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FEDERAL RESERVE SYSTEM

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

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval 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. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the PRA Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB number.

FOR FURTHER INFORMATION CONTACT: 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. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503.

SUPPLEMENTARY INFORMATION:

Final approval under OMB delegated authority of the extension for three years, with revision, of the following information collection:

Report title: The Banking Organization Systemic Risk Report.

Agency form number: FR Y-15.

OMB control number: 7100-0352.

Frequency: Quarterly.

Respondents: U.S. bank holding companies (BHCs) and savings and loan holding companies (SLHCs) with \$50 billion or more of total consolidated assets and any U.S.-based organizations designated as global systemically important banks (G-SIBs) that do not otherwise meet the consolidated assets threshold for BHCs.

Estimated annual reporting hours: One-time implementation: savings and loan holding companies – 1,000 hours; ongoing – 54,536 hours.

Estimated average hours per response: One-time implementation: savings and loan holding companies – 1,000 hours; ongoing – 401 hours.

Number of respondents: 34.

General description of report: This information collection is mandatory and is authorized by the Dodd-Frank Act (sections 163, 165, and 604), the International Banking Act, the Bank Holding Company Act, and the Home Owners' Loan Act (12 U.S.C. sections 1467a, 1844, 3106, and 3108).

Abstract: The FR Y-15 report collects systemic risk data from U.S. BHCs and SLHCs with total consolidated assets of \$50 billion or more, and any U.S.-based organization identified as a global systemically important bank (G-SIB) based on their most recent method 1 score calculation¹ that does not otherwise meet the consolidated assets

¹ See 12 CFR 217.402. For the current list of G-SIBs, see *2015 update of list of global systemically important banks (G-SIBs)*, 3 November 2015, available at www.financialstabilityboard.org/2015/11/2015-update-of-list-of-global-systemically-important-banks-g-sibs/.

threshold for BHCs. The Federal Reserve uses the FR Y-15 data primarily to monitor, on an ongoing basis, the systemic risk profile of the institutions which are subject to enhanced prudential standards under section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA).²

Current Actions: On July 9, 2015, the Federal Reserve published a notice in the *Federal Register* (80 FR 39433) requesting public comment for 60 days on the extension, with revision, of the FR Y-15. On August 20, 2015, the Federal Reserve published an additional notice in the *Federal Register* (80 FR 50623) requesting public comment on amendments to Schedule G that would align the definition of short-term wholesale funding with the definition in the final G-SIB surcharge rule. The comment period for both notices expired on October 19, 2015.

The Board received four comment letters on the proposed revisions to the FR Y-15: three from trade associations and one from a banking organization. In general, comments focused on the implementation of the proposed changes, the confidentiality of liquidity-related items, the move from annual to quarterly reporting, and the scope of application. Commenters requested delayed implementation of the new definitions, confidential treatment of certain liquidity data and quarterly reports, a phase-in of the quarterly reporting requirement, and an increased reporting threshold. The comments and responses are discussed in detail below.

Detailed Discussion of Public Comments:

A. Implementation of the Proposed Changes

Commenters expressed concern about the December 31, 2015, implementation date for the proposed changes. One commenter argued that respondents need six-to-nine months after a final notice is published to revise and validate their reporting systems, and that changes to items which measure total activity over the reporting period are

² 12 U.S.C. § 5365.

particularly difficult to implement mid-year. Two of the commenters requested that the implementation date be delayed by six months (to June 30, 2016), with initial submissions being semiannual and on a reasonable estimates basis, while the other two commenters requested that the implementation date be delayed by a full year (to December 31, 2016). One commenter suggested that delaying the implementation date would better allow respondents to incorporate the changes into their capital planning processes.

In response to the comment that respondents need six or more months to revise and validate their reporting systems, the vast majority of the proposed changes either align definitions with other existing regulatory requirements, such as the supplementary leverage ratio (SLR) and the liquidity coverage ratio (LCR), or provide instructional clarifications that better ensure uniform reporting. The harmonization of definitions across different regulatory requirements should facilitate implementation as firms already are working with the definitions and not pose the implementation challenges associated with reporting new data items. For example, firms subject to the SLR have been publicly disclosing total leverage exposures quarterly since March 31, 2015. Thus, these firms should already have the basic systems in place for calculating the revised Schedule A, which captures the subcomponents of the total exposures value. Furthermore, all of the data captured on the proposed new Schedule G is an aggregation of information that respondents will already be collecting in connection with the LCR³ or on the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128).

