Capital Assessments and Stress Testing Information Collection Q&As

March 2021

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The Capital Assessments and Stress Testing information collection (FR Y-14) consists of the FR Y-14A, Q, and M reports. The semiannual FR Y-14A collects information on the stress tests conducted by Bank Holding Companies (BHCs) and U.S. Intermediate Holding Companies (IHCs), including quantitative projections across a range of macroeconomic scenarios, and qualitative information on methodologies used to develop internal projections of capital across scenarios. The quarterly FR Y-14Q collects granular data on BHCs' and IHCs' various asset classes, including loans, securities and trading assets, and Pre-Provision Net Revenue (PPNR). The monthly FR Y-14M comprises three retail loan- and portfolio-level collections, and one detailed address matching collection. The FR Y-14 data are used to assess the capital adequacy of large BHCs and U.S. IHCs, to support supervisory stress test models, and in continuous monitoring efforts.

In response to questions regarding the FR Y-14 information collection, Federal Reserve staff provides answers to firms on an ongoing basis to assist with the correct interpretation of reporting requirements and submission of the report data. These questions and answers are released to provide transparency around, and support knowledge of, FR Y-14 reporting requirements.

The questions and answers

- **Include generally applicable questions asked by FR Y-14 filing BHCs and U.S. IHCs.** Not every question is applicable to every BHC or U.S. IHC, and responses do not pertain to other regulatory reports or rules, nor to BHCs and U.S. IHCs that do not file the FR Y-14 reports.
- **Apply to requirements and materials available at that time.** The Federal Reserve's responses are based on information available at the time of the submission of the question. A response date is provided to frame the response in the context of current regulatory requirements and associated forms and instructions. Responses provided may be superseded by subsequent guidance and/or regulatory changes. Links provided within the document may no longer be available.
- **Cover questions submitted on or after August 1, 2017.** Historical questions will be made available as applicable when referenced by current questions. The report does not include questions for which confidential treatment was granted.

For further information on the FR Y-14 information collection, see the Federal Reserve's report forms page: www.federalreserve.gov/apps/reportforms/default.aspx.

Q&As Sorted by Reporting Form

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FR Y-14A

General

Q (Y140001109, General): On July 9, 2019, the U.S. banking agencies finalized the Regulatory Capital Rule: Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996. This rule amends the U.S. Basel III capital rules to simplify the capital treatment of capital deductions and recognition of minority interests for non-advanced approaches banking organizations as well as implementing certain technical amendments applicable to both advanced approaches and non-advanced approaches banking organizations. The effective date of the rule is April 1, 2020.

With regard to the June 2019 DFAST submission (due October 5, 2019), should firms reflect the impact of the provisions of the final rule for forecasted periods subsequent to April 1, 2020?

A: Firms should not reflect the changes to the capital rules from the capital simplification rule in their June 2019 DFAST submission. The effects of the capital simplifications rule should only be incorporated into a firm's FR Y-14 projections if and when the FR Y-14 has been revised to incorporate changes related to the capital simplifications rule.
(FRB Response: September 26, 2019)

Q (Y140000884, General): When looking through the Q&A Report as of March 14, we noticed the FRB's response to Y140000727 states that Income Statement line item 138 is still required to be equal to the losses reported on sub-schedule A.2.b Retail Repurchase Losses.

With Schedule A.2.b scheduled to be discontinued starting for MCST 2018, how will this impact the Income Statement line item 138? Will line item 138 still be reported?

Currently IS 138 is populated in our system via the current A.2.b schedule, so we want to understand if the FRB plans to eliminate that line or populate alternatively via instruction change. This will allow us to determine how to proceed. As it stands, we would need to continue to run the Schedule A.2.b process or find an alternative approach.

A: On December 15, 2017, the Federal Reserve adopted a proposal, which eliminated the Retail Repurchase Projections sub-schedule (FR Y14-A, Schedule A.2.b) from the FR Y-14A report with data as of March 31, 2018 (see 82 FR 59608). The proposal did not eliminate item 138 on the income statement of the FR Y-14A (Summary). This item should continue to be reported in accordance with the instructions. **(FRB Response: October 10, 2018)**

Schedule A—Summary

Q (Y140001367, General): The FR Y-14A instructions released in January 2021 states, "Firms subject to Category I-III standards are required to report two versions of the [FR Y-14A Summary sub-schedules]. One version of these sub-schedules ("DFAST") should exclude the effects of material business plan changes and the other should include these effects ("CCAR")."

1. How should the schedules be submitted if a firm does not have material business plan changes? For the Supervisory Severely Adverse scenario, should the firm submit all

sub-schedules with DFAST values equal to CCAR values, or is the CCAR sub-schedule not required?

2. The FR Y-14A instructions also state, “Firms subject to Category III standards are only required to report the “Capital – DFAST sub-schedule A.1.d – Capital, every other year.” The instructions include a table showing the Supervisory Baseline scenario is only filed with the DFAST sub-schedule (not CCAR). Are Category III firms required to submit any sub-schedules for DFAST in odd-numbered years? If not, do Category III firms have to submit the Supervisory Baseline scenario in odd-numbered years?

A:

1. Firms that do not have a material business plan change should submit all sub-schedules twice, with “DFAST” values equal to “CCAR” values.
2. In even-numbered years, firms subject to Category III standards are required to report both “DFAST” and “CCAR” sub-schedules for all schedules on the FR Y-14A Schedule A – Summary. In odd-numbered years, these firms are only required to report the “CCAR” sub-schedule for Schedule A.1.d, while still being required to report both “DFAST” and “CCAR” sub-schedules for all other Schedule A – Summary schedules. (**FRB Response: February 24, 2021**)

Q (Y140001236, Trading): As a follow up to the below Q&A Y140001106 response, we would like to request clarification from the FRB that given for Tax Oriented Investments held under equity method accounting exposures should not be reported under Schedule F based on the Q&A response, can the FRB kindly confirm on which schedule firms are expected to report these exposures within the FR Y-14Q submission due on May 18th? If we need to submit a new Q&A form, please let me know and I will send one over.

A: These investments should be reported in any line items of the FR Y-14 where the definition of a line item includes the relevant investment, including at minimum relevant line items of the Schedule G (PPNR) and Schedule M (Balances). If the exposure is significant, additional detail may be provided in supplemental materials. **(FRB Response: November 4, 2020)**

Q (Y140001305, A.1.B, Balance Sheet): The FR Y-14A instructions assign commercial loans to different line items based on whether the loans were “graded” or “rated” during the underwriting process. However, the Paycheck Protection Program (PPP) loans were recently excluded from June 30, 2020 FR Y-14Q schedules and PPP loans are underwritten separately from other loans (not necessarily “graded” or “scored”). Some PPP loans may be tied to obligor where the lending relationship is “graded” and therefore some PPP loans could be considered “graded” while others are “scored.” How should PPP loans be reported on the FR Y-14A Summary schedule, particularly the Balance Sheet Worksheet?

A: Firms should categorize Paycheck Protection Program (PPP) loans for their June 30, 2020, FR Y-14A submissions using the same methodology as they used to report PPP loans on Schedule K (Supplemental) for their June 30, 2020, FR Y-14Q submissions.
(FRB Response: October 7, 2020)

Q (Y140001195, A.1.D, Capital): For a return of capital that is not considered a dividend from an accounting/legal perspective and will not be reported as a dividend on the FR Y9C, should firms report the capital action on FR Y-14A Summary Form, Schedule A.1.d Capital (line 121) as “Other share repurchases”? The return of capital would be considered similar to a discretionary share repurchase.

A: For purposes of reporting the Y-14A, dividends are defined by reference to the Glossary to the FR Y-9C instructions, where they are defined as payments of cash to stockholders in proportion to the number of shares they own. A return of capital that does not meet this definition of dividend and that is a share repurchase not reported in Schedule A.1.d Capital (line 120) should be reported in Schedule A.1.d Capital (line 121). If you have a question about how to interpret the definition of dividend with regard to a specific transaction, please provide more details about the transaction and why you think it does not meet the definition of a dividend. **(FRB Response: June 24, 2020)**

Q (Y140001201, General): Page 8 of the CCAR 2020 Summary Instructions published on March 4, 2020 states: ". . . For the initial quarter of the planning horizon, the firm must take into account the actual capital actions taken during that quarter. For the second quarter of the planning horizon (i.e., the second quarter of 2020), a firm's capital distributions should be consistent with those already included in the capital plan from the prior year and not objected to by the Federal Reserve for that quarter.". If the firm reduces capital distributions for the second quarter of the planning horizon, can the firm submit these reduced capital distributions for the second quarter of the planning horizon or should it submit the amount included in the capital plan from the prior year?

A: Yes. Reduced capital distributions will be considered consistent with those included in the capital plan from the prior year and not objected to by the Federal Reserve for that quarter. **(FRB Response: April 15, 2020)**

Q (Y140001205, A.1.D, Capital): According to the FED 14A Form Change published on 3/20/20, a Category III Non-Advanced bank should adopt the revisions of CET1 deductions Threshold from 10% to 25% for PQ2 to PQ9. However in the form the aggregated 15% threshold (A1d line 81) is still in place and A1d Line 84 is still a calculated field. Per the new instructions the eligible banks should report zero in the line 84 from PQ2 to PQ9. Since A1d line 84 is a derived line it does not accept zero as an input.Please provide guidance and clarity on the approach.

A: The re-distributed technical instructions updated the derivation for line 84, which should resolve this issue. **(FRB Response: April 15, 2020)**

Q (Y140001206, A.1.D, Capital): Will you be publishing updated technical instructions for the Q4 2019 FR Y-14A submission, including the data dictionary, to reflect the updated capital calculations on the Capital Schedules (A.1.d) based on the above? In the absence of updated technical instructions for CCAR 2020, could you please confirm that the Federal Reserve will similarly calculate regulatory capital in accordance with the regulatory capital simplification rules beginning April 1, 2020, for Category III and IV firms for purposes of the Federal Reserve's DFAST and CCAR calculations and for purposes of calibrating the Stressed Capital Buffer for a particular firm?

A: On March 20, 2020, firms were notified that updated technical instructions were published for the FR Y-14A report. **(FRB Response: April 8, 2020)**

Q (Y140001196, A.1.D, Capital): For the new column "Adjusted Starting Value" in A1d schedules, is it the "adjusted starting value" to be reported, or the adjustments only?

For example if the spot balance is 100 and the GMS impact is 20, would you please confirm it's the amount "80" should be reported in the "Adjusted Starting Value" column?

A: The adjusted starting value column should reflect the global market shock. In the example provided, the firm is required to report an adjusted starting value of 80.
(FRB Response: March 25, 2020)

Q (Y140001106, Trading): The firm would like to clarify the 14Q reporting requirements, and stress forecasting requirements under the supervisory scenarios, for Tax Oriented Investments held under equity method accounting. Page 109 of the FY-14Q instructions sets forth the following definition for Other Fair Value Assets and provides examples, including tax oriented investments and wind farms.

Other Fair Value Assets are all assets held under fair value option (FVO) accounting except for retail and wholesale loans, which should be included in the schedules for Retail and Wholesale FVO loans. Examples would include legacy assets, community development assets, and tax-oriented investments, e.g., wind farms.

In the context of firm's Tax Oriented Investments (TOIs), specifically Sec. 45, Sec. 48 and Sec. 1603, is the firm required to report TOIs held under equity method accounting on 14Q Schedule F.26 Other Fair Value Assets?

Additionally, please clarify whether TOIs held under equity method accounting are required to be subject to the Global Market Shock in Supervisory Stress scenarios.

A: Tax oriented investments held under equity method accounting should not be included in the Other Fair Value Assets worksheet of Schedule F. TOIs under equity method accounting are not subject to the Global Market Shock in supervisory stress scenarios unless they are reported elsewhere on Schedule F. **(FRB Response: March 25, 2020)**

Q (Y140001107, Trading): In April 2019, we received the following guidance from the FRB during the annual CCAR exam in reference to Private Equity Exposures: "Please note that all exposures, fair value or non-fair value, reported in the FR Y-14Q schedule F (Trading and CVA Hedges) should be subjected to the global market shock for the supervisory scenarios and the related P&L should be reported in the FR Y-14A schedule A.4 (Trading). The firm does NOT need to resubmit the FR Y-14A for this cycle, but please follow this approach in future CCAR exercises."

Based on the definition of Private Equity, as included on p. 109 of the FR Y-14Q instructions, the firm acknowledges that "Private Equity" is defined as:

Private Equity includes all equity related investments such as common, preferred, and convertible securities.

This includes investments made on a principal basis in standalone companies, real estate, general and limited partnership interests and hedge funds, including seed capital invested in hedge or mutual funds. This includes Private Equity that is mark to market (MTM), held for sale (HFS) or under fair value option accounting (FVO).

The firm interprets this guidance as requiring all fair value and non-fair value private equity exposures be subjected to the global market shock for the supervisory scenarios, regardless of the accounting treatment for those exposures, which may include equity method accounting as well as the accounting treatments itemized in the FR Y-14Q "Private Equity" definition on p. 109. In addition, the firm reports exposures based on "carry value," as noted on p. 145 of the FR Y-14Q instructions:

F.24 – Private Equity

General: This worksheet is meant to capture carry value of Private Equity investments across regions and aggregated by GICS code.

1. Given the above, if a firm has a Private Equity Investment held under equity method accounting, which is reported in the books and records of the firm at carry value, rather than fair value, is there any flexibility to apply a stress test methodology in the supervisory scenarios which aligns to the accounting treatment of these investments?
2. If no, can you please confirm that the market shock should be applied to the "carry value" and not the "fair value"? (Note that the application to the fair value would seem to be more consistent with the treatment of other assets subject to the market shock.)
3. Can we kindly confirm if the firm has the ability to use what is believes to be a more appropriate stress test methodology, aligned to the accounting treatment, for the BHC Scenarios?

A: Firms have flexibility to stress investments as they see appropriate in BHC scenarios. However, in supervisory scenarios, shocks should be applied to the carry value of private equity investments. **(FRB Response: March 25, 2020)**

Q (Y140001164, A.1.A, Income Statement): Per instructions in the December 2019 final CECL/Non-CECL NPR, "As indicated in the final CECL rule and as outlined in FR Y-14 CECL proposal, an institution may reflect the adoption of ASU 2016-13 on the FR Y-14 reports beginning with the 2020 stress test cycle. Therefore, all CECL-related items need to be incorporated into the FR Y-14 reports for December 31, 2019."

Our firm is transitioning to CECL on January 1, 2020, and requires additional clarity on how to report provisions on the FR Y-14A for CCAR2020. In order to ensure that the provisions roll on the "Allowance for Loan and Lease Losses" section of the FR Y-14A Schedule A.1.a – Income Statement, actual as-of date balances for line 116 "Total Allowances, current quarter" (MDRM CASI3123) would need to include the impact from the transition to CECL. We will file the FR Y-14A Schedule A.1.a – Income Statement including the day 1 CECL adjustment for as of date actuals in Income Statement line 115 "Other ALLL Changes" (MDRM: CASIKU87). Can the FRB confirm that is the correct interpretation of the instructions as failure to do so would result in the income statement including incorrect projected provisions since the balance would not roll properly from the starting point? Or, alternatively, will the FRB take the Actual in $Millions as of date value of Collection of Supplemental CECL Information line 3 "Adoption of Current Expected Credit Loss Methodology – ASC Topic 326" (MDRM: CASTJJ26)?

A: Firms should report the impact from the transition to CECL in FR Y-14A, Schedule A.1.a, Item 115 "Total Other ALLL Changes." **(FRB Response: February 26, 2020)**

Q (Y140000983, Counterparty Credit Risk (CCR)): Should the bank include its TBA exposure within non-trading portfolios (e.g., Fair Value Hedge (FVH) book) in the XVA (counterparty) loss estimation?

A: Firms are expected to include TBA in its data submission in the FR Y-14Q Schedule L (Counterparty). **(FRB Response: December 11, 2019)**

Q (Y140000795, Counterparty Credit Risk (CCR)): Can you confirm that the reference to derivatives and derivatives related exposures in the December 2017 letter informing firms that they would be subject to the counterparty default scenario does not refer to client cleared derivative transactions consistent with the guidance given in the FAQ Y14000074? Hence

such client cleared exposure should be excluded from the counterparty default scenario loss calculation for supervisory scenarios (and therefore not included in losses in the FR Y-14A).

A: The relevant FAQ is Y140000740, not Y14000074.

In determining the largest loss counterparty for the Counterparty Default Scenario Component in supervisory scenarios, we confirm that the firm is not required to include in its FR Y-14Q Schedule L.6 submission its client-cleared exposure arising either from centrally cleared derivatives or from listed futures and options contracts on futures exchanges.

Further, as in the instructions that were in effect prior to the August 2017 instruction change, it is noted that the firm is not required to include in its FR Y-14Q Schedules L.1-4 submission under the supervisory scenarios its client facing exposures arising either from centrally cleared derivatives or from listed futures and options contracts on futures exchanges.
(FRB Response: May 2, 2018)

Q (Y140000810, Counterparty Credit Risk (CCR)): We are requesting clarification on how to report amounts requested on the FR Y-14A Schedule A – Summary template on Worksheet A.5 – Counterparty Credit Risk Line CR-5 (Funding Valuation Adjustment (FVA)). The latest FR Y-14A instructions note that I/S-60 (Counterparty Credit MTM Losses (CVA Losses)) must equal CR-2 (Counterparty Credit MTM Losses (CVA Losses)), which must equal the sum of CR-2a (Counterparty CVA Losses) and CR-2b (Offline Reserve CVA Losses); previous FAQs noted that FVA was to be included in CR-2b.

In addition, the instructions note that the sum of items CR-2a and CR-2b (or, CR-2), should correspond to that which is reported in the FR Y-14Q Schedule F – Counterparty Credit Risk Sub-schedule 1.e., where FVA is specifically requested to be included and separately broken out (along with other VAs) on this worksheet.

The instructions also note I/S-62 (Total Trading and Counterparty Losses) should equal the sum of I/S-60 and I/S-61 (Counterparty Default Losses) as well as Trading loss-related line items. As such, should the firm continue to include our UFVA projections in CR-2b, and thus I/S-60 and assume that population of CR-5 with the FVA amount is strictly for information purposes? Are firms required to report amounts in line item CR-5 for CCAR 2018?

A: A firm is not required to report the funding valuation adjustment (FVA) related losses under supervisory scenarios. However, if a firm chooses to report such losses, the FVA related losses, inclusive of hedges, should be reported in

1. FR Y-14, Schedule A.5 (Counterparty Credit Risk (CCR)) under both Line item 2b (Offline Reserve CVA Losses) and Line item 5 (Report Valuation Adjustment) the latter of which is for information purposes;
2. FR Y-14 schedule A.1.a (Income Statement) under Line item 60 (Counterparty Credit MTM Losses (CVA losses)) of Trading Account section. **(FRB Response: May 2, 2018)**

Q (Y140000825, Counterparty Credit Risk (CCR)): Please clarify the following with respect to the addition of Line Item 5 – Report Valuation Adjustment to Schedule A.5 – Counterparty Credit Risk under the 12/21/2017 FR Y-14A update:

1. Should both FVA and FVA hedges be reported under A.5 Line Item 5, or should FVA hedges continue to be reported with CVA MTM in A.5 Line item 2b – Offline Reserve CVA Losses?
2. Can the FRB confirm that A.5 Line item 5 should be recorded in A.1.a – Income Statement on line 60 – Counterparty Credit MTM Losses (CVA Losses)?

