



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice; request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Capital Assessments and Stress Testing Reports (FR Y-14A/Q/M; OMB No. 7100-0341). Please note that the Board is publishing a separate notice for comment focusing on incorporating the Current Expected Credit Loss (CECL) methodology into the FR Y-14A/Q/M reports.

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: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- E-mail: regs.comments@federalreserve.gov. Include 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, 20th Street and Constitution Avenue, NW, Washington, DC 20551.

All public comments are available from the Board's website at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or

contact information. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K Street, N.W., Washington, DC 20006 between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the 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, N.W., 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, the Office of Management and Budget (OMB) delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collection of information requests and requirements 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.

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 Federal Reserve's functions, including whether the information has practical utility;
- b. The accuracy of the Federal Reserve'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 Federal Reserve should modify the proposal.

Proposal under OMB Delegated Authority to Extend for Three Years, With Revision, 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, semi-annually, quarterly, and monthly.

Estimated number of respondents: 36.

Estimated average hours per response: FR Y-14A: 985 hours; FR Y-14Q: 1,920 hours; FR Y-14M: 1,086 hours; FR Y-14 On-going Automation Revisions: 480 hours; FR Y-14 Attestation On-going Audit and Review: 2,560 hours.

Estimated annual burden hours: FR Y-14A: 70,920 hours; FR Y-14Q: 276,480 hours; FR Y-14M: 443,088 hours; FR Y-14 On-going Automation Revisions: 17,280 hours; FR Y-14 Attestation On-going Audit and Review: 33,280 hours.

General description of report: These collections of information are applicable to top-tier bank holding companies with total consolidated assets of \$100 billion¹ or more and U.S. intermediate holding companies with \$50 billion or more in total consolidated assets that are subsidiaries of foreign banking organizations (FBOs).² This family of information collections is composed of the following three reports:

- The semi-annual FR Y-14A collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative information on methodologies used to develop internal projections of capital across scenarios.
- The quarterly FR Y-14Q collects granular data on various asset classes, including loans, securities, trading assets, and PPNR for the reporting period.

¹ On July 6, 2018, the Board issued a public statement regarding the impact of the Economic Growth, Regulatory Relief, and Consumer Protection Act. See <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180706b1.pdf>. The Board announced that it will not take action to require bank holding companies (BHCs) with greater than or equal to \$50 billion but less than \$100 billion in total consolidated assets to file the FR Y-14 reports.

² The Board has separately proposed to revise the respondent panel for the FR Y-14 reports in connection with the Board's proposed rule regarding Prudential Standards for Large Bank Holding Companies and Savings and Loan Holding Companies (the "Tailoring Proposal"). See 83 FR 61408 (November 29, 2018). Under the Tailoring Proposal, the respondent panel for the FR Y-14 reports would be BHCs with total consolidated assets of \$100 billion or more, U.S. intermediate holding companies of foreign banking organizations (IHCs) with total consolidated assets of \$50 billion or more that are subsidiaries of an FBO, and covered savings and loan holding companies (SLHCs) with \$100 billion or more in total consolidated assets. See 12 CFR sections 217.2 (defining "covered savings and loan holding company"). If the Tailoring Proposal is finalized before this proposal, the respondent panel for the FR Y-14 reports would be updated to reflect the respondent panel adopted in the Tailoring Proposal.

- 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) exercise, which complements 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 18 filings each year: two semi-annual FR Y-14A filings, four quarterly FR Y-14Q filings, and 12 monthly FR Y-14M filings. Compliance with the information collection is mandatory.

Proposed revisions: The Board proposes to implement a number of changes to schedules of the FR Y-14A, FR Y-14Q, and FR Y-14M reports. The proposed revisions consist of deleting or adding items, adding or expanding schedules or sub-schedules, and modifying or clarifying the instructions for existing data items, primarily on the FR Y-14Q and FR Y-14M reports. The Board is proposing most of these changes in an effort to reduce reporting burden for firms, clarify reporting instructions and requirements, address inconsistencies between the FR Y-14 reports and other regulatory reports, and to account for revised rules and accounting principles. A

limited number of proposed revisions would modify the reporting requirements and add or expand sub-schedules to improve the availability and quality of data to enhance supervisory modeling and for use in the Dodd-Frank Act Stress Test (DFAST). The Board proposes to implement the revisions with the FR Y-14 reports as of September 30, 2019.

The Board is proposing most of the changes in an effort to bring the reports in alignment with current accounting standards, rules, and other regulatory reports. This includes modifications to existing items and the addition of items in conformance with:

- The Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-01 (Recognition and Measurement of Financial Assets and Financial Liabilities);
- ASU 2017-12 (Targeted Improvements to Accounting for Hedging Activities);
- Revisions made to the Consolidated Financial Statements for Holding Companies (FR Y-9C);
- Changes to the regulatory capital rules;
- The Tax Cuts and Jobs Act (TCJA); and
- The new U.S. London Interbank Offered Rate (LIBOR) alternative.

Introducing these changes would resolve questions from filing firms regarding the expectations for FR Y-14 reporting in light of inconsistencies with updated standards, and would reduce confusion and reliance on workarounds.

Many of the proposed revisions are intended to reduce inconsistent reporting due to ambiguous, contradictory, or unclear instructions. The proposal would also incorporate editorial or technical edits.

The Board is proposing revisions in order to more accurately capture the data needed for running the stress tests and in support of DFAST and CCAR. This includes the proposed elimination of certain items from the FR Y-14M that are no longer needed because they are available from alternative data sources or are not necessary for stress tests, DFAST, or CCAR. Other proposed revisions, for example on FR Y-14Q, Schedule L (Counterparty), would modify the reporting requirements to collect more accurate, consistent, or comprehensive information. Similarly, the proposal would incorporate and formalize on the FR Y-14 several collections the Board currently collects from a limited number of firms directly in support of running the supervisory stress test. Given the ongoing use of these data in the supervisory stress test, the Board is proposing to collect them on the FR Y-14 reports on new or existing schedules in order to reduce operational challenges with data submission and processing and improve data quality.

Finally, the Board is proposing modifications to how burden estimates are displayed and seeks further comment on burden estimates.

Onboarding of New Firms

The Board proposes to expand and clarify the instructions regarding the onboarding requirements in each of the FR Y-14 reports. Based on the experience of firms that have met the FR Y-14 reporting threshold and went through the process of beginning to file, the Board has identified certain aspects of the current FR Y-14 onboarding instructions that could be interpreted in different ways. The proposal would add language to the general instructions for each of the FR Y-14A/Q/M reports to clarify the onboarding requirements for first-time filers.

First, the Board proposes adding a statement to the instructions for the FR Y-14A/Q/M to indicate that firms do not need to begin filing the FR Y-14 reports until the reporting period after the end of the quarter in which they met the threshold, unless otherwise directed by the Board.

