

Affected Public: This form affects entities involved in the export of U.S. goods and services.

Annual Number of Respondents: 50.
Estimated Time per Respondent: 15 minutes.

Annual Burden Hours: 12.5 hours.
Frequency of Reporting or Use: As needed.

Government Expenses:
Reviewing Time per Year: 12.5 hours.
Average Wages per Hour: \$42.50.
Average Cost per Year: \$531.25 (time * wages).

Benefits and Overhead: 20%.
Total Government Cost: \$637.5.

Bassam Doughman,
IT Specialist.

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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.

ACTION: Approval of information collection activity.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, with revision, the mandatory Capital Assessments and Stress Testing information collection applicable to bank holding companies (BHCs) with total consolidated assets of \$50 billion or more and U.S. intermediate holding companies (U.S. IHCs) established by foreign banking organizations under FR Y-14A/Q/M; OMB No. 7100-0341.

DATES: The revisions are applicable as of December 31, 2017, or March 31, 2018, as described in this notice.

ADDRESSES: A copy of the PRA OMB submission, including the final reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at: <http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears in the **FOR FURTHER INFORMATION CONTACT** section of this notice.

FOR FURTHER INFORMATION CONTACT: Nuha Elmaghrabi, Federal Reserve Board Clearance Officer, Office of the Chief Data Officer, Board of Governors

of the Federal Reserve System, Washington, DC, (202) 452-3884. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869.

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 of and assign OMB 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.

Final Approval Under OMB Delegated Authority To Extend for Three Years, With Revision, the Following Information Collection

Report Title: Capital Assessments and Stress Testing information collection.

Agency Form Number: FR Y-14A/Q/M.

OMB Control Number: 7100-0341.

Effective Dates: December 31, 2017, or March 31, 2018.

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

Respondents: The respondent panel consists of any top-tier bank holding company (BHC) or intermediate holding company (U.S. IHC) that has \$50 billion or more in total consolidated assets, as determined based on: (i) The average of the firm's total consolidated assets in the four most recent quarters as reported quarterly on the firm's Consolidated Financial Statements for Bank Holding Companies (FR Y-9C) (OMB No. 7100-0128); or (ii) the average of the firm's total consolidated assets in the most recent consecutive quarters as reported quarterly on the firm's FR Y-9Cs, if the firm has not filed an FR Y-9C for each of the most recent four quarters. Reporting is required as of the first day of the quarter immediately following the quarter in which it meets this asset threshold, unless otherwise directed by the Board.

Estimated Annual Reporting Hours: FR Y-14A: Summary, 67,412 hours; Macro Scenario, 2,356 hours; Operational Risk, 684 hours; Regulatory Capital Instruments, 798 hours; Business Plan Changes, 608 hours; Adjusted capital plan submission, 500 hours. FR Y-14Q: Retail, 2,280 hours; Securities, 1,976 hours; Pre-provision net revenue (PPNR), 108,072 hours; Wholesale, 22,952 hours; Trading, 92,448 hours; Regulatory Capital

Transitions, 3,496 hours; Regulatory Capital Instruments, 8,208 hours; Operational risk, 7,600 hours; Mortgage Servicing Rights (MSR) Valuation, 1,288 hours; Supplemental, 608 hours; Retail Fair Value Option/Held for Sale (Retail FVO/HFS), 1,440 hours; Counterparty, 24,672 hours; and Balances, 2,432 hours. FR Y-14M: 1st lien mortgage, 222,912 hours; Home Equity, 185,760 hours; and Credit Card, 104,448 hours. FR Y-14 On-going automation revisions, 18,240 hours; and One-time implementation, 2,400 hours. FR Y-14 Attestation On-going audit and review, 33,280 hours.

Estimated Average Hours per Response: FR Y-14A: Summary, 887 hours; Macro Scenario, 31 hours; Operational Risk, 18 hours; Regulatory Capital Instruments, 21 hours; Business Plan Changes, 16 hours; Adjusted capital plan submission, 100 hours. FR Y-14Q: Retail, 15 hours; Securities, 13 hours; PPNR, 711 hours; Wholesale, 151 hours; Trading, 1,926 hours; Regulatory Capital Transitions, 23 hours; Regulatory Capital Instruments, 54 hours; Operational risk, 50 hours; MSR Valuation, 23 hours; Supplemental, 4 hours; Retail FVO/HFS, 15 hours; Counterparty, 514 hours; and Balances, 16 hours. FR Y-14M: 1st Lien Mortgage, 516 hours; Home Equity, 516 hours; and Credit Card, 512 hours. FR Y-14 On-going automation revisions, 480 hours; and One-time implementation, 400 hours. FR Y-14 Attestation On-going audit and review, 2,560 hours.

Number of Respondents: 38.

Legal Authorization and Confidentiality: The FR Y-14 series of reports are authorized by section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which 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).

As these data are collected as part of the supervisory process, they are subject to confidential treatment under exemption 8 of the Freedom of Information Act (FOIA) (5 U.S.C. 552(b)(8)). In addition, commercial and financial information contained in these information collections may be exempt from disclosure under exemption 4 of FOIA (5 U.S.C. 552(b)(4)), if disclosure would likely have the effect of (1)

impairing the government's ability to obtain the necessary information in the future, or (2) causing substantial harm to the competitive position of the respondent. Such exemptions would be made on a case-by-case basis.

Abstract: The data collected through the FR Y-14A/Q/M reports provide the Board with the information and perspective 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 annual Comprehensive Capital Analysis and Review (CCAR) exercise 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 and regular assessments of credit, market and operational risks, and associated risk management practices. Information gathered in this data collection is also used in the supervision and regulation of these financial institutions. To fully evaluate the data submissions, the Board may conduct follow-up discussions with, or request responses to follow up questions from, respondents.

The Capital Assessments and Stress Testing information collection consists of the FR Y-14A, Q, and M reports. The semi-annual FR Y-14A collects quantitative projections of balance sheet, income, losses, and capital across a range of macroeconomic scenarios and qualitative information on methodologies used to develop internal projections of capital across scenarios.¹ The quarterly FR Y-14Q collects granular data on various asset classes, including loans, securities, and trading assets, and pre-provision net revenue (PPNR) for the reporting period. The monthly FR Y-14M comprises three retail portfolio- and loan-level collections, and one detailed address matching collection to supplement two of the portfolio and loan-level collections.

Current Actions: On June 9, 2017, the Board published a notice in the **Federal Register** (82 FR 26793) requesting public comment for 60 days on the proposal to extend, with revision, the FR Y-14A/Q/M reports. The Board proposed (1) revising and extending for three years the Capital Assessments and Stress Testing information collection (FR Y-14A/Q/M; OMB No. 7100-0341); (2) modifying the scope of the global market shock component of the Board's stress tests (global market shock) in a manner that would include certain U.S. intermediate holding companies (U.S. IHCs) of foreign banking organizations (FBOs); and (3) making other changes to the FR Y-14 reports.

Specifically, the initial notice proposed amending the FR Y-14 to apply the global market shock to any domestic BHC or U.S. IHC that is subject to supervisory stress tests and that (1) has aggregate trading assets and liabilities of \$50 billion or more, or aggregate trading assets and liabilities equal to 10 percent or more of total consolidated assets, and (2) is not a "large and noncomplex firm" under the Board's capital plan rule.² As a result of the proposed change, based on data as of June 30, 2017, six U.S. IHCs would become subject to the global market shock, and the six domestic bank holding companies that meet the current materiality threshold would remain subject to the exercise under the proposed threshold.³

The proposed revisions to the FR Y-14M consisted of adding two items related to subsidiary identification and balance amounts, which facilitate use of these data by the Office of the Comptroller of the Currency (OCC). The addition of these items would also result in the removal of an existing item that identifies loans where the reported balance is the cycle-ending balance. A limited number of other changes to the FR Y-14 were proposed. In connection with these proposed changes, two schedules on the FR Y-14A would be removed from the collection. The revisions were proposed to be effective with the reports with data as of

² A large and noncomplex firm is defined under the capital plan rule as a firm that has average total consolidated assets of at least \$50 billion but less than \$250 billion, has average total nonbank assets of less than \$75 billion, and is not identified as global systemically important bank holding company (GSIB) under the Board's rules. See 12 CFR 225.8(d)(9).

³ The firms include the five firms noted in the initial notice (Credit Suisse Holdings (USA), Inc., Barclays US LLC, DB USA Corporation, HSBC North America Holdings Inc., and UBS Americas Holdings LLC) and RBC USA HoldCo Corporation, which has since met the threshold.