Delaying the implementation date of the proposed changes would cause data collected in the United States to be inconsistent with the global data used for G-SIB

³ See 80 FR 71795 (November 17, 2015).

identification and calculation of the G-SIB surcharge.⁴ Using the revised indicators in the U.S. implementation of the G-SIB surcharge, including, for example, the adoption of the SLR definition in Schedule A, is essential for consistent G-SIB identification. Using indicator values under the old definitions would undermine the G-SIB assessment, which relies on uniform reporting in order to measure each institution's activity on a relative basis.

Considering the number and type of changes being made, along with the need to remain consistent with the international standard, the Board is maintaining an effective date of December 31, 2015, as proposed. However, to allow extra time to implement and validate the revised calculations, the Board is extending the submission date for the end-2015 report from 65 calendar days to 90 calendar days after the December 31, 2015, as-of date. The submission date for subsequent year-end reports is 65 days from the December 31 as-of date.

According to the proposal, the new schedule designed to capture short-term wholesale funding (Schedule G) would be reported starting with the June 30, 2016, as-of date. This date was chosen in coordination with the proposed July 1, 2015, implementation of the Complex Institution Liquidity Monitoring Report (FR 2052a; OMB No. 7100-0361), as Schedule G relies on observations made in this report over the previous four quarters. In the proposal, the Board noted that “the effective date for banking organizations to report Schedule G may be delayed pending the implementation of the requirement for such organizations to report data on the FR 2052a”.⁵ With the liquidity reports now being implemented in December 2015,⁶ the effective date of

⁴ The Basel Committee on Banking Supervision published in January a list of indicator changes that will take effect starting with the end-2015 G-SIB assessment. See Appendix 6 of *Instructions for the end-2014 G-SIB assessment exercise*, Basel Committee on Banking Supervision, January 2015, available at www.bis.org/bcbs/gsib/instr_end14_gsib.pdf.

⁵ See 80 FR 39435 (July 9, 2015).

⁶ See 80 FR 71795 (November 17, 2015).

Schedule G needs to be adjusted accordingly. To reflect the final implementation date of the FR 2052a, the Board is extending forward the effective date of Schedule G (from June 30, 2016) to December 31, 2016.

According to the proposal, respondents with total assets of \$700 billion or more or with \$10 trillion or more in assets under custody would be required to report average values on Schedule G using daily data, with all other respondents reporting averages using monthly data. The proposal further stated that respondents with \$250 billion or more in on-balance sheet assets or \$10 billion or more in foreign exposures would begin reporting average values using daily data starting with the end-June 2017 as-of date. These dates were chosen to correspond with the proposed submission frequency of the FR 2052a, so that respondents would be reporting averages commensurate with the availability of the underlying data.

The finalized FR 2052a reporting requirement no longer includes a transition from monthly to daily data for firms with \$250 billion or more in on-balance sheet assets or \$10 billion or more in foreign exposures.⁷ Moreover, foreign banking organizations (FBOs) identified as LISCC firms are required to provide FR 2052a data daily.⁸ To align the reporting requirement for Schedule G with the availability of the FR 2052a data, the Board is requiring respondents that have reported the FR 2052a data daily for the twelve months up to and including the as-of date, to report average short-term wholesale funding values using daily data, rather than monthly data. All other respondents would report average values using monthly data. Importantly, this approach would ensure that the Schedule G reporting criteria matches data availability even when a firm changes their FR 2052a reporting frequency.

⁷ Ibid.

⁸ A list of the LISCC firms can be found at www.federalreserve.gov/bankinforeg/large-institution-supervision.htm.