For example, if a BHC crossed the \$100 billion threshold on July 25 of a given year, and met the threshold based on their FR Y-9C submission as of the end of the third quarter, the firm would be required to first report the FR Y-14Q and FR Y-14A reports as of December 31 of that year, and the FR Y-14M report as of December of that year.³

Second, the Board proposes to modify the current instructions in the FR Y-14Q and FR Y-14M pertaining to onboarding delays that extend the initial report due dates for new filers. The modification would clarify that these onboarding delays can be used only by firms that have not previously filed the FR Y-14 reports. The purpose of these onboarding delays is to provide applicable firms additional time to acquire, establish, and acclimate to the FR Y-14 reports submission process, systems, and requirements. A firm that has previously filed any portion of the FR Y-14 reports cannot use onboarding delays when the firm first meets the requirements to file a new schedule or component of the FR Y-14 reports.

Secured Overnight Financing Rate (SOFR)

LIBOR may cease as a benchmark in 2022, and a new standard, SOFR, began trading in the second quarter of 2018. To accommodate this change, the Board proposes updating the FR Y-14Q and FR Y-14M reports to capture this new index. Not adding this code would result in various types of indices mixed in the default code category or “other,” limiting possible uses of the data for supervisory purposes. The following updates to FR Y-14Q/M schedules would bring the FR Y-14 in line with industry used indices.

In the FR Y-14M, Schedules A (First Lien), B (Home Equity), and D (Credit Cards) the Board proposes adding codes to capture the new SOFR rates in the ARM Index field (Schedule

³ Firms onboarding to the FR Y-14 reports submit their initial FR Y-14Q and FR Y-14M reports with delays outlined in the report instructions.

A, Line item 32, and Schedule B, Line item 29), and Variable Rate Index field (Schedule D, Line item 77). The additional codes would include 1 month, 3 month, 6 month, 1 year, Unknown, and SOFR Other, similar to the structure of the existing LIBOR codes.

Similarly, in the FR Y-14Q, Schedule H, the Board proposes adding an option to the Interest Rate Index fields (Schedule H.1, Line item 39, and Schedule H.2, Line item 28) for firms to report SOFR.

ASU 2016-01

In January 2016, the FASB issued ASU 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities.” This ASU requires investments in equity securities to be measured at fair value, with changes in fair value recognized in net income. This effectively eliminates the concept of available-for-sale (AFS) equity securities, which are measured at fair value with changes in fair value generally recognized in other comprehensive income.

The Board proposes to revise the FR Y-14 report forms and instructions to account for the changes to U.S. generally accepted accounting principles (GAAP) set forth in ASU 2016-01. These changes are consistent with previous modifications to other regulatory reports that were made to allow for reporting under ASU 2016-01, in particular the FR Y-9C. The changes to the accounting for equity investments under ASU 2016-01 affect several existing data items in the FR Y-14A and FR Y-14Q, and result in the following proposed revisions:

- Addition of a line item to the FR Y-14A, Schedule A.1.a (Income Statement) to capture unrealized holdings gains (losses) on equity securities not held for trading as defined on the FR Y-9C, HI (Income Statement), Line item 8.b (Unrealized holding gains (losses) on equity securities not held for trading);

- Addition of a line item to the FR Y-14A, Schedule A.1.b (Balance Sheet) for equity securities with readily determinable fair values not held for trading to be reported as defined in the FR Y-9C, Schedule HC (Balance Sheet), Line item 2.c (Equity securities with readily determinable fair values not held for trading);
- Modification of Line item 2.b (Securities (excluding securitizations): Available-for-sale) on the FR Y-14A, Schedule A.1.c (Standardized RWA) to also include equity securities with readily determinable fair values not held for trading as defined in the FR Y-9C, Schedule HC-R (Regulatory Capital), Part II (Risk-Weighted Assets), Line item 2.b (Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading);
- Modification of reporting for certain fields on all sub-schedules of the FR Y-14A, Schedule A.3 (AFS/(held-to-maturity (HTM) Securities) for equity securities;
- Clarification that in the average assets section of the FR Y-14A, Schedule A.7.b (PPNR Net Interest Income) and FR Y-14Q, Schedule G (PPNR), the average balance of these equity securities should be reported as Other Interest/Dividend Bearing Assets; and
- Modification of instructions for the FR Y-14Q, Schedule B (Securities) to clarify that firms must also report equity securities with readily determinable fair values under 2016-01 on this schedule.

Loans in U.S. Territories

On the FR Y-9C, loans in U.S. territories for categories reported by office are treated as international, but the instructions for reporting loans in U.S. territories on the FR Y-14 reports are inconsistent or unclear across schedules. The Board proposes the following changes to

confirm the Board's intent to align the FR Y-14 definition and reporting for loans in U.S. territories with the FR Y-9C. The Board proposes to revise the instructions for the FR Y-14A, sub-schedule A.7 (PPNR), FR Y-14Q, Schedule A (International Retail schedules), and FR Y-14Q, Schedule G to include loans in U.S. territories and associated revenues as international. On the FR Y-14A, sub-schedule A.7 and FR Y-14Q, Schedule G, the Board proposes to revise the definitions of 'Domestic Revenue' and 'International Revenue,' as well as to update references to Puerto Rican loan revenues throughout both schedules (loans in other U.S. territories are already reported as international on these schedules). On the FR Y-14Q, Schedule A, the Board proposes to remove the exception for loans in U.S. territories from the international loan-reporting requirement. Specifically, the portion of the FR Y-14Q, Schedule A instructions indicating that "international" is 'not U.S. or U.S. territories and possessions' would be removed from sub-schedules A.1 (International Auto), A.3 (International Credit Card), A.4 (International Home Equity), and A.5 (International First Lien Mortgage). Similarly, references to the reporting of loans in U.S. territories and possessions in retail sub-schedules for U.S. loans would be eliminated. The FR Y-14Q, Schedule A instructions would continue to reference the applicable FR Y-9C definitions. The impact of this change would clarify the treatment of Puerto Rican loans that have been reported inconsistently. These changes would result in firms reporting loans in U.S. territories and associated revenues on the FR Y-14A and FR Y-14Q as international.

FR Y-14A, Schedule A (Summary)

Schedule A.1.b (Balance Sheet)

The Board adopted several burden-reducing revisions to the FR Y-9C effective for the June 30, 2018 as of date.⁴ The burden-reducing revisions eliminated or combined various items

⁴ See 83 FR 36935 (July 31, 2018).

throughout the report. The FR Y-14 series references FR Y-9C items where applicable to streamline the collections. In response to these FR Y-9C revisions, the Board proposes to update any applicable FR Y-9C references on the FR Y-14 reports so that they can remain in sync. In addition to updating referenced items, the only other proposed revision to the FR Y-14 reports in line with these FR Y-9C revisions is to combine existing FR Y-14A, Schedule A.1.b item 115, “Purchased Credit Card Relationships and Nonmortgage Servicing Rights” into existing item 116, “All Other Identifiable Intangible Assets.”

