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FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, pursuant to 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) 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 control number.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer — Cynthia Ayouch — 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 the revision, without extension, of the following report:

Report title: Banking Organization Systemic Risk Report.

Agency form number: FR Y-15.

OMB Control number: 7100-0352.

Effective Date: December 31, 2013.

Frequency: Annually.

Reporters: U.S. Bank Holding Companies (BHCs) with total consolidated assets of $50 billion or more, and any U.S.-based organizations identified as global systemically important banks (GSIBs) that do not otherwise meet the consolidated assets threshold for BHCs.

Estimated annual reporting hours: 9,735 hours.

Estimated average hours per response: 295 hours.

Number of respondents: 33.

General description of report: This information collection is mandatory pursuant to section 5 of the BHC Act (12 U.S.C. § 1844(c)). Except as otherwise noted, the collected information will be made available to the public for report dates beginning December 31, 2013. The following line items will be kept confidential for the December 31, 2013, report date and made publically available beginning with the December 31, 2014, report date: Schedule A, items 1(b)(2) through 2(a)(2) and items 2(b)(2) through 3; and, Schedule C, items 1(a) through 1(l). The following line items will be kept confidential until the first reporting date after the U.S. rule implementing the liquidity coverage ratio (LCR) is finalized: Schedule D, items 7 and 8.

Though confidential treatment will not be routinely given to the financial data in this report, respondents may request such treatment for any information that they believe is subject to an exemption from disclosure pursuant to sections (b)(4), (b)(6), or (b)(8) of the Freedom of Information Act (FOIA) (5 U.S.C. § 522(b)(4), (b)(6), and (b)(8)).

Abstract: The FR Y-15, which was derived from a Basel data collection aimed at measuring systemic importance, was implemented in December 2012 (77 FR 76484). In addition to (i) facilitating the future implementation of the GSIB surcharge through regulation, (ii) identifying institutions that may be domestic systemically important banks (DSIBs) under a future framework and (iii) analyzing the systemic risk implications of proposed mergers and acquisitions, the Federal Reserve uses the FR Y-15 data to monitor, on an ongoing basis, the systemic risk profile of the institutions which are subject to enhanced prudential standards under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA).

Current Actions: On August 30, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 53759) requesting public comment for 60 days on the proposal to revise, without extension, the mandatory annual Banking Organization Systemic Risk Report. The comment period for this notice expired on October 29, 2013.

Summary of Public Comments: The Federal Reserve received three comment letters on the proposed revisions to the FR Y-15: a joint comment letter from three trade associations, another comment letter from a different trade association, and a comment letter from a banking organization. The comments focused on the confidential treatment of data submitted on the FR Y-15 (partially with respect to items based on the Basel liquidity coverage ratio) and the submission deadline. Several commenters suggested that the Federal Reserve rely on other existing data collections in order to reduce reporting burden. Other comments expressed concern about using Basel II credit conversion factor (CCF) definitions for off-balance sheet items. Commenters requested delayed implementation of the requirements, elimination of the attestation requirement, and continued confidential treatment of certain FR Y-15 data. The following is a detailed discussion of the comments received and the Federal Reserve's responses to those comments.

Detailed Discussion of Public Comments and Federal Reserve Responses

A. Reporting Panel

The proposal stated that the FR Y-15 will be used to monitor, on an ongoing basis, the systemic risk profile of the institutions which are subject to enhanced prudential standards under section 165 of DFA. The proposal further stated that the data will be used to facilitate the future implementation of the GSIB surcharge through regulation, identify institutions that may be DSIBs under a future framework, and analyze the systemic risk implications of proposed mergers and acquisitions. One commenter suggested the reporting panel is not appropriate because BHCs that are subsidiaries of foreign banking organizations (FBOs) are not subject to the GSIB framework and the DSIB and mergers and acquisitions frameworks are still under development. Another commenter similarly argued that the international GSIB framework by its terms is not applicable to non-GSIBs and is not practical for DSIB identification. One commenter suggested that there is no meaningful comparison between top-tier BHCs and the BHC subsidiaries of FBOs, because the former is the top-tier company of the entire consolidated organization while the latter is a subsidiary that includes only part of the entire consolidated organization's operations.

