.

**Request for Comment on Information Collection Proposal**

The Board invites public comment on the following information collection, which is being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Board’s functions, including whether the information has practical utility;
- b. The accuracy of the Board’s estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

**Final Approval under OMB Delegated Authority of the Temporary Revision of, and Proposal to Extend for Three Years, With Revision, of the Following Information Collection:**

*Report title:* Capital Assessments and Stress Testing Reports.

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

*OMB control number:* 7100-0341.

*Frequency:* Annually, quarterly, and monthly.

*Respondents:* These collections of information are applicable to bank holding companies (BHCs), U.S. intermediate holding companies (IHCs), and covered savings and loan holding companies (SLHCs)<sup>1</sup> with \$100 billion or more in total consolidated assets, as based on: (i) the

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<sup>1</sup> Covered SLHCs are those which are not substantially engaged in insurance or commercial activities. For more information, see the definition of “covered savings and loan holding company” provided in 12 CFR 217.2 and 12 CFR 238.2(ee). SLHCs with \$100 billion or more in total consolidated assets become members of the FR Y-14Q

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 (ii) if the firm has not filed an FR Y-9C for each of the most recent four quarters, then the average of the firm's total consolidated assets in the most recent consecutive quarters as reported quarterly on the firm's FR Y-9Cs. 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.

*Estimated number of respondents:* FR Y-14A/Q: 36; FR Y-14M: 34.<sup>2</sup>

*Estimated average hours per response:* FR Y-14A: 1,085 hours; FR Y-14Q: 2,142 hours; FR Y-14M: 1,072 hours; FR Y-14 On-going Automation Revisions: 480 hours; FR Y-14 Attestation On-going Attestation: 2,560 hours.

*Estimated annual burden hours:* FR Y-14A: 39,060 hours; FR Y-14Q: 308,448 hours; FR Y-14M: 437,376 hours; FR Y-14 On-going Automation Revisions: 17,280 hours; FR Y-14 Attestation On-going Attestation: 33,280 hours.

*General description of report:* This family of information collections is composed of the following three reports:

- The annual<sup>3</sup> FR Y-14A collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative

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and FR Y-14M panels effective June 30, 2020, and the FR Y-14A panel effective December 31, 2020. See 84 FR 59032 (November 1, 2019).

<sup>2</sup> 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.

<sup>3</sup> In certain circumstances, a BHC or IHC may be required to re-submit its capital plan. See 12 CFR 225.8(e)(4). Firms that must re-submit their capital plan generally also must provide a revised FR Y-14A in connection with their resubmission.

information on methodologies used to develop internal projections of capital across scenarios.<sup>4</sup>

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

The data collected through the FR Y-14A/Q/M reports provide the Board with the information needed to help ensure that large firms 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 reports are used to support the Board's annual Comprehensive Capital Analysis and Review (CCAR) and Dodd-Frank Act Stress Test (DFAST) exercises, which 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. Information gathered in this data collection is also used in the supervision and regulation of respondent financial institutions. Respondent firms are currently required to complete and submit up to 17 filings each year: one annual FR Y-14A filing, four quarterly FR

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<sup>4</sup> On October 10, 2019, the Board issued a final rule that eliminated the requirement for firms subject to Category IV standards to conduct and publicly disclose the results of a company-run stress test. See 84 FR 59032 (Nov. 1, 2019). That final rule maintained the existing FR Y-14A/Q/M substantive reporting requirements for these firms in order to provide the Board with the data it needs to conduct supervisory stress testing and inform the Board's ongoing monitoring and supervision of its supervised firms. However, as noted in the final rule, the Board intends to provide greater flexibility to banking organizations subject to Category IV standards in developing their annual capital plans and consider further change to the FR Y-14A/Q/M forms as part of a separate proposal. See 84 FR 59032, 59063.

Y-14Q filings, and 12 monthly FR Y-14M filings. Compliance with the information collection is mandatory.