Schedule A.1.d (Capital)

In response to observed reporting by the firms and due to certain provisions in the TCJA, the Board proposes to clarify certain line items in the Y-14A Summary – Capital Schedule (Schedule A.1.d) under the TCJA. The TCJA eliminated net operating loss carrybacks. In order to properly quantify a firm’s tax expense, data need to be collected on current period taxes paid. Therefore, the Board proposes to rename Line item 109 “Potential net operating loss carrybacks” to “Taxes previously paid that the bank holding company could recover if the bank holding company’s temporary differences (both deductible and taxable) fully reverse at the report date.” The instructions for the item would state that firms should report the amount of taxes previously paid that the bank holding company could recover through loss carrybacks if the bank holding company’s temporary differences (both deductible and taxable) fully reverse at the report date.

In addition, the Board is proposing to modify the FR Y-14A, Schedule A.1.d to require the reporting of certain line items at a federal, state, and other jurisdictions level. Collecting these line items by three jurisdictions would allow the Board to project a firm’s tax expense, deferred tax assets, and valuation allowance using more granular data, which should lead to a more accurate projection of capital. The affected items would include “Taxes previously paid that the

bank holding company could recover if the bank holding company's temporary differences (both deductible and taxable) fully reverse at the report date" (Line item 109); "Valuation allowances related to deferred tax assets that arise from net operating loss and tax credit carryforwards" (Line item 111); "Deferred tax assets arising from temporary differences, net of DTLs" (Line item 112); and "Valuation allowances related to DTAs arising from temporary differences" (Line item 113).

Finally, the instructions would be clarified to indicate where firms should include items associated with the global market shock DFAST component,⁵ including in their projections. This clarification would provide guidance on how firms should reflect the impact of the global market shock on items subject to adjustment or deduction from capital. Specifically, if a firm were to adjust its projection of an item to reflect the impact of the global market shock, the instructions will indicate that the firm must also report an adjusted starting value that reflects the global market shock.

Schedule A.2.a (Retail Balance and Loss Projections)

Currently, the balance line items for home equity loans reflect total outstanding balances, including both purchased credit-impaired (PCI) and non-PCI portfolios, while the loan loss items reflect losses only for non-PCI portfolios. Under the Current Expected Credit Loss (CECL) methodology, financial assets classified as PCI assets prior to the effective date of the new standard will be classified as purchased credit-deteriorated (PCD) assets. The definition of PCD in ASU 2016-13 is broader than that of PCI, and so the Board expects more balances would be classified as PCD under CECL than were classified as PCI under previous accounting rules. This

⁵ Firms with significant trading operations are required to include a global market shock component as part of the supervisory adverse and severely adverse scenarios.

makes it more important to accurately capture the value of PCD exposures as compared to item totals. Therefore, to allow for the ability to accurately assess a firm's projections and to compare loss rates, the Board proposes to collect PCD balances and loan losses across the mortgage line items on the FR Y-14A, Schedule A.2.a (proposed Balances line items 1, 9, 17, 26, 27, 28, 35, and 43, and proposed Losses items 6, 14, 22, 32, 40, 48). These items would first be effective September 30, 2019, and there would be guidance on the form and instructions indicating that only firms that have adopted ASU 2016-13 should report these items.⁶

Schedule A.4 (Trading)

Currently, the FR Y-14Q, Schedule A.4 (Summary - Trading) collects firm-wide trading profit and loss (P&L) results in high-level categories. These aggregated categories make it difficult to identify the underlying drivers of the P&L results. As a result, the Board has had to regularly follow up with firms regarding the decomposition of P&L results into more granular risk and product sub-components to inform the supervisory modeling process.

To make the data collection process operationally more efficient and allow for timely receipt of the granular information necessary to inform supervisory modeling, the Board proposes to expand the current FR Y-14A, Schedule A.4 to require firms to report risk and product level sub-component categories for P&L estimates. The Board also proposes that firms provide any additional detail regarding their trading P&L submission, including a description of items included in other categories within each asset class, as supporting documentation associated with FR Y-14A, Schedule A.4. Firms would submit the trading and credit valuation adjustment (CVA) hedges P&L breakdowns and associated supporting documentation on the

⁶ Since the FR Y-14A is not filed as of September 30, 2019, firms would not report the proposed PCD items until December 31, 2019.

same timeline as the current FR Y-14A, Schedule A.4 (data as of the market shock date for a given year are submitted on April 5).

The collection of this information on the FR Y-14 would formalize the previously ad-hoc and informal collection of the same data. The additional data the Board proposes to collect on this sub-schedule would support data quality assurance activities and would provide essential information regarding the drivers of reported P&L results.

Schedule A.7 (Pre-Provision Net Revenue (PPNR))

The Board proposes eliminating the deposit-funding threshold for the FR Y-14A, Schedule A.7 (PPNR), in particular the net interest income sub-schedule (A.7.b), which is currently optional for firms with deposits comprising less than 25 percent of total liabilities for any period reported in any of the four most recent FR Y-14Q reports. Currently, nearly all respondents are required to submit this schedule and the change would require net interest income submissions from all respondents. For the reports as of June 30, 2016, the deposit funding threshold was eliminated from the FR Y-14Q, Schedule G (PPNR). This modification would create consistency across the FR Y-14A/Q, and collecting this information will enhance the comparability of assets and liabilities across BHCs and promote greater consistency in supervisory evaluations.

The Board has received questions regarding the appropriate place to report dividends on equity products on the FR Y-14 reports. Currently, dividend income on equity products associated with sales and trades is reported as either interest income in “Other [sales and trading net interest income]” (Item 5B) on the FR Y-14A, Schedule A.7.a and the FR Y-14Q, Schedule G.1 (PPNR Submission Worksheet), or as noninterest income in “Commissions and Fees” (Item 18B) on the FR Y-14A, Schedule A.7.a and the FR Y-14Q, Schedule G.1. However, the current

instructions do not clarify as to when dividend income on equity products should be reported as interest income and when it should be reported as noninterest income. In addition, the Board believes it is more appropriate for dividend income on equity products to be reported as “Other [sales and trading noninterest income]” in item 18C on the FR Y-14A, Schedule A.7.a and the FR Y-14Q, Schedule G.1, as opposed to being included in item 18B on both reports. Therefore, the Board proposes four revisions regarding dividend income on equity products.

First, the Board proposes to revise the instructions for item 5B on the FR Y-14A, Schedule A.7.a and the FR Y-14Q, Schedule G.1 to include dividend income on equity products with readily determinable fair values not held for trading. This treatment would be consistent with the treatment of dividend income on equity securities with readily determinable fair values not held for trading on the FR Y-9C. Second, the Board proposes to revise the instructions for item 18B on the FR Y-14A, Schedule A.7.a and the FR Y-14Q, Schedule G.1 to remove references to dividends on equity products. Third, the Board proposes to revise the instructions for item 18C on the FR Y-14A, Schedule A.7.a and the FR Y-14Q, Schedule G.1 to include dividend income on equity products held for trading. Finally, the Board proposes to streamline the instructions for Item 5B on both the FR Y-14A, Schedule A.7.a and the FR Y-14Q, Schedule G.1 by removing redundant language.