The Federal Reserve's data collections may be implemented independent of a related final regulatory framework. As a host of metrics have been identified for examining the systemic risk of banking organizations, it is incumbent upon national supervisors to collect and monitor such data so as to better understand the overall domestic systemic risk landscape and pinpoint the riskiest institutions therein. Indeed, monitoring the systemic risk profile of institutions subject to section 165 of DFA is one of the main purposes of collecting the FR Y-15. Therefore, the Federal Reserve believes it is appropriate to apply the FR Y-15 requirements at this time to institutions that are not GSIBs but may be identified as DSIBs, even though a regulatory framework for DSIBs has not been proposed or implemented. The Federal Reserve further notes that the use of data for analyzing mergers and acquisitions will frequently be incorporated into an already-established applications process.

With respect to application of the requirements to the U.S. subsidiaries of FBOs, the Federal Reserve observes that the FR Y-15 evaluates the systemic risk footprint of these BHCs in a domestic context. Since the global systemic footprint of the entire FBO extends beyond that of its U.S. BHC subsidiary, the FR Y-15 does not capture the full systemic risk implications of the global entity. Instead, the FR Y-15 appropriately focuses on the domestic systemic footprint of large U.S. BHCs owned by FBOs. These U.S. BHC subsidiaries are similarly situated in size and complexity to other U.S. BHCs that are subject to the reporting panel. As such, these subsidiaries may have systemic factors of sufficient magnitude to pose a systemic risk to the U.S. financial system. Therefore, the Federal Reserve will continue to include on the FR Y-15 reporting panel those U.S. BHC subsidiaries of FBOs that meet the threshold for scope of application.

B. Alternative Sources of Systemic Risk Data

Several commenters suggested that information obtained from other data collections such as the Capital Assessments and Stress Testing report (FR Y-14; OMB No. 7100-0341) or the proposed Liquidity Monitoring

Reports (FR 2052a and b) could be used in lieu of collecting certain data on the FR Y-15. The commenters argued that using such data would reduce reporting burden.

The Federal Reserve notes that the information collected on the FR Y 15 provides a baseline set of metrics that are used to assess and compare the systemic risk profiles of reporting firms. In order to make reliable comparisons, the data must be produced using a common set of definitions. Therefore, substituting data with information subject to different underlying definitions would weaken the ability to make reliable comparisons and could lead to false conclusions about relative systemic risk. Other than those items specifically noted in the instructions (see General Instructions, Section H), the FR Y-15 data are unique and thus cannot be replaced with data from another regulatory report. Therefore, the Federal Reserve will not use other data collections in lieu of collecting data on the FR Y-15. However, as relevant data does become available on other public regulatory reports, the Federal Reserve will revise the FR Y-15 at that time to automatically import these data.

C. Confidentiality

In the final 2012 *Federal Register* notice, the Federal Reserve indicated that the FR Y-15 data would be made public via the FFIEC Web site because the data provides valuable information about the domestic systemic risk landscape and the market can use the measures of systemic risk found in the FR Y-15 to evaluate the systemic importance of an individual institution on a national level.[1] The Federal Reserve further stated that the public disclosure of the data would promote the policy goal of transparency for future systemic risk assessments, including through international efforts such as GSIB designation by the Financial Stability Board (FSB).[2]

Following publication of the final 2012 *Federal Register* notice, the Federal Reserve received additional requests from an industry group and several individual institutions to keep parts of the FR Y-15 confidential. The Federal Reserve decided to publicly release data on the FR Y-15 that is published in aggregate form or retrieved from public portions of the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128). This decision was based on various considerations, including that the report was being implemented for the first time and that the reporting panel for year-end 2012 was limited to a small subset of the total reporting panel.

1 See 77 FR 76484, 76486 (December 28, 2012).

2 Id.

In the notice of proposed revisions, the Federal Reserve stated that the data items on the FR Y-15 that are retrieved from the public portions of the FR Y-9C or that are published only in aggregate form are not confidential, and that the confidentiality of the remaining items would depend on a determination that considers the competitive harm resulting from the disclosure and the public purpose served by the disclosure.[3]

Several commenters requested that the Federal Reserve continue to release publicly only the items that were released for the 2012 submissions. In particular, a commenter asked that the Federal Reserve continue this treatment until rules on which the reporting items are based are finalized and fully implemented in the United States. The commenter also requested that the Federal Reserve clarify its intentions as to what reported information it intends to release as public information going forward. Additionally, one commenter referenced the Basel Committee on Banking Supervision's (BCBS's) practice of keeping data submitted in connection with the Basel III monitoring exercise confidential. The commenter asserted that publishing the data would put reporting institutions at a competitive disadvantage since institutions outside of the U.S. are not subject to the same requirements. The commenter also argued that new data elements may confuse investors.