*Current actions and proposed revisions:* The Board has temporarily revised the FR Y-14A/Q/M reports to implement changes necessary in response to the coronavirus disease 2019 (COVID-19) pandemic. Specifically, the Board has temporarily revised the FR Y-14A/Q/M reports to collect data pertaining to certain aspects of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act),<sup>5</sup> as well as information on firm activity associated with the Paycheck Protection Program (PPP)<sup>6</sup> and Federal Reserve lending facilities, such as the Main Street Lending Program (MSLP),<sup>7</sup> that have been established to support markets and the broader economy during the ongoing COVID-19 pandemic. The Board has also temporarily revised the FR Y-14A/Q/M reports to receive FR Y-14Q, Schedule H (Wholesale) on a more frequent basis, as well as to make other revisions, to better understand the evolving effects of the COVID-19 pandemic on bank positions and the broader economy.

In addition, in response to various questions received from the industry following the publication of the final rule to change the current expected credit losses methodology (CECL) transition provisions,<sup>8</sup> the Board is proposing to revise the FR Y-14A to allow firms to accurately reflect in their reporting the greater flexibility on CECL implementation afforded in the interim final rule and to make minor revisions and clarifications to several capital items on the FR Y-14A and FR Y-14Q reports. The Board notes that the information associated with the temporary

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<sup>5</sup> Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (Mar. 27, 2020).

<sup>6</sup> See 85 FR 20387 (April 13, 2020).

<sup>7</sup> <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm>.

<sup>8</sup> See 85 FR 17723 (March 31, 2020).

revisions to the FR Y-14A/Q/M reports are not available from other sources, such as the FR Y-9C.

### **Temporary Revisions to the FR Y-14A/Q/M**

In response to the COVID-19 pandemic, the Board has temporarily revised the FR Y-14A/Q/M reports to change the submission frequency of one FR Y-14Q schedule, incorporate the reporting of loans in loss mitigation or forbearance programs, collect information on firm activity associated with the PPP, MSLP, and other Federal Reserve lending facilities. The revised submission frequency of FR Y-14Q, Schedule H (Wholesale) is effective beginning with the report as of July 31, 2020. All other FR Y-14Q and FR Y-14M temporary revisions are effective beginning with reports as of September 30, 2020. In addition, the FR Y-14Q instructions specify that attestations are not required for non-quarter-end submissions, or for new items temporarily added as part of this notice. The Board has determined that it must revise the FR Y-14Q and FR Y-14M quickly and that public participation in the approval process would defeat the purpose of the collection of information, as delaying the revisions would result in the collection of incomplete information, and would interfere with the Board's ability to perform its statutory duties pursuant to section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).<sup>9</sup> These temporary revisions expire six months after the date of publication of this notice in the Federal Register, unless extended by the Board (i.e., data associated with these temporary revisions are only required to be submitted up to and including data as of December 31, 2020 -- firms are not required to continue to submit data associated with these temporary revisions for any as of dates in 2021 without explicit reauthorization from the Board).

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<sup>9</sup> 12 U.S.C. § 5365.

### *FR Y-14Q Reporting Frequency*

Effective for data as of July 31, 2020, the Board has temporarily revised the submission frequency of FR Y-14Q, Schedule H (Wholesale) from a quarterly basis to a monthly basis for Category I-III firms. This schedule has month-end as-of dates and is due either 30 days after the as of date, or seven days after the FR Y-9C submission date (i.e., at the same time as most of the FR Y-14Q), depending on whether the as of date aligns with a quarter-end date. In order to effectively understand and react to the potentially quickly evolving effects of the COVID-19 pandemic on bank positions and the broader economy, particularly with respect to corporate and commercial real estate exposures, the Board needs the information on this schedule on a more frequent basis. Note that Schedule H data submitted monthly may be used for supervisory purposes including, but not limited to, stress testing. In addition, the Board has revised the FR Y-14Q instructions to indicate the Board may require submission of the FR Y-14Q, or certain schedules or items on the FR Y-14Q, on a more frequent basis in times of crisis.

### *Loans in Loss Mitigation or Forbearance Programs*

As described in the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus Guidance,<sup>10</sup> the CARES Act, among other things, “creates a forbearance program for federally backed mortgage loans, protects borrowers from negative credit reporting due to loan accommodations related to the National Emergency, and provides financial institutions the option to temporarily suspend certain requirements under U.S. generally accepted accounting principles (GAAP) related to troubled debt restructurings (TDR) for a limited period of time to account for the effects of COVID-19.” In the Guidance, the Board and other regulatory agencies encouraged financial

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<sup>10</sup> <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20200407a1.pdf>.

institutions to work prudently with borrowers who are or maybe unable to meet their contractual payment obligations because of the effects of COVID-19.