In regard to the supporting documentation requirements associated with the FR Y-14A, Schedule A.7, outlined in section A.9 (PPNR) of the FR Y-14A, Appendix, the Board proposes adding additional specification surrounding the requirements for supporting information provided by IHCs. Specifically, the proposal would add instructions to the supporting documentation clarifying that IHCs with material transfer pricing or cost allocation items with related entities should report these revenues and expenses in the appropriate business-line

category, rather than the “other” category. In addition, the proposal would request supporting documentation from IHCs that disaggregates the impact of transfer pricing and cost allocations on revenue and expense projections to allow the Board to understand the revenue impact of these arrangements. This information is not available from other sources and is important to understanding drivers of revenue, particularly with respect to IHCs.

FR Y-14A, Schedule B (Scenario)

In December 2017, the Board transitioned submission of FR Y-14A, Schedule B to extensible markup language (XML) format. As a result, some technical details in the general instructions for Schedule B regarding submissions were no longer applicable. Therefore, the Board proposes to update the general instructions of this schedule to accurately reflect the requirements associated with XML submissions.

FR Y-14A, Schedule E (Operational Risk)

In December 2016, the Board adopted a proposal that implemented two new sub-schedules to the FR Y-14A, Schedule E (Operational Risk), which collect information surrounding material operational risk and operational risk scenarios.⁷ Following the initial collection of these sub-schedules, the Board assessed the information received and observed inconsistencies in reporting. It appeared unclear to reporters, based on the existing instructions and column names, what should be reported in each sub-schedule and how that information should be reported. This resulted in the identification of potential refinements and clarifications to the schedule form and instructions.

The Board intends to collect substantively the same information on these sub-schedules, but proposes to rename and reorganize columns on the FR Y-14A, Schedules E.2 (Material

⁷ See 81 FR 93917 (December 22, 2016).

Operational Risk Identification) and E.3 (Operational Risk Scenarios) to make it clearer what is to be reported on these sub-schedules, and how. For example, in Schedule E.2, the columns titled Material Operational Risk and Risk Name would be combined and renamed “Material Operational Risk Name and Brief Description,” and the Risk Segment column would be renamed “Business Line(s)/Firm-wide.” In addition, the column for reporting methodology would be removed from Schedule E.3, and a column would be added on Schedule E.2 to capture the loss estimation methodology used to estimate the operational risk losses. Clarifying changes would also be made to certain column titles in Schedule E.3.

To enhance the instructions and clarify the intended reporting on these sub-schedules, the Board also proposes to add definitions to the instructions for Schedules E.2 and E.3. In line with these definitions, the Board proposes adding comparable text to the high-level explanation of each sub-schedule currently provided in the instructions. The Board also proposes to make formatting and other minor changes to the report form, as shown in the associated drafts. This includes adding sections, numbering the reported scenarios, and specifying that dollar values should be reported in millions.

FR Y-14Q, Schedule A (Retail)

The Board proposes adding a new category segment to the existing Original Commercially Available Credit Bureau Score or Equivalent field (Segment Variable 4) on the FR Y-14Q, Schedule A.2 (U.S. Auto). The addition of a category for “≤560” (Proposed code 00) would allow the Board to separately capture information regarding the deep subprime population to inform supervisory modeling. These loans are currently captured as part of the “≤620” segment (current code 01), which would be changed to “>560 and ≤620”. Although firms would need to update systems to reallocate the reported information to the new segment,

the Board does not expect the reporting of any new or additional loans as a consequence of this change.

In addition, the Board proposes to add a segment-level summary variable to the FR Y-14Q, Schedules A.1 – A.10 (Retail) to collect information on the weighted average life of loans. This field would reflect the current position, impact of new business activity, and impact of behavior assumptions based on the expected remaining life of the loan. The life of the loan is necessary for calculating losses under CECL and because the mix of loans on the retail sub-schedules would make calculating the weighted average life challenging.

FR Y-14Q, Schedule B (Securities)

In August 2017, FASB issued ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities.” This ASU amended ASC 815, Derivatives and Hedging. The amendments changed the hedge accounting recognition and presentation requirements. To accommodate ASU 2017-12, the Board proposes to add a column to the securities hedge schedule (FR Y-14Q, Schedule B.2) to identify partial term hedges, if applicable, as allowed under the new hedge accounting standard (ASU 2017-12). The field, ASU 2017-12 Hedge Designations (proposed line item 15) would require firms to indicate if any of the ASU 2017-12 hedge designations allowed in conjunction with partial-term hedging election in ASC 815-20-25-12b(2)(ii) are applicable. Adding this field to the FR Y-14Q, Schedule B.2 (Securities 2) would allow the Board to identify relevant new hedge designations under ASU 2017-12 and track these hedges in addition to, and separately from, other types of hedges. In addition, the instructions for Line item 6, Type of Hedge, and Line item 9, Hedge Percentage, would be updated to reference the amendments in conjunction with partial-term hedging election allowed under ASU 2017-12. Finally, the Board proposes eliminating existing Line item 15, Ineffective Portion of Cumulative

Gains and Losses, as the ineffective portion of cash flow hedges is no longer required to be reported separately under ASU 2017-12.

In addition, the Board is proposing other changes to the FR Y-14Q, Schedule B, including (1) adding a clause regarding acceptable use of CUSIP⁸ or CINS⁹ numbers for the Identifier Type and Value and (2) eliminating the requirement to report the sector in the Security description for corporate bonds.

FR Y-14Q, Schedule C (Regulatory Capital Instruments (RCI))

Currently, firms must make a one-time submission of all subordinated debt as of quarter end that includes all the information required in Schedule C.3, Regulatory Capital and Subordinated Debt Instruments Issuances During the Quarter, for each subordinated debt instrument outstanding as of quarter end. Firms must also report changes in subordinated debt positions in Schedules C.2, Repurchases/Redemptions, and C.3. The current structure includes unused fields and complicates the collection process by requiring flows (issuances and redemptions) to obtain the stock at quarter end. The Board also receives questions as part of the FR Y-14 Question and Answer (Q&A) process¹⁰ seeking clarification on the intended reporting on these sub-schedules. The proposed changes would address those questions and remove several variables that are unnecessary in order to reduce reporting burden.

To improve the value of collected data, the Board proposes moving six items from Schedule C.3 to Schedule C.1, Regulatory Capital and Subordinated Debt Instruments as of Quarter End. These proposed Columns I through N on Schedule C.1 would apply to subordinated

⁸ A number assigned by The Committee on Uniform Securities Identification Procedures.