[3] See 78 FR 53760 (August 30, 2013).

Another commenter stated that FR Y-9C confidentiality automatically passes through to the FR Y-15 but that Country Exposure Report (FFIEC 009; OMB No. 7100-0035) confidentiality does not.

In evaluating the concerns raised by commenters, the Federal Reserve considered the potential public harm from releasing data reported on the FR Y-15 that was not released for the 2012 submissions, along with the public purposes that would be served by additional disclosure. The Federal Reserve believes that the FR Y-15 data provides consistent and comparable measures of systemic risk which can be used by market participants to evaluate the systemic importance of an institution. Moreover, the Federal Reserve believes that access to the underlying data is integral to understanding the drivers of the aggregated systemic risk metrics. For example, the total intra-financial system assets metric (Schedule B, item 6) is comprised of eleven subcomponents. Without the more granular data, it may be difficult to fully assess whether the planned actions of a firm would lead to a material reduction of the metric in future periods. In addition, the Federal Reserve believes that the data is key to the public understanding how the systemic nature of BHCs subject to section 165 of DFA is evaluated, including how enhanced prudential standards are applied to these BHCs in accordance with their relative systemic importance. Furthermore, the Federal Reserve believes that providing the underlying data increases transparency and, in turn, market discipline regarding systemic risk. Release of the data should encourage a market discipline that reduces the negative externalities associated with raising a firm's systemic footprint. This market discipline should be particularly acute once the regulatory policies regarding systemic risk are finalized.

However, the Federal Reserve believes it is reasonable to delay the public release of certain data items about which commenters have specifically expressed concern. As noted above, commenters asked that the Federal Reserve not release information beyond what was released for the 2012 submissions until such time as the rules on which the reporting is based are finalized and fully implemented in the United States.

The Federal Reserve believes that it is appropriate to delay, until the 2014 reporting period, the public release of non-aggregate Schedule A (size indicator) items that are not derived from public portions of the FR Y-9C. This information is correspondent or related to the information that U.S. BHCs subject to the Federal Reserve's advanced approaches framework (advanced approaches BHCs) will report beginning in 2015 on the revised FR Y-9C and the revised Risk-Based Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101;

OMB No. 7100-0319). This reported information is related to the international (supplementary) leverage ratio requirement and other requirements in the Federal Reserve's revised capital rule (12 CFR part 217), adopted in 2013 (capital rule).[4] Since advanced approaches BHCs will be reporting this information quarterly on the FR Y-9C and FFIEC 101 in 2015, delaying the release of the associated information on the FR Y-15 until the 2014 reporting period will better align the public disclosure of the information across the multiple reports. In addition, this will provide additional time for respondents to ensure that consistent and comparable data is provided across reports. The Federal Reserve believes that it is appropriate for the delayed disclosure to also apply to BHCs that are not advanced approaches BHCs. As with the advanced approaches BHCs, the delay will allow these institutions to fully develop their systems and refine the accuracy of the data associated with the FR Y-15 and the 2015 capital-related reporting requirements. Thus, the aggregated total exposures figure and those items derived from public portions of the FR Y-9C will be the only Schedule A items released for the 2013 reporting period.

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[4] 78 FR 62018 (October 11, 2013).

As discussed further below, most of the Schedule D line items related to the BCBS LCR will no longer be collected on the FR Y-15. The two items that remain identify a subset of trading and available-for-sale (AFS) assets as level 1 or level 2 assets under the BCBS standard. These items are necessary to calculate consistently across jurisdictions the systemic importance of a reporting institution's trading and AFS portfolio. The Federal Reserve observes that these items could be estimated from publicly-available FR Y-9C data and that these items are not equivalent to an institution's liquidity buffer as calculated under the BCBS LCR, or under the U.S. proposed implementation of the LCR which was released as a notice of proposed rulemaking earlier in 2013.[5] However, considering commenter concerns that there could be market confusion with respect to these line items while the rulemaking to implement the LCR is ongoing, the Federal Reserve will delay disclosure of those two line items until the U.S. rulemaking is finalized. In addition, after the U.S. rule implementing the LCR is finalized, the Federal Reserve will consider aligning the definitions of level 1 and level 2 assets used in the two items of the FR Y-15 with the definitions in the U.S. rule.