A: A firm is not required to report the funding valuation adjustment (FVA) related losses under supervisory scenarios. However, if a firm chooses to report such losses, the FVA related losses, inclusive of hedges, should be reported in

1. FR Y-14, Schedule A.5 (Counterparty Credit Risk (CCR)) under both Line item 2b (Offline Reserve CVA Losses) and Line item 5 (Report Valuation Adjustment) the latter of which is for information purposes;
2. FR Y-14 schedule A.1.a (Income Statement) under Line item 60 (Counterparty Credit MTM Losses (CVA losses)) of Trading Account section. **(FRB Response: May 2, 2018)**

Q (Y140000844, Counterparty Credit Risk (CCR)): FR Y-14A Schedule A.5 instructions for line item 2 mentions that line items 2a and 2b on A.5 should correspond to data reported on the FR Y-14Q "Schedule F – Counterparty," while the FR Y-14Q Counterparty schedule is labeled as "Schedule L" as per the latest 14Q Instructions found on the FRB Reporting site (modified 12/20/2017). Would the FRB please confirm the instruction meant "Schedule L" instead of "Schedule F"?

A: FR Y-14Q Schedule F – Counterparty noted in the FR Y-14A Schedule A.5 instruction for line item 2 was meant to refer to FR Y-14Q Schedule L – Counterparty.
(FRB Response: May 2, 2018)

Q (Y140000845, Counterparty Credit Risk (CCR)): Since Funding Valuation Adjustment (FVA) is included in the FR Y-14Q with the CVA Offline reserves per FR Y-14Q FRB instructions (Schedule L – Counterparty, Credit Risk Sub-schedule 1.e.2)), but will be included in line item 5 of the FR Y-14A Schedule A.5 – Counterparty Credit Risk as per FR Y-14A FRB instructions, would the FRB please clarify whether or not FVA needs to be also included in line item 2b (Offline CVA reserves) of the FR Y-14A Schedule A.5 – Counterparty Credit Risk to ensure consistency between the sum of items 2a and 2b of the FR Y-14A Schedule A.5 – Counterparty Credit Risk and the difference between stressed and unstressed aggregated CVA reported in FR Y-14Q Schedule L – Counterparty, Credit Risk sub schedule 1.e?

A: A firm is not required to report the funding valuation adjustment (FVA) related losses under supervisory scenarios. However, if a firm chooses to report such losses, the FVA related losses, inclusive of hedges, should be reported in

1. FR Y-14 schedule A.5 (Counterparty Credit Risk (CCR)) under both line item 2b (Offline Reserve CVA Losses) and line item 5 (Report Valuation Adjustments) the latter of which is for information purposes; and
2. FR Y-14 schedule A.1.a (Income Statement) under Line item 60 (Counterparty Credit MTM Losses (CVA losses)) of Trading Account section.

Further, the firm should report the FVA balances in each scenario in FR Y-14Q Schedule L.1.e) under Line item d) funding valuation adjustment (FVA) (if applicable).
(FRB Response: May 2, 2018)

Q (Y140000876, Counterparty Credit Risk (CCR)): Can you please clarify something for the A.5 Counterparty reporting for firms using the additional scenario component. The FRB is expecting 2 lines to be populated on this schedule, correct? Line 2 Counterpart Credit MTM (CPSSN992) and Line 3 Counterparty Default losses CPSSN995.

A: For purposes of reporting information relating to the additional scenario component on the FR Y-14A, Schedule A.5 (Counterparty Credit Risk (CCR)), IHCs are required to submit

credit valuation adjustments losses in line item 2 Counterparty Credit MtM Losses (CVA Losses) and large counterparty default losses in line item 3 Counterparty Default Losses. **(FRB Response: April 11, 2018)**

Q (Y140000788, Trading): The Final Rule states the following: "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."

Please confirm our understanding that:

IHCs will not be subject to GMS for CCAR 2018, i.e., the GMS losses will not be a factor in consideration for CCAR capital plan assessment (including objection/non-objection) for the 2018 cycle

IHCs may be required to apply an additional GMS add-on component to their DFAST 2018 for either the adverse and severely adverse scenarios, or only the severely adverse scenario. Where required, the FRB will communicate to affected firms with appropriate instructions through a written notification by 12/31/2017. Additionally, please confirm that:

IHC's will not be required to prepare the FRY 14-A – Trading and Counterparty Schedule (A4/A5) submission, even if IHC's are required to include an add-on component separately; and

IHC's add-on scenario component will not be subject to public disclosure.

A:1 – The GMS will not apply to U.S. IHCs that are newly subject to CCAR in 2018. For the IHC stress scenario, the firm should incorporate losses on its trading positions and counterparty as outlined in the January 26, 2018 firm specific notification letter from the Federal Reserve.

2 – Firms that meet the FR Y-14 Trading and Counterparty threshold are required to submit the FR Y-14A Trading and Counterparty schedules (Schedules A.4 and A.5) and FR Y-14Q Trading and Counterparty schedules (Schedules F and L). For the supervisory market risk component, securitized products and trading mark-to-market and trading incremental default losses should be reported as the Firmwide Trading Total in the FR Y-14A Trading schedule (CPSSN972), while losses related to credit valuation adjustments and large counterparty default should be reported as the Counterparty Credit MTM Losses (CVA losses) (CPSSN992) and Counterparty Default Losses (CPSSN995) in the FR Y-14A Counterparty schedule, respectively.

3 – The Federal Reserve communicated in a firm specific notification letter on December 22, 2017: "The Board will include a substantially similar market risk component in its supervisory stress test projections […] in the adverse and severely adverse scenarios." As a result, the supervisory stress test results published by the Federal Reserve Board would include losses

from the additional scenario component and their impact on capital. In addition, a summary of the firm's own company-run stress test under the Federal Reserve scenarios must be disclosed under the Board's stress testing rule, including any losses from the additional scenario component and its impact on capital. **(FRB Response: March 28, 2018)**

Q (Y140000727, A.1.A – Income Statement): The FR Y-14A instructions (Schedule A.2.b – Retail Repurchase Projections) indicated that the sum of the projected future losses from Section 3 are "linked" to the net charge-off line on the Income Statement (item IS-138). The Data Dictionary was changed for CCAR 2017 to indicate that item IS-138 was no longer derived and the XML schema was changed to include item IS-138.

Is item IS-138 (CPSIP195) still required to be equal to Table 3 on the Retail Repurchase sub-schedule (CPSRP195)? If not can you elaborate on the difference in definition between CPSIP195 and CPSRP195?"

Further clarification: The instructions for sub-schedule A.2.b (Retail Repurchase Projections) state that the projected future losses in line G.3 (total losses) are "linked" to the charge-off lines in the Repurchase Reserve on the Income Statement (IS-138). While the term "link" probably refers to the legacy Excel version of the Summary Schedule, the technical instructions used to support that statement. The data dictionary indicated that IS-138 was equal to item G-3 on the Retail Repurchase schedule and both items were derived by the FRB and not included in the schema. For CCAR 2017 the technical instructions were updated to eliminate the derivation beginning with CCAR 2017 and the charge-offs were included as a required input on the schema (version 7 of the schema).

Are the charge-offs to the repurchase reserve (income statement) still required to be equal to the losses reported on schedule A.2.b (Retail Repurchase Losses) as implied by the "link" comment? If not, could the FRB provide an explanation of the difference between the two values?

A: The charge-offs to the "repurchase reserve" on the income statement line item 38 of the FR Y-14A sub-schedule A.1.a is still required to be equal to the losses reported on sub-schedule A.2.b "Retail Repurchase Losses." **(FRB Response: March 14, 2018)**

Q (Y140000750, A.1.B – Balance Sheet): We wanted to raise an FAQ with regards to the 14-A schedule based upon the changes from May 23rd publication: Where should Consumer Leases be reported on FRY14A Schedule A.1.b – Balance Sheet? We think it should be Line item 42 however instructions only mentions loans, not leases; Line item 50 only includes non-consumer leases. Could you please clarify the exact line item under which Consumer Leases should be reported?

A: Consumer Leases would be reported in FR Y-14A sub-schedule A.1.B – Balance Sheet line item 42. **(FRB Response: March 14, 2018)**

Q (Y140000783, Trading): If a firm incorporates an instantaneous global market shock and/or counterparty default in either the BHC adverse or severely adverse scenarios where, specifically, should those losses be captured in the FR Y-14A schedules?

A: A BHC or IHC that has chosen to incorporate an instantaneous global market shock and/or counterparty default component in its BHC scenario should report counterparty and trading P&L results in the appropriate line items under (1) the Trading Account section of sub-schedule A.1.a – Income Statement, (2) sub-schedule A.4 Trading, and (3) sub-schedule A.5 Counterparty Credit Risk (CCR) of the FR Y-14A Summary Schedule.
(FRB Response: March 14, 2018)

Q (Y140000736, Counterparty Credit Risk (CCR)): Referencing prior responses, including Y140000692 (released 27-Sep-17), please provide clarification on whether FVA is to be reported for supervisory stress scenarios as well as for internal scenarios.

A: Firms are not required to report losses or gains associated with Funding Valuation Adjustment (FVA) in supervisory scenarios. If BHC opts to report FVA related losses and gains in supervisory scenarios, they should do so in the appropriate schedules, as in the prior FAQ (Y140000692).

Firms' reporting of losses or gains associated with FVA under BHC scenarios should be at the respondent's discretion based on their assessment of internal risks.
(FRB Response: December 20, 2017)

Q (Y140000740, Counterparty Credit Risk (CCR)): According to a previous question, it was noted that client-clearing exposure should not be reported in the FR Y-14A/Q. However, there is no explicit mention of their treatment in the instructions for either the Counterparty Default Scenario Component (CDSC) or the exposure-specific portions of FR Y-14Q Schedule L (L.5 and L.6). Can you clarify if client-cleared exposure should be included in determining the largest counterparty for the CDSC or if they should be included in the reporting of exposures on FR Y-14Q Schedules L.5 and L.6?

A: In determining the largest loss counterparty for the Counterparty Default Scenario Component, the firm is not required to include in its FR Y-14Q Schedule L.6 submission its client-cleared exposure arising either from centrally-cleared derivatives or from listed futures and options contracts on futures exchanges.

Further, as in the instructions that were in effect prior to the August 2017 instruction change, it is noted that the firm is not required to include in its FR Y-4Q Schedules L.1-4 submission its client-facing exposures arising either from centrally-cleared derivatives or from listed futures and options contracts on futures exchanges. **(FRB Response: October 25, 2017)**

Q (Y140000702, A.7.C – PPNR Metrics): Do the metrics on Schedule A.7.c (PPNR Metrics) of reporting form FR Y-14A include only metrics related to the projections reported elsewhere on that schedule, or should those metrics also include balances not used in projecting pre-provision net revenue (PPNR) results for purposes of Schedule A.7.a (PPNR Projections Sub-schedule)? For example, for Assets Under Custody and Administration (AUC/A) reported on line item 40 of Schedule A.7.c, is it appropriate for a bank holding company (BHC) to exclude AUC/A amounts that (i) are not used in the BHC's PPNR estimation methodology and (ii) whose exclusion therefore would not impact the PPNR projections on Schedule A.7.c?

A: The firm's PPNR reporting choices should strive to reflect as accurate a picture of its activity and risks as possible. A BHC has the choice of reporting AUC/A based on its own internal definitions or it can chose to project this metric in a manner that is more consistent with its revenue projections. In either case, a firm should clearly document its choices, strive to make consistent choices over time and between historical actuals and projections, and strive to report metrics consistently with its other regulatory reporting and GAAP (if applicable).
(FRB Response: October 25, 2017)

Q (Y140000692, Counterparty Credit Risk (CCR)): A previous question regarding the FR Y-14 specifically states that FVA is not required to be reported and only credit valuation adjustment (CVA) is considered under supervisory scenarios. Meanwhile there are other

FAQs discussing reporting of FVA on FR Y-14 A/Q schedules. Does the FRB have any objection if FVA (gains & losses) are reported under supervisory scenarios?

A: Firms are asked to report the FVA losses under FR Y-14A.5 (Counterparty Credit Risk), Line item 2b (Offline Reserve CVA Losses), and FVA balances under FR Y-14Q Schedule L.1.e. Additional/Offline CVA Reserves consistently.
(FRB Response: September 27, 2017)

Schedule B—Scenario

No questions for publication.

Schedule C—Regulatory Capital Instruments

No questions for publication.

Schedule D—Regulatory Capital Transitions

No questions for publication.

Schedule E—Operational Risk

No questions for publication.

Schedule F—Business Plan Changes

No questions for publication.

Schedule G—Retail Repurchase Exposures

No questions for publication.

FR Y-14M

General

Q (Y140001142, General): Topic: Refreshed Property Values

Question: #1

Schedules A and B of the FR Y-14M collects data on refreshed property valuations. Instructions for Refreshed Property value line items state do not report where the refreshed property value was not obtained in the last year. Should refreshed property values only be reported if the valuation date was completed within the last year of the loan's modification date, or only if the valuation was completed within the last year of the reporting date?

- A loan is modified on 10/15/18 with an updated property value from 09/30/18. Should the new refreshed property value continue to be reported on the 10/31/19 report date?
- A loan is modified on 09/01/18 and an updated property value is obtained on 10/15/19. Should the new refreshed property value be reported on the 10/31/19 report date?

Question: #2

Schedules A and B of the FR Y-14M collect data on refreshed property valuations. Instructions for Refreshed Property Value line items state refreshed values are expected to be populated for modified loans only and the information to be collected at the time modification terms are being set. There may be loss mitigation modification types which do not require a refreshed property value. However, there is an edit check which requires this line item to be reported with a valid positive whole number for modified loans. Can you confirm that the refreshed property value, method, and date fields may be left blank for modified loans which have not received an updated property valuation?

A:

1. "Within the last year" means the refreshed property value (line item no. 69 CCFLM209, line item no. 79 CCHEM209) of the modified loans was obtained within the one year of the modification date.

   Example 1: If a loan is modified on 10/15/18 with an updated property value from 09/30/18, do not report the refreshed property value that was obtained in September 2018. Do not report where the refreshed property value was not obtained within the one year of the modification date.

   Example 2: If a loan is modified on 09/01/18 and an updated property value is obtained on 10/15/19, for 10/31/2019 report date, do not report the refreshed property value that was obtained on 10/15/19. Do not report where the refreshed property value was not obtained within the one year of the modification date.

2. Refreshed values are expected to be populated for all modified loans. For the modified loans which have not received an updated property valuation, the refreshed property value, method, and date fields may be left blank. **(FRB Response: November 12, 2020)**

Q (Y14001248, General): We are looking for clarification – on field 55 FL/HE Next Payment Due Date (M196). The FRB communicated on 4/17 via Black Knight (BKI) new requirements around FR Y-14 – COVID-19 Forbearance Program reporting, which included a change to Next Payment Due Date field stating – "The Y-14M due dates should not be

adjusted to report loans on forbearance plans as Current; the actual due dates should be reported”. Clarification example – If the borrower was delinquent 30 days as of March ME and entered into a CARES Deferral Plan – should we report the ‘adjusted’ due date to show the loan as current under the CARES Deferral Plan or continue to report the borrower as 30 days past due in this field?

Reporting the loan as delinquent appears to conflict with the April 7th Board of Governors of the Federal Reserve System Interagency Guidance on Past Due Reporting (page 4) and Modified GAAP reporting – “With regard to loans not otherwise reportable as past due, financial institutions are not expected to designate loans with deferrals granted due to COVID-19 as past due because of the deferral. A loan's payment date is governed by the due date stipulated in the legal agreement. If a financial institution agrees to a payment deferral, this may result in no contractual payments being past due, and these loans are not considered past due during the period of the deferral.” Both Cares Act Guidance and Interagency Guidance – provide Modified GAAP reporting guidance that implies – Qualified CARES Deferral Plans will not be considered TDRs, Non-performing loans (delinquency not advanced) or FFIEC Charge-off eligible.

A: For Y-14M Schedule A and Schedule B reporting, do not change the Next Payment Due Date field (Schedule A line item 55, Schedule B line item 39) until the payment is made. In Schedule A, if the loan was active and performing prior to entering forbearance, use the Loss Mitigation Performance Status field (line item 85) “1 = active and performing,” so we can account for this. However, if the loan was active and non-performing prior to entering forbearance, use the Loss Mitigation Performance Status field (line item 85) “2 = active and nonperforming.” In addition, for Schedule B, for the Loan Status field (line item 47) and the Loss Mitigation Performance Status field (line item 89), record its status before the forbearance began, and retain the status through the duration of the forbearance period. **(FRB Response: June 10, 2020)**

Schedule A—Domestic First Lien Closed-end 1-4 Family Residential Loan Data Dictionary

Q (Y140001171, A.1 – Loan Level Table): Topic: Step Modification Flag

Question: FR Y-14M schedule A.1 line 84 reports whether a rate modification has a stepped or gradual return to the non-modified interest rate. Instructions state to report “N” if the loan immediately returns to the contract rate at expiration of the modification. The revised instructions effective 3/31/2020 state the field should be populated with a “Y” if the rate drop is gradual, even to a rate that is different from the contract rate, while an immediate rate drop, even to a rate that is different from the contract rate, should be populated with an “N.” This addition to the instructions appears to be referring to the interest rate drop under the modified terms. However, the revised instructions obfuscate the scenarios in which we should report “Y.” Please clarify if the intention is to capture any modification scenario that has either a gradual increase or decrease in rate. For example, scenarios arise where a modification will immediately adjust the rate with a gradual return, gradually adjust the rate with an immediate return, or gradually adjust the rate and gradually return.

To highlight the challenge, this addition (effective 3/31/2020) seems to contradict the existing language in the following scenario. A loan has a 6% interest rate at origination. A modification immediately drops the interest rate to 4% for a period of time, and the interest rate steps back up to 6% at 0.5% intervals. The immediate drop requires an “N” to be reported, while the

stepped return requires a "Y." The opposite scenario could also apply where the interest rate decreases gradually under the modification, requiring a "Y," and immediately returns to the original interest rate at the expiration of the modification, requiring an "N." Please provide further guidance on the reporting expectations of the step modification flag field.

A: This field (Step Modification Flag) is intended to capture all rate modifications that are stepped.For the scenario example, report the step modification flag as "Y" if either the increasing or decreasing of the rate is gradual (stepped), otherwise this field should be populated with "N." **(FRB Response: November 18, 2020)**

Q (Y140001124, A.1 – Loan Level Table): Topic: Allowable Blank Fields

Question: Line item 57 on schedule A of the FR Y-14M reports the remaining term of the loan in months. If a loan is past maturity, a value of 0 should be assigned. However, the reporting instructions do not articulate how to report loans which have paid off early during the reporting month but are not past the original maturity of the loan. In cases of a loan that is paid off prior to the maturity of the loan, should the field be populated with 0 or left blank?

A: In cases of a loan that is paid off prior to the maturity of the loan, the line item 57 should be populated with 0. **(FRB Response: November 18, 2020)**

Q (Y140001123, A.1 – Loan Level Table): Topic: Original LTV/CLTV Calculation

Question: Most FHA mortgages require the payment of an upfront mortgage insurance premium (UFMIP) which can be financed or paid up-front. In instances where this amount is financed, FHA rules state that the statutory loan amounts and LTV limits for these FHA mortgages do not include the UFMIP. Therefore the LTV/CLTV calculated at origination would not include financed UFMIP. These requirements are articulated in Handbook 4000.1, FHA Single Family Housing Policy Handbook. When reporting line items 8 and 9 (Loan-to-Value and Combined Loan-to-Value) on the FR Y-14M Schedule A, should reporting institutions recalculate LTV/CLTV including UFMIP if it is included in the total amount financed?

A: As FHA Single Family Housing Policy Handbook states, the LTV or CLTV calculated at origination for FHA loans should not include financed upfront mortgage insurance premium. **(FRB Response: November 18, 2020)**

Q (Y140001152, A.1 – Loan Level Table): We have several questions, which are set forth below, regarding blanket loans. These loans typically consist of one loan secured by two residential properties where the properties, for example, could consist of a primary residence and a guest home, or a primary residence and a vacation home or two vacation homes. These properties are not commercial (i.e., Commercial Loan Flag field (Field #124) is reported as "0" = No). In addition, the borrower typically executes one note, but the collateral consists of a mortgage on each property that is underwritten in accordance with standard guidelines, with the loan-to-value ratio based on the aggregate values of the properties.