⁹ CUSIP International Numbering System.

¹⁰ Non-confidential questions regarding the FR Y-14 reports submitted by FR Y-14 filing firms are responded to by the Board and published in a monthly Q&A report available on the Board's public website: www.federalreserve.gov/publications/y-14-qas.htm

debt instruments and related interest rate hedges, as well as any new interest rate hedges associated with outstanding subordinated debt instruments.¹¹ The instructions for Schedule C.1 would subsequently indicate that firms should report the total interest rate hedges rather than individual swaps for their subordinated debt instruments as of the end of the most recent quarter to include new hedges issued during the quarter and described in Schedule C.3.

The Board also proposes revisions to: (1) redefine Column JJ, Interest Rate Swap Payment Spread (bps) in Schedule C.3 to specify that firms should report the effective spread (which is currently unclear); (2) eliminate Column EE, Interest Rate Swap Issue Date, FF, Interest Rate Swap Maturity Date, and HH, Interest Rate Swap Fixed Payment Rate, from Schedule C.3, as they do not materially contribute to the stress tests; and (3) remove a sentence that indicated how to report duplicate records with the same CUSIP, as Schedule C.1 does not collect information on individual swaps.

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

The capital rules contained transition provisions that phased in certain requirements over several years in order to allow sufficient time for implementation. Effective January 1, 2018, the agencies adopted changes to the regulatory capital rules that extended the regulatory capital treatment applicable during 2017 for certain items for firms that are not subject to the capital rules' advanced approaches.¹² For all other firms, the transition provisions ended in 2018.

In response to the end of the transition provisions for non-advanced approaches firms, the Board is proposing to eliminate most sub-schedules and data items on the FR Y-14Q, Schedule

¹¹ Currently columns BB. carrying value, as of quarter end; CC. unamortized discounts/premiums, fees, and foreign exchange translation impacts as of quarter-end; DD. fair value of swaps, as of quarter end; GG. notional amount of interest rate swap; KK. currency denomination of the instrument; and OO. Y-9C BHCK 4062 reconciliation on Schedule C.3.

¹² See 82 FR 55309 (November 21, 2017).

D, as they are duplicative of reporting elsewhere now that the common equity tier 1 deductions are fully phased in. The proposed schedule would include a limited number of items that are not reported elsewhere, including, but not limited to, items related to:

- Significant and non-significant investments in the capital of unconsolidated financial institutions in the form of common stock;
- Mortgage servicing assets;
- Deferred tax assets due to temporary differences;
- Aggregate items subject to the 15 percent limit;¹³ and
- Other quarterly changes.

Additionally, the Board proposes to add four items relating to non-significant investments subject to a threshold deduction from common equity tier 1 (CET1) capital to the schedule:

- Aggregate amount of non-significant investments in the capital of unconsolidated financial institutions;
- Non-significant investments in the capital of unconsolidated financial institutions in the form of common stock;
- 10 percent threshold for non-significant investments;¹⁴ and
- Amount to be deducted from common equity tier 1 due to 10 percent deduction threshold.¹⁵

¹³ Per the agencies' regulatory capital rules, the aggregate amount of the threshold items, that is significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; mortgage servicing assets (MSAs), net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs must be deducted from a Board-regulated institution's common equity tier 1 capital, if the aggregate amount exceeds the 15 percent common equity tier 1 capital deduction threshold.

¹⁴ Per the agencies' regulatory capital rules, a Board-regulated institution must deduct its non-significant investments in the capital of unconsolidated financial institutions that, in the aggregate, exceed 10 percent of the sum of the Board-regulated institution's common equity tier 1 capital minus applicable deductions.

These items are necessary to retain as they are not collected on the FR Y-9C report and are needed in order to calculate CET1 capital. In total, these changes would significantly reduce the burden associated with the schedule.

In addition, the Board proposes making conforming revisions to the general instructions of Schedule D in line with the aforementioned changes. In light of the modifications, the schedule would be renamed the ‘Regulatory Capital’ schedule and would consist of a single schedule with no sub-schedules. Certain items on the remaining sub-schedule would be reported by firms (instead of derived by the Board) due to the elimination of items that were previously used to calculate the data value.

FR Y-14Q, Schedule F (Trading)

Currently, the Board collects additional information regarding fair value option (FVO) loan hedges from fewer than 10 FR Y-14 filing firms to support supervisory modeling during DFAST. The collection captures profit and loss sensitivity of transactions used to hedge loans for which companies have adopted fair value accounting, excluding forward contracts with federal agencies. The collected data are critical to the modeling process.

The Board proposes to formalize the collection of this information by creating a new submission type for the FR Y-14Q, Schedule F dedicated to FVO loan hedges that would be submitted by firms that are subject to the global market shock and are required to complete the trading schedule. 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 outlined in the FR Y-14Q, Schedule F instructions, unless otherwise indicated. Firms would report the data quarterly, as of the last day of each quarter. Collecting these data with a quarterly frequency

¹⁵ This item would be derived from other items reported in this schedule.

would be consistent with the other trading submission types and would allow for trend analysis and performance monitoring throughout the year. Firms would be required to submit the data 47 calendar days after the calendar quarter-end for March, June, and September, and 52 calendar days after the calendar quarter-end for December.

To ensure that the Board is receiving the universe of material FVO loan hedge exposures and that the transition to reporting this information on the FR Y-14 is clear and efficient, the following questions are included in this Federal Register Notice:

- Is there anything else that the Federal Reserve should consider in requiring firms to report FVO loan hedges on the FR Y-14Q Trading schedule, separately from trading book positions and CVA hedges?
- Should this requirement be limited to global market shock firms already required to submit the FR Y-14Q Trading form (as proposed), or should it also include other firms?
- If it includes other firms, should it be limited to firms with material exposure to FVO loans or FVO loan hedges?
- If a firm does not ordinarily submit the FR Y-14Q Trading schedule, but does have FVO loan hedges to report, are there appropriate simplifications to the reporting requirements of the Trading form that could be applied?

Through the FR Y-14 Q&A process, the Board has identified opportunities to define the intended scope of and clarify the method of reporting exposures on the FR Y-14Q, Schedule F. The revised instructions align with prior Board feedback to respondents, and would encourage consistent reporting across firms. With this objective, the Board proposes the following modifications to the forms and instructions:

- Adding a sentence to the General Instructions, Section A (Purpose of Schedule) to indicate that mandated investments should be excluded from Schedule F.
- Specifying that on the FR Y-14Q, Schedule F.18 (Corporate Credit-Advanced) and F.19 (Corporate Credit-Emerging Markets), firms must report tenor exposures based on the option maturity for index options.
- Revising the instructions for the FR Y-14Q, Schedule F.6 (Rates DV01) to clarify that agency mortgage-backed securities (MBS) exposures should be reported in the Swaps row of the Trading schedule, while agency debt should be reported in the Agency row.
- Describing the scope of sub-schedule F.24 (Private Equity) to include both fair value and non-fair value private equity (PE) investments. To distinguish these types of PE investments, the proposal would break this sub-schedule out into two sections, one for fair value and one for non-fair value PE investments.
- Revising the forms and instructions for sub-schedule F.24 and F.25 (Other Fair Value Assets) to reflect changes made to the Global Industry Classification Standards (GICS) structure. Examples of these revisions include consolidating the various Real Estate industry groups into one group, as well as moving the Media industry group from the Consumer Discretionary sector to the new Communication Services sector.