Several commenters requested that the first submission after the effective date be made on a reasonable-estimates basis. It would be inappropriate to allow respondents that have previously submitted data used in the G-SIB score calculations (i.e., method 1 and method 2 of the U.S. G-SIB rule)⁹ to instead submit estimates for these items, unless such estimates are explicitly permitted in the reporting instructions. However, the Board does recognize the challenges inherent in updating the definitions of items which measure total activity over the reporting period in the middle of the observation window. As known overestimates are already permitted for the payments activity items (see instructions for Schedule C, item 1), the revised FR Y-15 instructions temporarily extend this treatment to the underwriting data. Accordingly, the Board is allowing firms to include known overestimates when precise totals are unavailable for Schedule C, items 4 and 5, for the December 31, 2015, as-of date.

The revised FR Y-15 allows the newly added memorandum items to be submitted on a reasonable-estimates basis, as they do not currently influence the G-SIB score calculation. Specifically, reasonable estimates are allowed for Schedule B, item M.1, and Schedule C, items M.1, M.2, and M.3, for the December 31, 2015, as-of date.

Under the proposal, the exposures data in Schedule A would have been calculated using average values over the reporting period. This was done to align the FR Y-15 reporting requirements with the SLR, as advanced approached institutions are already required to calculate the related exposures metric using averages.¹⁰ One commenter noted that BHCs not subject to the SLR requirement would only be calculating the SLR data for the purposes of the FR Y-15.

The shift from point-in-time measures to quarterly averages would represent a notable increase in the reporting burden for these institutions. To mitigate the burden

⁹ See 80 FR 49082 (August 14, 2015).

¹⁰ See 12 CFR 217.10.

associated with the total exposures calculation, the revised FR Y-15 provides respondents not subject to the advanced approaches capital framework the option to continue submitting Schedule A using point-in-time data. To allow data users to easily distinguish whether the provided information represents point-in-time or average data, the revised FR Y-15 adds a new “Yes/No” item to Schedule A (item 6) that asks whether or not the holding company has reported the subcomponents of item 5 using average values over the reporting period.

One commenter argued that it would be difficult to calculate securities received as collateral in securities lending (item M.1) as an average of daily data, and suggested that quarter-end values may be sufficiently informative for monitoring systemic risk. To mitigate the burden associated with the memoranda items, the revised FR Y-15 requires respondents to provide Schedule A, items M.1, M.2, and M.3 as point-in-time values rather than averages.

IHC Reporting

On February 18, 2014, the Board adopted a final rule implementing enhanced prudential standards for foreign banking organizations (FBOs),¹¹ which, among other things, requires an FBO with U.S. non-branch assets of greater than \$50 billion to establish a U.S. intermediate holding company (IHC) by July 1, 2016, to which it must transfer its entire ownership interest in all U.S. BHCs, U.S. insured depository institutions, and U.S. subsidiaries.¹² Currently, the Board has not proposed reporting requirements for IHCs, which, as noted in the preamble to the final rule implementing enhanced prudential standards for FBOs, would be addressed at a later date.¹³

¹¹ See 79 FR 17239 (March 27, 2014).

¹² See 12 CFR 252.153.

¹³ Under the current FR Y-15 reporting requirements, IHCs with a U.S. bank subsidiary and \$50 billion or more in total consolidated assets would be required to file the FR Y-15 starting with the first as of date after the IHC is established.

Nonetheless, two commenters argued that additional consideration should be given to an FBO that is required to establish an IHC, but which will not be designating an existing U.S. BHC subsidiary as its IHC. They noted that U.S. non-bank subsidiaries of FBOs not currently subject to the FR Y-15 reporting requirements will need to be integrated into the consolidated figures once the IHC is formed. The commenters requested that the implementation date for these IHCs be delayed until June 30, 2017, with initial submissions being semiannual and on a reasonable estimates basis.

At such time that the Board proposes reporting requirements for IHCs, it would invite comment through the *Federal Register* notice and comment process, and would evaluate the particular circumstances and challenges surrounding IHC formation vis-à-vis the full spectrum of Board regulatory reporting requirements.