1. For loans that are collateralized by multiple properties, which can include a primary residence and guest house, a primary residence and vacation home or two vacation homes where the predominant property type is known, should the Property Type field (Field #23) be reported as "Z" = Other or should we report the predominant property type?
2. For loans that are collateralized by multiple properties, which includes a primary residence and guest house, a primary residence and vacation home or two vacation homes,

where the predominant property type is unknown, should the Property Type field (Field #23) be reported as “U” = Unknown?

3. Should the Property State and Property Zip Code fields (Field #4 and 5 respectively) be left blank for loans collateralized by multiple properties or should this reporting be based on the predominant property?
4. For loans that are collateralized by multiple properties, which can include a primary residence and guest house or a primary residence and vacation home, should the Loan Purpose Coding field (Field #20) be reported as “Y” = Other?
5. For loans that are collateralized by multiple properties, which can include a primary residence and guest house or a primary residence and vacation home, should the Number of Units field (Field # 21) be reported as “Y” = Other?
6. How should the Occupancy field (Field #15) be reported for Blanket Loans? Should it be reported as “U” = Unknown or based on the predominant property?

Receiving guidance on the above questions would help clarify the responses received from the Federal Reserve Bank on prior questions.

A: Consistent with our prior response noted in the FAQ Y140000862:

1. For example #1, line Item No. 23 – Property Type – If the predominant property type is known, report the predominant property type.
2. For example #2, line Item No. 23 – Property Type – If the predominant property type is unknown, report the property type as “U” – Unknown.
3. For example #3, line Item No. 4 and 5 – Property State and Property Zip Code – report the fields based on the predominant property.
4. For example #4, line Item No. 20 – Loan Purpose Coding – this item should be coded as “Y” – Other.
5. For example #5, line Item No. 21 – Number of Units - this item should be coded as “Y” – Other.
6. For example #6, line Item No. 14 – Occupancy – If one of the properties is a primary residence, then code as “Primary”; if both are vacation homes, then code as “Second Home”; if one of the properties is investment and no primary residence is involved, then code as “Non Owner/Investment”; otherwise coded as “Unknown.” **(FRB Response: November 12, 2020)**

Q (Y140000862, A.1 – Loan Level Table): We have several Blanket Loans in our FR Y-14M population. Our typical blanket loan scenario consists of one loan secured by two residential properties. Our blanket loans are not commercial loans. The properties could be a primary residence and a vacation home or two vacation homes. The borrower executes one note, but our security consists of a mortgage on each property. Blanket loans are underwritten to our standard guidelines, with the loan-to-value ratio based on the aggregate values of the properties.

Can you advise on the treatment of the below fields related to Blanket Loans?

- Line Item No. 14 – Occupancy (How should this field be treated for Blanket Loans?)
- Line Item No. 20 – Loan Purpose Coding (Should this item be “Y” – Other?)

- Line Item No. 21 – Number of Units (Should this item be “Y” – Other?)

A: For blanket loans, report the following fields:

Line Item No. 14 – Occupancy – If one of the properties is a primary residence, then code as “Primary”; if both are vacation homes, then code as “Second Home”; if one of the properties is investment and no primary residence is involved, then code as “Non Owner/Investment”; otherwise coded as “Unknown.”

Line Item No. 20 – Loan Purpose Coding – this item should be coded as “Y” – Other.

Line Item No. 21 – Number of Units – this item should be coded as “Y” – Other. **(FRB Response: November 12, 2020)**

Q (Y140000975, A.1 – Loan Level Table): Topic: Refreshed Property Value
Question: Y-14M Schedules A.1/B.1 Fields 68/79 instructions indicate that the “Refreshed Property Value” fields are expected to be populated for modified loans and the valuation information to be collected at the time modification terms are being set. The instructions also state “Do not report where the refreshed property value was not obtained within the last year.”

1. Please clarify as to whether “within the last year” means the refreshed property value of the modified loans that was obtained within the last year of the report date OR within the last year of the modification date?
2. If we should only be reporting the refreshed property value of the modified loans that was obtained within the last year of the report date, then should we stop reporting the loans when the current report date is more than 1 year from the last valuation date?

   Example 1: A loan was modified in May 2017 and the refreshed property value was also obtained in May 2017. On the report date of June 30, 2018, should we continue to report the May 2017 refreshed property value for this loan since it was obtained within the last year of the modification date OR should we stop reporting the refreshed property value since it was obtained more than a year ago as of the report date?

   Example 2: A loan was modified in May 2018 and the refreshed property value was obtained in Apr 2017. On the report date of May 31, 2018, should we not report the refreshed property value for this modified loan since it was obtained in Apr 2017 which is more than 1 year prior to the modification date?

A:

1. “Within the last year” means the refreshed property value (line item no. 69 CCFLM209, line item no. 79 CCHEM209) of the modified loans was obtained within one year of the modification date.
2. No, this is not the case. You must continue reporting this field.

   Example 1: For the June 2019 reporting, continue to report the refreshed property value that was obtained in May 2018.

   Example 2: If modified loan terms were based on the refreshed property value obtained in April 2018, do not report the refreshed property value that was obtained in April 2018. Since the report date is within one year of modification date, you should obtain the updated refreshed property value. **(FRB Response: April 22, 2020)**

Q (Y140001016, General): We are looking for clarification on First Lien field 58 – Scheduled Principal Balance. The instructions are to "report the scheduled principal balance amount for the borrower."

Ignoring delinquencies and curtailments, variable rate loans and fixed rate loans that have been modified could have different scheduled payments than what would have been generated in an amortization schedule when the loan was originated. Should the scheduled principal balance be based on origination terms or current terms?

A prior question from 2015 states "It would be typical for...loans to have Scheduled Principal Balance equal to Unpaid Principal Balance (field 60) since these fields will only differ in cases of delinquency or curtailment." Should this difference pertain only to missed payments or curtailments in the current month, or should historical delinquency and curtailments also be factored into the scheduled principal amount?

Should accounting-based write-downs be factored into this field?

Lastly, should the reported principle balance be the amount expected at the end of the reporting period, or after the next payment is made? For example, if the reporting period is September and the next payment due date is October 1st, should the scheduled principal balance reported be the balance expected as of the end of September, or what is expected at the end of October?

Any examples that can be provided will be appreciated.

A: The scheduled principal balance (line item no. 58, CCFLM199) should be based on current terms. The historical delinquency and curtailments should be factored into the scheduled principal amount. The scheduled principal balance amount should reflect the balance outstanding based on the scheduled payment which is due from the borrower.

In this example, the scheduled principal balance should be the balance expected as of the end of September. **(FRB Response: December 11, 2019)**

Q (Y140001032, General): Fed Q&A – Y140000675 clarifies that a mortgage loan with a variable rate where interest rate resets on a monthly basis or changes anytime the loan's index value changes to be coded as "ARM Other" in Product Type Origination (Field #133) and Product Type Current (Field #19) in FR Y-14M Sch A.

How should ARM loan with initial rate reset of 1 month or 6 months be coded in Product Type Origination (Field #133) and Product Type Current (Field #19)? Please note that Index rate changes but the Index does not change for these loans.

A: For ARM loan with initial rate reset of 1 month or 6 months, code the fields Product Type Origination and Product Type Current (line item no. 133, CCFLM955 and line item no. 19, CCFLM160) as code 9 "ARM Other." **(FRB Response: December 11, 2019)**

Q (Y140000997, A.1 – Loan Level Table): FAQ (Treatment of Loss Mitigation Items in Pipeline): The instructions for loss mitigation ask BHC's to report a loan that's being "actively handled" but do not give a value that can be assigned to loans in the loss mitigation pipeline (loans that are being handled by the loss mitigation team but no workout plan has been identified as of yet). Please provide clarification on how the FRB wants BHC's to interpret loans in the pipeline, for where they are being actively handled by the Loss Mitigation department, but have not yet been identified through a workout program.

FRB Instructions:

Loss Mitigation Performance Status – Report whether a loan is being actively handled by the servicer's loss mitigation department. Refers to all loans where the servicer has initiated loss mitigation procedures whether or not a particular course of action or workout type has been executed. Active loss mitigation refers to instances where the loan is currently in loss mitigation, and the servicer is actively pursuing loss mitigation.

Applies to all loans regardless of workout type (Line item 61 Workout Type Completed/Executed) The code values indicate:

Not in loss mitigation – If a loan is not in loss mitigation, then it should be coded as "0."

Active and performing – Refers to any loan that is currently in loss mitigation and is performing to the terms of a selected plan.

Active and non-performing – Refers to instances where a loan is under a workout plan, as identified in Line item 61 Workout Type Completed/Executed, but borrower has missed at least one payment under the terms of the agreement.

Broken – Populated for situations where the borrower has defaulted on the terms of loss plan and the servicer has removed the loan from loss mitigation. The broken flag should remain with the account until the loan has been paid-in-full, re-modified, or charged off.

A: As noted in the Y-14M schedule instructions, the code value of "2" also includes all situations where loss mitigation efforts have been initiated but no plan has been executed as of month-end. For the loans referenced in the question that are in the pipeline, report the field Workout Type Completed (line item no. 61, CCHEM218) as "2."
(FRB Response: December 11, 2019)

Q (Y140000998, A.1 – Loan Level Table): FR Y-14M schedule A.1. Delinquent Amount Capitalized (Field #82), Principal Deferred Amount (Field #87), Principal Write-down Amount (Field #89), and Loss/Write-down Amount (Field #119): Fields such as Delinquent Amount Capitalized: #82, Principal Deferred Amount: #87, Principal Write-down Amount: #89, and Loss/Write-down Amount: #119 are reportable if a loan has been modified (Y on Field 74: Modification Type). For loans that have gone through multiple modifications, should these fields be reported based on a cumulative amount (i.e., all modifications combined) or based on the amount of the last modification only?

For example, for field #82: A loan is modified in 2016 and the capitalization amount at the time of modification is $1,000. In 2018, the loan is modified again, and this time the new capitalization amount is $1,500. Should the Delinquent Amount Capitalized field be reported $1,500 (as of last modification) or $2,500 (the capitalization amount of $1,000 in 2016 and $1,500 in 2018)? Additionally, if Field #82 is reported based on last modification, should Principal Deferred Amount, Principal Write-down Amount, and Loss/Write-down Amount fields be reported based on the time of modification as well?

A: For loans that have gone through multiple modifications, the fields Delinquent Amount Capitalized (line item no. 82, CCFLM223), Principal Deferred Amount (line item no. 87, CCFLM228), Principal Write-down Amount (line item no. 89, CCFLM230), and Loss/Write down Amount (line item no. 119, CCFLM241) should be reported based on the last modification only. **(FRB Response: December 11, 2019)**

Q (Y140001029, A.1 – Loan Level Table): The BHC is seeking guidance on FR Y-14M reporting requirements of debt to income ratios for streamlined products, such as those

originated under government sponsored Home Affordable Refinancing Super Streamlines (HAR ss), for which there is no income/DTI requirement. We would like to confirm whether it is permissible to report Debt to Income as NULL for loans under these programs that do not require income validation to qualify for the loan, regardless of whether the information was provided by the borrower since it would not have been validated.

A: Report Debt to Income (DTI) Back-End at Origination (line item no. 11, CCFLM152) and Debt to Income (DTI) Front-End at Origination (line item no. 12, CCFLM153) as NULL for loans under those programs that do not require income validation.
(FRB Response: December 11, 2019)

Q (Y140001030, A.1 – Loan Level Table): As the FRB instructions state to report the date on which the loan terms were most recently modified, the BHC is requesting clarification on how that date is defined. Since the BHC cannot effectively modify an account unless it has a modification agreement signed by the customer, this date is currently being reported as the date that the loan terms are actually modified in the system of record (product processor) rather than the effective date of the modification agreement. This will be a date later than that printed on the modification agreement sent to the customer, which reflects the date the agreement was generated from the system. Typically, we see differences in these dates of 7 to 20 days, depending on how long it takes the customer to return the signed documents. However, we have seen examples of customers taking two or more months to return the documents.

If directed we could also report the Last Modified Date as the payment effective date stated in signed modification agreements. This effective date would be binding even if the borrower signed and returned modification documents after that date.

If we were required to report the date the modification agreement was printed, and these documents are not returned in a timely manner, there could be downstream impacts to other data fields associated with the modification, such as Interest Rate After Modification (Field 104), Remaining Term After Modification (Field 106), etc. In this scenario, the modification date would show as being modified, but the product processor would not be updated until the signed agreement was received back from the borrower, as described above.

A: Report the effective date in the modification agreement as Last Modified Date (line item no. 75, CCFLM216). **(FRB Response: December 11, 2019)**

Q (Y140001031, A.1 – Loan Level Table): The BHC currently reports this field consistently with the property type provided in the appraisal. The appraisals also indicate a Planned Unit Development (PUD), typically under the special characteristics section. Please provide further guidance how Property Type should be reported for loans secured by single family residential properties, condos, or 2-4 unit multi- family properties located within a PUD. Is it acceptable to report single family residential, condos or 2-4 unit multi-family properties as Property Types 1 or 2, or must they be reported as Property Type 6 if within a PUD?

A: If it is known that a property is in a planned unit development (PUD) and the underlying property type is also known, report the underlying property type. In this case, the underlying property types given in the instructions are: 1 = Single Family Residential; 2 = Condo; 3 = Co-Op; 4 = 2-4 Units; 5 = Townhouse; 7 = 5+ Units; E = Commercial; F = Mixed Use; or M = Manufactured Housing. If it is known that the property is a PUD, but there is no information on the underlying property type as defined above, use 6 = PUD.
(FRB Response: December 11, 2019)

Q (Y140000976, A.1 – Loan Level Table): Workout Type Complete—Schedule A.1 line #77 & B.1 line #61 (Workout Type Completed): Line item #77 requires coding for loans where a loss mitigation effort has been completed in the current month. Instructions state that loans for which no modification has been completed or that have never been modified should be left blank. FAQs RTH0043 and RTH0100 state the value "0" should be used for no workout completed or unsuccessful resolution of a loss migration efforts. However, the instructions nor the FAQs do not address loans for which the workout program was completed prior to the current month. For completed workout programs that were completed earlier than the current reporting month, how should loans be coded?

Additional Support:

Prior Q&A:

Q: Y-14M First Lien and Home Equity schedules have a fields called "Workout Type Completed." The instructions state that this is only coded for loans that successfully completed the loss mitigation process in the current month. However, there is a value of "0," which is defined as "no workout completed or unsuccessful resolution of loss mitigation effort." Should a "0" be populated if loss mitigation efforts are ongoing but not completed/resolved? If a loan has never been in loss mitigation, should the value be blank?

A: The Field Workout Type Completed should only be coded for any loan where a loss mitigation effort has been successfully completed in the current month. Code value of "0" should be entered only in the case where no workout is completed or there is an unsuccessful resolution of a loss mitigation effort. Do not enter a code value of "0" if loss mitigation efforts are ongoing but not completely resolved. For the cases where loss mitigation efforts are ongoing but not completely resolved, this field should be left blank. Also, if a loan has never been in loss mitigation, the value should be left blank.

Prior Q&A:

Q: For the field workout type completed #77, in what cases do we use a value of "0" and in what cases do we leave it blank?

A: This code value of "blank" will be used in the following cases:

- If the loans has never been in loss mitigation; or
- Where loss mitigation efforts are ongoing but not completely resolved

A: As stated in the instruction, the line item should be coded in only the reporting month when the workout type was completed and not in subsequent months.
(FRB Response: July 10, 2019)

Q (Y140000978, A.1 – Loan Level Table): Null fields for REO: Additional clarification is required on a FAQ related to the FR Y-14M Schedule A.1 and B.1. dated September 13, 2017 provided: ". . . fields that are no longer relevant to an REO property such as current interest rate, current P&I payment and monthly draw amount should be left NULL . . ."

In addition to the fields that should be left NULL as specified in the previous FAQ (i.e., current interest rate, current P&I payment and monthly draw amount), should we also report the following fields NULL?

All fields that ask for "current" information

All fields which the EditChecks specify to be reported NULL if reporting REO

If our understanding is incorrect, please provide a full list of the fields in Schedule A.1 and B.1 that should be reported NULL for REO.

Fields that ask for "current" info:

- Current Combined LTV
- Current Credit Bureau Score
- Current Credit Bureau Score Date
- Current Credit Bureau Score Vendor
- Current Credit Bureau Score Version
- Current Credit Limit
- Current Interest Rate
- Escrow Amount Current
- Interest Type - Current
- Principal and Interest
- (P&I) Amount Current

Fields to be left "NULL" if reporting REO as specified in the FRB EditChecks:

- Principal and Interest
- (P&I) Amount at Origination
- Current Interest Rate
- Principal and Interest
- (P&I) Amount Current
- Current Credit Bureau Score Date
- Current Interest Rate
- Principal and Interest
- (P&I) Amount Current
- Monthly Draw Amount

A: Yes, the following fields may be left NULL for REOs

- Current Combined LTV (B1. line item no. 76, CCHEM266)
- Current Credit Bureau Score (A1. line item no. 48, CCFLM189, B1. line item no. 14, CCHEM189)
- Current Credit Bureau Score Date (A1. line item no. 138, CCFLS382, B1. line item no. 113, CCHES382)
- Current Credit Bureau Score Vendor (A1. line item no. 136, CCFLR038, B1. line item no. 111, CCHER038)
- Current Credit Bureau Score Version (A1. line item no. 137, CCFLR039, B1. line item no. 112, CCHER039)
- Current Credit Limit (B1. line item no. 46, CCHEM250)

- Current Interest Rate (A1. line item no. 56, CCFLM197, B1. line item no. 41, CCHEM197)
- Current Monthly Draw Amount (B1. line item no. 45, CCHEM249)
- Escrow Amount Current (A1. line item no. 113, CCFLM268)
- Interest Type – Current (A1. line item no. 132, CCFLM248, B1. line item no. 42, CCHEM248)
- Principal and Interest (P&I) Amount Current (A1. line item no. 43, CCFLM200, B1. line item no. 59, CCHEM200). **(FRB Response: July 10, 2019)**

Q (Y140000981, A.1 – Loan Level Table): Foreclosure status for liquidated loan (3rd party sale): The line item requires a response for loan status with allowable code values of ranging from 0 – not in foreclosure to 3 – REO. Existing FAQ provides guidance indicating that loans in a foreclosure process should remain classified as "1 – In foreclosure, presale" until liquidated. However, in the month that the loan liquidates, there does not appear to be appropriate category to reflect the status of the loan (the loan didn't become an REO on our books and is no longer in the foreclosure process). How should such loans be coded in the month of liquidation?

For example, a foreclosure process on a loan began in May 2018. The loan was eventually sold to a third party in June 2018. For Field 65, the loan was coded as "1=In foreclosure, pre-sale" on the 5/31/18 report. We would like clarify how we should code the loan for the 6/30/18 report in Field 65? Should it remain as "1=In foreclosure, pre-sale" or should the code value change since it was liquidated during the month?

A: In the month the loan liquidates, code the field Foreclosure Status (line item no. 65, CCFML206) as "2." **(FRB Response: July 10, 2019)**

Q (Y140000779, A.1 – Loan Level Table): Line 78 – Repayment Plan Performance Status (MDRM: CCFLM219): Per the instructions, "This line item is only to be populated for repayment plans that were active as of the end of the month or broken during the month." As stated in the instructions we have been reporting this field as empty strings for loans that do not have a repayment plan (and never have). However, these will fail and edit as the edit failure description reads: "Repayment Plan Performance Status Must Be 0 through 10." If we do not have a repayment plan on a loan and never have, what should be reported?

A: The line item 78 should be coded only for line item 76 – Active Repayment Plan Flag = "Y." For those loans that do not have a repayment plan, report null for line 78 – Repayment Plan Performance Status. **(FRB Response: April 11, 2018)**

Q (Y140000675, General) 14M Product Type – Origination (field 133) and Product Type – Current (field 19): As per the FR Y-14M Domestic First Lien closed 1-4 Family Residential template instructions, BHC must report the "Product Type – Origination" and "Product Type – Current."