FR Y-14Q, Schedule H (Wholesale)

Several FR Y-14 Q&As have highlighted inconsistent, unclear, and potentially burdensome language in the wholesale schedules. The Board proposes the following changes to Schedule H with the objective of remediating these issues and clarifying reporting for firms.

The Line of Business (LOB) field (Field Number (No.) 27 in Schedule H.1 and Field No. 22 in Schedule H.2) currently requires firms to report the “internal line of business that originated the credit facility using the institution’s own department descriptions.” Analysis of submitted data has shown that the LOB values change over time, making the value of the LOB at origination less valuable. To reduce burden of reporting in cases where the facility changes LOB or is acquired, the Board proposes updating the instructions to eliminate the “at origination” requirement.

The Board proposes modifying the maturity date field (Field No. 19 in Schedule H.1 and H.2) to eliminate the implied requirement to test compliance with the terms of the credit agreement each quarter. The current wholesale schedules (Schedules H.1 and H.2) permit the inclusion of extensions at the borrowers’ discretion in calculating the maturity date only “when such conditions are in compliance with the credit agreement,” which implies that firms must assess compliance quarterly. This is not consistent with business practice and causes unintended burden that would be reduced with this modification.

The Board is aware of an unintentional discrepancy between the definition of “country” on the FR Y-14Q Schedule H.1 (Corporate) and the definition of “domicile” on the FR Y-9C report. The general instructions for Schedule H.1 reference the FR Y-9C definition, but the instructions for Field No. 6, Country, are not consistent. The Board proposes modifying the definition of Field No. 6, Country, in Schedule H.1 to eliminate this discrepancy by referring to the FR Y-9C instructions.

In addition, the Board proposes adding two additional sub-schedules to the FR Y-14Q, Schedule H: Schedule H.3, Line of Business and Schedule H.4, Internal Risk Rating Scale. Schedule H.3 would collect (1) each firm’s universe of LOB’s as reported on schedules H.1 and

H.2 and (2) a free text description of each LOB. Schedule H.4 would collect (1) each firm's universe of internal risk ratings as reported on Schedules H.1 and H.2 and (2) a free text description of each rating. The addition of Schedules H.3 and H.4 would allow for the mapping of each firm's ratings and LOB values to a consistent benchmark for use in modeling.

The current process for defining LOB and internal risk ratings is manual and facilitated through periodic communication with firms outside of the FR Y-14 report. The process has significant operational risk. Sub-schedules H.3 and H.4 would define sets of allowable values for the Line of Business and Internal Risk Rating fields in the H.1 and H.2 collections to improve quality control on the facility-level sub-schedules. Although the collection would add reporting burden, this would replace the burden of the current unstructured collection process. Introducing two new sub-schedules to collect this information would formalize the reporting process while also significantly improving data quality and consistency of reporting.

Finally, the Board proposes reconciling terminology related to reporting requirements for commitments and utilized (outstanding) balances for held-for-investment (HFI) and held-for-sale (HFS) loans reported under different accounting treatments across the H.1 and H.2 schedules to improve clarity, enhance reporting accuracy, and to align more closely with FR Y-9C Schedule HC-C, Loans and Lease Financing Receivables. In addition, the Board proposes to add four new fields that would replace two existing fields on Schedules H.1 and H.2. The wholesale schedules collect information on both HFI and HFS loans that are reported at fair value under a FVO. Measuring these exposures accurately is critical for supervisory modeling. However, due to conflicting descriptions, outdated language, and references to various applicable accounting references within Schedule H, the reported data for these fields are often unreliable. The Board also proposes adding fields for committed and utilized (outstanding) par value balance, and to

replace the existing fair value adjustments fields (which would be eliminated) with new fair value balance fields on Schedules H.1 and H.2. The Board expects that these changes would improve the instructions and reporting structure to ultimately increase the quality of reported data for use in supervisory modeling. This would result in the following changes:

- Modification of the H.1 and H.2 schedule reporting specifications and the instructions for Committed Exposure Global (Field No. 24 in Schedule H.1 and Field No. 5 in Schedule H.2), Utilized Exposure Global (Field No. 25 in Schedule H.1), and Outstanding Balance (Field No. 3 in Schedule H.2).
- Elimination of the Fair Value Adjustment Committed Exposure (Field No. 84 on Schedule H.1 and Field No. 50 on Schedule H.2), and Fair Value Adjustment Drawn (Field No. 85 on Schedule H.1 and Field No. 51 on Schedule H.2).
- Addition of fields for Committed Exposure Global Par Value, Utilized Exposure Global (Outstanding Balance) Par Value, Committed Exposure Global Fair Value, and Utilized Exposure Global (Outstanding Balance) Fair Value to Schedule H.1 and H.2.

FR Y-14Q, Schedule I (Mortgage Servicing Rights, “MSR”)

In an effort to reduce burden, the Board proposes to eliminate the FR Y-14Q, Schedule I. The ongoing collection of these data have shown that these data are only material for a limited number of firms.

FR Y-14Q, Schedule L (Counterparty)

The Board proposes several changes to the FR Y-14Q, Schedule L with the objective of increasing consistency across sub-schedules and submissions (stressed and unstressed) collecting counterparty exposures.

The Board proposes to change the scope and granularity of firms' reporting of CVA related data fields from the top 95 percent to all counterparties at the legal entity level on sub-schedules L.1(a-d), L.2, and L.3.¹⁶ This proposed change is twofold. First, to improve loss estimation, the reporting of CVA related data fields would be modified to include all counterparties, rather than the top 95 percent. The current approach of using only the top 95 percent of counterparties could miss material exposures from the remaining 5 percent. The change in reporting would allow for a more accurate assessment of stressed risks and determination of loss estimates. The reporting of all counterparties would also eliminate the need for the different breakdowns of data reported on schedules L.1.b through L.1.d and, if the changes are implemented, these collections would be removed.