September 30, 2017, or December 31, 2017.

These data are, or would be, used to assess the capital adequacy of BHCs and U.S. IHCs using forward-looking projections of revenue and losses to support supervisory stress test models and continuous monitoring efforts, as well as to inform the Board's operational decision-making as it continues to implement the Dodd-Frank Act.

The comment period for this notice expired on August 8, 2017. The Board received eight comment letters addressing the proposed changes: Three from industry groups (The Financial Services Roundtable, The Clearing House, The Institute of International Bankers), and five from U.S. IHCs that file the FR Y-14 reports. Most comment letters focused on the proposed modifications to the global market shock. Commenters requested that the Board reconsider applying the global market shock to U.S. IHCs at this time. In lieu of the proposed threshold, commenters recommended a number of alternative approaches to achieve what they indicated would be a more appropriate application of the global market shock, such as further tailoring the threshold based on risk, size, or complexity. Commenters recommended that if the Board were to adopt the modifications to the global market shock, the implementation timeline should be delayed and provide for a gradual phase-in of both the global market shock and associated FR Y-14 reporting requirements, including for BHCs or U.S. IHCs that subsequently cross the thresholds for application of the GMS in future quarters.

Two commenters also addressed the proposed changes to the FR Y-14 information collection. Those commenters expressed support for many of the clarifying and burden reducing changes, but posed clarifying questions on the proposed instructions, forms, or reporting requirements for those items. Commenters offered alternatives to or suggestions for modifying or clarifying certain proposed changes, particularly surrounding the proposed modifications to the FR Y-14Q, Schedule H (Wholesale) and Schedule L (Counterparty), and recommended that the Board delay the effective date of several of the proposed modifications. Both commenters requested the elimination of additional FR Y-14 schedules or sub-schedules.

The Board also received comments outside of the scope of this proposal regarding (1) historical resubmission of the FR Y-14Q, Schedule A.2 (Retail—U.S. Auto), (2) timing of release and

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

content of technical instructions, (3) the Q&A (previously known as the FAQ) process, (4) the FR Y-14 attestation requirement, and (5) the removal of additional schedules or sub-schedules.

The previous annual burden for the FR Y-14A/Q/M was estimated to be 858,138 hours and, with the changes in this final notice, is estimated to increase by 58,732 hours for 916,870 aggregate burden hours. The modifications to the scope of the global market shock are estimated to increase the annual reporting burden by approximately 61,000 hours in the aggregate. All of the increase in burden due to the modification of the global market shock is attributable to the six U.S. IHCs that would become subject to the global market shock submitting the FR Y-14 trading and counterparty schedules on a quarterly basis. This includes the addition of one-time implementation burden associated with the filing of these schedules by U.S. IHCs in response to comment. Excluding the proposed modifications to the global market shock, the further changes would result in an overall net decrease of 2,084 annual reporting hours.

The following section includes a detailed discussion of aspects of the proposed FR Y-14 collection for which the Board received substantive comments and an evaluation of, and responses to the comments received. Where appropriate, responses to these comments and technical matters are also addressed in the attached final FR Y-14A/Q/M reporting forms and instructions.

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

Proposed Global Market Shock Modifications

The global market shock currently applies to a firm with a four quarter average of total consolidated assets of \$500 billion or more. The proposal would have modified the definition of a firm with "significant trading activity" for purposes of determining applicability of the trading and counterparty components of the supervisory and company-run stress tests ("global market shock") and associated regulatory reports. As noted, the proposal would have revised the definition of "significant trading activity" to include a firm that (1) has aggregate trading assets and liabilities of \$50 billion or more, or aggregate trading assets and liabilities equal to 10 percent or more of total consolidated assets, and (2) is not a "large and noncomplex firm" under the Board's capital plan rule. The proposed changes were designed to

better align the threshold with the risk profile of firms subject to the stress test rules.

Commenters recommended various modifications to the proposed threshold. For instance, commenters recommended that the Board adopt a threshold based on the size, risk profile, or systemic importance of trading activities at the covered companies. Commenters noted that the modified threshold would scope in firms that have materially smaller trading activities and smaller systemic footprints than the firms currently subject to the global market shock. Some commenters noted that applying the global market shock to additional firms, and thereby increasing capital requirements for these firms, could disincentivize these firms to invest in their U.S. lending and securities businesses.

The global market shock is a key element of the Dodd-Frank Act stress tests. The Dodd-Frank Act requires the Board to conduct annual analyses of whether bank holding companies with total consolidated assets of \$50 billion or more have the capital necessary to absorb losses as a result of adverse economic conditions and to direct those firms to conduct stress tests under baseline, adverse, and severely adverse conditions. The Board's regulations provide that the Board will issue scenarios on an annual basis, and indicates that firms with "significant trading activity" (as identified in the Capital Assessments and Stress Testing report (FR Y-14)) may be required to include a trading and counterparty component in its stress test.

The Board's Policy Statement on Scenario Design describes how the Board develops the supervisory scenarios, including the global market shock, and why the global market shock is important for firms with significant trading activity. As described in the Policy Statement, the macroeconomic severely adverse scenario is designed to reflect conditions that characterize post-war U.S. recessions, and does not capture the effects of a sudden market dislocation. The pattern of a financial crisis, characterized by a short period of large declines in asset prices, increased volatility, and reduced liquidity of higher-risk assets is a familiar and plausible risk to capital. To the extent a firm's trading activity is sufficiently large, or represents a sufficiently large percentage of the firm's assets, the trading shock is necessary to adequately evaluate whether the firm has capital necessary to absorb losses and withstand stressful conditions.

The proposed measure was intended to provide a simple measure of the significance of a firm's trading activity to its operations. The proposed threshold would have represented a level of trading exposure that would be material to the capital of the firms subject to the global market shock. For example, unlike most banking book activities, losses stemming from trading activity potentially could be larger than the total size of on-balance sheet trading assets, for example, for derivatives exposures.

As noted by commenters, the modified threshold would include firms with smaller trading activities than the firms currently included by the \$500 billion in total consolidated assets threshold. However, the proposed revisions were designed to capture the materiality of a firm's trading activities to its operations, as well as the absolute size of a firm's trading activities. While the application of the global market shock may require a higher level of capital to meet post-stress regulatory minimums, this capital would be related to the losses arising from the firm's trading activities under stress. As such, the application of the global market shock would help to ensure that when the U.S. IHCs look to expand their U.S. lending and securities businesses, the firms are holding capital commensurate with the market risk associated with these exposures and activities.

In addition, commenters argued that the global market shock should be modified as applied to U.S. IHCs. For instance, commenters recommended that the Board modify the definition of "trading activity" to exclude hedging positions booked outside of the United States. Another commenter argued that U.S. IHCs have less flexibility to respond to a negative outcome in CCAR as many IHCs have little or no planned capital distributions to reduce in the limited adjustment to planned capital actions.

As noted, the proposal would have applied the same definition of significant trading activity standard to U.S. IHCs and U.S. BHCs. The stress testing regime is designed to measure the ability of the U.S. IHC to maintain operations during times of stress. In stressful circumstances, each U.S. IHC is expected to continue operations based on its own capital position, without relying on hedges overseas. Additionally, to the extent that a firm is unable to maintain capital levels above all minimum capital requirements even when it has little or no capital distributions, it should consider seeking a capital infusion.

Commenters also provided views on the measurement of trading activities. For instance, commenters recommended that the Board take into account the risks and purposes of trading activities, such as excluding certain types of assets like U.S. Treasuries.

Adopting a significant trading activity threshold that excluded certain types of trading assets, such as U.S. Treasuries, could be inconsistent with the purposes of the global market shock. The global market shock estimates projected profit and losses associated with repricing trading exposures based on a large instantaneous shock to risk factors. The resulting impact to capital is a reflection of market risk, not credit risk, and U.S. Treasuries could generate market losses, such as through changes to interest rates. In addition, all else equal, a firm with safer trading activities will have smaller losses in the global market shock than a firm that engages in riskier trading activities.

For these reasons, the Board is finalizing the same definition of global market shock threshold as was proposed. The global market shock is applicable to any firm subject to the supervisory stress test that (1) has aggregate trading assets and liabilities of \$50 billion or more, or aggregate trading assets and liabilities equal to 10 percent or more of total consolidated assets, and (2) is not a "large and noncomplex firm" under the Board's capital plan rule.