Because firms may hold a larger number of loans in forbearance programs and loans with other loss mitigation circumstances during the COVID-19 pandemic, the Board has temporarily revised certain FR Y-14Q and FR Y-14M schedules to add fields and options to existing fields to collect information on loans in forbearance programs and other loss mitigation circumstances.

FR Y-14Q, Schedule A (Retail)

In order to capture loss mitigation and forbearance loan balances, the Board has temporarily added the “\$ Loss mitigation and forbearance” summary variable to the six retail schedules that do not currently capture this information. Specifically, the summary variable has been added to the following schedules:

- Schedule A.1 (International Auto Loan);
- Schedule A.3 (International Credit Card);
- Schedule A.4 (International Home Equity);
- Schedule A.5 (International First Lien Mortgage);
- Schedule A.6 (International Other Consumer Schedule); and
- Schedule A.7 (US Other Consumer).

Three retail schedules already have summary variables to capture information regarding loss mitigation and modified loans. However, in order to be consistent across Schedule A, the Board has temporarily replaced the following summary variables with the same “\$ Loss mitigation and forbearance” summary variable as described above:

- Schedule A.2 (US Auto Loan), Field #26 (“\$ Loss mitigation”);
- Schedule A.8 (International Small Business), Field #6 (“\$ Modifications”); and

- Schedule A.9 (US Small Business), Field #6 (“\$ Modifications”).

FR Y-14Q, Schedule H (Wholesale)

The Board has temporarily added the “Modifications Flag” item to Schedules H.1 (Corporate) and H.2 (Commercial Real Estate) (items 109 and 70, respectively) to capture information on loans in loss mitigation or forbearance programs because of the COVID-19 pandemic. Prior to this revision, it was not possible to identify loans in these programs on these schedules. Loans in loss mitigation and forbearance programs have different risk characteristics than other loans reported on this schedule, and therefore need to be separately identified.

FR Y-14Q, Schedule J (Retail Fair Value Option/Held for Sale (FVO/HFS))

The Board has temporarily added Column J (Loss Mitigation) to Schedule J to capture information on FVO/HFS loans in loss mitigation programs. Loans in loss mitigation programs have different risk characteristics than other loans reported on this schedule, and therefore need to be separately identified.

FR Y-14M, Schedule B (Home Equity)

In order to capture information regarding loans in forbearance programs and for consistency with the corresponding item on FR Y-14M, Schedule A (First Lien), the Board has temporarily added an option (“9 = Forbearance plan”) to item 61 (“Workout Type Completed”).

*Paycheck Protection Program (PPP)*

On April 9, 2020, the Federal Reserve announced it would help facilitate the Small Business Administration's PPP by supplying liquidity to participating financial institutions through term financing backed by PPP loans to small businesses.<sup>11</sup> The PPP provides loans to

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<sup>11</sup> <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm>.

small businesses so that they can keep their workers on the payroll. The Paycheck Protection Program Liquidity Facility (PPPLF) extends credit to eligible financial institutions that originate PPP loans, taking the loans as collateral at face value.

FR Y-14Q, Schedule A (Retail)

In order to identify loans fully guaranteed by the U.S. government, such as loans associated with the PPP, the Board has temporarily added the “\$ Under federally guaranteed programs” (item 13) summary variable to Schedule A.9 (US Small Business). This summary variable is necessary as the credit risk characteristics of loans fully guaranteed under federal programs differ from other loans reported on Schedule A.9, and therefore these loans need to be reported separately from other small business exposures for appropriate evaluation during the stress test.

FR Y-14Q, Schedule H

In response to questions received from the industry, the Board has temporarily revised the instructions to Schedules H.1 and H.2 to explicitly exclude PPP loans. The Board does not need information for PPP loans on these schedules.