B. Confidentiality

Two commenters argued that Schedule G, which would collect data related to a firm's use of short-term wholesale funding, contains sensitive liquidity information. All of the commenters noted that certain information in the schedule is expected to be added in the future to a different regulatory reporting form, the FR 2052a, which is a confidential report. The commenters requested that Schedule G be kept confidential, arguing that the confidentiality of similar data elements should match across different regulatory reports. Alternatively, one commenter suggested using a materiality threshold to determine when the data in Schedule G would be publically disclosed. Two commenters requested that Schedule D, items 7 and 8 also be kept confidential, as these items, under their revised definitions, would likewise be sourced from the FR 2052a.

In contrast to the FR 2052a, which collects raw, daily liquidity and funding data that are reported with a two-day delay, Schedule G collects aggregate funding data that are averaged over a twelve-month period and reported with a 50-day delay for quarterly submissions and a 65-day delays for annual submissions. For these reasons, the data reported in Schedule G is fundamentally different from the related items that are reported

in the FR 2052a. Disclosing the data in Schedule G therefore does not present the same confidentiality concerns as would disclosing the data in the FR 2052a, because the data in Schedule G are aggregate rather than granular data, averaged over a 12-month period rather than not averaged, and reported with a 50-day or 65-day delay rather than with a two-day delay.

Moreover, releasing the data reported in the FR Y-15, including the information captured in Schedule G, serves the important policy goal of providing valuable insight into the domestic systemic risk landscape. This data could be used by the U.S. financial markets to evaluate the systemic footprint of individual firms. In particular, disclosing the short-term wholesale funding data in Schedule G provides public insight into how the Board is evaluating the systemic footprint of organizations subject to section 165 of DFA, including how enhanced prudential standards are applied to these organizations in accordance with their relative systemic importance. In addition to increasing transparency, providing this type of data to the public encourages market discipline regarding incremental changes in systemic risk.

To better align the timing of the disclosure of LCR-related liquidity data in the FR Y-15, the revised FR Y-15 maintains the confidentiality of certain data items (and delays the public release of certain data items) until related LCR disclosure requirements are in place. In particular, the revised FR Y-15 delays disclosing the more granular short-term funding data (Schedule G, items 1 through 4) until the first reporting date after the LCR disclosure standard has been implemented.¹⁴ However, for the reasons stated above, items 5 through 8 in Schedule G, which represent highly aggregated data, will be publicly available starting with the December 31, 2016 reporting date.

¹⁴Under this approach, should the standard be implemented in 2016, all data in Schedule G would be made available to the public starting with the December 31, 2016 as-of date.

The items in Schedule D related to the LCR are essential components of the trading and available-for-sale (AFS) securities indicator that are already disclosed publicly as part of the FR Y-15. The proposed revisions to the FR Y-15 would have harmonized certain definitions in Schedule D with the definitions used in the U.S. LCR to reduce reporting burden and enhance regulatory consistency.¹⁵ Such harmonization should not significantly alter the sensitivity of the information being collected. The data under the revised definitions are similar in nature to the data captured currently, and the current data are already being publically disclosed. Moreover, the submission deadlines allow for a 65-day and a 50-day reporting lag from the observation date for annual and quarterly reporting, respectively. Thus, any potential insight into the liquidity position of the respondent is generally very stale by the time the information is released to the public, and the information therefore does not appear to represent a trade secret or confidential business information at the time that it is made public. With these considerations, items 7 and 8 of Schedule D in the revised FR Y-15 will continue to be made available to the public.

C. Reporting Frequency

Under the proposal, the reporting frequency of the FR Y-15 would have been modified from annual to quarterly starting with the reporting period ending March 31, 2016. Two commenters argued that the increased frequency is unnecessary because the systemic footprint of a BHC is unlikely to change significantly on a quarterly basis and that other supervisory mechanisms exist that could be leveraged to assess the systemic risk profile of BHCs. One commenter further suggested that a large merger is the most likely source of a major short-term change to the systemic risk profile of a non-G-SIB

¹⁵ As noted in the initial *Federal Register* notice, “[w]hile this revision aligns level 1 and level 2 liquid assets with the definition of high-quality liquid assets in the U.S. LCR rule, this could, in turn, result in a more stringent measure of the trading and AFS securities indicator relative to the international standard” (80 FR 39433, July 9, 2015). This is due to the more narrow scope of the U.S. LCR definitions.

and that such changes will receive separate scrutiny regarding systemic risk. The commenters requested that the annual reporting frequency be maintained. To further alleviate reporting burden, one of the commenters suggested staggering the due dates of the various schedules so that the report is collected in stages throughout the year.