In addition to modifications to the threshold itself, commenters noted that tailoring the reporting collection would allow the Board to estimate the losses associated with the global market shock while minimizing reporting burden on firms with smaller and less complex trading activity. In this regard, commenters recommended that the Board adopt an additional threshold for firms with smaller or less material trading exposures where only a subset of FR Y-14Q, Schedule F (Trading) data collection would apply. Alternatively, commenters recommended setting materiality thresholds for individual lines or sub-schedules on the trading schedule.

Notably, the proposal adopted a threshold that was significantly higher than the materiality threshold for other FR Y-14 schedules, generally \$5 billion or 5 percent of tier 1 capital for firms that are not large and noncomplex. The higher materiality threshold in the proposal reflected the Board's intention to apply the global market shock only to firms with significant trading activities that pose a potential risk to capital. Additionally, by excluding noncomplex firms from the global market shock, the proposal did tailor the application to

only those firms that are larger and more complex.

Introducing additional materiality criteria would create additional complexity in reporting thresholds and potentially require different scenarios or models to estimate trading losses. If a firm does not have exposure to particular risk factors, it can report a zero for that item on the trading schedule. However, if a firm does have sensitivity to that risk factor it would be inappropriate not to estimate the resulting profit and loss stemming from that exposure in the global market shock. As such, the final rule does not introduce an additional materiality threshold with tailored reporting requirements.

Commenters also recommended that, as an alternative form of tailoring, the Board could revise the FR Y-14Q Schedule F and L (Trading and Counterparty collections) to require smaller firms to file the trading schedule less frequently, such as one time a year as of the date of the supervisory stress test. Commenters noted that this would reduce the reporting burden associated with participating in the global market shock for firms with smaller trading operations.

The frequency of the collection of trading data is consistent with other FR Y-14 schedules and necessary for running of the stress tests. For instance, the Board collects data on credit cards and mortgages monthly and data on securities, other loans, and revenues quarterly. Trading exposures can evolve rapidly, especially relative to these banking book assets. Firms with material trading exposures produce reports and run internal stress tests far more frequently than once a quarter, usually at least weekly. As such, the firms subject to the global market shock should be able to produce information on their trading exposures once a quarter, allowing the Board to analyze the risks of their trading book and the evolution of those risks over the year. Further, collecting a time series of these data at least quarterly is important to the stress test to allow the Board to follow trends and examine the volatility of each respective firm's data. Therefore, the frequency of reporting the FR Y-14 Trading and Counterparty schedules is being finalized without further modification.

Commenters also requested additional support for the proposed threshold, notably the impact on capital from the proposal. Based on publically available data from the stress test exercises from 2012 through 2017, on average, each global market shock firm experienced losses under the severely adverse stress

scenarios equivalent to 4.8 percent of trading exposure on the as of date of the supervisory stress test. As of June 30, 2017, 4.8 percent of trading exposure would be equivalent to about 14.3 percent of tier 1 capital, on average, for the new participants in the global market shock.

Ultimately, the impact on capital under the proposal would be a function of the trading exposures of each covered firm. Notably, many commenters indicated that their trading exposures were significantly less risky than the trading exposures of the firms that currently participate in the global market shock, which could make estimating the impact of the proposal based on those exposures unrepresentative. Additionally, since 2014, disclosed trading losses have also included the impact of the large counterparty default scenario component, which is not a part of this proposal. As such, this impact analysis may overstate the impact of the proposal on a firm's capital.

In addition to the suggestion for further tailoring the global market shock requirement, commenters expressed concerns regarding transparency and the manner of notification surrounding the proposed changes to the global market shock threshold. Specifically, commenters stated that given the perceived significance of the changes and aforementioned impact to regulatory capital, the modifications should not have been proposed as a modification to the FR Y-14 information collection. As previously noted, the stress test rules indicate that the Board will specify the definition of significant trading activity in the FR Y-14.⁴ Moreover, the Board invited public comment on the proposed changes. For example, firms had the opportunity to comment for sixty days, Federal Reserve staff met with commenters to discuss their comments, and the Board

⁴ See 12 CFR 252.54(b)(2)(i). The Board's stress test rules require companies to submit data necessary for the Board to conduct a supervisory stress test. See 12 CFR 252.45(a)-(b). In the case of companies with significant trading activities, such data includes data necessary for the Federal Reserve to derive pro forma estimates of losses and revenue related to the global market shock. In addition, the capital plan rule (12 CFR 225.8), which applies to U.S. IHCs pursuant to 12 CFR 252.153(e)(2)(ii), requires companies to provide the Federal Reserve with information regarding the amount and risk characteristics their on- and off-balance sheet exposures, including exposures within the company's trading account, other trading-related exposures (such as counterparty-credit risk exposures) or other items sensitive to changes in market factors, including, as appropriate, information about the sensitivity of positions to changes in market rates and prices. 12 CFR 225.8(e)(3)(iii).

considered and is responding to these comments.⁵

One commenter recommended that in the context of firms newly subject to the global market shock, the Board should clarify the treatment of losses on the same trading positions between the instantaneous shock and the Pre-Position Net Revenue (PPNR) nine quarter projections as outlined in the CCAR instructions. The commenter highlighted the difficulty in identifying identical positions when the as-of date for the global market shock is different from that of the other nine-quarter projections, including PPNR.

The global market shock is generally intended to be an add-on component of the stress scenarios that is independent of a firm's PPNR projection process, with the exceptions for identical positions noted in the CCAR instructions. Per the CCAR 2017 instructions, firms have the option, but are not required, to demonstrate that identical positions are stressed under both the global market shock and supervisory macroeconomic scenario and, if so, may assume combined losses from such positions do not exceed losses resulting from the higher of losses from either the global market shock or macroeconomic scenario. For example, the Board adjusts PPNR to account for the global market shock by using a median regression approach for firms subject to the global market shock to lessen the influence of extreme movements in trading revenue, and, thereby, to avoid double-counting of trading losses that are captured under the global market shock. Firms should refer to the CCAR instructions and the Supervisory Stress Test Methodology and Results document for that year's exercise for guidance regarding the treatment of identical positions. For firms that choose to implement their own version of a market shock, firms have flexibility regarding how to effectively identify and capture their key risks, including the interaction of the BHC stress scenario market shock and PPNR projections; therefore, the Board does not intend to provide additional information regarding the

double counting of losses in the described circumstance.

If the Board did adopt the proposed changes modifying the applicability criteria for the global market shock, commenters recommended the implementation feature a phase-in of the application of global market shock to new participants and allow for additional time for firms newly subject to the global market shock to submit the FR Y-14 trading and counterparty schedules. Commenters stated that the compressed timeframe between finalization and the effective date would create challenges accounting for the impact of the global market shock on regulatory capital requirements, and to prepare systems, infrastructure, and processes to file the associated FR Y-14 data.

Suggestions from commenters for transitioning the initial application of the global market shock to new participants included a confidential "dry-run" for the 2018 stress test and capital plan cycle and delaying full application of the global market shock component and public disclosure until the 2019 cycle. For the associated FR Y-14 data submissions, commenters requested additional time to submit the data for the reports with data as of September 30, 2017 and December 31, 2017. Finally, commenters requested that any transitions for new participants apply for any additional firms that become subject to the global market shock going forward.

Although, as noted, the Board is adopting the proposed global market shock threshold without modification, the Board recognizes the challenges associated with building the systems necessary to report the data in the trading schedule. Regarding the application of the global market shock component, under the revised FR Y-14 report, the Board is delaying the application of the global market shock to firms that would become newly subject to it until the 2019 DFAST/CCAR exercise. However, assessing potential losses associated with trading books, private equity positions, and counterparty exposures for firms with significant trading activity is a critical component of stress testing and capital planning. Therefore, for the 2018 DFAST exercise, pursuant to the stress test rules, the materiality of trading exposures and counterparty positions to U.S. IHCs may warrant applying an additional component to firms that meet such criteria. The components would serve as an add-on to the economic conditions and financial market environment specified in the adverse and severely adverse scenarios. The

Board will notify any affected firms in writing of the additional components or the additional scenarios to be included.⁶

In consideration of the recommendations outlined by commenters regarding the submission of FR Y-14Q, Schedule F (Trading) and Schedule L (Counterparty), the Board agrees that a delay in the initial data submission date would facilitate improved data quality. Although commenters indicated that submitting data as of September 30, 2017, would be feasible with a delay in the submission date, firms joining the reporting panel will not be required to report the FR Y-14 trading and counterparty schedules until the December 31, 2017 as-of date. Given the alternative approach to inclusion of trading and counterparty activities for these firms for stress testing in 2018 the Board will provide firms with additional time to submit the FR Y-14 data with the objective of allowing for additional opportunities for submitting test files and achieving higher data quality. Specifically, the FR Y-14 trading and counterparty for the reports as of Q4 2017 will be due May 1, 2018. In addition, there will also be a delayed submission date for the reports as of Q1 2018, which will be due June 30, 2018. For the reports Q2 2018 forward, the data will be due as outlined in the FR Y-14 instructions.