How should we reflect the response for "Product Type – Origination" (field 133) and "Product Type – Current" (field19) for a 1 month ARM loan, where the interest rate resets on a monthly basis for the entire term of the loan? Should this product type be reflected as "ARM 1" (Adjustable rate mortgage where the initial rate reset is less than or equal to 1 year) or "ARM Other"?

A: For a mortgage loan with a variable rate where the interest rate changes on a monthly basis, or changes anytime the loan's index value changes, code the fields Product Type Origination

and Product Type Current (first lien fields #133 and 19) as "ARM Other."
(FRB Response: March 14, 2018)

Q (Y140000676, A.1 – Loan Level Table): 14M HFI FVO/HFS Flag (field 130): As per the FR Y-14M Domestic First Lien Closed-end 1-4 Family Residential template instructions, BHCs must report whether all portfolio loans are held for investment (HFI), measured at fair value under a fair value option (FVO) or held for sale (HFS).

Are REO assets included in the definition of Portfolio loans for purposes of reporting on the FR Y-14M Domestic First Lien Closed-end 1-4 Family Residential loans template, if yes, how should the field 130 "HFI FVO/HFS Flag" be populated for REOs (i.e., "Foreclosure Status" =3)? Should field 130 be reported as "N" (No) or left "blank" as these REO assets are no longer in a loan form?

A: Yes, REO assets are included in the definition of portfolio loans for the purposes of reporting on the Y-14M schedule. If the field HFI FVO/HFS Flag (field 130) is coded as "Y" (or "N") before the REO, retain that designation through REO disposition. Do not change the designation because of the loan transitioning to REO. **(FRB Response: March 14, 2018)**

Q (Y140000689, A.1 – Loan Level Table): How should we code fields 74 (Modification Type) and 77 (Workout Type Completed) when we have a modification that includes a partial claim?

A: Code the field Modification Type (first lien, field 74) with the applicable code other than "0" (zero) to indicate that the loan has been modified.

Code the field Workout Type Completed (first lien, field 77) as "12" (Other) unless other codes listed in the Y-14M instructions apply for a specific scenario. For instance, if the workout involves FHA partial claim, use code "5" as specified in the instructions.
(FRB Response: March 14, 2018)

Q (Y140000690, A.1 – Loan Level Table): FNMA introduced in 2017 a revised singular Flex modification program as described in Lender Letter LL-2016-06. The new program is intended to replace the Fannie Mae Home Affordable Modification Program which expired end of 2016 and the Streamlined Modification Program which is set to expire in Oct 2017. Servicers are expected to adopt the revised standard no later than October 1, 2017. Under certain criteria a borrower response package (i.e., borrower financials) is not expected to be required. Has the FRB assessed the potential impact of the reduced borrower documentation requirements to the Industry's ability to report on 14M loan modification related data fields? (For example line 72 "Refreshed DTI Ratio (Back end)" and line 73 "Refreshed DTI Ratio (Front end).")

A: The Federal Reserve staff is aware of various modification programs and continues to evaluate the impact of any changes.

All fields, including the fields indicated in this question must be reported for the Y-14M reporting purposes. However, if a specific Y-14M edit check fails because the data is reported NULL or has a value outside the parameters of an established edit check, we require that the BHC provide details confirming the reporting is correct. Work with the data aggregator to document the reasons for missing data, or any edit check fails, if so.
(FRB Response: March 14, 2018)

Q (Y140000691, A.1 – Loan Level Table): Is the intention of FR Y-14M, Schedule A: Domestic First Lien Closed-end 1-4 Family Residential Loan Data Dictionary, A.1 Loan

Level Table, line item 84, Step Modification flag, to capture all rate modifications that are "stepped" or only those that are stepped and ultimately return to the non-modified rate?

Background: The instructions to line item 84, Step Modification flag, read: Step Modification Flag – Report whether a rate modification has a "stepped" or gradual return to non-modified rate.

This line item should be reported as "N" if the loan immediately returns to the contract rate at expiration of the modification.

A: This field is intended to capture all rate modifications that are stepped and ultimately return to the non-modified rate. **(FRB Response: March 14, 2018)**

Q (Y140000748, A.1 – Loan Level Table): Line Item No 23 – Property Type: Which property type should be used to report a loan on a single family residence within a planned unit development? If the underlying property type takes precedence, i.e., the loan is reported as a 1 – SFR, what situation would result in a loan being reported as a 6 – PUD?

A: If it is known that a property is in a planned unit development (PUD) and the underlying property type is also known, report the underlying property type. In this case, the underlying property types given in the instructions are: 1 = Single Family Residential; 2 = Condo; 3 = Co-Op; 4 = 2-4 Units; 5 = Townhouse; 7 = 5+ Units; E = Commercial; F = Mixed Use; or M = Manufactured Housing. If it is known that the property is a PUD, but there is no information on the underlying property type as defined above, use 6=PUD.
(FRB Response: March 14, 2018)

Q (Y140000759, A.1 – Loan Level Table): Should we include all non 1-4 family REO loans in the 14M RE submission?

A: Non 1-4 family REO loans should not be included in the Y-14M Schedule A and Schedule B submission. **(FRB Response: February 14, 2018)**

Q (Y140000760, A.1 – Loan Level Table): We have a population of accounts that have been modified more than once. The first time with capitalization, the second without. Is the Capitalization Flag apply to only the current modification, or should it be populated with a Y the entire life of the loan if it has had at least one modification with capitalization?

A: The Capitalization Flag should only apply to the current modification.
(FRB Response: February 14, 2018)

Q (Y140000752, A.1 – Loan Level Table): With regards to MSR reporting requirements, BHC would further like to clarify some key points and reconfirm if loan population related to MSR is required to be reported.

a. Separate portfolio: From a materially point of view—the UPB of the loans is at less than 1% of average Tier 1 capital, and MSR valuation itself is immaterial and therefore BHC's view is to consider this a separate portfolio.
b. Sub-servicer: While BHC have an immaterial portfolio of mortgage servicing rights retained on first-lien whole loans, servicing is actually outsourced to a sub-servicer.
c. Ceased Business Activity: These MSRs retained represent the on first lien whole loans portfolio, which were originated and sold to FNMA prior to 2012, since than the business activity ceased.

In light of these clarifications, can you please advise if the first-lien mortgage loans that relate to MSRs should be reported on Schedule A of the FR Y-14M?

A: The FR Y-14 applies materiality threshold limits to the overall portfolio of first-lien mortgages. If a BHC's overall first lien portfolio meets this materiality criterion, each exposure in the portfolio is subject to FR Y-14M reporting for first lien. The relevant loan population includes all loans directly held on the BHC's portfolio and all loans serviced by the BHC in that period. For schedules that require the institutions to report information on serviced loans, the materiality threshold is based on the asset balances associated with the BHC's owned portfolio. All loans that meet these criteria must be reported, irrespective of whether the BHC services its portfolio loans, or it is subserviced by other BHCs on the firm's behalf.

As noted in the loan populated criteria listed on the FR Y-14M schedule instructions for first-lien schedule, "Portfolio loans are defined as all loans meeting the definition of FR Y-9C, Schedule HC-C, item 1.c.(2)(a). Serviced loans include those meeting the definition of first-lien loans reported in FR Y-9C, Schedule HC-S, item 1 column A, Schedule HC-S item M.2.a, Schedule HC-S, item M.2.b, Schedule HC-S, item M.2.c, and Schedule HC-S, item M.2.d."

If the set of loans where the BHC has mortgage servicing rights as noted in the question as a), b), and c) meets any of these criteria, these loans should be reported.
(FRB Response: December 20, 2017)

Q (Y140000669, General) 14M Paid-in-Full Coding (field 64): As per the FR Y-14M Domestic First-lien closed-end 1-4 Family Residential template instructions, BHC must report the liquidation method for any loan that was liquidated during the reported month. For portfolio loans that are sold to a third party, should field 64 "Paid-in-full Coding" be reported as "Service Transfer" (3)?

A: Yes. **(FRB Response: September 13, 2017)**

Q (Y140000670, General) 14M Real Estate Owned assets: As per the FR Y-14M Domestic First-lien Closed-end 1-4 Family Residential template instructions, BHCs are required to continue reporting data on loans which become Real Estate Assets (REOs) until the loan terminates as a REO sale or otherwise. For loans that become REOs (i.e., "Foreclosure Status" = 3 in the reporting instructions), should loan related fields (e.g., "Current Interest Rate," "Principal and Interest Amount Current") be reported with the data submitted on the FR Y-14M prior to the loan becoming REO? Alternatively, should these fields be left blank once the asset becomes REO?

A: As noted in a prior Q&A, once a loan enters REO, it is essential to keep reporting key attributes of the loan originated on the property so that a loan can be tracked from a performing or delinquent status up until the time the property collateralizing the loan is disposed. Continue reporting through REO all of the loan's origination attributes (e.g., original LTV, property state, property zip, etc.). Also continue to report the outstanding principal on the loan and the date on which the next payment was due so that time in REO can be tracked. Fields that are no longer relevant to an REO property such as current interest rate, current P&I payment and monthly draw amount should be left NULL. Do not populate a field with a "0" or other value unless explicitly indicated in the instructions for that field. To code the paid-in-full-type and foreclosure-type fields correctly report a loan that is currently in the REO process with a paid-in-full-type of "0" and a foreclosure-type of "3." Once the REO property has been liquidated, the paid-in-full-type and foreclosure-type should be coded as "2" and "3" respectively. **(FRB Response: September 13, 2017)**

Q (Y140000671, General) 14M Origination Credit Score (field 13) and Current Credit Score (field 48): As per the FR Y-14M Domestic First Lien Closed-end 1-4 Family Residential template instructions, BHC must report the credit score of the borrower using a commercially available credit bureau score. For loans where the legal borrower is in the form of an Entity (e.g., LLC), and where the Entity is the sole borrower/obligor, a commercially available credit bureau score is not available. In certain cases, an individual may be present in the initial lending decision—where this individual is added as a co-borrower alongside the Entity, the credit score of the individual is available and will be reported. However, in cases where the individual is not required to join the loan from a credit risk perspective, and the Entity is the only legal borrower/obligor on the transaction, a representative credit score of the Entity legal borrower would not be available. Where the Entity is the sole borrower/obligor, is it expected that fields "Origination Current Credit Score" (field 13) and "Current Credit Bureau Score" (field 48) are reported as blank?

A: In such cases where the credit bureau score is not available or was not used for the underwriting decision, report these fields as NULL. Loans marked as commercial loans (i.e., Field #124 "Commercial Loan Flag"=1) where the legal borrower is an Entity such as an LLC is one such case. **(FRB Response: September 13, 2017)**

Q (Y140000672, General) 14M ARM Periodic Rate Floor (field 36): As per the FR Y-14M Domestic First Lien closed 1-4 Family Residential template instructions, BHC must report the periodic interest rate floor for adjustable rate loans. For loans that do not have a periodic rate floor, how should the field 36 "ARM Periodic Rate Floor" be reported? Should it be populated with the same response as required under the field 38 "ARM Lifetime Rate Floor" since the lifetime rate floor would apply on a periodic basis or should field be reported as "blank"?

A: For loans that do not have a periodic rate floor, report the field as NULL. Work with the data aggregator to document the reasons for any edit checks fails that result from such missing data. **(FRB Response: September 13, 2017)**

Q (Y140000674, General) 14M Foreclosure Status (field 65): As per the FR Y-14M Domestic First Lien Closed-end 1-4 Family Residential template instructions, BHCs are required to continue reporting data on loans which become Real Estate Assets (REOs) until the time the loan terminates as a REO sale or otherwise. BHCs must report the current foreclosure status as of the end of the reporting month. Where the REO has been liquidated as of the end of the reporting month (i.e., where "Paid in Full Coding (field 64)" is now other than "0") should the response for field 65 "Foreclosure Status" continue to remain as "3" (REO) as it was reported in the previous month? Alternatively, for the month in which the REO asset has sold should the Foreclosure Status field 65 now revert to "0" (Not in foreclosure) given the asset has been liquidated as of the end of the reporting month?

A: Report Paid in Full Coding (first lien, field #64) as "0" while the loan is in active REO. Report Paid in Full Coding as "2" in the month the loan liquidates, and then the loan will be removed from the file in the following month. The Foreclosure Status (first lien, field #65) will be coded as "3" (REO) in the month the loan liquidates. **(FRB Response: September 13, 2017)**

Schedule B—Domestic Home Equity Loan and Home Equity Line Data Dictionary

Q (Y140001197, B.2 – Portfolio Level Table): Topic: Modification Type (Field #77)

Question: The instructions for FR Y-14M Schedule B Field 77 'Modification Type' include the following definition of value 14 – 'HELOC Line Renewal (loss mitigation strategy)':

HELOC Line Renewal (loss mitigation strategy) – Report any lines that have been renewed and contract terms have changed and the borrower does not meet the current BHC or IHC credit standards. This code value applies when the borrower has entered into a new contractual obligation with the lender and the HELOC terms have changed.

For situations where the borrower does not meet the current BHC or IHC credit standards but the modification results in a product type change from a HELOC to a loan, should a value of 14 – 'HELOC Line Renewal (loss mitigation strategy)' be used or should another value be reported?

A: Yes, report code value 14 – "HELOC Line Renewal (loss mitigation strategy)" in this case. **(FRB Response: November 12, 2020)**

Q (Y140001033, General):

1. The instructions for Schedule B.1 Line Item 61, "Workout Type Completed" is silent on the definition of "7 = Settlement." What does the FRB expect to be reported as "Settlement" and can examples please be provided?
2. The instructions for Schedule B.1 Line Item 61, "Workout Type Completed" is silent on the definition of "8 = Other." What does the FRB expect to be reported as "Other" and can examples please be provided?
3. Apart from "Settlement" Workout Type, does the FRB expect values to be populated in Schedule B.1 Line Item 63, "Settlement Negotiated Amount" for other workout types? For example
   - if Schedule B.1, Line Item 61 equals to "1 = Modification," what value should be reported in B.1, Line Item 63?
   - if Schedule B.1, Line Item 61 equals to "1 = Payment Plans," what value should be reported in B.1, Line Item 63?
4. Should Schedule B.1 Line Item 63, "Settlement Negotiated Amount" follow the same timing as Schedule B.1 Line Item 61, "Workout Type Completed (i.e., only be populated in the month where the workout type was completed and not in subsequent months)?

A:

1. A Settlement is an agreement to accept as payment in full of the debt an amount that is less than what is contractually owed. Institutions sometimes negotiate settlement agreements with borrowers who are unable to service their unsecured open-end credit. In a settlement arrangement, the institution forgives a portion of the amount owed. In exchange, the borrower agrees to pay the remaining balance either in a lump-sum payment or by amortizing the balance over a several month period.

   Settlement programs are another type of workout program in which the bank agrees to accept less than the full balance due from a borrower in full satisfaction of the debt. As

with any other workout program, collectors should determine the borrower's ability to repay under the settlement terms.

2. Use Workout Type = 8 (Other) if a workout was completed that is not included in any other option (modification, repayment plan, deeds-in-lieu/short sales, stipulated repayment, and settlement). This is meant to capture any loss mitigation activity that does not fit into the prior categories. Examples may include strategic refinances or changes to scheduled balloon-payments that do not operate under modification agreements.
3. Line Item 63 “Settlement Negotiated Amount” should only be populated when Line Item 61 Workout Type = 7 (Settlement).
4. Yes. Line Item 63 “Settlement Negotiated Amount” should only be populated the month the settlement was completed, that is, the month Line Item 61 Workout Type = 7 (Settlement). **(FRB Response: December 11, 2019)**

Q (Y140001034, General): How should a Home Equity Line of Credit (HELOC) be reported if certain segments of the funded line are interest only while certain other segments are loans with payments which include both principal and interest?

Background: Certain home equity lines of credit when drawn upon allow the customer to modify their drawdowns into segments so that the payment for certain segments are interest only and the payment for certain other segments include both principal and interest. However, all these segments are associated with one loan number, which is assigned to a HELOC and are aggregated for reporting at that loan/line of credit number in Schedule B.1.

Our current practice is that if the payment received for the loan is interest only for the primary segment then we flag that loan as “Y=Was I/O in the reporting month.” Primary segment is the main segment linked to the Revolving Credit Line as defined in the borrower's HELOC agreement document. We will continue to report this way until we receive further clarification.

A: Report Interest Only in Reporting Month (line item no. 22, CCHEM190) as “Y” if the primary segment is Interest Only. **(FRB Response: December 11, 2019)**

Q (Y140000781, B.1 – Loan/Line Level Table): Line 7 – Original Loan/Line Commitment (MDRM: CCHEM242): As per the FR Y-14M Domestic Home Equity Loan and Home Equity Line template instructions, BHCs should report the total credit line available at origination (i.e., the total commitment), not the actual amount drawn (amount drawn is reported in Line Item 6). For lines with a zero balance and no draws, report “0” for this item. Note: For HELOANSs, Line items 6 and 7 will be the same value. However, edits for this field have recently increased to include lines with an original loan/line amount of “0.” What is the correct way to report lines with a zero balance and no draw?

A: For lines with a zero balance and no draws, report the total credit line available at origination (i.e., the total commitment), not the actual amount drawn (amount drawn is reported in Line Item 6). **(FRB Response: April 11, 2018)**

Q (Y140000754, B.1 – Loan/Line Level Table): The instructions for field 7 – Original Loan / Line Commitment field on the Home Equity schedule state: “For lines with a zero balance and no draws, report ‘0’ for this item.” Should we report “0” for lines that meet this condition at origination, and then update this field to report the total credit line commitment amount once the line has been drawn upon? Since this is an origination field, we want to ensure it is expected that values for this field could change for lines.

A: For lines with a zero balance and no draws, report the total credit line available at origination (i.e. the total commitment), not the actual amount drawn (amount drawn is reported in Line Item 6). Do not update this field to report the total credit line commitment amount once the line has been drawn upon. **(FRB Response: February 14, 2018)**

Q (Y140000738, General): Need guidance on a Home Equity modification program that does not fit the FRB definition for Modification Type (HE Field 77 M215) "altered through loss mitigation efforts." How should these modifications be reported in schedule? Modification program is a Home Equity repayment extension program that extends repay terms on HELOC for non-delinquent borrowers (in good standing, not in default/loss mitigation), does not fit FRB modification definition "in Loss Mitigation," and would not classify as a renewal of the Line.

A: Report these modifications with Modification Type (HE Field 77) as "9 – Proprietary Other." Also make sure that the remaining term (HE Field 84) is updated accordingly. **(FRB Response: December 20, 2017)**

Q (Y140000673, General) 14M HELOCs: As per the FR Y-14M Domestic Home Equity Loan and Home Equity Line template instructions, BHCs should continue reporting the HELOCs in the FR Y-14M Home Equity schedule even after they have entered into a pay down status and are no longer revolving credits, and that the loan type at origination determines where the exposure should be reported. This explicit guidance is absent in the FR Y-9C instructions, and may yield a reporting difference amongst regulatory filings. Is this reporting difference expected and if not, which reporting should be adjusted?

A: For the Y-14M reporting, continue reporting the loans as per the specifications outlined in the Y-14M instructions. Reporting differences of this type are expected between reporting schedules. **(FRB Response: September 13, 2017)**

Schedule C—Address Matching Loan Level Data Collection

No questions for publication.

Schedule D—Domestic Credit Card Data Collection Data Dictionary

Q (Y140001175, D.1 – Loan Level Table): Line items 77 and 78 of schedule D.1 collect information on the variable rate index and margin for credit card accounts. Line item instructions reference line item 55 – Interest Type in Current Month, which was retired with the March 2020 revised instructions. The retired line item states to report whether the purchase APR is fixed or variable, but clarifies to report pre-workout terms if an account is in a temporary workout program. As field 55 will be eliminated (effective 3/31/2020) and fields 77 and 78 do not include any qualifying constraint, please clarify whether line items 77 and 78 should continue to reflect pre-workout variable rate information if an account is in a temporary workout plan.