An institution's systemic profile is not necessarily static throughout the year, especially to the extent that a firm takes active steps to reduce their systemic footprint. Large year-over-year changes have been observed in the past and may continue to be observed in the future as firms react to the implementation of the G-SIB framework. Under the current reporting regime, any large changes in systemic footprint are only observed at year-end.

The supervisory mechanisms suggested by commenters such as the Comprehensive Capital Analysis and Review (CCAR), the Dodd-Frank Act Stress Tests (DFAST), and resolution planning, are not adequate substitutes for the FR Y-15 as they were not designed to capture the systemic footprint of an institution. The FR Y-15 report provides consistent and comparable measures of systemic risk that, unless otherwise noted, are unavailable from other sources.¹⁶ Furthermore, the Board's review of risks to financial stability for proposed mergers and acquisitions relies, in part, on the data provided in the FR Y-15 report.

Staggering the due dates of the schedules would increase the collection frequency without increasing the number of observations made in a single year. Thus, this approach would not allow for the monitoring of changes in an institution's systemic footprint throughout the year.

Finally, the year-end values currently being reported may not be indicative of an institution's systemic footprint throughout the year. Quarterly reporting would allow for a

¹⁶ Items on the FR Y-15 that are available on other reports submitted to the Federal Reserve are populated automatically (see General Instructions, Section H).

more robust assessment of a firm's overall systemic footprint. For all these reasons, the revised FR Y-15 requires quarterly reporting, as proposed.

A number of commenters requested that non-year-end data be kept confidential. One commenter noted that other jurisdictions do not require quarterly disclosures of the G-SIB data and argued that releasing the quarterly information could put U.S. BHCs at a competitive disadvantage compared to their foreign competitors who disclose the data on a less frequent basis.

Releasing the data reported on the FR Y-15 helps promote important policy goals, such as transparency and market discipline. As previously stated, the FR Y-15 currently provides valuable information about the domestic systemic risk landscape that can be used by the market to evaluate the systemic importance of individual institutions on a national level.¹⁷ An increased disclosure frequency would provide the public with the ability to better monitor how firm actions affect the systemic footprint of an institution throughout the year. Moreover, firms would be better positioned to evaluate how changes in their systemic activities compare with those of other respondents. This comparison is important as the G-SIB determination process relies on a relative methodology.¹⁸ Furthermore, there are numerous examples where U.S. disclosure requirements have extended beyond the requirements of other countries. U.S. institutions have remained very competitive in international markets despite the more comprehensive disclosure regime. Consistent with the current treatment of the annual data and considering the public purposes that would be served by additional disclosure, the revised FR Y-15 requires that the quarterly reports be made publicly available.

One commenter noted that the technical challenges associated with switching to a more frequent data collection are compounded by the number of additional reporting

¹⁷See 78 FR 77128 (December 20, 2013).

¹⁸See 80 FR 49082 (August 14, 2015).

requirements that will be implemented in the coming year (e.g., the FR 2052a). Two commenters requested that the quarterly reporting requirement be phased in, with semi-annual reporting in 2016 and quarterly reporting beginning in 2017.

In light of the technical challenges associated with the shift to more frequent reporting, including implementing and testing quarterly reporting systems, the revised FR Y-15 delays implementation of the quarterly reporting requirement for three months, to June 30, 2016.

Two commenters requested that the submission deadline for quarterly reports be extended to 65 calendar days after the quarter-end to avoid overlap with other reports that contain source data for the FR Y-15. One commenter noted that such an extension would align the quarter-end and year-end filing requirements.

Staff supports the use of staggered submission dates, where feasible, in order to ease potential resource constraints. The proposed 50-day submission deadline was chosen after considering the due dates of other major quarterly reports, including those which contain source data for the FR Y-15.¹⁹ Extending the submission date an additional 15 days would make the deadline substantially later than the deadline for other quarterly reports. To ensure the timely availability of systemic risk data, the revised FR Y-15 maintains the proposed submission deadline of 50 calendar days after the quarter-end.