The Board understands the need for additional time for the initial application of the modified global market shock threshold. If firms that were already subject to stress testing and FR Y-14 reporting and subsequently cross the global market shock threshold going forward, firms would presumably have been below but close to the threshold for a considerable period of time and would have been aware of the application criteria. This should already provide an adequate amount of time to anticipate meeting and preparing to comply with requirements. In addition, firms already have a phase-in period related to the establishment of a U.S. IHC and application of the capital plan rule. Therefore, for firms that cross the global market shock threshold in the future, the Board does not anticipate providing any further delay in applicability.

In the context of the recommendation for a transition period for applicability of the modified global market shock threshold, one commenter expressed that the resources required for actual implementation of the global market shock would be multiples of the estimated ongoing resources requirements for the schedule,

⁵ As noted, companies subject to the Board's stress test rules are required, pursuant to these rules, to submit data necessary for the Board to conduct the stress tests, and companies subject to the capital plan rule are required, pursuant to the capital plan rule, to provide the Federal Reserve with information regarding their trading exposures. See 12 CFR 225.8(e)(3)(iii), and 12 CFR 252.45(a)-(b). This information, when applied through the global market shock, facilitates the implementation of the Board's supervisory stress tests under the stress test rules and the Board's review of capital plans under the capital plan rule.

⁶ See 12 CFR 252.54(b)(4)(i).

estimated at 9,736 hours per firm. The Board continues to invite comments on the burden estimates and strives to accurately reflect the effort to compile and submit data on the FR Y-14 reports. The commenter provided no further information on how or why the Board should adjust the burden estimates and the Board received no other comments on the burden estimates as related to the global market shock threshold. To capture the additional effort necessary to begin reporting the FR Y-14 trading and counterparty schedules, the Board will adjust the implementation burden to recognize the upfront burden for the six firms newly subject to the global market shock and, specifically associated FR Y-14 reporting requirements, to begin filing the schedules.

Commenters also noted that the proposal did not address whether U.S. IHCs that become subject to the global market shock would also become subject to the large counterparty default scenario. Specifically, commenters requested that if the Board's intention is to apply the large counterparty default scenario component to the firms covered under the modified global market shock threshold, the Board should conduct a quantitative impact study and/or allow for public comment. If the Board does apply the large counterparty default scenario component to firms newly subject to global market shock, commenters requested that it be applied only after implementation of global market shock or with a phased-in approach similar to that recommended for global market shock.

The large counterparty default scenario component is an add-on component that requires firms with substantial derivatives or securities financing transaction activities to incorporate a scenario component into their supervisory adverse and severely adverse stress scenarios. In connection with the large counterparty default scenario component, subject firms are required to estimate and report losses and related effects on capital associated with the instantaneous and unexpected default of the counterparty that would generate the largest losses across their derivatives and securities financing activities, including securities lending and repurchase or reverse repurchase agreement activities. As indicated in the stress test rules, the Board will notify the firm in writing no later than December 31 of the preceding calendar year of its intention to require the firm to include one or more additional components in its stress test. The covered firm may request

reconsideration with an explanation for why reconsideration should be granted within 14 calendar days of receipt of the notification. The Board will continue to use this existing process to apply the large counterparty default scenario component.

Proposed Revisions to the FR Y-14A

The proposed revisions to the FR Y-14A consisted of modifying reported items and instructions by clarifying the intended reporting of existing items or aligning them with standards and methodology, adding an item critical to stress test and supervisory modeling, and reducing burden through the elimination of certain schedules.

Specifically, the Board proposed modifying Summary—Securities (Schedule A) sub-schedules A.3.a and A.3.c to clarify the reporting of “Credit Loss portion” and “Non-Credit Loss Portion” information, adding an item to the Summary—Counterparty sub-schedule (Schedule A.5) to capture Funding Valuation Adjustment (FVA), and eliminating the FR Y-14A, Schedule D (Regulatory Capital Transitions) and Schedule G (Retail Repurchase Exposures). Commenters were supportive of these modifications and the final FR Y-14 requirements implement the modifications as proposed effective for the reports with data as of December 31, 2017.

Comments and clarifying changes were received on the proposed addition of a sub-schedule to the FR Y-14A, Schedule F (Business Plan Changes), indirectly related to the proposed removal of Schedule G (Retail Repurchase Exposures), and the proposed elimination of the concept of extraordinary items. In some cases, these comments resulted in modifications to the proposed changes, including delays in the effective date for certain changes to December 31, 2017, or March 31, 2018. The effective dates and responses to comments are detailed below.

FR Y-14A, Schedule A (Summary)

One commenter did not comment on the proposal to capture FVA on the FR Y-14A and FR Y-14Q reports, but recommended clarifications to the FR Y-14A instructions to allow for consistent reporting of FVA and related activities. First, the commenter recommended that the Board update the instructions to indicate that firms should report FVA gains and losses for all supervisory and BHC scenarios. Second, the commenter recommended that the Board update the instructions to indicate that gains and losses on FVA hedges should be reported on Schedule

A.4 (Summary—Trading). The Board has reviewed the suggested clarifications, however additional analysis is needed surrounding the impact on reporting before updating the instructions. The Board will continue to consider the clarifications and will propose changes for notice and comment or provide additional guidance in the future if appropriate.

FR Y-14A, Schedule F (Business Plan Changes)

Schedule F.2 (Pro Forma Balance Sheet M&A)

Two commenters requested clarification on what information surrounding pro forma balance sheet mergers and acquisitions the proposed sub-schedule would collect, and one commenter requested the Board delay the implementation of this new sub-schedule, which was originally proposed to be effective as of December 31, 2017. Specifically, one commenter requested clarification as to whether the “Pro Forma Balance Sheet M&A” sub-schedule of the FR Y-14A, Schedule F (Business Plan Changes) would require respondents to report projections. The same commenter also requested that the Board provide a minimum of six months to implement necessary changes to accommodate the proposed sub-schedule.

In the event that a covered company intends to undertake a merger or acquisition, then the “Pro Forma Balance Sheet M&A” worksheet will require projections, as does the current FR Y-14A, Schedule F.1 (BPC). The pro forma information required is similar to what a firm must submit in its application for regulatory approval for the merger or acquisition, and the items collected on the sub-schedule must sum to the post-acquisition fair value of the portfolio as reported on the FR Y-14A, Schedule F.1 (BPC). The projection of these additional items should not pose a significant additional burden for firms that are already projecting a merger or acquisition for the purposes of reporting the FR Y-14A Schedule F, Balance Sheet worksheet. This information should be available to the firms that would be required to complete the schedule, is similarly structured to information reported elsewhere, and would provide valuable inputs to the DFAST and CCAR exercises, therefore the Board will not delay the effective date of this change. The final FR Y-14A report implements sub-schedule F.2 (Pro Forma Balance Sheet M&A) as proposed, effective December 31, 2017.

Another commenter requested that the Board clarify if divestitures would

also be included in the proposed sub-schedule F.2. The Board confirms that divestitures would not be included in sub-schedule F.2. The commenter also requested that the Board clarify how a firm would report values associated with M&A activity in the structure of the FR Y-14A, Balance Sheet as proposed. The Board confirms that a firm would report only the post-acquisition fair value of an asset or liability onboarded in a merger or acquisition on its projected balance sheet. The “Pro Forma Balance Sheet M&A” sub-schedule allows firms to report the pre-acquisition book value, purchase accounting adjustments, and fair value adjustments that resulted in the post-acquisition fair value reported on the current FR Y-14A, Balance Sheet sub-schedule.

FR Y-14A, Schedule G (Retail Repurchase Exposures)

One commenter requested that the Board clarify if the proposal eliminates the FR Y-14A, Schedule G (Retail Repurchase Exposures) completely or if the collection of these data would move back to a sub-schedule of the FR Y-14A, Schedule A (Summary) where it was historically collected. The Board confirms that the collection of data under the FR Y-14A, Schedule G would be removed and the FR Y-14 would no longer collect these data. Having received no further comments on the removal of the FR Y-14A, Schedule G, the final FR Y-14 eliminates the schedule as proposed, effective with the reports with data as of December 31, 2017.