A: Line items 77 and 78 should continue to reflect pre-workout variable rate information if an account is in a temporary workout plan. **(FRB Response: November 18, 2020)**

Q (Y140001208, D.1 – Loan Level Table): The FR Y-14M Schedule D reporting instructions for Data Field #23 Total Cash Reward states "Institutions should report the cumulative reward available to the customer as of the reporting month." In instances where there are

multiple credit card accounts that earn rewards that are contributed to the same single reward account, how should reporting institutions populate this data field? Should the total reward amount be duplicated for each credit card account, or should there be an even allocation of the total reward amount across each reward-earning credit card account?

A: The reward should be allocated to the relevant accounts if possible. The reward should not be duplicated across accounts. **(FRB Response: November 12, 2020)**

FR Y-14Q

General

Q (Y140001183, General): We hold a convertible available-for-sale or AFS debt security issued from a non-publicly traded entity which is ultimately convertible to common stock. The FR Y-14Q Schedule B.1 instructions state that reporting should follow balance sheet classification of FR Y-9C (e.g., Securities will correspond with Schedule HC-B breakdowns) and further indicate that any securities not specifically excluded should be reported. Additionally, the FR Y-14Q Schedule F instructions define Private Equity to include all equity related investments such as common, preferred, and convertible securities.

Please provide clarification on appropriate reporting for the aforementioned Convertible AFS debt security. Should such investments be reported on FR Y-14Q within Schedule B only, Schedule F only, or on both Schedules B & F?

A: Report such convertible available-for-sale debt security issued from a non-public traded entity on Schedule F as Private Equity. Because the security would be reported on Schedule F, please do not report it on Schedule B. **(FRB Response: May 13, 2020)**

Schedule A—Retail

Q (Y140001239, General): I had a question on the Weighted Average Life field that is to be reported on the FR Y-14Q 2020Q1 Retail submission. What format is the FED expecting for this field?

Are we to report the value in months as (ex. 1.59 x 12 = 19 or 19.07)?

A: Please report the value rounded to the nearest month. **(FRB Response: November 4, 2020)**

Q (Y140001217, A.9 – U.S. Small Business): In response to the COVID-19 pandemic, the SBA has initiated the Paycheck Protection Program (PPP) which allows certain organizations affected by COVID-19 to apply for funding through an approved lender. When originating these PPP loans, firms are instructed by the SBA to abstain from normal underwriting practices which would entail grading or scoring a loan. As these loans are neither scored or graded, how should firms report these loans in the FR Y-14Q? Should the exposures be included in the FR Y-14Q Schedule A.9 Small Business or in Schedule H.1 Corporate Loans (subject to reporting thresholds)?

A: For 2020:Q2 FR Y-14Q reporting, do not include Paycheck Protection Program (PPP) loans in Schedule A.9 U.S. Small Business, Schedule H Wholesale Risk, or Schedule M Balances. For 2020:Q2, please only report PPP loan balances within Schedule K Supplemental. Beginning in 2020:Q3, per the updated FR Y-14Q instructions, the $ under federally guaranteed programs summary variable (B.13) has been added to FR Y-14Q Schedule A.9 U.S. Small Business to capture small business PPP loans. In 2020:Q3 (and beyond), report PPP loan balances within Schedule M Balances (beginning in 2020:Q3, line item 2.b.(1), Paycheck Protection Program (PPP) loans has been added to Schedule M Balances). **(FRB Response: July 29, 2020)**

Q (Y140001218, General): How should firms report loans in forbearance programs as a result of COVID-19 on the FR Y-14Q and FR Y-14M reports?

A: Due to the current economic climate as a result of COVID-19, firms may experience an increase in the number of loans in forbearance programs. Consistent with the instructions and with the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus, firms should follow the guidance below when reporting loans in forbearance programs on the FR Y-14Q and FR Y-14M.

FR Y-14Q

- Schedule A.2 (U.S. Auto Loan)
  —Firms should report any forbearance program balances in B.26 ($ Loss mitigation)
- Schedules A.8 (International Small Business) and A.9 (U.S. Small Business)
  —Firms should report any forbearance program balances in B.6 ($ Modifications)
- Schedule A.10 (Student Loan)
  —Firms should report any forbearance program balances in B.10 ($ of Unpaid principal balance in forbearance)

FR Y-14M

- Schedule A (Domestic First Lien Closed-end 1–4 Family Residential Loan)
  —Firms should report
  1. Line item 77 (Workout Type Completed) as "9 = Forbearance plan" (only if the loss mitigation effort has been successfully completed in the reporting month)
  2. Line Item 85 (Loss Mitigation Performance Status) as "1 = Active and Performing"
- Schedule B (Domestic Home Equity Loan and Home Equity Line)
  —Firms should report
  1. Line item 61 (Workout Type Completed) as "8 = Other" (only if the loss mitigation effort has been successfully completed in the reporting month)
  2. Line Item 89 (Loss Mitigation Performance Status) as "1 = Active and Performing"
- Schedule D (Domestic Credit Card Data Collection)
  —Firms should report
  1. Line item 102 (Credit Card Workout Program) as "1," which indicates the account entered into any type of workout program during the current reporting month
  2. Line item 103 (Workout Program Type) as "3 – Internal Temporary Program," which indicates an internal program where terms are temporarily modified, not to exceed 12 months, in recognition of short term hardship (**FRB Response: April 15, 2020**)

Q (Y140000677, General): 1. Throughout the Schedule A sub-schedules of FR Y-14Q, unpaid principal balances (UPB) are reported in several summary variables. Should the UPB variables be reported gross of any accounting-based write-downs or charge-offs consistently across all Schedule A sub-schedules?

2. Does "accounting-based write-downs" refer to any write-downs or charge-off that do not legally reduce the principal balances?

A: For purposes of reporting unpaid principal balances (UPB) on the FR Y-14Q, Schedule A, report the UPB gross of any accounting-based write-downs or charge-offs. Accounting-based

write downs refer to write-downs or charge-offs that do not legally reduce the principal balance. **(FRB Response: October 10, 2018)**

Q (Y140000700, A.3 – International Credit Card): Please clarify what types of loans should be reported on Schedule A.3 – International Credit Cards. If a BHC does not have any full service international branches; however, offers credit cards to foreign students with non-U.S. addresses. Would these specific credit card loans be reported on Schedule A.3 – International Credit Cards or on the FR Y-14M Schedule D – Domestic Credit Cards?

A: For the purposes of reporting loans on Schedule A.3, follow the FR Y-9C definition for loans domiciled outside the U.S. Specifically, reference "Domicile" in the FR Y-9C Glossary, where it states: "If other addresses are used for correspondence or other purposes, only the principal address, insofar as it is known to the reporting holding company, should be used in determining whether a customer should be regarded as a U.S. or non-U.S. addressee." **(FRB Response: October 11, 2017)**

Q (Y140000680, A.7 – U.S. Other Consumer): This question is a follow up to a prior Q&A with guidance provided for balances of "partially secured" loans should be split into "secured" and "unsecured" portions and should be reported accordingly. Our firm's follow up question is if the amount of loan secured is unknown systemically, to be conservative, is it acceptable practice to classify these loans as unsecured?

A: The firm should make every effort to report the Y-14Q accurately by breaking down the secured and unsecured portion of the balances. However, if this is impossible, a loan that is partially secured may be reported as unsecured. **(FRB Response: October 11, 2017)**

Schedule B—Securities

Q (Y140001148, B.2 – Securities 2 "Aggregate Schedule"): Schedule B.2 field 8 'Hedge Interest Rate' instructions state: "For Hedges of interest rate risk, indicate the benchmark interest rates from among those eligible under ASC 815-20-25-6A and other relevant guidance." Allowed values include '2 = London Interbank Offered Rate (LIBOR)' and '4 = Other.' EURIBOR is a benchmark rate that is used for certain Euro denominated exposures, and has many similarities to LIBOR in that both are unsecured interbank lending rates that are calculated daily and reflect offered rates on the interbank market. Please confirm a value of 2 (LIBOR) is appropriate for field 8 reporting when EURIBOR is the benchmark interest rate.

A: Please enter "4 = Other" when EURIBOR is the benchmark interest rate. **(FRB Response: November 12, 2020)**

Schedule C—Regulatory Capital Instruments

Q (Y140001331, General): Per the FR Y-14Q Schedule C – Regulatory Capital Instruments instructions, increases and decreases in additional paid in capital (APIC) resulting from employee stock compensation-related drivers should not be captured in sub-schedules C.3 – Regulatory Capital and Subordinated Debt Instruments Issuances During Quarter and C.2 – Regulatory Capital and Subordinated Debt Instrument Repurchases/Redemptions During Quarter, respectively.

We've noted, however, that FR Y-14A instructions state that quarterly redemption/repurchase activity and quarterly issuance activity must include increases and decreases in APIC attributable to the amortization of employee stock compensation and any changes in APIC, treasury or common stock as a result of the actual issuance of common stock for the employee stock compensation.

We recognize the specific change in instruction from 12/31/2017 that altered the presentation of the FR Y-14Q; however, please confirm whether this was a deliberate change in instruction that resulted in this difference in presentation between the FR Y-14Q and the FR Y-14A?

A: Complete the Y-14A and Y-14Q as described in the instructions. **(FRB Response: November 12, 2020)**

Q (Y140000719, C.1 – Regulatory Capital Instruments As of Quarter End): Per FRB FR Y-14Q Schedule C2 instructions: "Do not use this worksheet to report decreases in the amount of any capital instrument that are the result of amortizations of the remaining balance of the instrument. Any changes due to amortizations of instruments that occurred during the quarter should be reflected in the balances of those instruments as reported on the C.1–Regulatory Capital and Subordinated Debt Instruments as of Quarter End worksheet."

Can you clarify how amortization should be reported on C1? The instructions for C1 do not specify how amortization should be reported.

A: Any changes due to the amortization of the remaining balance of an instrument that occurred during the quarter should be reflected in the balances of those instruments as reported in column G of Schedule C.1 of the FR Y-14Q. Column G requires a BHC to report the dollar amount of the instrument that qualified as regulatory capital as of quarter end, which incorporates the amortization of instruments pursuant to section 217.20(d)(iv) of Regulation Q. **(FRB Response: March 14, 2018)**

Schedule D—Regulatory Capital Transitions

Q (Y140001178, General): Please confirm that the Federal Reserve intends BHCs to report on lines 1 / 2 the gross amount of non-significant investments [before offsetting related short positions] in the capital of unconsolidated financial institutions in the form of: common stock, additional tier 1, and tier 2 capital [for line 1] and common stock [for line 2]. The reason for this inquiry is that the Line 4 calculation (greater of item 2 minus item 3 or zero) will not necessarily yield an appropriate approximation of the full calculation specified in 12 CFR 217.22(c)(4) if Line 2 is reported on a gross basis as opposed to a net long basis.

A: As described in 12 CFR 217.22(h), the firm should report gross non-significant investments as a net long position. **(FRB Response: November 12, 2020)**

Q (Y140000722, General): Will the FRB eliminate the FR Y-14Q – RCT Schedule D in 2018 since the fully-phased-in deductions will have reached 100%? This question has also been raised in light of the fact that the FRB has announced that RCT Schedule D will be eliminated from the FR Y-14A in Sept 2017.

A: At this time, the Federal Reserve has not proposed eliminating the FR Y-14Q, Schedule D (RCT). **(FRB Response: November 29, 2017)**

Schedule E—Operational Risk

Q (Y140000770, E.1 – Operational Loss History): Excluding historical OR loss data: (a) In general, are firms allowed to exclude or scale down historical OR losses reported in Sch E.1 for products or services the firm no longer provides? (b) More specifically, prior to the formation of the IHC in July 2016, several businesses were de-risked and products/services no longer provided in the entities that now comprise the IHC. Should the historical OR losses associated with those products/services have transitioned to the IHC and be reported in the Sch E.1 even if the products/services were never actually part of the IHC as of its formation in July 2016?

A: (a) No, firms should not exclude or scale down historical operational losses reported in Schedule E.1 for products or services the firms no longer provide.

(b) The FR Y-14Q instructions require institutions to report all operational losses captured by the institution as of the reporting quarter end, starting from the point-in-time at which the institution began capturing operational loss event data in a systematic manner. Hence, all historical operational risk losses captured by the IHC should be reported in Schedule E.1. **(FRB Response: February 13, 2019)**

Q (Y140000771, E.1 – Operational Loss History): Reporting of non-reconciled OR loss data: (a) Can OR loss data reported in the Sch E.1 include OR losses that have not been reconciled to the firm's financials? As per our OR loss collection procedures, there is a one quarter lag on completing Quality Assurance (QA) checks on OR loss data entries. For example, on Sept 30th, OR loss data recorded as of Jun 30th has been reviewed for completeness and accuracy and reconciled to the financials. To date, it has been our process to report all OR losses in the Sch E.1 up to the most recent quarter-end, even if the events recorded in the prior quarter have not been gone through the QA checks. (b) Furthermore, there exist historical OR losses in our OR loss database that have not and may never be reconciled for various reasons to the firm's financials, can these historical losses with unreconciled data be included in the Sch E.1 report?

A: (a) Yes, continue to report all operational losses up to the most recent quarter end. Firms must begin to report operational losses from the point where the data began to be collected in a systematic manner. While the losses should be reconciled to ensure that the data reflect a fair presentation, provided that the collection was systematic the data must still be reported. Hence, the most recent quarter's data must be reported on the due date, unless a "new reporter's exemption" has been granted. If the quality assurance process detects issues after the data are submitted, the firm must amend these in the next submission or re-submit for that quarter if the issue is material.

(b) Yes, these historical losses with unreconciled data should be reported. Firms must report operational losses from the point where the data began to be collected in a systematic manner even if the data cannot be reconciled. Firms are encouraged to report available losses from periods prior to when systematic collection began. To ensure adequate records, firms should document discussion and analysis around reasons that historical items cannot be reconciled. **(FRB Response: March 14, 2018)**

Schedule F—Trading

Q (Y140001187, General): Effective December 31, 2019, the FR Y-14Q Schedule F reporting instructions will require reporting to include FVO loan hedges. Specifically, instructions require reporting of derivatives used to hedge changes in the fair value of loan assets that are held-for-sale (HFS) or held under fair value option (FVO) accounting, as reported in Schedule H or Schedule J. When reporting these FVO/HFS loan hedges on Schedule F, how should the market value of FVO loan hedges be reported in the FR Y-14Q Schedule F? In particular, sections of the Schedule F instructions require reporting the market value of certain derivatives (e.g., CDS) on a bond-equivalent basis, but no such instruction is given for derivative hedges of FVO loans.

For example, should the market value reported on Schedule F of a FVO loan hedge be determined by using the MtM of the related TBA derivatives; or by using a bond-equivalent basis (defined in Schedule F as the notional amount plus the current MtM of the instrument)?

A: The value of the CDS hedges on FVO loans should be reported using a bond-equivalent basis. **(FRB Response: November 18, 2020)**

Q (Y140001186, General): Effective December 31, 2019, the FR Y-14Q Schedule F reporting instructions will require reporting FVO loan hedges. Specifically, instructions require reporting of derivatives used to hedge changes in the fair value of loan assets that are held-for-sale (HFS) or held under fair value option (FVO) accounting, as reported in Schedule H or Schedule J.

Residential mortgage originations commonly include an interest rate lock agreement in advance of actually originating the HFS loan. Common industry practice for these residential mortgages originated for sale is to commence hedging the potential changes in value at the point of the interest rate lock. As such, our firm has HFS loan hedges which span the entirety of exposures arising in the mortgage origination pipeline between the execution of an interest rate lock agreement (i.e. pre-funding) through funding and ultimate sale of the loan. However, based on the Schedule F reporting instructions, the required reporting of FVO Loan Hedges appears to be exclusive to funded loans which occurs sometime after the interest rate lock agreement is consummated.

For these instances where a single instrument hedges the entire HFS mortgage origination pipeline, how should a reporting firm report these amounts on Schedule F? Should an institution report the entire hedge amount inclusive of the portion that hedges interest rate lock commitments for HFS loans, allocate the hedge based on the amount of funded loans, or report using an alternative method?

For Reference – Instructions

FVO Loan hedges are derivatives used to hedge changes in the fair value of loan assets that are held-for-sale (HFS) or held under fair value option (FVO) accounting, as reported in Schedule H or Schedule J. For example, FVO hedges may include single name or portfolio CDS, interest rate swaps, or any other derivative instrument outside of the trading book used to hedge FVO or HFS loan fair value fluctuations; the definition is not intended to include so-called macro hedges.

A: The entire hedge amount should be reported on Schedule F.
(FRB Response: November 18, 2020)

Q (Y140001213, F.24 – Private Equity): For FR Y-14Q Schedule F reporting, should firms exclude mandated investments in all types of private institutions and entities or exclude mandated investments in only government and government sponsored entities and stock exchanges?

Background:

The Firm's view is that "mandated investments" are an obligatory investment in the equity of an institution or an entity, required by the rules of the institution/entity, in order for the Firm to participate in the activities of that institution.

In addition, in the non-CECL NPR proposed rules the Board stated the following- "Adding a sentence to the General Instructions, Section A (Purpose of Schedule) to indicate that mandated investments should be excluded from Schedule F" – which suggests that equity investments in all types of entities that mandatorily require investments for Firms to participate should be excluded. Therefore, unless instructed otherwise by the regulator, we will exclude mandated equity investments in all types of private institutions and entities.

A: The interpretation is correct that "mandated investments" include any obligatory investment required by rules to participate in the activities of an institution, and are not limited to governments, GSEs, and stock exchanges. Any material exposures that are excluded on this basis should be clearly noted in the firm's capital plan.
(FRB Response: November 12, 2020)

Q (Y140001336, General): How should trading book exposures relating to alternative reference rates (e.g. SOFR, TONAR) be reported on FR Y-14Q, Schedule F?

A: Outright exposures to alternative reference rates should be reported in the "Other" row of the directional risk section, and basis exposures in the "Other basis" row of the basis risk section, for the corresponding currency in sub-schedule F.6 ("Rates DV01"). **(FRB Response: November 4, 2020)**

Q (Y140001233, General): In the revised FR Y-14Q instructions for Schedule F Private Equity, effective March 31, 2020, on page 115 the FRB instructions state that mandated investments such as government or government sponsored entities and stock exchanges, should be excluded from Schedule F. Given these instructions, does the FRB intend on BHC's reporting these positions elsewhere in the 14Q, or should they be excluded entirely?

If we are to exclude the positions entirely from FR Y-14Q reporting, does this also mean these investments should be excluded as well from BHC's stress testing/global market shock processes for CCAR and FR Y-14A reporting?

A: Such mandated investments should not be reported on Schedule F. Any material exposures that are excluded on this basis should be clearly noted in the firm's capital plan. Y-14Q reporting of such exposures should continue to follow the instructions for any other relevant schedules, including Schedule G (PPNR) and Schedule M (Balances) at a minimum. Regarding the BHC scenario, such investments should be included if they present material risks. **(FRB Response: November 4, 2020)**

Q (Y140001232, F.6 – Rates DV01): In case of positions creating two basis risks which offset each other i.e. off-the-run vs on-the-run, how should this be reported in the template? Reporting the net figure in "Other basis" would result in showing a flat net risk

A: On the Rates tabs of Schedule F (Trading), there is not a distinction between on-the-run and off-the-run at present, thus such exposures should be reported within the appropriate line item rather than "Other Basis" and netted as applicable. **(FRB Response: November 4, 2020)**

Q (Y140001246, F.24 – Private Equity): For the 1Q instructions changes to Schedule F.24 – Private Equity related to the split out of carry value of PE investments at fair value (section A) and non fair value (section B), is the expectation that we report the total of Sections A & B? Or is the expectation we report Section A & B values at the regional level only?