[5] See 78 FR 71818 (November 29, 2013).

The Federal Reserve will also delay the disclosure of items on Schedule C that specify payments activity in individual currencies until the 2014 reporting period. Some institutions have expressed concern about publicly releasing these new reporting items. The Federal Reserve has observed that these items have been among the most difficult for institutions to collect and believes it is reasonable to keep this information confidential for an additional year while reporting institutions continue to develop and enhance their reporting capabilities for these items. By adopting this delay, the two aggregated payments figures will be the only payments data released for the 2013 reporting period.

Thus, except for the items on Schedules A, C, and D that are subject to delayed release as outlined above, all FR Y-15 data will be made available to the public beginning with the 2013 reporting period. To address concerns about potential misinterpretation of these data, the Federal Reserve will give respondents the opportunity to provide an optional narrative as part of their FR Y-15 submission. This will allow respondents to include brief explanatory comments about any data disclosure within the report which they feel may be subject to misinterpretation or otherwise cause confusion among investors. These statements will be made available to the public.

With respect to confidential treatment passing through to the FR Y-15, this is limited to the cases where specific line item confidentiality has been granted for a related item on the FR Y-9C (see General Instructions, Section H). This automated pass-through does not apply to items pulled from confidential reports. The Federal Reserve specifically decided to make the highly aggregated item pulled from the FFIEC 009 publicly available on the FR Y-15 (Schedule E, item 1) because it is a high-level, aggregate number that, if nonzero, does not reveal any of the actual underlying values included in the FFIEC 009 report.[6]

D. Submission Deadline

The Federal Reserve approved an initial submission window of 90 days for those institutions submitting the FR Y-15 for the December 31, 2012, as-of-date.[7] This was done to allow extra time for the eight initial respondents to develop and test the systems required to collect the FR Y-15 data. Several commenters suggested keeping the submission date at 90 calendar days after the December 31 as-of-date. One commenter argued that more time is needed since the same staff work on the FR Y-9C and the

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[6] See 77 FR 76486 (December 28, 2012).

[7] Id.

FR Y-14. This commenter supported the switch to a June 30 determination date.

An ongoing window of 60 days after the as-of-date for FR Y-15 submissions, beginning with the December 31, 2013, as-of-date, was approved by the Federal Reserve last year.[8] This is 15 days beyond the deadline associated with the FR Y-9C and 10 days beyond the deadline associated with the FFIEC 009, which are both source documents for the FR Y-15. This staggered submission schedule made it easier for banks to ensure that the forms properly reconciled. The 60 day window was chosen, in part, based on the recommendations of several commenters on the first FR Y-15 proposal in 2012.

Considering the fact that several regulatory reports are due 60 days after the December 31 as-of-date,[9] the Federal Reserve will extend the submission window to 65 days. This should ease potential resource constraints while simultaneously ensuring the timely availability of the systemic risk data.

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[8] Id.

[9] Examples of reports due 60 days after December 31 include the FFIEC 101 and Form 10-K (10-K; OMB No. 3235-0063).

E. Implementation Issues for New Respondents

Two commenters noted that several off-balance sheet items use CCF categories defined under the standardized approach of the Basel II agreement[10] as modified by the Basel III agreement and published by the BCBS. They argued that this creates an undue burden on reporters and seems unnecessary considering the recently finalized capital rule (final capital rule)[11] that includes a standardized approach based on the BCBS standards. One commenter recommended not requiring the reporting of these items for advanced approaches institutions. Another commenter recommended making all new reporters exempt from reporting any data items connected to the BCBS Basel III implementation monitoring exercise.

With respect to CCFs, there are minor differences between Basel II standardized and the final capital rule. In general, these differences are only material for a few large institutions and in each case the calculation is relatively simple and straightforward. Moreover, the global systemic score under the GSIB framework is calculated using the standardized approach of

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[10] See paragraphs 83 through 85 of *International Convergence of Capital Measurement and Capital Standards*, June 2006, available at http://www.bis.org/publ/bcbs128.pdf.

[11] 78 FR 62018 (October 11, 2013).

the Basel II agreement. For these reasons, the FR Y-15 will continue to use the Basel II CCF definitions.