One commenter asked that the Board eliminate the FR Y-14A, Schedule A.2.b (Retail Repurchase Projections). The commenter noted that this sub-schedule collects similar information to the FR Y-14A, Schedule G (Retail Repurchase Exposures) indicating the rationale should also apply for eliminating this annual collection. In addition, commenters cited that large and noncomplex firms are no longer required to complete the FR Y-14A, Schedule A.2.b (Retail Repurchase Exposures).

The Board agrees that some of the same reasons for eliminating the FR Y-14A, Schedule G (Retail Repurchase Exposures) apply to the projection data collection, however notes there are additional, ongoing uses of these data for which the Board can find alternative inputs. However, given the schedule’s connection to other components of the FR Y-14A, Schedule A (Summary) and current reliance on these data for the CCAR and DFAST exercises, firms will still report the sub-schedule through the

reports with data as of December 31, 2017. In response to comment and in an effort to further reduce burden, the final FR Y-14 eliminates the FR Y-14A, Schedule A.2.b (Retail Repurchase Projections) with the reports with data as-of March 31, 2018.

Proposed Elimination of Extraordinary Items

Under the proposal, references to the term “extraordinary items” would be eliminated from the FR Y-14A, Schedule A.1.a (Income Statement) and the FR Y-14Q, Schedule H (Wholesale) forms and instructions, and where appropriate, replaced with “discontinued operations” as a result of an amendment (ASU No. 2015-01) to the FASB Accounting Standards Codification, Income Statement—Extraordinary and Unusual Items (FASB Subtopic 225-30) effective with the reports with data as of September 30, 2017.

One commenter requested that the Board clarify if firms should aggregate all categories of Discontinued Operations (revenue, expenses, and provisions) into the proposed field, Discontinued Operations, on the FR Y-14A, Schedule A.1.a (Income Statement) and consequently exclude all of those categories from other line items in the Income Statement sub-schedule. The Board clarifies that the intended reporting of line item 131 in the Income Statement sub-schedule (historically, “Extraordinary items and other adjustments, net of income taxes” and now proposed, “Discontinued operations, net of applicable income taxes”) does not change with the proposed modifications, rather the line item name has been updated to be in-line with the FR Y-9C, Schedule HI. The definition for this line item references the FR Y-9C, Schedule HI, item 11 and should still be reported as such under the proposed changes.

Another commenter requested that the Board delay the removal and replacement of the extraordinary items concept on the FR Y-14Q, Schedule H (Wholesale) until at least March 31, 2018 to allow adequate time for the firms to source and validate the data. In response, the Board is delaying the effective date of these changes for both the FR Y-14A, Schedule A.1.a (Income Statement) and the FR Y-14Q, Schedule H (Wholesale) to be effective as of March 31, 2018 (*i.e.*, for reports as of June 30, 2018 for FR Y-14A, Schedule A).

Proposed Revisions to the FRY-14Q

The proposed revisions to the FR Y-14Q consisted of updating certain

instructions and changing the reporting structure and requirements of existing items to further align reported items with methodology, standards, and treatment on other regulatory reports or within the FR Y-14 reports, and to enhance supervisory modeling. The proposal would also have added new items and make a number of changes to the FR Y-14Q, Schedule L (Counterparty). Two commenters addressed the proposed changes to the FR Y-14Q schedules.

Commenters were generally supportive of and voiced no concerns regarding the modifications to the FR Y-14Q Schedule A (Retail), Schedule C (Regulatory Capital Instruments), Schedule J (FVO/HFS), and Schedule M (Balances). These changes are narrow in scope or clarifying in nature, and are necessary to enhance supervisory information for the CCAR and DFAST exercises. Therefore, the Board will implement these changes with the reports with data as of December 31, 2017. There were no substantive comments regarding the proposed change to the FR Y-14Q, Schedule F (Trading); however, in response to comments, the Board will extend the effective date of this change until March 31, 2018. Any clarifying questions have been addressed in the detailed sections.

Regarding the remaining changes to the FR Y-14Q, Schedule H (Wholesale) and Schedule L (Counterparty), certain modifications to the proposed changes will be made in consideration of the comments received, including delays in the effective date for certain changes to December 31, 2017 or March 31, 2018. The effective dates and responses to comments are detailed below.

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

Under the proposal, the Board would enhance the instructions for the “Comments” field in all three sub-schedules of the FR Y-14Q, Schedule C (Regulatory Capital Instruments) to specify that firms should indicate within the comments how the amounts reported on these sub-schedules tie back to amounts approved in the firm’s capital plan. One commenter requested that the Board clarify if the “Comments” field in the three sub-schedules should reflect summary balance variances to the firm’s capital plan by Instrument Type since the capital plans submitted by firms do not reflect CUSIP-level detail. The Board confirms that firms’ comments in the FR Y-14Q, Schedule C should reflect summary balance variances by Instrument Type. Furthermore, if the same comment is relevant across multiple instruments in

the firm's submission, comments should repeat.

Also under the proposal, additional types of instruments would be added to be reported in Column C (Instrument Type) on the issuance and redemption sub-schedules to capture issuances and redemptions of capital instruments related to employee stock compensation (e.g., de novo common stock or treasury stock), and changes in an IHC's APIC through the contribution of capital from a foreign parent or the remission of capital to a foreign parent.

One commenter requested that the Board clarify if the firm should report the same CUSIP in multiple rows or add a character at the end of each CUSIP to uniquely identify each instrument. The Board confirms that the firm should report the same CUSIP across multiple rows, provided that a different instrument type is used for each recurrence of the respective CUSIP. The combination of the CUSIP and the Instrument Type will uniquely identify each record. If there are duplicate records with the same CUSIP and Instrument Type, a firm should append a differentiating feature on the end of the CUSIP (e.g., "v1" and "v2", etc.) and specify in the comments column that these are in fact swaps on the same CUSIP.⁷ This guidance will be added to the instructions. Another comment asked for guidance regarding the intended reporting of Common Stock with relation to the three proposed instruments. The Board clarifies that firms should report the remaining amount of common stock after deducting the amount reported in the new instruments.

Finally, a third comment requested clarification surrounding how a decrease in APIC should be treated if it resulted from an issuance of common stock from treasury stock. The Board clarifies that a decrease in APIC as a result of treasury stock being issued at a price lower than its cost basis (i.e., the accounting amount of the stock held on the firm's balance sheet) must not be captured in sub-schedule C.2 (Issuances). Reductions in APIC on sub-schedule C.2 should reflect only instances in which an U.S. IHC remits capital to its foreign parent outside the context of payment on or redemption of an internal capital instrument. Sub-schedule C.2 does not capture decreases in APIC resulting from employee stock compensation-related drivers, nor does sub-schedule C.3 capture increases in APIC resulting from employee stock compensation-related drivers. The final instructions include these clarifications.

The final FR Y-14 will be updated accordingly and the changes implemented with the reports with data as of December 31, 2017.

FR Y-14Q, Schedule F (Trading)

One commenter asked that the Board confirm the formatting of the proposed vintage breakouts on the FR Y-14Q, Schedule F.14 (Securitized Products). The proposed draft instructions erroneously specified one of the vintage breakouts for the FR Y-14Q, Schedule F.14. The vintage breakouts should read as follows: ">9Y", ">6Y and <= 9Y", ">3Y and <= 6Y", "<= 3Y", and "Unspecified Vintage". The final form reflects the appropriate vintage breakouts. As noted above, having received no other comments, the final FR Y-14 will implement the revision as proposed effective with the reports with data as of March 31, 2018.

FR Y-14Q, Schedule H (Wholesale)

The Board proposed expanding the Disposition Flag (Schedule H.1 (Corporate), item 98, and Schedule H.2 (CRE), item 61) and Credit Facility Type (Schedule H.1, (Corporate), item 20) to include an option for commitments to commit. Commenters requested that the Board clarify the expectations surrounding the reporting of the proposed Credit Facility Type field to ensure accurate reporting and expressed that reporting firms do not always consider "commitment to commit" as a separate facility type. Commenters also asserted that the concept of netting deferred fees of a commitment is not a GAAP or FR Y-9C concept. Commenters requested that the Board withdraw or defer both of these proposed changes to a later effective date.