Second, the proposal would require firms to report non-sovereign and non-central counterparties on sub-schedule L.1.a-L.1.d at a counterparty legal entity level, rather than a consolidated parent level. This change would result in the elimination and addition of items to facilitate the collection of data at this level. Other existing items would be modified to include language in captions and definitions to specify at what level the information should be reported. There was previously a need to limit the reporting of counterparties on the FR Y-14Q, Schedule L to the consolidated parent level due to restrictions with the Excel submission method. However, this created inconsistency in the reporting granularity across counterparty types in that firms are required to report sovereign and central counterparties at the legal entity level and non-sovereign/central counterparties at the consolidated group/parent level. Now that the schedule is collected in XML, the Board has received feedback from some FR Y-14 filers requesting to

¹⁶ Sub-schedules L.1.a through L.1.d.2 capture information regarding derivatives profile by counterparty and aggregate across all counterparties. Sub-schedule L.2 captures expected exposure profile by counterparty and sub-schedule L.3 captures credit quality by counterparty.

report counterparty entity-level data on sub-schedule L.1.a-L.1.d (similar to how sovereign and central counterparties are currently being reported). The Board understands that doing so may streamline reporting from system infrastructure and could align reporting with a firm's internal practices for tracking counterparty exposures. From the Board's perspective, counterparty level and entity level data would provide additional granularity to ensure proper implementation of models using these data.

The Board also proposes requiring firms to report derivatives and fair valued securities financing transactions (SFTs) in CVA items in sub-schedules L.1 through L.4.¹⁷ This would clarify requirements regarding the range of products for estimating mark-to-market losses under the stressed scenario, which firms currently inconsistently report due to a lack of specificity in the FR Y-14Q instructions. The scope of schedules L.1-4 includes derivative trades, but does not explicitly include or exclude SFTs, leading some firms to report SFTs (fair valued, non-fair valued, or both) in the schedules. This clarification should result in consistent product capture and would ensure appropriate and comparable inputs across firms for supervisory modeling.

In August 2018, the Board proposed adding back an item to the FR Y-14Q, Schedule L.5 to capture Total Stressed Net Current Exposure (Total Stressed Net CE).¹⁸ The proposal also clarified the intended ranking methodology for the stressed scenario. In line with this change, the Board proposes to add an item to collect Total Net CE from reporting firms in sub-schedule L.5 and to modify the ranking methodology for the unstressed scenario. The proposed changes would create consistency in the top 25 counterparty ranking methodologies between the stressed and unstressed scenarios. The change would also help subject matter experts understand and analyze

¹⁷ Sub-schedule L.4 captures aggregate and top CVA sensitivities.

¹⁸ See 83 FR 39093 (August 8, 2018).

key drivers of large counterparty default losses and would be responsive to questions regarding the appropriate reporting under the unstressed scenarios.

Finally, the Board has identified editorial and technical clarifications that would increase the use of consistent language and terminology and formatting across the counterparty instructions of Schedule L. The Board also proposes including language in the instructions that specifies how the FR Y-14Q submission should relate to the reported FR Y-14A data. In addition, the Board proposes consolidating certain counterparty identifier fields to make the collection of information surrounding these identifiers consistent across sub-schedules and to eliminate redundancy. The proposal would implement the clarifications as outlined in the draft instructions.

FR Y-14M, Schedule A (First Lien), Schedule B (Home Equity), Schedule D (Credit Card)

In regard to the FR Y-14M reports, the Board proposes to modify existing fields and to clarify the reporting instructions with the objective of improving clarity surrounding the intent of fields and to support more accurate and complete reporting. Many of the proposed clarifications are in response to questions and feedback received through the FR Y-14 Q&A process. As a result of the Board's effort to continually review the use and value of data items, the Board also proposes eliminating a number of fields across the FR Y-14M schedules. The proposed revisions are detailed below.

The Board proposes eliminating 16 fields from Schedule A (First Lien), seven fields from Schedule B (Home Equity), and four fields from Schedule D (Credit Cards). The Board proposes eliminating the fields in an effort to reduce the burden of reporting information that has been identified as redundant or of reduced value to data end-users. Firms sparsely, inconsistently, or

incorrectly report several of the fields. Specifically, the proposal would remove the following fields:

FR Y-14M, Schedule A.1 (First Lien, Loan Level):

- Item 26, Buy Down Flag
- Item 51, Servicer Advances
- Item 58, Scheduled Principal Balance Amount
- Item 76, Active Repayment Plan Flag
- Item 78, Repayment Plan Performance Status
- Item 79, “Home Affordable Refinance Program” Flag
- Item 80, HAMP Loan number
- Item 90, Property Valuation Method at Modification
- Item 107, Escrow Amount Before Modification
- Item 108, Escrow Amount After Modification
- Item 109, Alternative Home Liquidation Loss Mitigation Date
- Item 110, Alternative Home Retention Loss Mitigation Date
- Item 114, Escrow Amount at Origination
- Item 119, Loss/Write Down Amount
- Item 120, Loss/Write Down Date
- Item 123, Ever 90+ DPD in the Past 12 Months

FR Y-14M, Schedule B.1 (Home Equity, Loan Level):

- Item 35, ARM Periodic Pay Cap
- Item 36, ARM Periodic Pay Floor

- Item 56, Repayment Plan Performance Status
- Item 67, Repayment Plan Start Date
- Item 93, Loss/Write Down Amount
- Item 94, Loss/Write Down Date
- Item 97, Ever 90+ DPD in the past 12 months

FR Y-14M, Schedule D.1 (Credit Card, Loan Level):

- Item 35, Updated Borrower's Income
- Item 36, Updated Income Source
- Item 37, Date Refreshed Income Obtained
- Item 55, Interest Type in Current Month

While the Board has identified fields that are no longer necessary, certain new fields are proposed to provide similar information in clearer and more accurate ways. Specifically, the Board proposes adding two new fields, for Charge-Off Amount and Charge-off Date to the Home Equity schedule (Schedule B.1, proposed items 118 and 119). These fields would fill a gap in information available regarding non-performing loans and provide more accurate insight into a firm's expectation that an account is unlikely to repay. Given the volume of Q&As and data issues evidenced in the reporting of the current loss/write down amount and date fields (proposed to be eliminated), the Board anticipates that the reporting of the two new charge-off fields would simplify reporting and improve data quality.

Two proposed modifications to the reporting instructions for existing fields would change the reporting requirements in order to achieve better data quality, reduce missing data, and reduce burden. First, the Board proposes updating the instructions for the FR Y-14M, Schedule A and Schedule B to indicate that in the case of involuntary terminations, loans should be

reported for up to 24 months following termination, until the data in the four loss severity fields (Schedule A, Line Items 93 (Total Debt at Time of any Involuntary Termination), 94 (Net Recovery Amount), 95 (Credit Enhanced Amount), and 121 (Sales Price of Property), and Schedule B, Line Item 99 (Total Debt at Time of Any Involuntary Termination), Line Item 100 (Net Recovery Amount), and Line Item 101(Sales Price on Property)) are available to report. If the data are available sooner, the firm would not have to continue reporting these loans in the following months. Firms have indicated that the recovery, total debt, sales price, and credit enhanced amount data collected in these fields are often not available until after a loan has been charged-off. Currently firms stop reporting involuntary terminated loans the month following the involuntary termination, resulting in firms reporting those fields as null or zero. The proposed change in reporting would provide additional time for firms to gather and report data in these fields.