There may be instances in the future where data is sourced from another report that is not yet due to be submitted at the time the FR Y-15 is due.²⁰ In these cases, the

¹⁹ Certain items on the FR Y-15 are populated based on data reported on the FR Y-9C and the Country Exposure Report (FFIEC 009; OMB No. 7100-0035). The FR Y-9C must be submitted within 40 calendar days after quarter-end and the FFIEC 009 must be filed 45 days after quarter-end.

²⁰ For example, should the leverage exposures data become available on a revised version of the Risk-Based Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB No. 7100-0319), the quarterly data would not be available until 60 days after the quarter-end for institutions in parallel run.

Board will allow respondents to submit the FR Y-15 with the data items from the other report left blank. Respondents will then need to resubmit the report after the source form has been filed so that the missing data is automatically populated.

D. Reporting Criteria

The FR Y-15 is collected from BHCs with total consolidated assets of \$50 billion or more. One commenter argued that this threshold may not be appropriate as it scopes in many BHCs that do not materially engage in the activities covered in the report. The commenter further noted that these BHCs are not subject to the G-SIB capital rule, which relies on the data captured in the FR Y-15 to inform G-SIB designation. The commenter requested that the respondent panel be limited to only those institutions covered by the G-SIB rule (i.e., advanced approaches banking organizations that are not subsidiaries of FBOs) or that smaller institutions be permitted to only submit annually based on information already available in other regulatory reports.

A second commenter argued that it may not be appropriate to include regional banking organizations in the reporting panel as they have systemic scores that are significantly smaller than those of the G-SIBs. To alleviate the reporting burden on smaller institutions, the commenter suggested raising the reporting threshold to \$300 billion so that only G-SIBs are subject to the reporting requirement. A third commenter questioned the necessity of collecting Schedule G data from BHC subsidiaries of FBOs, as these institutions are not subject to the U.S. G-SIB rule.

While the data on the FR Y-15 is indeed used to inform G-SIB designation,²¹ the information being captured has a broader purpose. The report was primarily designed to monitor, on an ongoing basis, the systemic risk profile of institutions subject to enhanced prudential standards under section 165 of DFA.²² This monitoring includes BHC

²¹ See 80 FR 49082 (August 14, 2015).

²² See 78 FR 77128 (December 20, 2013).

subsidiaries of FBOs, which can have substantial systemic footprints within the United States. The information is also used to analyze the systemic risk implications of proposed mergers and acquisitions, and to identify depository institutions that present potential systemic risks.

To maintain an informed view of the macroprudential risks associated with banking organizations, it is important to look beyond the footprints of the eight U.S. G-SIBs. This principal applies, for example, in the G-SIB designation process, where all U.S. top-tier bank holding companies that are advanced approaches institutions must calculate a measure of systemic importance.²³ To identify institutions that may pose systemic risks at the domestic level, it is essential to look at an even wider group.

Institutions not subject to the G-SIB capital rule can have material systemic footprints. While systemic risk can arise due to the solitary actions of a very large firm, it may also arise due to the interactions between firms. Through their interconnectedness, complexity, and facilitation of critical banking activities, institutions which have not been designated as G-SIBs may still play a systemically-important role in the U.S. banking system.

Moreover, reducing the reporting scope to only those institutions subject to the G-SIB rule would dramatically limit the number of respondents. Adopting a more restricted reporting requirement could incentivize non-respondents to pursue additional systemic activities, especially those which would not affect their reporting status. Any increases in systemic footprint that result may then go unobserved.

For the reasons outlined above, the revised FR Y-15 applies to all bank holding companies with total consolidated assets of \$50 billion or more, which is consistent with the asset threshold in section 165 of DFA. Moreover, as short-term wholesale funding is a

²³ 80 FR 49082 (August 14, 2015).

critical component of the systemic risk profile that the FR Y-15 was designed to assess, Schedule G applies to all respondents, including subsidiaries of FBOs.

