Banking and Finance Law Daily Wrap Up, FINANCIAL STABILITY—Feds proposes revisions to Banking Organization Systemic Risk Report; comments requested, (Jul. 8, 2015)

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The Federal Reserve Board has requested comments on its proposed revisions to the Banking Organization Systemic Risk Report (FR Y-15). Comments must be submitted on or before Sept. 8, 2015, via the Fed website, the Federal eRulemaking portal, email, or U.S. mail. The proposed revisions would be effective Dec. 31, 2015.

The Fed uses the FR Y-15 data to monitor the systemic risk profile of the institutions that are subject to enhanced prudential standards under Section 165 of the Dodd-Frank Act. The reporting requirements apply to bank holding companies with over $50 billion in total consolidated assets and any U.S.-based organizations designated as global systemically important banks that do not otherwise meet the consolidated assets threshold for BHCs.

Proposed revisions. The Fed proposes to collect 10 new items in Schedule A in order to reflect the revised leverage ratio standard and accompanying disclosure table. Additionally, the Fed would like to remove nine line items that are not used in the calculation. To maintain consistency with the exposures definition used in the international G-SIB methodology, the Fed also proposes to collect total exposures prior to regulatory deductions. And the Fed proposes to adjust the position and names of the remaining items to conform to the revised presentation of the data. This includes moving three of the remaining items that are not required for the exposures calculation to a new memoranda section.

Other proposed revisions include the following.

1. To eliminate the double counting of certificates of deposit that are currently included in both the IFSL and securities outstanding indicators, the Fed proposes to remove certificates of deposit from deposits due to depository institutions (item 7(a)) and deposits due to non-depository institutions (item 7(b)).
2. The Fed proposes allowing FR Y-15 respondents to construct their own exchange rates using a consistent series of exchange rate quotations. This is because, starting with the end-2015 assessment, the international G-SIB methodology will no longer use a fixed set of exchange rates in converting the payments totals to the reporting currency.
3. Now that the rule implementing the liquidity coverage ratio has been finalized, the Fed proposes adopting the level 1, level 2A, and level 2B liquid asset definitions used in the U.S. rule for the purpose of reporting trading and available-for-sale (AFS) securities that

meet the definition of level 1 assets (item 7), and trading and AFS securities that meet the definition of level 2 assets with haircuts (item 8).

4. On Schedule F, the Fed proposes to change the ordering of the revenue-related items (items 3,4,5) because peak equity market capitalization (item 6) is no longer being captured in the international collection. The Fed would move items 7 and 8 up to 6 and 7 along with moving unsecured settlement/clearing lines provided (item 11) and held-to-maturity securities (item 12) to other schedules.
5. The Fed proposes adding a new schedule (Schedule G) that captures a firm's level of short-term wholesale funding.
6. The Fed proposes to add covered SLHCs to the FR Y-15 reporting panel now that the regulatory capital rules for Savings and Loan Holding Companies are finalized.
7. The proposal would also switch FR Y-15 reporting from annual to quarterly reporting starting March 31, 2016.

RegulatoryActivity: BankHolding BankingOperations DoddFrankAct FederalReserveSystem FinancialStability SecuritiesDerivatives