FR Y-14Q, Schedule M (Balances)

The Board has temporarily added item 2.b.(1), “Paycheck Protection Program (PPP) loans,” to Schedule M.1. (Quarter-end Balances), to capture the balance of PPP loans. The Board has also temporarily added references to new item 2.b.(1) to Schedule M.2 (FR Y-9C Reconciliation). In addition, the Board temporarily has added language to the instructions for items 2.a, “Graded C&I loans,” and 2.b, “Small business loans,” requiring that PPP loans be excluded from these items. PPP loans have different risk characteristics than non-guaranteed loans, and therefore need to be separately identified.

### *Main Street Lending Program*

On April 9, 2020, the Board announced the MSLP, which will enhance support for small and mid-sized businesses that were in good financial standing before the crisis by offering 4-year loans to companies employing up to 10,000 workers or with revenues of less than \$2.5 billion.<sup>12</sup> Additionally, businesses with up to 15,000 employees or up to \$5 billion in annual revenue are now eligible, compared to the initial program terms, which were for companies with up to 10,000 employees and \$2.5 billion in revenue.<sup>13</sup> Principal and interest payments will be deferred for one year. Under the MSLP, banks will retain a share of loans, selling the remaining share to the Main Street facility.

#### FR Y-14Q, Schedule A

The Board has temporarily added the following items to Schedule A.9: item 14, “\$ Main Street New Loan Facility (MSNLF),” item 15, “\$ Main Street Priority Loan Facility (MSPLF),” and item 16, “\$ Main Street Expanded Loan Facility (MSELF).” MSLP loans have different risk characteristics than other loans reported on this schedule, and therefore need to be separately identified.

#### FR Y-14Q, Schedule H

The Board has temporarily added the “Extended Facility ID” item to Schedules H.1 and H.2 (items 110 and 71, respectively). The Board has also temporarily added options to the “Credit Facility Purpose” on Schedule H.1 (item 25) and the “Loan Purpose” item on Schedule H.2 (item 22) to capture information on MSLP loans. Specifically, the Board temporarily has added the following options: “MSLP New Loan Facility,” “MSLP Expanded Loan Facility,” and

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<sup>12</sup> <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm>.

<sup>13</sup> <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200430a.htm>.

“MSLP Priority Loan Facility.” MSLP loans have different risk characteristics than other loans reported on these schedules, and therefore need to be separately identified.

FR Y-14Q, Schedule K (Supplemental)

In order to capture MSLP loans that aren't reported on FR Y-14Q, Schedules A and H, the Board temporarily has added three columns to Schedule K: D.1, “Main Street Loan Program New Loan Facility loans under \$1M in committed balance,” D.2, Main Street Loan Program Expanded Loan Facility loans under \$1M in committed balance,” and D.3, Main Street Loan Program Priority Loan Facility loans under \$1M in committed balance.” In addition, the Board has temporarily added language to the instructions for column D, “Outstanding Balance of Commercial Real Estate (CRE) and Corporate loans under \$1M in committed balance,” requiring that firms exclude MSLP loans balances from this column.

*Other Federal Reserve Lending Facilities*

FR Y-14Q, Schedule B (Securities)

The Board temporarily has added an item (“COVID-19 facility”) to Schedule B.1 (Main Schedule) to capture securities that have been pledged under a Federal Reserve facility that supports the flow of credit during the COVID-19 pandemic (e.g., Money Market Mutual Fund Liquidity Facility). This information is needed to determine the amount of protection provided by the put option positions associated with these facilities.

FR Y-14Q, Schedule F (Trading)

The Board temporarily has created new submission types for Schedule F dedicated to capturing information on trading assets that have been pledged to Federal Reserve lending facilities. The submission type would mirror the other submission types of the trading schedule and firms would complete the submission type in the same manner as for other submission types,

as outlined in the Schedule F instructions, unless otherwise indicated. This information is needed to determine the amount of protection provided by the put option positions associated with these facilities.

*Other Revisions Related to the COVID-19 Pandemic*

FR Y-14Q, Schedule D (Regulatory Capital)

In order to provide capital relief related to CECL to align with the purpose of the interim CECL final rule and CARES Act, the Board temporarily has revised Schedule D to allow firms to apply the CECL transition provisions to reported values.