We have a very urgent question related to the Schedule F – Trading xml template, we need an answer this week to be able to produce the submission xml files. Appreciate if you can get us an answer as soon as possible.

A: Please report the total of both sections A and B together in the Total field. **(FRB Response: November 4, 2020)**

Q (Y140001207, F.15 – Agencies): In the 14Q Trading (Schedule F) template, can you please clarify if the IO / PO that should be reported in the Agencies tab is for IO and PO Mortgages with prepayment risk and not stripped (I/O, P/O) agency debentures with no prepayment risk?

A: In the FR Y-14Q Trading Schedule, IO and PO reporting lines on the Agencies tab refer to mortgages with prepayment risk, not debentures with no prepayment risk.
(FRB Response: June 10, 2020)

Q (Y140001043, F.22 – IDR-Corporate Credit): We wanted some clarity on the Special Collections Trading IDR instructions for the Single Name Positions tab. For Table A, are we only supposed to report positions between =>$25M and <=$50M exposures?

A: On the Single Name Positions tab in Table A, positions should be reported for which absolute value <=$50M. **(FRB Response: December 11, 2019)**

Q (Y140000728, F.24 – Private Equity): How are firms expected to report Mutual Fund Seed Capital exposures? Should firms decompose the funds into their underlying components? Or should they simply report the market value in the "Fund Seed Capital" field in the Private Equity sub-schedule?

A: Mutual fund seed capital exposures should be reported in the FR Y-14Q, Schedule F (Trading), sub-schedule F.24 (Private Equity). **(FRB Response: October 10, 2018)**

Q (Y140000668, General): The current FR Y-14Q schedule instructions indicates the "4th Quarter Trading and Counterparty (regular/unstressed submission) is due 52 calendar days after the notification date (notifying respondents of the as-of date) or March 15, whichever comes earlier." The Enhanced Prudential Standards Section 252.54, which describes requirements for annual stress testing for covered companies, specifies the "as-of date selected by the Board may be between October 1 of the previous calendar year and March 1 of the calendar year in which the stress test is performed." If the Board selects an as-of date in October, the FR Y-14Q Trading and Counterparty submissions will be required to submit before the 4th quarter. Can the FRB confirm that the submitting banks will need to be prepared to submit the 4th quarter Trading and Counterparty 14Q before the 4th quarter is over?

A: As indicated in the FR Y-14Q Instructions, all firms that are required to submit official Trading and Counterparty (regular/unstressed submission) schedules for the 4th quarter must do so 52 calendar days after the date respondents are notified of the 4th quarter as-of-date or

March 15, whichever comes earlier. If the notification date precedes the end of the 4th quarter by more than 52 days, then the Trading and Counterparty (regular/unstressed submission) schedules would have to be submitted prior to the end of the 4th quarter.
(FRB Response: October 25, 2017)

Schedule G—PPNR

Q (Y140000741, G.3 – PPNR Metrics): What is included for Syndicated Lending, line items 24-26, in the PPNR Metrics schedule? Are these line items specifically for syndicated loans from a Leveraged Capital Markets desk or are revolving credit facilities included as well?

A: For PPNR Metrics related to Syndicated Lending (Line items 24-26), include volume and market size information relevant for projecting noninterest income associated with PPNR line item Line item 16D – Syndicated/Corporate Lending Noninterest Income. This can include origination and syndication of non-interest income associated with both revolving and term loans, as well as from both investment grade and non-investment grade activity.
(FRB Response: March 14, 2018)

Q (Y140000708, G.2 – PPNR Net Interest Income (NII)): Relates to 14Q, Schedule G.2. For G.2 line 3 C&I Loans, are we reporting here average balances of loans which are reported on FR Y-9C, Schedule HC-C (HC-C) line 4. Or are we reverting to the definition of other graded commercial loans and leases as reported on 14Q Schedule M Balances (Schedule M) where HC-C loans reported on line 9b2 are reported on Schedule M as "Other commercial loans"? Schedule M refers to HC-C lines 9a, 9b2 as other graded commercial loans and they are reported as wholesale corporate loans on 14Q Schedule H1. In other words, which HC-C loan lines are considered C&I for purposes of mapping to 14Q Schedule G.2 line 3? Further, although Schedule M considers HC-C loans reported in line 9b2 as Other commercial graded, if not reportable in line 3 on G.2, should they be reported in line 8 on G.2?

A: The firm should report average balances of Commercial and industrial (C&I) Graded, Small Business (Scored/Delinquency Managed), Corporate Card, and Business Card loans in line item 3 of the FR Y-14Q Schedule G.2 Net II Worksheet. Loans that fall outside of lines 1-7B in this schedule should be reported in line item 8 "Other Loans and Leases" as defined in FR Y-9C, Schedule HC-C, item 1.b, column B. Schedule M.1 Quarter-end C&I balances should be reported consistent with the instructions for line items 2.a-2.c and in line item 5.e.
(FRB Response: November 29, 2017)

Schedule H—Wholesale Risk

Q (Y140001310, H.2 – Commercial Real Estate): As it relates to the reported value for Schedule H.2, field 5, Committed Exposure Global, when the difference between the actual credit facility amount and the committed exposure is unconditionally cancellable, should the value reported be at the credit facility or the actual commitment level?

Background: The instructions to FR Y-14Q, H.2, field 5, Committed Exposure Global, indicate that the amount reported shall include the total commitment amount approved and offered to the borrower. In Homebuilder Finance, builder lines of credit and borrowing base credit facilities are guidance in nature and include unconditionally cancellable contract language. Therefore, the exposure is only legally committed if the Lender accepts the loan request along with the collateral proposed and perfects a security interest in such collateral. As a result, this creates multiple layers of exposure under a single credit facility; 1) the net book

balance (the drawn amount associated with existing collateral), 2) the unused, but committed exposure (the unused amount associated with existing collateral), 3) the unused, and legally uncommitted exposure (the unused amount that is unconditionally cancellable and not associated with any existing collateral), and 4) the total amount of the credit facility (the aggregate of 1, 2, and 3). The firm currently reports the Committed Global Exposure as the credit facility amount (#4), but upon review believes it is most appropriate to report the credit facility amount (#4) less the unused, and legally uncommitted exposure (#3). The latter exposure (#3) is unconditionally cancellable and not associated with any existing collateral. By reporting the credit facility amount (#4) and only the existing collateral, not only are the firm's legal commitments overstated, but the implied loan to value (LTV) will almost always be overstated as well.

A: The FR Y-14Q, Schedule H.2 (Commercial Real Estate) instructions define loans and leases as "loan commitments or credit facilities to an obligor as defined in the credit agreement." Further, the instructions specify that the population of loans should be reported at the credit facility level. The schedule instructions define a credit facility as "a credit extension to a legal entity under a specific credit agreement." The firm should report the loan commitment as defined in the specific credit agreement. Per the instructions, if the unconditionally cancelable exposure has been approved and offered, then the firm should include it in the total commitment amount. **(FRB Response: January 27, 2021)**

Q (Y140001316, H.2 – Commercial Real Estate): Can you please clarify what the expectation is with reporting the Committed Exposure Global?

Example A: The total loan commitment (i.e. limit) is $100MM. The customer draws $50MM, leaving $50MM in unused commitment. On this loan, if the customer has unamortized loan origination costs of $2MM as of the reporting date, how should we report?

1. Committed Exposure Global $100MM
   Outstanding Balance $52MM

   -OR-

2. Committed Exposure Global $102MM
   Outstanding Balance $52MM

(Option 2 would mathematically work when trying to calculate the Unused Commitment, however, it would create a reconciliation break to the actual limit and would not agree to the loan documentation).

Example B: The total loan commitment (i.e. limit) $100MM. The customer draws $50MM, leaving $50MM in unused commitment. On this loan, if the customer has an unamortized fee of -$1MM (credit to the loan balance) as of the reporting date, how should this be reported?

1. Committed Exposure Global $100MM
   Outstanding Balance $49MM

   -OR-

2. Committed Exposure Global $99MM
   Outstanding Balance $49MM

We are concerned with reflecting the Committed Exposure in the 2nd options provided above as it would misrepresent the actual exposure. Please advise.

A: The instructions for FR Y-14Q Schedule H.2, Field 3, Outstanding Balance, state to report all loan and lease financing receivables consistent with the FR Y-9C instructions. The instructions for Field 5, Committed Exposure Global, state to report the total commitment amount as the sum of loan and lease financing receivables recorded in FR Y-9C, Schedule HC-C (reported in Field 3, Outstanding Balance) and any unused portion of the commitment recorded in Schedules HC-F, HC-G, and HC-L.

Therefore, in example A provided, the Committed Exposure Global reported should be $102MM, as it is the sum of the Outstanding Balance ($52MM) and the $50MM in unused commitment.

In example B provided, the Committed Exposure Global reported should be $99MM, the sum of the Outstanding Balance reported in Field 3 ($49MM) and the $50MM in unused commitment. **(FRB Response: December 23, 2020)**

Q (Y140001108, H.2 – Commercial Real Estate): For Schedule H2, Field 20 (Amortization) Interpretation of the below option, if a loan is booked with the below payment option, should it be reported as -1 (non-standard amortization) or the actual term should be reported?

- Payment Options
- Loan could have periodic Interest and Principal Schedules which may or may not fall on same date

A: Per the FR-Y14Q H.2 (Commercial Real Estate) instructions, Amortization (Field 20) is non-standard if the payment schedule is not based on a preset amortization schedule of equal monthly payments.

If the loan has an option to have periodic interest and principal schedules, which may or may not fall on the same date, that situation would be considered non-standard amortization.

If the loan has periodic interest and principal schedules, which may or may not fall on the same date, and the schedules are not based on equal monthly payments, that situation would be considered non-standard amortization.

If the loan has periodic interest and principal schedules, which may or may not fall on the same date, if the period is monthly, and the schedules are based on equal monthly total or principal payments, the amortization term should be reported as standard per the instructions. **(FRB Response: November 25, 2020)**

Q (Y140000887, H.2 – Commercial Real Estate): I noticed that on page 242 of the redline FR Y-14Q instructions in the schedule H2 section that a comment was added to Field #7 (Participation Flag) to state, “For fronting exposures, report option 1 ‘No’.

Can you please provide clarification regarding the reporting of fronting exposures on the H2 schedule?

Under Section B (Reporting Specifications) on page 187 for schedule H1, the instructions specifically state the following:

“The loan population also includes credit facilities which include a fronting exposure. Fronting exposures are those that represent a BHC’s or IHC’s exposure to fund certain obligations (e.g., swingline or letters of credit) on behalf of other participant lenders. For such exposures, BHCs and IHCs should indicate Option 18 in Field 20 ‘Credit Facility Type’ and report their

pro-rata portion of the stated commitment amount as one facility to the borrower and the fronting obligations as separate credit facilities to each of the lending group participants."

This statement is missing from the schedule H2 instructions, thus we need further guidance.

A: For Schedule H.2 (Commercial Real Estate), report the pro-rata portion of the stated commitment amount as one facility to the borrower and the fronting obligations as separate credit facilities to each of the lending group participants. **(FRB Response: November 25, 2020)**

Q (Y140000901, General): For 14Q Schedule H submission (1Q2018), we request additional clarity on how to apply FR Y-9C Schedule HC-L definition of Commitments to Commit. Definition as follows:

(6) Commitments to issue a commitment at some point in the future, where the holding company has extended terms, the borrower has accepted the offered terms, and the extension and acceptance of the terms:

(a) Are in writing, regardless of whether they are legally binding on the holding company and the borrower, or

(b) If not in writing, are legally binding on the holding company and the borrower, 1 even though the related loan agreement has not yet been signed and even if the commitment to issue a commitment is revocable, provided any revocation has not yet taken effect as of the report date.

1. For example, either the extension or the acceptance of the terms or both are verbal, but they are nonetheless legally binding on both parties under applicable law.

For facilities with legally binding terms in the syndicated pipeline, would we consider any records with Syndicated Loan Flag of 1 (single-signed) or 2 (dual-signed) as Commitments to Commit?

A: For purposes of FR Y-14Q, Schedule H.1 (Corporate), Field 20, Item 19 (Maturity Date) "commitment to commit" includes all facilities that meet the FR Y-9C definition of commitment to commit. In general, facilities with legally binding terms in the syndicated pipeline qualify as commitments to commit under the FR Y-9C definition; however, the determination of whether a facility qualifies as a commitment to commit under the FR Y-9C definition is ultimately a case-by-case determination. **(FRB Response: November 25, 2020)**

Q (Y140001215, H.1 – Corporate Loan Data): The Firm will extend SBA Paycheck Protection Program (PPP) loans under the CARES Act. Unlike regular SBA loans, these loans are fully guaranteed by SBA and will not go through a credit underwriting process as per the PPP program requirements. Therefore, these loans will NOT be graded/rated and credit quality of the business entity will not be evaluated. Additionally, the PPP loans will not be scored or delinquency managed. Where should the Non Rated/Non Graded and Non scored/non delinquency managed corporate loans be reported?

A prior FAQ stated that "non-rated/non-graded and non-scored corporate loans" should be reported in FR Y14Q Schedule H (if above $1M) and Schedule K (if it's below $1M) if the main driver of the credit underwriting decision is the credit quality of the business entity. PPP loans should not be in Schedule A.9 because they are non-scored and not delinquency managed. However, this FAQ does not address non-rated/non-graded and non-scored corporate loans that are NOT subject to credit underwriting and credit quality of the business entity is not considered in loan origination.

The Firm views these loans as non-reportable on Schedule H, as they should not be subject to stress testing and several fields required for Schedule H are not applicable to this portfolio of loans. Rather, the loans are more appropriate to be reported on Schedule K as domestic small business loans in Line item 9.b under Column A, Outstanding balance of wholesale loans in immaterial portfolios, regardless of the size of the loans or whether individual facilities within this portfolio exceed the reporting materiality for Schedule H of FR Y-14Q.

A: For 2020:Q2 FR Y-14Q reporting, do not include Paycheck Protection Program (PPP) loans in Schedule A.9 US Small Business, Schedule H Wholesale Risk, or Schedule M Balances. For 2020:Q2, please only report PPP loan balances within Schedule K Supplemental. Beginning in 2020:Q3, per the updated FR Y-14Q instructions, the $ Under federally guaranteed programs summary variable (B.13) has been added to FR Y-14Q Schedule A.9 US Small Business to capture small business PPP loans. In 2020:Q3 (and beyond), report PPP loan balances within Schedule M Balances (beginning in 2020:Q3, line item 2.b.(1), Paycheck Protection Program (PPP) loans has been added to Schedule M Balances). **(FRB Response: November 18, 2020)**

Q (Y140001216, H.2 – Commercial Real Estate): We are seeking clarification on reporting of deferred fees and costs in FR Y-14Q Schedule H - Wholesale Risk. The final Federal Register issued on December 18, 2019, stated that Schedule H.1 (Corporate Loan Data) item 25 "Utilized Exposure Global" and Schedule H.2 (Commercial Real Estate) item 3 "Outstanding Balance" were revised to align reporting with the FR Y-9C definition of loan and lease financing receivables and that the exposure amounts should be reported, net of deferred fees and costs in Schedule H.1 item 25 and Schedule H.2 item 3.

While specific loan categories are reported net of both unearned income and net unamortized loan fees in FR Y-9C Schedule HC-C to the extent possible, certain unearned income and net unamortized loan fees are reported in Schedule HC-C line 11 "Less: Any unearned income on loans reflected in items 1-9 above". The report instruction to Schedules H.1 and H.2 list the FR Y-9C Schedule HC-C categories that are considered corporate loans, which should be used as a guide in determining the population of corporate loans and leases. Schedule HC-C line 11 is not included in the instructions.

We would appreciate your guidance as to whether the balance reported in Schedule HC-C line 11 should be included in the balances reported in FR Y-14Q Schedules H.1 and H.2 to the extent that they represent corporate loans and commercial real estate loans.

A: The loan population for FR Y-14Q, Schedule H.1 and H.2 does not include balances reported on FR Y-9C, schedule HC-C, item 11. **(FRB Response: November 4, 2020)**

Q (Y140001255, General): Facilities which have net deferred costs may cause the facility balance to exceed the committed amount. For example, for credit facilities such as term loans with deferred costs in excess of deferred fees and no unfunded amount, adding the net deferred costs to the utilized balance causes the reported utilized balance to exceed the committed amount.

For such facilities where balance exceeds commitment, should we explain the resulting edit check failure via Respondent Edit Report?

A: The instructions for FR Y-14Q schedule H.1 Field 24, Committed Exposure Global, state to report the total commitment amount as the sum of loan and lease financing receivables recorded in FR Y-9C, Schedule HC-C (reported in Field 25, Utilized Exposure Global) and any unused portion of the commitment recorded in Schedules HC-F, HC-G, and HC-L.

The instructions for schedule H.1 Field 25, Utilized Exposure Global, state to report all loan and lease financing receivables consistent with the FR Y-9C instructions.

Therefore, as the commitment (Committed Exposure Global) is a sum of the balance (Utilized Exposure Global) and any unused portion of the commitment, the balance should not exceed the commitment.

The same logic is used for FR Y-14Q schedule H.2. The instructions for Field 3, Outstanding Balance, state to report all loan and lease financing receivables consistent with the FR Y-9C instructions. The instructions for Field 5, Committed Exposure Global, state to report the total commitment amount as the sum of loan and lease financing receivables recorded in FR Y-9C, Schedule HC-C (reported in Field 3, Outstanding Balance) and any unused portion of the commitment recorded in Schedules HC-F, HC-G, and HC-L.

Since the commitment (Committed Exposure Global) is the sum of the balance (Outstanding Balance) and any unused portion of the commitment, the balance should not exceed the commitment.

Therefore, in the example provided, when reporting the committed amount, the utilized balance reported in H.1 Field 25 or H.2 Field 3 would be added to the unfunded amount ($0 in the example). This means, in the example provided, that the committed amount would equal the utilized amount. **(FRB Response: November 4, 2020)**

Q (Y140001237, General): Given the recent instruction changes and consideration for deferred fees and costs, can the Federal Reserve please expand on the reporting instructions and scoping for Schedule H? Specifically, Schedule H instructions state that the loan population is limited to corporate loans and leases with a “committed balance greater than or equal to $1 million” without further defining the term ‘committed balance’. We note that the schedule include the attribute ‘committed exposure global’. Can you confirm that a reporting institution should base the scoping determination (i.e., initial schedule inclusion and subsequent disposition) exclusively off the “committed exposure global” field for Schedule H.1 and H.2 (i.e., Field 24 and Field 5, respectively)?

For example, in the scenario whereby we originate a C&I term loan for $1 million and have a deferred fee of $1, Line 24 would reflect $999,999. Should this scenario be reported in Schedule H or Schedule K?

A: For the purposes of Schedules H.1 and H.2, the $1 million reporting threshold should be determined based on the value in the Committed Exposure Global fields (Field 24 in H.1 and Field 5 in H.2).

Credit facilities that that no longer meet the $1 million threshold should be reported in the quarter they fall below the threshold following the instructions on reporting of disposed loans. **(FRB Response: November 4, 2020)**

Q (Y140001298, General): How should disposed loans be reported for firms that will be reporting monthly?

A: The addition of the monthly submissions should not change how disposed loans are reported quarterly.

Disposed loans should be reported in quarter-end submissions only. That would be the submissions with as-of dates of March 31, June 30, September 30, and December 31.

The submissions for those dates should include any loans or leases that were disposed of during the reporting period. For the purposes of determining whether or not to include a disposed loan, the reporting period referred to here is the quarter of the submission.

Monthly submissions should only include loans that are considered active per the definition of H.1 Field 98 (Disposition Flag) or H.2 Field 61 (Disposition Flag).
(FRB Response: August 12, 2020)

Q (Y140001064, H.1 – Corporate Loan Data): When the firm reports credit facilities as single-signed in Field 100, it is generally too early to determine if it is part of the Shared National Credit Program. In these cases, should option 1 ("No") be reported in Field 34 (Participation Flag)?