The final FR Y-14 includes the expansion of the Disposition Flag (Schedule H.1, Corporate, Item 98, and Schedule H.2, CRE, item 61) and Credit Facility Type (Schedule H.1, Corporate, Item 20) to include an option for commitment to commit. However, in response to comments, the Board is delaying the effective date of this change until the reports with data as of March 31, 2018. The Board clarifies that firms are already required to report commitments to commit on both the FR Y-14Q, Schedule H.1 (Corporate) and H.2 (CRE). This improved data is necessary to adequately capture risk and provide consistent treatment across the portfolio of firms. In the absence of a clear and explicit reporting requirement, there has been significant variation in how banks have reported these exposures, including some who have not reported them at all. As these facilities constitute material exposures

for some banks, the improvements fill important gaps in our assessment of potential losses. The Board further clarifies that firms should report commitments to commit, as defined in the FR Y-9C, Schedule HC-L (Derivatives and Off-Balance Sheet Items), on the Wholesale schedules along with all corresponding data fields. Per the FR Y-14Q, Schedule H.1 (Corporate) and H.2 (CRE) instructions for Origination Date (H.1, item 18 and H.2, item 10), "For commitments to commit which are not syndicated, report the date on which the BHC or IHC extended terms to the borrower." Therefore, commitments to commit should not have a future origination date.

The Board intended the proposed change in the reporting of Utilized Exposure/Outstanding Balance (Schedule H.1, Corporate, item 25 and Schedule H.2, CRE, item 3) and Committed Exposure (Schedule H.1, Corporate, item 24 and Schedule H.2, CRE, item 5) items to clarify reporting. However, in light of comments and questions received, the Board is not adopting these proposed changes to the FR Y-14.

The Board also proposed updating the instructions for the ASC 310-30 item (Schedule H.1, Corporate, item 31 and Schedule H.2, CRE, item 47) to be consistent with purchase credit impaired (PCI) accounting standards and terminology and modifying the Participation Flag field (Item 7) on Schedule H.2 (CRE) to be mandatory rather than optional.

One commenter questioned how the proposed instructions would result in different reporting from the current requirements. The Board confirms that the change to the existing ASC 310-30 field is only meant to clarify reporting of PCIs to improve alignment with GAAP and may not represent a change in reporting based on a firm's prior interpretation of the instructions. The final FR Y-14 implements this change effective with the reports with data as of March 31, 2018.

Regarding the change of the Participation Flag to mandatory, one commenter expressed that item 7 and item 59 (Participation Flag and Participation Interest, respectively) of the FR Y-14Q, Schedule H.2 (CRE) should remain optional. Commenters cited that the SNC program status is monitored by agent banks, which are not required to notify participant banks of the status and therefore, the information is often not available and therefore not reported. Therefore, the commenter suggests, even if the field

⁷ See FR Y-14 FAQ ID Y140000259.

becomes mandatory, it should only be mandatory for agent banks.

As stated in the initial **Federal Register** notice, almost all reporting firms already choose to report the participation flag field. Therefore, this information does in fact appear to be readily available in most cases. The Board confirms that intent of the options in the Participation Flag field are, in conjunction with the SNC Internal Credit Facility ID and Participation Interest, intended to distinguish whether or not the credit facility is included in the SNC report. The change will be implemented as proposed, with a delay in the effective date until March 31, 2018.

FR Y-14Q, Schedule L (Counterparty)

The Board proposed several changes to the FR Y-14Q, Schedule L (Counterparty). All of the changes were proposed to be effective with the September 30, 2017 report date. Primarily, commenters asked for additional time to incorporate these changes given the perceived material nature of several of the changes and inconsistencies or ambiguity identified in the proposed instructions and forms. Firms indicated that the Board would need to provide further guidance in order for respondents to report the various fields properly. Commenters also asked several clarifying questions regarding the proposed forms and instructions.

The final FR Y-14 implements the proposed changes to the FR Y-14Q, Schedule L (Counterparty), but will delay the effective date until March 31, 2018, for all changes except for the collection of information related to additional or offline reserves, which will be collected with the reports with data as of December 31, 2017. This should allow reporting firms adequate time to incorporate the changes with the additional guidance needed to report the requested data properly. Furthermore, the final forms and instructions include a number of clarifications in line with the comments, as appropriate, to enhance guidance surrounding the intended reporting.

One commenter noted that the FR Y-14Q, Schedule L.5 (Derivatives and Securities Financing Transactions (SFT) Profile) sub-schedules do not consistently address requirements for each scenario or distinguish on the report form for sub-schedule L.5.1 (Derivative and SFT information by counterparty legal entity and master netting agreement) where internal and external ratings of counterparties or different currencies should be reported, although subdivided reporting was

proposed. To address this, the final FR Y-14 form for the L.5 sub-schedules will include a column for severely adverse and adverse scenarios, and the form for sub-schedule L.5.1 will include columns for both internal and external ratings and currencies in line with the proposed instructions. The final XML technical instructions will further outline reporting structure.

Several clarifications were requested regarding the ranking and definition of central clearing counterparties (CCPs), including what ranking methodology should be used to report on sub-schedule L.5.2 (SFT assets posted and received by counterparty legal entity and master netting agreement) and what definition should be used for CCPs. The Board confirms that CCPs refer to designated central clearing counterparties and will update the instructions to clarify that all G-7 Sovereigns and CCPs should be reported in addition to the Top 25 counterparties by Rank 1, 2, 3, 4 (including non G-7s Sovereigns). For counterparties reported on sub-schedule L.5.2 ranking methodologies 1 and 2 apply. The final FR Y-14 form for the L.5 sub-schedules will include columns for rank methodology and rank so that firms may clearly report by distinguishing which counterparties are reported for each ranking methodology. The technical instructions will specify reporting structure details.

Similarly, one commenter noted that the proposed instructions for sub-schedule L.5 did not specify a ranking methodology for the baseline and stressed scenarios. The Board clarifies that for unstressed (Non-CCAR) quarters, firms should report all G-7 Sovereigns and CCPs plus Top 25 non G-7/Non CCP counterparties, ranked by SFT amount posted, SFT net current exposure, derivatives notional, and derivatives net current exposure. For the CCAR (stressed) quarter, firms should report all G-7 Sovereigns and CCPs plus Top 25 non G-7/Non CCP counterparties, ranked by SFT amount posted, derivatives notional amount, SFT FR stressed net current exposure for each scenario, and derivatives FR stressed net current exposure for each scenario. The final instructions will be updated to be consistent with this reporting methodology.

One commenter noted the proposed instructions indicate firms should report notional information and inquired whether respondents should report the notional amounts on the FR Y-14Q, Schedule L (Counterparty) net or gross. The Board confirms that respondents should report the gross amount and the instructions include this guidance. Total

notional is the gross notional value of all derivative contracts on the reporting date. For contracts with variable notional principal amounts, the basis for reporting is the notional principal amounts at the time of reporting. The total should include the sum of notional values of all contracts with a positive market value and contracts with a negative market value.

One commenter asked for clarification regarding the reporting of netting Agreement ID and Netting Set ID on the FR Y-14Q, Schedule L.5.1 and noted that the form only included a column for Netting Set ID. The Board clarifies that firms should only report the Netting Set ID field for both SFTs and derivatives. The final instructions will be updated to reflect this treatment.

The commenter also asked for clarification regarding the "consolidation of counterparties" section of the general instructions for the FR Y-14Q, Schedule L. The Board will clarify these instructions to indicate that firms should report Sovereigns and CCPs at the entity level and non-Sovereigns and non-CCPs at the consolidated group level. For Sovereigns and CCPs, firms should report consolidated group/parent level name in the Counterparty Name field, the consolidated counterparty ID in Counterparty ID field, the counterparty entity ID in the Netting Set ID field, and the counterparty entity name in the Sub-Netting Set ID field. The ranking described in this section of the general instructions should be based on the consolidated Sovereign or CCP and firms must report that rank for each entity. For non-Sovereigns and non-CCPs, firms should report NA in both the Netting Set ID and the Sub-Netting Set ID fields.

Also regarding L.5.1, one commenter asked if certain fields (Agreement Type (CACNR529), Agreement Role (CACNR530), Netting Level (CACNR532), Legal Enforceability (CACNR534), Independent Amount (non CCP) or Initial Margin (CCP) (CACSR551), Excess Variation Margin (for CCPs) (CACSR553), Default Fund (for CCPs) (CACSR554) were to be reported for both derivatives and SFTs. As proposed, firms should report these fields for both derivatives and SFTs. The final instructions reflect allowable entries for these fields applicable to derivatives as well.

One commenter indicated that some firms do not collect initial margin and default fund as part of SFT CCP reporting and that the proposed instructions did not specify if the firms need to exclude initial margin and default fund contributions from SFT

CCP data. The Board clarifies that initial margin and default fund contribution should only be reported where applicable to SFT CCP reporting.