**Proposed Revisions to the FR Y-14A/Q/M**

As noted, the Board would collect the temporary items described above through the December 31, 2020, as-of date, unless the Board determines an extension is necessary. In addition, the Board is proposing to make several revisions to FR Y-14A, Supplemental Collection of CECL Information, and capital schedules across the FR Y-14A and FR Y-14Q, effective for the December 31, 2020, as-of date.

*Supplemental Collection of CECL Information*

In order to accurately reflect the CECL transition provision as modified by the interim CECL final rule, as well as the CARES Act, the Board proposes to revise the instructions to the Supplemental Collection of CECL Information schedule of the FR Y-14A. Since this schedule was designed to capture data surrounding the CECL transition provision before the interim CECL final rule, several items on the schedule need to be revised.

First, the Board proposes to revise the schedule to only require it to be reported one time by firms, as opposed to being reported repeatedly over the course of the CECL transition horizon. This revision is necessary since the interim CECL final rule revised the day one impact

to include the CECL, deferred tax asset (DTA), and adjusted allowance for credit losses (AACL) transitional amounts. As a result of this change, the Board no longer needs information over the course of the CECL transition horizon.

Second, under the CARES Act, firms can delay adopting CECL until December 31, 2020, or until the end of the national emergency, whichever comes sooner. Therefore, firms may not have adopted CECL on the timetable expected prior to the COVID-19 pandemic. Given that firms may CECL adopt at different times throughout the year, the following items would be revised to require firms to report expected values if the firm adopts in the first quarter of a given year (i.e., before the data are due in early April), and actual values if the firm adopted CECL in the second through the fourth quarters of a given year. The instructions would clarify that firms that adopt CECL in the second through fourth quarters of a given year would submit actual data in the reporting year (e.g., if a firm adopts CECL in September of 2020, then it would report actual data for the December 31, 2020, FR Y-14A submission). This revision would apply to the following items:

- Item 3, “Adoption of Current Expected Credit Loss Methodology – ASC Topic 326”;
- Item 4, “Allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets”;
- Item 5, “Effect of adoption of current expected credit losses methodology on allowances for credit losses on loans and leases held for investment and held-to-maturity debt securities”;
- Item 6, “Total allowance for credit losses”;
- Item 6a, “Allowance for credit losses on loans and leases held for investment”;
- Item 6b, “Allowance for credit losses on held-to-maturity securities”; and

- Item 6c, “Allowance for credit losses on available-for-sale securities”.

### *Capital*

Due to various questions received from the industry regarding reporting of several capital items, the Board proposes changes to these items.

On December 23, 2019, the Board finalized revisions to the FR Y-14A/Q/M reports.<sup>14</sup> As part of those revisions, the Board provided guidance on how firms should reflect the impact of the “global market shock” on items subject to adjustment or deduction from capital. However, the Board omitted FR Y-14A, Schedule A.1.d (Capital), item 68, “Permitted offsetting short positions in relation to the specific gross holdings included above” from this guidance. The Board is now proposing to allow firms to reflect the impact of the “global market shock” for this item.

FR Y-14A, Schedule A.1.d, already captures data for aggregate non-significant investments in the capital of unconsolidated financial entities, including the form of common stock, additional tier 1 capital, and additional tier 2 capital in item 64 (“Aggregate non-significant investments in the capital of unconsolidated financial institutions, including in the form of common stock, additional tier 1, and tier 2 capital”). However, in order to properly derive item 66 (“Amount of non-significant investments that exceed the 10 percent deduction threshold for non-significant investments”), the Board has determined that it needs to isolate the amount of aggregate non-significant investments in the capital of unconsolidated financial institutions in the form of common stock. Therefore, the Board proposes to renumber existing item 64 to item 64a, and add item 64b, “Aggregate non-significant investments in the capital of

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<sup>14</sup> See 84 FR 70529 (December 23, 2019).

unconsolidated financial institutions in the form of common stock.” As a result, the Board also proposes to revise the derivation of item 66 to reference items 64a and 64b.

Finally, to ensure consistent reporting across firms, the Board proposes to revise the instructions for FR Y-14A, Schedule A.1.d, item 113 (“Valuation allowances related to DTAs arising from temporary differences”) and FR Y-14Q, Schedule D (Regulatory Capital), item 16 (“Valuation allowances related to DTAs arising from temporary differences”) to clarify that these items should be reported as positive values.