A: Commitments in the syndicated pipeline should be reported in the FR Y-14Q Corporate Loan schedules and all data fields are required to be reported according to the instructions. In the example provided, do not report option 1 ("No") for Field 34 (Participation Flag). Rather, note the explanation for Field 34 (Participation Flag) in the edit check report and provide a remediation plan for issue resolution. **(FRB Response: April 15, 2020)**

Q (Y140000912, General): In accordance with the verbal instructions given by the FRB in a meeting held in 2015, the firm has reported all commitments to commit as Held for Investments (HFI), including those commitments that would eventually be classified as Held for Sale (HFS) once funded, on Schedules H.1 and H.2 of FR Y-14Q. Indicator #3 (NA) was thus selected for the LOCOM flag field 86 (CIL) and field 52 (CRE).

The firm plans to continue its practice of reporting all commitments to commit as HFI, including those loans that will be classified as HFS once funded. Please confirm if the firm's practice is appropriate or not.

A: When a firm holds a loan or lease financing receivable (including a commitment to commit) which the firm has the intent and ability to hold for the foreseeable future or until maturity or payoff, the commitment should be classified as held for investment (HFI) on Schedule H.1 (Corporate Loan Data Schedule) and H.2 (Commercial Real Estate Schedule) of the FR Y-14Q. For a loan or lease financing receivable (including a commitment to commit) which the firm has the intent to sell, the commitment should be classified as held for sale (HFS) on the aforementioned schedules of the FR Y-14Q. **(FRB Response: December 11, 2019)**

Q (Y140000938, H.1 – Corporate Loan Data): For non-recourse lending commitments that are reported as part of the multi-seller commercial paper conduit structured transactions, where repayment comes from the underlying pool of assets in the structure, is it appropriate to use the amortization period of the underlying assets to determine the date to be reported as maturity date for purposes of FR Y-14Q, Schedule H.1, field 19, Maturity date?

Background: In multi-seller commercial paper conduit structured transactions the firm provides financing to a bankruptcy remote special purpose entity (SPE) against a structured pool of assets that the client has sold to the SPE. The repayment of the financing will solely come from the cash flows of the assets in the SPE. The exposure is represented as a lending commitment and the used portion of the commitment as a loan on the consolidated balance sheets of the BHC. Although repayment is not directly tied to the client, these exposures are risk managed as graded credit exposure and are included on the FR Y-14Q, Schedule H1. When funded, the loan balances are reported on the FR Y-9C in line 9.b.2, All other. The arrangements typically include credit enhancing over-collateralization. As the transactions are structured to be bankruptcy remote, i.e., not tied to the client's credit quality and the sold

assets are out of the reach of other creditors in the event of a client's bankruptcy, there will be a difference in the fit for purpose data for certain report cells with the fit for purpose data for more traditional credit products.

The legal agreements documenting these arrangements do not always include a maturity date, as the arrangement is not tied to a defined period of financing available to a borrower, but rather the life of the asset pool backing the arrangements. For those agreements that do include some form of legal "maturity date," these dates are generally fall back dates well beyond the point in time at which the scheduled cash flows from the underlying assets will fully repay the loan. Further, as there is no recourse to the client as a traditional borrower, any maturity date that might be included in select agreements would not generally have the meaning of the last date upon which the funds must be repaid, because such a date cannot be enforced against the borrower.

Accordingly, the firm determines maturity date by calculating an amortization period (i.e., tenor) of the underlying assets (auto loans, for example) for legal agreements that do not contain a maturity date and agreements that have a fall back date well beyond the point in time at which the scheduled cash flows from the underlying assets will fully re-pay the loan. This amortization period is based on scheduled payments on the underlying assets that will be used to repay the loan and incorporates expected defaults and prepayments. This method represents the firm's best estimate of the last day at which the credit facility will be repaid.

We would like to confirm that this method to determine the maturity date for this type of non-recourse lending facilities is appropriate.

A: Report Field 19 (Maturity Date) on the FR Y-14Q Schedule H.1 (Corporate Loan Data Schedule) as specified in the credit agreement. If the credit agreement is open ended and/or does not specify a maturity date, report "9999-01-01" for Field 19.
(FRB Response: December 11, 2019)

Q (Y140000939, H.1 – Corporate Loan Data): Factored Accounts Receivable Maturity Date: Factored accounts receivable are trade accounts receivable purchased from another company (debtor). Individual trade accounts receivable (invoice) purchased that meet the definition of a "sale" as pursuant to ASC 860 are reported as loans in regulatory reports and the individual invoice is considered a unit of account (obligation level).

The FR Y-14Q Schedule H.1 requires reporting at the credit facility level, but factored accounts receivable do not have a facility. Instead there's a purchase agreement with a client to acquire invoices at various periods. The volume of the factored accounts receivable/invoices per debtor (invoice holder) can be large since each invoice can have different maturity dates. Should the maturity date for these factored accounts receivable/invoices be reported based on 1) the maturity of individual invoices or 2) the average maturity of the debtor's aggregate invoices or 3) maturity of the purchase agreement with a client?

A: In the example provided, there is no credit facility between the lender (the financial institution that purchases the receivable) and the company that sells the receivable. Rather, each factored account receivable (at the invoice level) that meets the definition of a "sale" under ASC Topic 860 serves as a unit of account. Consequently, individual trade accounts receivable should not be aggregated for reporting on the FR Y-14Q Schedule H.1 (Corporate Loan Data Schedule): "The population of loans should be reported at the credit facility level. For purposes of this collection, a credit facility is defined as a credit extension to a legal entity under a specific credit agreement."

Further, individual trade accounts receivable should be reported on the Corporate schedule only if they meet the reporting requirements specified in the instructions, including, but not limited to, the following requirements:

1. The committed balance of the credit facility is greater than or equal to $1 million; and
2. When evaluating the creditworthiness of the borrower, corporate loans are "graded" or "rated" using the consolidated holding company's commercial credit rating system, as it is defined in the consolidated holding company's normal course of business.

Factored accounts receivable that are "scored" or "delinquency managed," for which commercial internal risk ratings are not used or that use a different scale than other corporate loans, should not be reported on the Corporate schedule. Small business loans are reportable on the FR Y-14Q Schedule A.9 (U.S. Small Business Schedule) and A.8 (International Small Business Schedule).

If a factored account receivable meets the reporting requirements of the Corporate schedule, Field 19 (Maturity Date) should reflect the maturity date of the individual trade account receivable (invoice). **(FRB Response: December 11, 2019)**

Q (Y140000948, H.1 – Corporate Loan Data): Should a new loan facility created through the amendment of an existing credit agreement, where certain terms such as maturity date or pricing are not amended AND restated, be reported with the same origination date as the original loan agreement for FR Y-14Q Schedule H.1 – Wholesale risk – corporate loan data, field no. 18, Origination date, and Schedule H.2 – Wholesale risk – Commercial Real Estate field no. 10, Origination date?

Background: Instructions to FR Y-14Q, Schedule H.1 – Wholesale risk – corporate loan data Field no. 18, Origination date and Schedule H.2. – Wholesale risk – Commercial Real Estate, field no. 10, Origination date, include the following guidance on "origination date":

"Report the origination date. The origination date is the contractual date of the credit agreement. (In most cases, this is the date the commitment to lend becomes a legally binding commitment). If there has been a major modification to the loan such that the obligor executes a new or amended and restated credit agreement, use the revised contractual date of the credit agreement as the origination date. The following independent examples would generally not result in a change in the contractual date of the loan, and thus would not be considered major modifications: (1) extension options at the sole discretion of the borrower; (2) covenants; (3) waivers; (4) change in the maturity date; (5) re- pricing; or (6) periodic credit reviews. Additionally, exclude all renewals which meet the definition in the "Renewal Date" Field 91."

Example: An existing credit agreement with origination date of 12/15/2013 was amended on 6/30/2018 to allow for the creation of a new additional credit facility. There has been no change to maturity date or pricing from the original agreement so we are currently reporting the new credit facility under the origination date of the original loan agreement 12/15/2013.

We will continue our current FR Y-14Q schedule H reporting practice, as outlined above, until we receive clarification from you.

A: Per the instructions for Field 18 (Origination Date) on the FR Y-14Q H.1 (Corporate Data Schedule) and Field 10 on the FR Y-14Q H.2 (Commercial Real Estate Schedule): "The origination date is the contractual date of the credit agreement. (In most cases, this is the date the commitment to lend becomes a legally binding commitment). If there has been a major modification to the loan such that the obligor executes a new or amended and restated credit

agreement, use the revised contractual date of the credit agreement as the origination date. The following independent examples would generally not result in a change in the contractual date of the loan, and thus would not be considered major modifications: (1) extension options at the sole discretion of the borrower; (2) covenants; (3) waivers; (4) change in the maturity date; (5) re-pricing; or (6) periodic credit reviews."

In the example, the existing credit agreement is amended to create a new facility. Report Field 18 or Field 10 for the new credit facility as "2018-06-30." The origination dates of any pre-existing credit facilities governed by the same credit agreement remain unchanged unless a major modification also affects these facilities. **(FRB Response: December 11, 2019)**

Q (Y140000823, H.2 – Commercial Real Estate): Additional clarification is requested for the H2 CRE Amortization (Field 20) in reference to the FRB response to a prior Q&A dated July 3, 2017.

Amortization example:

$10,000M Facility, 2-year loan

Actual Variable Rate: Libor + 3% (3.65%) Hypothetical Amortization: 360 months at 6%

Total Principal Payments (months 1–12): $122,801.17

Total Principal Payments (months 13–24): $130,375.27

Total Principal Payments (months 1–24): $253,176.44

In each scenario below, the same amount of principal is repaid over the life of the loan and the monthly principal payments are based on the hypothetical mortgage style amortization (360 months at 6%).

Scenario 1: The monthly principal payments vary each month for months 1–24 (Payment 1 - $9,955.05, Payment 2 – $10,004.83, etc.). Based on the FRB's response to a prior Q&A, "-1" should be reported.

Scenario 2: The monthly principal payment is fixed at $10,549.02 by calculating the average of the total principal payments over months 1–24 ($253,176.44 / 24 = $10,549.02). Based on the FRB's response to a prior Q&A, "360" should be reported in Amortization (field 20).

Scenario 3: The monthly principal payment is fixed at $10,233.43 for months 1–12 by calculating the average of the principal payments that would be received over months 1–12 utilizing the hypothetical mortgage style amortization and $10,864.61 for months 12–24 by calculating the average of the principal payments that would be received over months 13–24 utilizing the hypothetical mortgage style amortization. In this scenario, should "-1" or "360" be reported?

A "non-standard" amortization refers to a principal payment schedule that is not based on a preset amortization schedule including payment schedules that have varying repayments based on the percentage of original or current balance, or repayments based upon certain trigger events.

The current guidance indicates loans with equal monthly principal payments would be considered standard amortization while loans with unequal monthly principal payments would

be considered non- standard amortization. That guidance seems inconsistent when considering the FRB's response to WSC0079. In WSC0079, while the total payment of principal and interest is equal each month, the principal portion of the total payment changes each month (Scenario 1 and Scenario 3 above).

However, the FRB responded that the scenario in WSC0079 was standard amortization and that original amortization in months should be reported. Based on the FRB's response to WSC0079, it seems like Scenario 1 and Scenario 3 above should also be reported as standard amortization. Please explain why all loans with a preset amortization schedule that is based on a mortgage style amortization would not be treated as standard amortization.

A: As stated in WSC0079, CRE loans with a mortgage style amortization (fixed total payment amount comprised of principal and interest where the principal is paid down according to a regular amortization schedule) would be considered standard amortization for purposes of reporting on FR Y-14Q, Schedule H.2 field no. 20 (Amortization) and should be reported as the number of months in the original amortization term.

With respect to the example scenarios provided, for scenario 1, report non-standard amortization (-1) in field no. 20 as both the principal and total monthly payments are variable unlike a standard amortization. For scenarios 2 and 3, report "360" in Field no. 20 as mortgage style amortization in these scenarios would be considered standard amortization over 360 months. **(FRB Response: December 11, 2019)**

Q (Y140000897, H.2 – Commercial Real Estate): One of my teammates noticed a small change in the CRE instructions for Participation Flag. This field now includes a statement regarding Fronting Exposures.

There are no fronting exposures in CRE. Is the Fed planning on adding fronting exposure to CRE? Or did I miss an update that fronting should have already been added to CRE? I can't find anything that indicates this change except for this reference in the newest instructions. Please advise.

A: The change referenced in regards to how fronting exposures should be reported in Field 7 (Participation Flag) of FR Y-14Q, Schedule H.2 (Commercial Real Estate Schedule) was inadvertently included and effective for the Q1:2018 FR Y-14Q H.2 instructions. However, the Federal Reserve notes that fronting exposures are required to be reported on both the FR Y-14Q H.1 and H.2. schedules. **(FRB Response: December 11, 2019)**

Q (Y140000767, H.1 – Corporate Loan Data): (Field 101) Target Hold: Regarding the Target Hold field, if an asset is marked as Held for Sale (HFS), should the Target Hold be reported as 0.0000? For example, if there is a $10mm HFS facility in a $100mm total facility, should the BHC report 0.1 or 0.0 for this $10mm HFS facility?

Commitments that are managed under HFS accounting treatment are required to be sold within one year and the BHC expects to reduce that exposure down to zero. Therefore, we believe it should be 0.0, but please confirm.

The remaining exposure would be a $90m Held for Investment facility (HFI). To complement the example, the deal is a $100m syndicated facility, BHC commits $40m (the other $60m are committed among the other participants/banks on the syndicated deal). The BHC's commitment is split into two facilities: a $10m HFS facility and a $30m HFI facility. For the HFS facility, should the Target Hold be reported as 0 or 0.1? Commitments that are managed under HFS accounting treatment are required to be sold within one year and the BHC expects to reduce that exposure down to zero.

A: The FR Y-14Q H.1 Corporate loan population includes corporate loans and leases that are held for sale (HFS) and held for investment (HFI) as of the report date (i.e., quarter end). Target Hold is reported for loans in the syndicated loan pipeline (Options 1, 2 or 3 in Field 100) based upon the amount the BHC intends to hold when closed and settled. Closed and settled refers to the final phase where loan documents are fully executed and binding with post-closing sell-down to all participants complete. Report in Field 101 (Target Hold) the percentage of the total commitment the BHC or IHC intends to hold when the syndication closes and settles, regardless of whether the eventual accounting treatment is held for sale or held for investment. If the credit facility has closed and settled (Option 4 in Field 100), Target Hold is reported as "NA."

Further, for purposes of the FR Y-14Q H.1 Corporate collection, a credit facility is defined as a credit extension to a legal entity under a specific credit agreement. Assuming the $10 million exposure described as HFS and the $30 million exposure described as HFI represent credit extensions under separate credit agreements and the BHC intends to hold the former, but does not intend to hold the latter once closed and settled, the BHC should report 0.0000 in Field 101 (Target Hold) for the $10 million facility and 1.0000 for the $30 million facility. If the BHC's intentions remain the same, but the exposure are not governed by separate credit agreements, the BHC should report a single facility where Field 24 (Committed Exposure Global) is $40 million and Field 101 (Target Hold) is 0.7500. **(FRB Response: July 10, 2019)**

Q (Y140000768, H.1 – Corporate Loan Data): Maturity Date for Commercial Card (related to field 19 "Maturity Date"). For commercial card exposure, what date should be reported as maturity date?

A: For international business and corporate credit card or charge card loans with a committed balance greater than $1 million for which a commercially-graded corporation is ultimately responsible for repayment of credit losses incurred, enter '9999-01-01' for the maturity date. **(FRB Response: October 10, 2018)**

Q (Y140000869, General): It has become a standard industry practice for banks to add zero rate language in regard to setting the floor for the selected interest index within credit agreements (base rate floor). As a result, since the base rate floor is 0%, the margin rate becomes the actual floor. Given this practice, credit agreements typically do not include a specific definition of an interest rate floor. As an example, a credit agreement states that the facility has an index rate of Libor with a floor of 0%, and the margin is 2.5%. As such, the rate can never fall below 2.5%. Should the floor be reported as 2.5% or "none" for Corp field 42 and CRE field 32?

A: If the credit agreement states the interest rate floor on the base rate is 0% and there is a contractual margin of 2.5%, report the effective floor for Fields 42 and 31 (Interest Rate Floor) on the H.1 (corporate) and H.2 (CRE) schedules as "0.025," respectively. As indicated in WSL0139 and WSL0149, implied interest rate floors should not be reported (i.e., for a current base rate and minimum spread not specifically stated in the credit agreement report "NONE"). **(FRB Response: October 10, 2018)**

Q (Y140000917, General): Under U.S. GAAP, when an entity owns a significant variable interest in a Special Purpose Vehicle (SPV) that results in the unilateral ability to exercise the most significant decisions of the SPV, that entity is required to consolidate the SPV's assets and liabilities. In instances where those securities are Commercial mortgage-backed securities (CMBS) or Collateralized Loan Obligations (CLOs), the entity will gross-up the underlying loans on its balance sheet. If the firm decides that the underlying securities should be treated

as banking book positions, the firm would like to reflect the grossed-up positions as banking book as well and thus move these from scheduled HC-D to schedule HC-C of the FR Y-9C. The rationale behind this move is that the firm may intend to hold some of these purchased securities until maturity or refinancing and thus the grossed-up loans will also remain on the balance sheet. This move would in theory bring these positions into scope for schedule H1/H2 of the FR Y-14Q. Since these are GAAP adjusting entries and do not represent loans that the firm has issued nor true risk/economics to the firm, can these positions be excluded from H1/H2 of the FR Y-14Q and instead noted as a reconciling item between the FR Y-9C to FR Y-14Q?

A: The FR Y-14Q Wholesale loan population includes all corporate and commercial real estate loans and leases (Schedules H.1 and H.2) that are classified as held for investment (HFI) (as defined in the FR Y-9C, Schedule HC-C General Instructions) and held for sale (HFS) as of the report date (i.e., quarter end) at the consolidated holding company level subject to reporting thresholds and exclusions as detailed in the instructions. This includes all consolidated positions that are HFI or HFS and are reported on FR Y-9C, Schedules HC-C or HC-L (including assets of consolidated special purpose entities). Look to the FR Y-9C, Schedule HC-C classification of the underlying loans contained within the SPE to determine whether the item is reportable on either Schedule H.1 or H.2 of the FR Y-14Q.

This subject was addressed previously in a prior question. **(FRB Response: October 10, 2018)**

Q (Y140000923, H.1 – Corporate Loan Data): Response to FAQ (Y140000800, FRB Response: June 20, 2018) states:

"For purposes of FR Y-14Q reporting, refer to the H.1 Corporate instructions and '[r]eport the country in which the obligor is headquartered' for Field 6 (Country). Fields 52 through 82 (the Obligor Financial Data section) should be left blank for obligors domiciled (as defined in the FR Y-9C Glossary entry for 'domicile') outside of the U.S."

According to these instructions, we should report the country in which the obligor is physically headquartered for Field 6 (Country), but for determining domicile for purposes of including or excluding fields 52-82, FR Y-9C glossary entry for "domicile" should be used (emphasis added): "Domicile: Domicile is used to determine the foreign (non-U.S. addressee) or domestic (U.S. addressee) location of a customer of the reporting holding company for the purposes of these reports. Domicile is determined by the principal residence address of an individual or the principal business address of a corporation, partnership, or sole proprietorship. If other addresses are used for correspondence or other purposes, only the principal address, insofar as it is known to the reporting holding company, should be used in determining whether a customer should be regarded as a U.S. or non-U.S. addressee. For purposes of defining customers of the reporting holding company, U.S. addressees include residents of the 50 states of the United States, the District of Columbia, Puerto Rico, and U.S. territories and possessions. The term U.S. addressee generally includes U.S.-based subsidiaries of foreign banks and U.S. branches and agencies of foreign banks. Non-U.S. addressees include residents of any foreign country. The term non-U.S. addressee generally includes foreign-based subsidiaries of other U.S. banks and holding companies. For customer identification purposes, the IBFs of other U.S. depository institutions are U.S. addressees. (This is in contrast to the treatment of the IBFs of a subsidiary bank which are treated as foreign offices of the bank.)"