One commenter observed that 3 new columns were added to the instructions for the FR Y-14Q, Schedule L.5.4 (Derivative position detail), but were not included on the form. The commenter also asked if certain fields (total notional, new notional during the quarter, weighted average maturity, position MTM and total net collateral) are applicable to CCPs. The Board confirms that these fields are applicable to CCPs, for sub-schedules L.1.a through L.1.d. The instructions and forms will be updated accordingly.

The proposed draft instructions asked firms to report Weighted Average Maturity. Commenters inquired whether, for trades with Optional Early Termination agreements (OETs) or Mandatory Early Termination agreements (METs), the maturity reporting should take into account early termination features and whether firms should report effective average maturity (e.g., to reflect amortizations or prepayments) or only legal maturity. The Board clarifies that firms should report the average of time to maturity in years for all positions associated with the reported amount in the item Gross CE, as weighted by the gross notional amount associated with a given position. For trades with Optional Early Termination (OET), the maturity reporting should not take into account such early termination features. For trades with Mandatory Early Termination (MET), however, the maturity reporting should take into account such early termination features.

One commenter noted some inconsistencies in the instructions, and requested clarification to central counterparty reporting regarding the house exposures and client exposures. The Board has reviewed and addressed questions related to central counterparty reporting outside of this proposal. Firms should refer to the most up-to-date instructions are available on the Board's public website.

Proposed Revisions to the FR Y-14M

The proposed revisions to the FR Y-14M consisted of adding a line item to collect the RSSD ID (the unique identifier assigned to institutions by the Board) of any chartered national bank that is a subsidiary of the BHC and that is associated with a loan or portfolio reported, and add a line item to collect the month-ending balance for credit card borrowers. Both items were proposed to be effective for reports as of September 30, 2017.

Schedules A, B, D (First Lien, Home Equity, and Credit Card)

Regarding the addition of an item to collect the RSSD ID (the unique identifier assigned to institutions by the Board) one commenter presented questions regarding what RSSD ID should be reported and questioned the value of adding a field versus enhancing the existing "Entity Type" field (fields 129, 207, and 115 of Schedules A, B, and D, respectively). The commenter requested that in light of the required data sourcing and coding changes, the Board delay the implementation of this item.

The final FR Y-14 implements the collection of the RSSD ID for loans reported on the FR Y-14M Schedules A, B, and D, but in response to comment will delay the effective date until the reports with data as of March 31, 2018, and would make certain clarifications to the collection of these data. The Board continues to support collection of this data element to meet supervisory needs of the OCC, but understands the complexities involved in making these changes. Accordingly, the final FR Y-14 implements the collection of the RSSD ID field beginning with the reports with data as of March 31, 2018, with the clarifications included in the following section.

One commenter asked that the Board clarify, in Schedules A, B, and D, if loans could be identified using the existing Entity Type field or RSSD ID contained in the file name rather than adding a new field. The Board agrees the existing field provides additional information, however notes that it is not sufficient or comprehensive on its own. The Entity Type field alone is not sufficient, because for BHCs that have multiple national bank charters, the Entity Type field does not specify which national bank charter holds a financial interest in the loan.⁸ Furthermore, the RSSD ID provided in each of the BHC's file naming conventions is the RSSD ID of the BHC. The requested additional RSSD ID field is the RSSD ID of the national bank entity that has a financial interest associated with the loan.

Commenters asked several questions to clarify what RSSD ID respondents should provide in the proposed field in particular circumstances. Commenters asked if respondents should report the RSSD ID based on the direct subsidiary or indirect subsidiary for the proposed field for loans that are held in a chartered national bank that is an indirect subsidiary of the holding

company. For example, if national bank B were an indirect subsidiary of a BHC and a direct subsidiary of national bank A (which is a direct subsidiary of a BHC). Commenters also asked if a respondent would ever be required to provide a RSSD ID of a chartered national bank that is not a subsidiary of the reporting BHC. For example, whether respondents would report loans serviced by a subsidiary of the BHC but owned by another bank or, if loans are owned by the BHC but serviced by a third party, whether respondents would report the RSSD ID of the subsidiary national bank or that of the third-party bank. For loans serviced by a direct subsidiary of the BHC for a third party entity, commenters asked if the respondent would report the BHC RSSD ID. Finally, commenters asked for clarification on whether the field should be reported if the subsidiary of the holding company is a state chartered bank, and not a national bank, and if so, if the reported RSSD ID should reflect the BHC or the state bank.

In the case of an indirect subsidiary, the respondent should report the RSSD ID of the national bank that has a financial interest in the loan. For loans that are serviced by a national bank subsidiary of the BHC but owned by another entity, the respondent should report the RSSD ID of the national bank subsidiary that services the loan. For loans that are owned by a national bank subsidiary of the BHC but serviced by another entity, the respondent should report the RSSD ID of the national bank subsidiary that owns the loan. If a national bank subsidiary of the BHC both owns and services the loan, the respondent should report the RSSD ID of the national bank subsidiary that both owns and services the loan. If no national bank subsidiary either owns or services the loan, this field should be left blank (null). In all cases, this field either would be left null or will contain the RSSD ID of a chartered national bank that is a subsidiary of the reporting BHC. To clarify the intended reporting of the national bank RSSD ID in line with the proposal and in light of commenters' questions, the definition of this item within the FR Y-14M instructions will be updated to include these clarifications.

Finally, commenters questioned whether the RSSD ID field would only affect Loan Level files (FR Y-14M, Schedules A.1, B.1, and D.1) or if an additional field also be added to Portfolio Level files (FR Y-14M, Schedules A.2, B.2 and D.2). With the clarifications to the instructions outlined above, the final FR Y-14 implements the proposed changes for

⁸ For the purposes of this notice, a national bank subsidiary is deemed to have a financial interest in the loan if it owns the loan and/or services the loan.

the Loan Level files (Schedules A.1, B.1, and D.1) effective with the reports with data as of March 31, 2018. The RSSD ID field will not be collected as part of the Portfolio Level files (Schedules A.2, B.2, and D.2).

Schedule D (Credit Card)

For the reports with data as of September 30, 2017, the Board proposed breaking out the total outstanding balance reported on Schedule D (Credit Card) into two items: Cycle-Ending Balance (existing item 15) and Month-Ending Balance. The addition of the month-ending balance item would replace the Cycle Ending Balance Flag (item 16).

One commenter indicated that the rationale for both cycle-ending balance and month-ending balance on Schedule D was unclear and that availability in credit card servicing systems does not necessarily imply those data are available for reporting purposes. The commenter requested that the Board withdraw this change.

The Board emphasizes that both Month Ending Balance and the existing Cycle-Ending Balance fields enhance modeling and enable the Board and the OCC to identify the level and direction of model risks to which a bank is exposed. In particular, the cycle-ending balance informs consumers' behavior in terms of performance of loans, spending and payment behavior, and highlights the timing influence between the two measures. The existing cycle-ending balance field currently allows firms to report either the month-ending or cycle-ending balances identified by the existing cycle-ending balance flag field, resulting in inconsistent reporting across firms and diminished usability of the reported data for this field. The final FR Y-14 implements these changes with the reports with data as of March 31, 2018.

Other Comments

Under the current attestation requirement, BHCs and U.S. IHCs subject to supervision by the Large Institution Supervision Coordination Committee (LISCC)⁹ are required to submit a cover page signed by the chief financial officer or an equivalent senior officer attesting to the material correctness of actual data, conformance to instructions, and effectiveness of internal controls. Although no modifications to the existing attestation requirement were proposed, commenters suggested certain

modifications to the submission dates for the attestation requirement, including allowing firms subject to supervision by the LISCC to submit the FR Y-14M attestations quarterly, instead of each respective month. Another commenter requested that U.S. IHCs subject to supervision by the LISCC that are required to submit their first attestation as of December 31, 2017, submit their attestations for the reports associated with the annual cycle for the FR Y-14A and FR Y-14Q reports in April 2018, instead of on each data schedule's respective submission date. These modifications would allow these U.S. IHCs the same amount of time to come into compliance with the attestation requirement as was accorded BHCs and would clarify the attestation due date for FR Y-14 schedules with alternative submission dates, while reducing operational burden associated with the attestation requirement. In line with this feedback, the Board will modify the attestation requirement as follows:

- *FR Y-14A/Q (annual submission):* For both LISCC U.S. IHCs and BHCs subject to the FR Y-14 attestation requirement, the attestation associated with the annual submission (*i.e.*, data reported as of December 31, including the global market shock submission¹⁰) will be submitted on the last submission date for those reports, typically April 5 of the following year. For example, all of the FR Y-14Q schedules due 52 days after the as of date (typically mid-February), all of the FR Y-14A schedules due April 5, and the trading and counterparty schedules due on the global market shock submission date (March 15 at the latest) will be due on the latest of those dates, the annual submission date for the FR Y-14A report schedules (April 5).