Furthermore, the Board proposes limiting the reporting of the loss severity fields in Schedule B (Line Items 99, 100, and 101) to only first liens with the objective of reducing burden. The Board understands that it may be burdensome for firms to obtain and report this information for junior liens, particularly if they do not service the loan. Firms would report these fields as null for any junior liens.

Second, the Board proposes updating the general instructions for the FR Y-14M, Schedule D to indicate that firms (1) can discontinue reporting non-defaulted accounts after accounts are closed for inactivity or other reasons without a balance, and (2) should report recoveries for up to 24 months after the account's closure with a balance or charge-off, rather than the current 12-month window. The proposed change would extend the post-charge-off reporting window for closed accounts to accommodate recoveries received past the one-year

mark, and would eliminate the need to report accounts with no unpaid balance after the month of closure.

To align reporting requirements for recoveries and charge-offs across fields within the FR Y-14M Schedule D, the Board proposes clarifying the instructions for four portfolio level fields and two loan level fields. Specifically, the Board would clarify that Schedule D.1 (Credit Card, Loan level), Line item 107, Principal Charge-off Amount – current month, Schedule D.2 (Credit Card, Portfolio level) Line item 13, Managed Gross Charge-offs for the current month, and Line item 14, Booked Gross Charge-offs for the current month, should include all gross charge-offs, including those related to acquired impaired loans. Similarly, the instructions for Line item 63, Recovery Amount – Current month, on Schedule D.1 and Line items 17, Managed Recoveries, and 18, Booked Recoveries on Schedule D.2, would be clarified to note that these items include all recoveries, including those related to acquired impaired loans.

Finally, the Board proposes several clarifications to the FR Y-14M instructions that would incorporate typographical edits, clarify reporting, and align the instructions with or resolve Q&As. Editorial fixes and clarifications are outlined in the draft instructions and clarifications are as follows:

FR Y-14M, Schedule A.1 (First Lien, Loan level):

- Line item 15, Credit Class: Confirm that the reported credit class should be reported as assessed at the time of loan origination and should not change over time.
- Line item 59, Principal and Interest Amount Current: Clarify that the scheduled principal and interest due from the borrower in the reporting month should also be reported for balloon loans that mature in the reporting month.
- Line item 65, Foreclosure Status: Clarify how firms should report the foreclosure status

in the month in which the loan is liquidated.

- Line item 84, Step Modification Flag: Clarify the difference in reporting between a rate drop that is gradual (stepped) versus immediate, including to rates that are different from the contract rate.
- Line item 96, Troubled Debt Restructuring Flag: Note that firms should report this field as null for non-portfolio loans as this field only applies to portfolio loans.

FR Y-14M, Schedule B.1 (Home Equity, Loan Level):

- Line item 24, Credit Class: Confirm that the reported credit class should be reported as assessed at the time of loan origination and should not change over time.
- Line item 43, Principal and Interest Amount Current: Clarify that the scheduled principal and interest due from the borrower in the reporting month should also be reported for balloon loans that mature in the reporting month.

FR Y-14M, Schedule D.1 (Credit Card, Loan level):

- Line item 5, State: Clarify that option A also includes U.S. Territories.
- Line item 7, Credit Card Type: Clarify that joint liability loans, which the instructions do not explicitly exclude or include, should be reported in Schedule D as corporate cards.¹⁹ Also clarify that if employers are ultimately responsible for the repayment of balances, and there is no individual liability and performance is not reported to a credit bureau, then balances should be reported in the FR Y-14Q, corporate loan schedule (Schedule H.1).
- Line items 17, Accounts Under Promotion, and 81, Promotional APR: Clarify that these fields include accounts under promotion with a positive promotional balance as reported in field 18, Cycle Ending Balances Mix – Promotional.

¹⁹This clarification also applies to Line Item 3 in the FR Y-14M, Schedule D.2 Credit Card, Portfolio Level.

- Line item 28, Multiple Banking Relationship Flag: State that loans that the firm owns but does not service should be included in this field.
- Line item 31, Authorized Users: Note that the field should be left blank for closed and charged off accounts.
- Line item 39, Origination Credit Bureau Score for the co-borrower (if any): Indicate that firms should report the guarantor's credit score if there is no co-borrower or the credit score of the co-borrower is not available and there is a guarantor.
- Line item 47, Line Increase or Decrease Flag: Clarify that for accounts with both an increase and decrease in a reporting month, the flag should reflect the net change in credit limit.
- Line item 50, Next Payment Due Date: Clarify that if no payment is due, the field should be left blank.
- Line item 68, Account Sold Flag: Specify that the identifier should be reported starting from the sale announcement date.
- Line item 104, Workout Program Performance Status: Specify that the active and performing status should include accounts in a settlement program, where the borrower is fulfilling all obligations as agreed.

Burden Estimates

The Board proposes to roll up the burden estimates from the schedule level (Summary, RCI, PPNR, etc.) to the form level (FR Y-14A, FR Y-14Q, and FR Y-14M). Based on industry feedback, this seems to better represent how respondents itemize the burden associated with the FR Y-14. These proposed changes are used in the burden estimates earlier in this document.

Displaying the burden in this way does not mean that, for example, 36 firms will be submitting

all FR Y-14A or FR Y-14M schedules, or that the burden increase or decrease associated with proposed revisions would affect all 36 firms. Rather, it means that the Board estimates a maximum number of 36 firms will submit at least one FR Y-14A schedule. The rolled-up estimated average hours per response and annual burden hour figures are an average for each firm to complete the applicable form schedules. To ensure that the Board would still be providing sufficient information regarding FR Y-14 reporting burden, the following question is included in this Federal Register Notice:

- Is the existing, more granular breakout of FR-Y14 burden more informative than the proposed, rolled up breakout?

Based on outreach to industry as well as internal study, the Board is considering possible adjustments to the Board's estimate of the overall burden hours for the FR Y-14. At this time the Board is not proposing to adjust its estimate of the overall burden hours, but does here seek comment on the accuracy of the Board's burden estimates.

Legal authorization and confidentiality: Section 165 of the Dodd-Frank Act requires the Board to ensure that certain BHCs and nonbank financial companies supervised by the Board 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 Board to issue regulations and conduct information collections with regard to the supervision of BHCs. 12 U.S.C. § 1844. These statutory provisions authorize the Board to collect this information. The obligation to respond is mandatory.

As the FR Y-14 reporting will be collected as part of the Board's supervisory process, such information may be accorded 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 also be exempt from disclosure under Exemption 4 of the 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 determinations will be made on a case-by-case basis.

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

Board of Governors of the Federal Reserve System, July 26, 2019.

Michele Taylor Fennell,

Assistant Secretary of the Board.

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