The Board proposes to extend the FR Y-14A/Q/M for three years, with the revisions discussed above, in order to permit continued accurate reporting.

*Legal authorization and confidentiality:* The Board has the authority to require BHCs to file the FR Y-14A/Q/M reports pursuant to section 5(c) of the Bank Holding Company Act (“BHC Act”), (12 U.S.C. 1844(c)), and pursuant to section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (12 U.S.C. 5365(i)) as amended by section 401(a) and (e) of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA).<sup>15</sup> The Board has authority to require SLHCs to file the FR Y-14A/Q/M reports pursuant to section 10(b) of the Home Owners’ Loan Act (12 U.S.C. 1467a(b)), as amended by section 369(8) and 604(h)(2) of the Dodd-Frank Act. Lastly, the Board has authority to require U.S. IHCs of FBOs to file the FR Y-14A/Q/M reports pursuant to section 5 of the BHC Act, as well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act (12 U.S.C. 5311(a)(1) and 5365).<sup>16</sup> In addition, section 401(g) of EGRRCPA (12 U.S.C. 5365 note) provides that the

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<sup>15</sup> Pub. L. No. 115-174, Title IV 401(a) and (e), 132 Stat. 1296, 1356-59 (2018).

<sup>16</sup> Section 165(b)(2) of the Dodd-Frank Act (12 U.S.C. 5365(b)(2)) refers to “foreign-based bank holding company.” Section 102(a)(1) of the Dodd-Frank Act (12 U.S.C. 5311(a)(1)) defines “bank holding company” for purposes of Title I of the Dodd-Frank Act to include foreign banking organizations that are treated as bank holding companies under section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)). The Board has required, pursuant to section 165(b)(1)(B)(iv) of the Dodd-Frank Act (12 U.S.C. 5365(b)(1)(B)(iv)) certain

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 in section 401 “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.”<sup>17</sup> The FR Y-14A/Q/M reports are mandatory. The information collected in the FR Y-14A/Q/M reports is collected as part of the Board’s supervisory process, and therefore, such information is afforded confidential treatment pursuant to exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. 552(b)(8)). In addition, confidential commercial or financial information, which a submitter actually and customarily treats as private, and which has been provided pursuant to an express assurance of confidentiality by the Board, is considered exempt from disclosure under exemption 4 of the FOIA (5 U.S.C. 552(b)(4)).<sup>18</sup>

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foreign banking organizations subject to section 165 of the Dodd-Frank Act to form U.S. intermediate holding companies. Accordingly, the parent foreign-based organization of a U.S. IHC is treated as a BHC for purposes of the BHC Act and section 165 of the Dodd-Frank Act. Because Section 5(c) of the BHC Act authorizes the Board to require reports from subsidiaries of BHCs, section 5(c) provides additional authority to require U.S. IHCs to report the information contained in the FR Y-14A/Q/M reports.

<sup>17</sup> The Board’s Final Rule referenced in section 401(g) of EGRRCPA specifically stated that the Board would require IHCs to file the FR Y-14A/Q/M reports. See 79 Fed. Reg. 17240, 17304 (March 27, 2014).

<sup>18</sup> Please note that the Board publishes a summary of the results of the Board’s CCAR testing pursuant to 12 CFR 225.8(f)(2)(v), and publishes a summary of the results of the Board’s DFAST stress testing pursuant to 12 CFR 252.46(b) and 12 CFR 238.134, which includes aggregate data. In addition, under the Board’s regulations, covered companies must also publicly disclose a summary of the results of the Board’s DFAST stress testing. See 12 CFR 252.58; 12 CFR 238.146. The public disclosure requirement contained in 12 CFR 252.58 for covered BHCs and covered IHCs is separately accounted for by the Board in the Paperwork Reduction Act clearance for FR YY (OMB No. 7100-0350) and the public disclosure requirement for covered SLHCs is separately accounted for in by the Board in the Paperwork Reduction Act clearance for FR LL (OMB No. 7100-NEW).

*Consultation outside the agency:* There has been no consultation outside the agency.

Board of Governors of the Federal Reserve System, July 1, 2020.

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