- *FR Y-14M:* for those firms that file the FR Y-14M reports, the three attestations for the three months of the quarter will be due on one date, the final FR Y-14M submission date for those three intervening months. For example, the attestation cover pages and any associated materials for the FR Y-14M reports with January, February, and March as of dates will be due on the data due date for the March FR Y-14M. Note that one attestation page per monthly submission is still required.

- *FR Y-14Q:* the FR Y-14Q attestation for the three remaining

quarters (Q1, Q2, and Q3) will continue to be submitted on the due date for the FR Y-14Q for that quarter.

The instructions and cover pages will be updated to clarify and align with the submission dates.

Two commenters requested the elimination of several schedules that the Board did not propose to modify. Commenters requested that the Board no longer require the reporting of detailed information on a firm's retail balances and loss projections (FR Y-14A, Schedule A.2.a), metrics of provision net revenue (FR Y-14A, Schedule A.7.c), or quarterly data monitoring progress towards phasing in regulatory capital requirements (FR Y-14Q, Schedule D) as they believe the information is not material to the balance sheet and provides little incremental information or value. The Board reviews the items required to be reported on the FR Y-14 series of reports on an ongoing basis. In response to past comments, the Board has assessed the information collected on the Summary—PPNR Metrics (FR Y-14A, Schedule A.7.c) sub-schedule and added thresholds to certain items or removed other items altogether. All of these schedules continue to be used to produce either the Dodd-Frank Act stress test estimates or as part of the qualitative capital plan assessment (either through the qualitative component of the CCAR assessment for LISCC and large and complex firms or through the annual supervisory review for large and noncomplex firms). The Board may propose additional changes in the future to further reduce burden associated with these reporting requirements or in connection with updates to stress-test projections.

Similarly, in an effort to reduce burden, commenters recommended that the Board reduce the reporting of the FR Y-14M schedules to a quarterly frequency. One commenter also summarized and provided further feedback on topics that require ongoing discussions, including requirements for historic resubmissions. The Board continues to investigate opportunities to reduce the burden of reporting while still collecting the data at a level of granularity and frequency that supports the running of the DFAST and CCAR exercises. As requested, the Board will continue to engage the industry to gather further feedback, including in regards to the FR Y-14M, and values industry feedback on matters related to FR Y-14 reporting.

⁹ BHCs subject to supervision by the LISCC were subject to the attestation requirement in December 2016, and U.S. IHCs subject to supervision by the LISCC will be subject beginning in December 2017.

¹⁰ As outlined in Sections 252.144 (Annual Stress Tests) of Regulation YY (12 CFR 252), the as-of date will be October 1 of the calendar year preceding the year of the stress test cycle to March 1 of the calendar year of the stress test cycle and will be communicated to the BHCs by March 1st of the calendar year.

As in prior proposals,¹¹ commenters requested that the Board undertake a periodic, full-scale review of the data items required in the FR Y–14 submissions, and that the Board increase edit check thresholds or allow for permanent closure options. In response, the Board confirms that it regularly reviews the required elements of the FR Y–14 submissions and will continue to review the requirements to ensure they are appropriate. The current edit check thresholds and permanent closure of edit checks are varied and have been determined on a case-by-case basis depending on the data item to which the edit check pertains. Given the disparate nature of the data items being collected, it would be inappropriate to create uniform minimum thresholds across all schedules.

Board of Governors of the Federal Reserve System, December 11, 2017.

Ann E. Misback,

Secretary of the Board.

[FR Doc. 2017–26960 Filed 12–14–17; 8:45 am]

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GENERAL SERVICES ADMINISTRATION

[Notice–MV–2017–05; Docket No. 2017–0002; Sequence No. 25]

Procurement Through Commercial e-Commerce Portals

AGENCY: Office of Acquisition Policy, General Services Administration.

ACTION: Notice of a public meeting and request for information.

SUMMARY: The General Services Administration (GSA) and the Office of Management and Budget (OMB) are interested in conducting an ongoing dialogue with industry about Section 846 of the National Defense Authorization Act (NDAA) for Fiscal Year 2018, Procurement through Commercial e-Commerce Portals. The dialogue begins with this public notice and request for comment.

GSA is providing external stakeholders the opportunity to offer input on the first implementation phase outlined in Section 846, an implementation plan due to Congress within 90 days of enactment.

GSA and OMB are hosting a modified town-hall style public meeting to help inform the Phase I submittal.

DATES: The public meeting will be conducted on January 9, 2018, at 8:30 a.m. Eastern Standard Time. Further

Information for the public meeting may be found under the heading **SUPPLEMENTARY INFORMATION.**

ADDRESSES: The meeting will be held at GSA’s Central Office, at 1800 F St NW, Washington, DC 20405.

Submit comments identified by “Procurement Through Commercial e-Commerce Portals”, by any of the following methods:

- *Regulations.gov:* <http://www.regulations.gov>. Submit comments by searching for “Procurement Through Commercial e-Commerce Portals”. Select the link “Comment Now” and follow the instructions provided at the “You are commenting on” screen. Please include your name, company name (if any), and “Procurement Through Commercial e-Commerce Portals”, on your attached document.

- *Mail:* U.S. General Services Administration, Regulatory Secretariat Division (MVCB), 1800 F Street NW, 2nd Floor, ATTN: Lois Mandell, Washington, DC 20405–0001.

Instructions: Please submit comments only and cite “Procurement Through Commercial e-Commerce Portals” in all correspondence related to this case. All comments received will be posted without change to <http://www.regulations.gov>, including any personal and/or business confidential information provided.

FOR FURTHER INFORMATION CONTACT:

Matthew McFarland at section846@gsa.gov, or 202–690–9232, for clarification of content, public meeting information and submission of comment. For information pertaining to status or publication schedules, contact the Regulatory Secretariat at 202–501–4755. Please cite “Procurement Through Commercial e-Commerce Portals”.

Written Comments/Statements: Interested parties may submit written comments to www.regulations.gov by January 16, 2018.

GSA and OMB encourage early engagement so that public input may be considered in the formulation of the Phase I implementation plan, which is due to Congress within 90 days of enactment of the NDAA for Fiscal Year 2018.

SUPPLEMENTARY INFORMATION:

I. Background

The General Services Administration (GSA) was established to provide the United States Government with centralized procurement. For decades, GSA has provided access to commercial products through a number of channels including GSA Advantage!, GSA eBuy, GSA Global Supply, and the Federal Supply Schedules. Across the

Government, the market for commercial products is estimated to be greater than \$50 billion annually.

GSA has long been focused on improving the acquisition of commercial items. Throughout its history, GSA has sought to leverage the best available technology to help agencies shorten the time to delivery, reduce administrative cost, make compliance easier, be a strategic thought leader and supplier of choice across the Federal Government, and be a good partner to industry. Today, the best available technology includes commercial e-commerce portals.

The National Defense Authorization Act (NDAA) for Fiscal Year 2018, Section 846 Procurement Through Commercial e-Commerce Portals, directs the Administrator of the GSA to establish a program to procure commercial products through commercial e-commerce portals. Section 846 language can be found at the following link—<https://interact.gsa.gov/group/commercial-platform-initiative>. Section 846 paragraph (c) instructs the “Director of the Office of Management and Budget, in consultation with the GSA Administrator and the heads of other relevant departments and agencies,” to carry out three implementation phases. Phase I requires:

Not later than 90 days after the date of the enactment of this Act, an implementation plan and schedule for carrying out the program established pursuant to subsection (a), including a discussion and recommendations regarding whether any changes to, or exemptions from, laws that set forth policies, procedures, requirements, or restrictions for the procurement of property or services by the Federal Government are necessary for effective implementation of this section.

GSA and OMB intend to establish an ongoing dialogue with industry and interested parties in Government throughout the program’s implementation. As a first step, GSA and OMB are seeking feedback from outside stakeholders on initial ideas for general program design and buying practices and, in that context, whether existing laws, Executive Orders, policies or other requirements may hinder effective implementation of the program.

II. Written Comments

To assist GSA and OMB in drafting the Phase I implementation plan, GSA and OMB are inviting interested parties to submit written comments. GSA and OMB are encouraging those comments be submitted before the public meeting on January 9, 2018, which will help

¹¹ See, for example, responses to comments outline in the final tailoring rule (82 FR 9308).