For the reasons discussed further in the Specific Data Items section below, the Federal Reserve will remove the three items on the FR Y-15 with explicit links to the Basel III implementation monitoring exercise.

F. Attestation Requirement and Estimated Data

The FR Y-15 attestation page states "I, the undersigned CFO (or equivalent) of the named banking organization, attest that the Banking Organization Systemic Risk Report (including the supporting schedules) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and is true and correct to the best of my knowledge and belief." One commenter recommended allowing first-time reporters in 2013 to use reasonable estimates. They recommended that the allowance be made explicit in the instructions and on the attestation page. Another commenter asserted that the Chief Financial Officer (or equivalent) should not have to attest to data that will tie to a future rulemaking until the rule is actually finalized. The commenter further argued that respondents need ample notice and experience with the data before attesting and that the data should be collected on a best efforts basis until firms have gained more experience with the report.

Reasonable estimates are already allowed when the institution is filing the report for the first time. This fact is explicitly captured in the instructions (see General Instructions, Section F). The attestation page on the reporting form states that the report has been "prepared in conformance with the instructions issued by the Federal Reserve System." As the reasonable estimates clause for first-time reporters is clearly specified in the instructions, it is not necessary to repeat the clause in the attestation itself. Thus, the Federal Reserve will retain the current attestation language.

The Federal Reserve does not believe that the ability to attest data must be linked to the publication of a related final regulatory requirement. Detailed instructions are provided to respondents and Federal Reserve Bank staff are available to answer questions pertaining to the collection. The Federal Reserve believes that these resources, which mirror those that are available for other collections including the FR Y-9C, are sufficient to allow for the attestation of the FR Y-15. The Federal Reserve agrees that respondents need advanced notice of a reporting requirement in order to build adequate collection and validation systems. The Federal Reserve, recognizing that smaller BHCs would require additional time to collect and audit the FR Y-15 data, limited the initial reporting panel to the eight

U.S. GSIBs.[12] This provided an additional year for the other respondents to prepare for the new reporting requirement. Given the advanced notice and the resources available, the Federal Reserve will retain the current attestation requirement.

G. Specific Data Items

One commenter argued that disclosure of the items associated with the LCR could expose respondents to risks under U.S. securities laws because they are not based on a final regulatory standard. The commenter also argued that the market will inappropriately use the LCR-related data to assess the liquidity positions of respondents. Another commenter noted that liquidity rules would not be in effect until 2015 and suggested that the items related to liquidity not be collected until the final rules take effect.

The BCBS recently adopted a revised systemic risk calculation that no longer uses the LCR items collected in the previous version of the report. Taking into consideration this revision along with the comments received, the Federal Reserve will remove the following six items from Schedule D: Level 1 assets, subject to operational requirements; Securities in item 7 that are trading or AFS securities; Level 2 assets, with haircuts and subject to operational requirements; Securities in item 8 that are trading or AFS

[12] See 77 FR 76484 (December 28, 2012).

securities; Adjustment to high quality liquid assets (HQLA) due to caps on Level 2B and total Level 2 assets; and Amount of item 9 attributable to trading and AFS securities. The two LCR-related items that remain reflect the liquidity of the bank's trading and AFS securities. These items are not subject to the same confidentiality concerns since they can be reasonably estimated based on public FR Y-9C data.[13] The Federal Reserve believes this more limited disclosure mitigates the risk of market participants trying to use systemic risk measures on the FR Y-15 to assess a firm's liquidity position. To avoid any potential misinterpretation, the Federal Reserve will remove the reference to HQLA in one of the remaining items (Total trading and AFS securities less HQLA).

One commenter asked that a de minimis exemption be considered for line items unique to the FR Y-15. Due to the rounding rules specified in the instructions (see General Instructions, Section C), amounts less than $500,000 are not reported when respondents choose to report their figures in millions. Therefore, a de minimis exemption already exists within the report. This exemption will be left unchanged.

Commenters asked for a number of technical clarifications regarding specific data items on the FR Y-15 form. The Federal Reserve has

[13] FR Y-9C schedules HC-B and HC-D provide category breakdowns of AFS and trading securities.

addressed these questions in the finalized version of the FR Y-15 instructions.

Board of Governors of the Federal Reserve System, December 17, 2013.

Robert deV. Frierson.,
Secretary of the Board.
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