E. Specific Data Items

General Instructions

The FR Y-15 instructions direct respondents to provide a brief explanation of any unusual changes from the previous report. One commenter noted that unusual changes is not explicitly defined. The commenter also suggested that it would reduce administrative burden if explanations were submitted electronically.

The revised FR Y-15 instructions state that unusual changes are differences that are not attributable to general organic growth and/or standard fluctuations in the business cycle. The FR Y-15 is not the only report with the unusual changes provision (e.g., the FR Y-9C also contains this concept).

One commenter requested that mapping information be made available for data elements derived from other sources, such as a mapping between Schedule A and the SLR disclosures, and a mapping between Schedule G and the FR 2052a.

Mapping information for data items automatically retrieved from other reports is already provided in Section H of the General Instructions of the FR Y-15. Should additional items become available in other regulatory reports, the instructions would be updated such that these items are automatically retrieved and no additional reporting is required. To ease reporting burden and ensure data comparability, the revised FR Y-15 includes additional information in the reporting instructions regarding the connection between the items in Schedule A and the SLR disclosure tables. The Board will provide information regarding the connection between Schedule G and the FR 2052a prior to the Schedule G effective date.

Schedule A

Two commenters noted that the SLR rule permits the netting of certain on-balance sheet securities financing transactions (SFTs), but that SFT items in the FR Y-15 require gross reporting. They requested that SFTs be reported on a net basis throughout the report where the underlying transaction meets the netting criteria specified in the SLR.

Schedule A, item 2(a) is intended to mirror the requirements under the SLR and the revised reporting instructions clarify this point. However, Schedule F, item 6 and 7 are not intended to mirror the requirements under the SLR. Therefore, the revised FR Y-15 maintains the current reporting definitions for the SFT items in Schedule F, as they mirror the international standard and thus promote comparability.

Under the proposal, regulatory adjustments (Schedule A, item 3(b)) would be reported as a quarterly average of daily data. One commenter argued that this treatment diverges from the method used for the purposes of the SLR and that the calculation would be challenging to implement. The commenter requested that respondents be permitted to report regulatory adjustments as point-in-time data. In response, the revised FR Y-15 collects regulatory adjustments using point-in-time data, consistent with the requirement in the SLR.

Schedule B

One commenter noted that the instructions for Schedule B, item 3(f) appear to exclude the short legs of derivatives used to hedge the equity securities reported in Schedule B, item 3(e). The commenter requested that the instructions be amended to explicitly include these derivatives, as doing so would be consistent with the international standard. In response, the instructions to the FR Y-15 have been revised to include these derivatives.

Two commenters noted that the proposed revisions appear to expand the scope of items capturing over-the-counter (OTC) derivatives to also include exchange-traded

derivatives. The commenters expressed concern that the derivative items under an expanded scope would be inconsistent with the international standard.

The revisions in question were not intended to alter the scope of the OTC derivatives items. In response, the revised FR Y-15 reverts to the original line names for the OTC derivative items throughout the report to make it clear that exchange-traded derivatives should not be reported.

One commenter argued that including in Schedule B special purpose entities (SPEs) that are a part of a consolidated financial institution would be very difficult to operationalize, as the consolidation status of such entities is not generally public information. Considering this operational challenges, the revised FR Y-15 removes this requirement. The Board may revisit reporting requirements for SPEs in the future.

Schedule D

One commenter noted that Level 3 trading assets are being counted both in the trading and AFS securities indicator and in the Level 3 assets indicator. The commenter expressed concern that this results in counting the same assets twice within a single indicator.

The trading and AFS securities indicator is a separate and distinct indicator from the one capturing Level 3 assets. Thus, Level 3 trading assets are not being double counted within the same indicator. Accordingly, the revised FR Y-15 maintains the current treatment of Level 3 assets in the trading and AFS securities indicator.

Technical Clarifications

Commenters asked for a number of technical clarifications regarding specific data items on the FR Y-15 form. The revised FR Y-15 instructions address these questions and others that have been received.

Board of Governors of the Federal Reserve System, December 9, 2015.

**Robert deV. Frierson,
Secretary of the Board.**

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