"The country in which the obligor is headquartered," used for Field 6 (Country), could be interpreted to mean something different than "principal business address of a corporation, partnership, or sole proprietorship," used to determine domicile for fields 52-82. For example, a company could be physically headquartered in one country, but have a different address in a

different country from which it principally does business. This could lead to inconsistency in how residency of obligor is defined for purposes of what is reported in Field 6 versus Fields 52 through 82. Can you please clarify if this inconsistency is intentional, or should a consistent definition of country of obligor be applied for what is reported in Field 6 and Fields 52 through 82?

A: For purposes of FR Y-14Q reporting, refer to the H.1 Corporate instructions and "[r]eport the country in which the obligor is headquartered" for Field 6 (Country). Fields 52 through 82 (the Obligor Financial Data section) should be left blank for obligors domiciled (as defined in the FR Y-9C Glossary entry for "domicile") outside of the U.S.

This question was previously answered in Y140000800. **(FRB Response: October 10, 2018)**

Q (Y140000930, General): Under U.S. GAAP, funded loans participated under Loan Market Association (LMA) participation documentation do not meet requirements for true sales. For consolidation purposes these participations on IFRS entities are grossed back up onto our balance sheet for U.S. GAAP reporting. The firm would like to move these participation gross-ups from trading book to banking book and thus from schedule HC-D to schedule HC-C of the FR Y-9C. The rationale for moving these positions to banking book is that since we have already sold the economics and risk of this loan to a third party, there is no way for these positions to be removed from our balance sheet unless the loan terminates or matures. Since these participations are from our trading business, there is no expectation that we would be able to upgrade these participations to assignments to meet true sale. This move would in theory bring these positions into scope for schedule H1/H2 of the FR Y-14Q. Since these are GAAP adjusting entries, and we do not own the economics of these positions, can these positions be excluded from schedules H1/H2 of the FR Y-14Q and instead noted as a reconciling item between the FR Y-9C to FR Y-14Q?

A: The FR Y-14Q Wholesale loan population includes all corporate and commercial real estate loans and leases (Schedules H.1 and H.2) that are classified as held for investment (HFI) (as defined in the FR Y-9C, Schedule HC-C General Instructions) and held for sale (HFS) as of the report date (i.e., quarter end) at the consolidated holding company level subject to reporting thresholds and exclusions as detailed in the instructions. This includes all consolidated positions that are HFI or HFS and are reported on FR Y-9C, Schedules HC-C or HC-L (including assets of consolidated special purpose entities). Look to the FR Y-9C, Schedule HC-C classification of the underlying loans contained within the SPE to determine whether the item is reportable on either Schedule H.1 or H.2 of the FR Y-14Q.

This subject was addressed previously in prior questions. **(FRB Response: October 10, 2018)**

Q (Y140000886, H.1 – Corporate Loan Data): Question: This is a follow up question to Q&A #Y140000776, providing more background information to illustrate the issue.

Should instruction for FR Y-14Q Schedule H.1. – Wholesale risk – corporate loan data, field no. 18, Origination date, and Schedule H.2. – Wholesale risk – Commercial Real Estate field no. 10, Origination date, be followed even if the instruction related to definition of major modification to a loan is not consistent with U.S. GAAP, which is the foundation for FR Y-9C and Call Report?

Background: There is currently inconsistency in the definition of major modification between FR Y-14Q Schedule H and FR Y-9C (which is consistent with U.S. GAAP). This difference results in the firm needing to maintain two different processes in order to be in compliance with the respective reporting instructions. This difference will further compound when the firm is implementing the new U.S. GAAP reporting requirements related to Accounting Standards

Update No. 2016-13 (ASC 326 – Financial Instruments – Credit Losses or Current Expected Credit Loss (CECL)).

Definition of major modification – U.S. GAAP

The terms of the modified loan are at least as favorable to the lender as terms for comparable loans to other customers with similar collection risks who are not refinancing or restructuring a loan with the lender. This condition is met if the new loan's effective yield is at least equal to the effective yield for such loans and the modifications are more than minor.

Modifications are determined to be more than minor if the difference between the present value (PV) of the cash flows (CFs) under the terms of the modified loan and the PV of the remaining CFs under the terms of the original loan is >10%, or

Modifications may also be determined to be more than minor if the difference between the PV of the CFs under the terms of the modified loan and the PV of the remaining CFs under the terms of the original loan is <10%, but the modification is more than minor based on a qualitative evaluation:

- Significant changes in the collateral posted
- Significant addition or deletion of covenant terms
- Significant change in subordination
- Significant changes to the maturity date (interpreted as > 6 months)
- Addition/replacement of guarantor

Definition of major modification – FR Y-14Q

A modification to the loan is considered major only when the obligor has executed a new or amended and restated credit agreement.

Major modification excludes:

- Extension options at the sole discretion of the borrower
- Covenants
- Waivers
- Change in the maturity date
- Re-pricing
- Periodic credit reviews
- All renewals meeting the definition of Field 91, Renewal Date

Difference in definition and impact

The difference will create significant difficulty in operational process.

The following examples illustrate some of the operational challenges and questions we have in applying the different criteria across the relevant reports:

Example 1: the maturity date of a loan is extended by more than 6 months which results in a new loan being recognized under U.S. GAAP, but no new or amended and restated credit agreement

- Report the new loan in FR Y9-C/Call Report as well as FR Y-14Q.

- Under CECL, recognizing the new loan results in a new origination in the required vintage disclosures.
- What should be reported in FR Y-14Q, Schedule H, origination date: the new loan but with the origination date of the original credit agreement?
- What should be reported in the related data fields, e.g., Schedule H.2, Field 20 Amortization, which seems to imply that a separate calculation would be required?

A: BHCs are required to follow the Y-14Q H.1 and H.2 instructions for Origination Date (H.1 – Field 18, H.2 – Field 10). Additional context notwithstanding, this question is substantively similar to Q&As Y140000776 and Y140000695, and accordingly, the answer is the same.
(FRB Response: August 15, 2018)

Q (Y140000800, General): In reviewing the FR Y-9C and FR Y-14Q instructions related to customer domicile, we noted an apparent discrepancy.

Per the FR Y-9C glossary instructions: Domicile: Domicile is used to determine the foreign (non-U.S. addressee) or domestic (U.S. addressee) location of a customer of the reporting holding company for the purposes of these reports. Domicile is determined by the principal residence address of an individual or the principal business address of a corporation, partnership, or sole proprietorship. If other addresses are used for correspondence or other purposes, only the principal address, insofar as it is known to the reporting holding company, should be used in determining whether a customer should be regarded as a U.S. or non-U.S. addressee.

Based upon guidance provided by the FRB-NY, for Domicile, the principal business address of a corporation, partnership, or sole proprietorship is the country of incorporation (i.e., "location where it was legally established" per guidance provided).

The FR Y-14Q Wholesale instructions have the following for Domicile:

Fields 52 through 82 (Obligor Financial Data section) must be reported for all corporate loans and leases as of the report date, excluding loans with

(i) An obligor domiciled (as defined in the FR Y-9C Glossary entry for "domicile") outside of the U.S. (Field 6):

Field No.	Field Name (Technical Field Name)	MDRM	Description	Allowable Values
6	Country (*Country*)	CLCO9031	Report the country in which the obligor is headquartered.	Use the 2 letter Country Code

It seems that the above FR Y-14Q instructions indicate that Domicile could be other than the country of legal incorporation. This is very often the case with shipping companies. Very often, shipping companies are incorporated where the local law is much less lax than the country where the Headquarters and operations reside.

The above FR Y-14 instructions seem to mean that the FR Y-9C glossary entry is referring to the country in which the obligor is headquartered; not the country of incorporation. As there can be differences between report definitions, please clarify if this inconsistency is intended or there should be convergence in definitions.

Please clarify and provided guidance on the correct definition for each of the FR Y-9C and FR Y-14Q reports.

A: For purposes of FR Y-14Q reporting, refer to the H.1 Corporate instructions and "[r]eport the country in which the obligor is headquartered" for Field 6 (Country). Fields 52 through 82 (the Obligor Financial Data section) should be left blank for obligors domiciled (as defined in the FR Y-9C Glossary entry for "domicile") outside of the U.S.
(FRB Response: June 20, 2018)

Q (Y140000817, General): Question: Please clarify if the reported value for Schedule H.1/H.2, field 27/22, Line of business, should be the originating line of business (LOB) even if this is no longer the LOB that currently risk manages the facility.

Background: The instructions to FR Y-14Q, Schedule H.1/H.2, field 27/22, Line of business, indicate that these fields should provide the name of the internal LOB that originated the credit facility, using the institution's own department description. However, as clients grow, they may move from one LOB to another, e.g., from Commercial Banking to Corporate and Investment Bank, depending on where they can be risk managed best. Reporting the originating LOB in such cases therefore no longer reflects the risk management process (including the financial statement spreading and risk rating) for this facility, and is not an attribute that is tracked.

The firm currently reports Schedule H.1/H.2, fields 27/22 based on current LOB, not originating LOB, as this reflects our risk management process. We will continue to report on this basis until we receive otherwise instructions.

A: For the FR Y-14Q, Schedule H.1 field no. 27 (Line of business), report the line of business as the name of the internal line of business that originated the credit facility using the institutions own department descriptions. For the FR Y-14Q Schedule H.2 field no. 22, provide the internal line of business that originated the CRE Loan using the institution's own department descriptions. **(FRB Response: June 20, 2018)**

Q (Y140000861, H.1 – Corporate Loan Data): This question is a follow up to FAQ #Y140000772.

Question: Does the FRB expect client financial data be reported in fields 52-82 of FR Y-14Q, Schedule H.1 for liquidity commitments to multi-seller conduit special purpose entities?

Background: Liquidity commitment facilities to multi-seller conduit special purpose entities are well structured with good quality credit and low credit losses. We would therefore like to confirm that they are treated as "financial institutions" in the FRB's modelling in line with their credit quality and are not regarded as low quality due to financials not being reported as a result of our internal NAICS code assignment.

The firm is currently not populating fields 52 through 82 for facilities with SPEs that are part of multi-seller conduit structures based on internal NAICS code classification (NAICS code beginning with 52).

FAQ #Y140000772

Question: Should obligor financial data in fields 52-82 of FR Y-14Q, Schedule H.1 be populated for facilities with Special Purpose Entity (SPE) obligors that are part of multi-seller commercial paper conduit securitization structures?

Background: As per the instructions to FR Y-14Q, Schedule H.1, section C. Obligor Financial Data Section Instructions, Fields 52 through 82 (Obligor Financial Data section) should exclude data for obligors with a NAICS code beginning with 52 (Finance and Insurance).

The firm currently classifies SPEs that are part of multi-seller conduit structures with NAICS code beginning with 52. On this basis we are currently not populating fields 52 through 82 for the facilities with such obligors. However, the assignment of the NAICS code for SPEs is subjective, and we would like to confirm if the FRB agrees with our classification as Finance and Insurance obligors, given the size of this portfolio is large. We will continue with our current practice until we receive otherwise instructions from you.

Response NAICS codes are self-assigned and the Federal Reserve does not play any role in assigning or approving NAICS codes. We expect BHCs to assign industry codes in a fashion that is logical, transparent, consistent, and repeatable.

A: For purposes of FR Y-14Q reporting, refer to the permitted exclusions for the Obligor Financial Data section (Fields 52 through 82) outlined in the H.1 Corporate instructions. If the obligor meets one of the exclusions, Fields 52 through 82 should be left blank. **(FRB Response: June 20, 2018)**

Q (Y140000863, H.2 – Commercial Real Estate): As it relates to CRE edit 174, given the Wholesale schedule instrument level data gets rolled up to a facility record and the facility has a past maturity date, but the underlying instruments have a valid Maturity Date > QE date, then the instruments will still be reported/rolled up to the Facility level record. In instances such as this should BHCs report the Last Valuation Date even after the Maturity Date?

A: Field 43 (Last Valuation Date) should be reported as the date of the most recent valuation of the predominant property (i.e., property with the highest collateral value) within the facility, even if the valuation date occurred after the maturity date reported in field 19 (Maturity Date). If the facility has contractually matured per the credit agreement, provide an explanation of the edit failure in the edit check report. **(FRB Response: June 20, 2018)**

Q (Y140000856, H.1 – Corporate Loan Data): Question on Schedule H1 and H2: TOPIC – ASC 310-30: The draft proposed instructions published in July 2017 contained the following update for the ASC31030 field relating to schedules H1 & H2:

"ASC 310-30 addresses the accounting for difference between contractual and expected cash flows for loans purchased with evidence of credit deterioration, which is defined in the accounting guidance as the nonaccretable difference. The amount referred to in this field is the remaining nonaccretable difference, less the amount of that difference that is reflected in Field 30."

The nonaccretable difference carries a negative balance on the general ledger and the HC-C schedule as it reduces the positive loan balance. H1 edit #344 and H2 edit #185 state that the ASC31030 amount should not be reported as a negative value. Please clarify if the nonaccretable difference should be reported as it resides on the general ledger and the HC-C schedule or if another treatment should be applied to conform with the edit checks. For example, should the absolute value of the nonaccretable difference in GL be reported?

A: Consistent with reserves ASC 310-10 (Field 30), the nonaccretable difference ASC 310-30 (Field 31) should generally be reported as a positive value. Negative values may arise in certain circumstances, such as, when an allocation from the portfolio level to the loan level is reported. **(FRB Response: May 30, 2018)**

Q (Y140000774, H.1 – Corporate Loan Data): Question on Schedule H1: Credit Facility Type field 20: We have credit structures where a term loan is tiered into multiple term loans that are ordered by risk (Term Loan A least risky – Term Loan C most risky). The determination of risk usually is determined by repayment schedule, priority of payment, lien

position of collateral, term, pricing (riskiest loan would be the most expensive), etc. While the A/B/C structure is more prevalent on syndicated credits, it's possible for this structure to exist on bi-lateral credits, as well. A Term Loan A/B/C may also be a bridge loan, asset based loan, or DIP facility. For purposes of reporting Credit Facility Type (field 20) in Schedule H1, our interpretation based on FRB instructions/guidance is that:

- The values for Term Loan A/B/C apply only to syndicated credits.
- Term Loan A/B/C should be reported even if the Term Loan A/B/C is a bridge loan, asset based loan, or DIP facility.
- Term Loan A/B/C should reflect the relative risk of the term loan in the credit structure (Term Loan A least risky – Term Loan C most risky).
- All term loans in bi-lateral credits should be reported as Term Loan (7) unless it can be more specifically described as a Term Loan – Bridge (11), Term Loan – Asset Based (12), or Term Loan – DIP (13).

Are our interpretations correct?

A: Per the FR Y-14Q H.1 Corporate instructions, the descriptions and codes in Credit Facility Type (Field 20) "mirror the requirements for Shared National Credit reporting," with the exception of option 18. Per the requirements of Shared National Credit reporting, "[r]eport the code that best describes the type of credit." **(FRB Response: April 11, 2018)**

Q (Y140000782, H.1 – Corporate Loan Data): Please confirm if Standby Bond Purchase Agreements are reportable on the FR Y-14Q Corporate Loan submission.

A: Reporting BHCs and IHCs are expected to report Standby Bond Repurchase Agreements if the unused commitment on Schedule HC-L would be reported in the relevant FR Y-9C category (as addressed in the FR Y-14Q Corporate Loan instructions) in the event such loans were drawn. **(FRB Response: April 11, 2018)**

Q (Y140000784, H.1 – Corporate Loan Data): Question: For facilities with multiple borrowers or multiple guarantors, where combined financials are used in the underwriting process and in the ongoing credit review process, please confirm that it is correct to report combined financials in the obligor financial data section for primary source of repayment.

Background: The instructions to Schedule H1, Obligor financial data section, relate to the legal entity that provides the primary source of repayment for the credit facility identified in field 15. However, while there is emphasis on a legal entity, the instructions also clearly refer to the primary source of repayment used in underwriting.

For certain business units, such as lending to car dealerships, it is common to underwrite a facility with a group of co-borrowers where each is a separate legal entity. Similarly, the firm may underwrite a facility to a holding company where the facility is 100% guaranteed by a group of operating entities, or dealerships in this case. In both scenarios, the full amount of the facility could generally not be carried by, or would not have been extended to, any one of the legal entities on their own.

As part of the underwriting process, the credit analysts/underwriters combine the financials of the co-borrowers, or operating entities, to assess the credit risk. The same process of using groups combined financials is also followed when evaluating the facility's probability of default and in the ongoing credit review process, including internal grading and annual reviews.

The firm currently reports the combined group's financials that are resident in our internal financial spreading application in Schedule H for such facilities, as this is in line with our underwriting and credit review process. We will continue this practice until we receive otherwise instructions.

A: Per the FR Y-14Q H.1 Corporate instructions, the financials provided should be from the legal entity that provides the primary source of repayment. When there are multiple entities that are responsible for payment and there is no clear predominant borrower that serves as the primary source of repayment, the Obligor Financial Data Section should reflect the financial information of the singular entity that best represents the credit repayment capacity for the credit facility. Do not report combined financials. **(FRB Response: April 11, 2018)**

Q (Y140000785, H.1 – Corporate Loan Data): Question: With respect to your response to question ID#140000710, please confirm that we can report the latest obligor financial data in FR Y-14Q, Schedule H.1., Fields 54-82 that is most recently used by our credit review process. In a situation when the most recently published financial data from public sources just became available, however, it has not been used in our business as usual process, we should not be reporting this data. Instead we shall report the data that's used as part of our business as usual process.

Background: FAQ tracking ID#Y140000710, FRB response via email on 12/12/17:

For fields 52 through 82 of the FR Y-14Q Corporate Loan schedule, continue to report the most recent available financial statement data according to the BHC's business as usual process. Per the Obligor Financial Data Section Instructions, the financial data fields "should be populated with the most recent financial statement data available as of the report date (i.e., the most recent financial data found in the consolidated holding company's financial spreading system as of the report date) and should not be bound by financial statement data that was used in the consolidated holding company's most recent formal rating review."

A: For fields 52 through 82 of the FR Y-14Q Corporate Loan schedule, continue to report the most recent available financial statement data according to the BHC's business as usual process. Per the Obligor Financial Data Section Instructions, the financial data fields "should be populated with the most recent financial statement data available as of the report date (i.e., the most recent financial data found in the consolidated holding company's financial spreading system as of the report date) and should not be bound by financial statement data that was used in the consolidated holding company's most recent formal rating review." Similarly, the most recent financial statement data available as of the report date should not be bound by the most recent credit review process. **(FRB Response: April 11, 2018)**

Q (Y140000776, General): This is a follow-up question to your response to FAQ ID#Y140000695. Does the FRB confirm that the FR Y-14Q exposures can be reported differently than U.S. GAAP and therefore FR Y-9C for when modifications would be considered as more than minor? Is there a concern for the operational burden of capturing one facility in a separate way for FR Y-9C and Y-14Q, which will also ultimately create difference across these two reports?

A: BHCs are expected to follow the Y-14Q H.1 and H.2 instructions for Origination Date (H.1 – Field 18, H.2 – Field 10). **(FRB Response: March 14, 2018)**

Q (Y140000766, H.1 – Corporate Loan Data): Fronting Exposure (related to field 20 "Credit Facility Type"): When the reporting BHC is also the Agent Bank the breakout of exposure by participant lender is readily available. In cases where the BHC is a fronting bank but is not

the Agent Bank, the BHC would not always have access to the current lender list and/or breakout.

Should we continue to provide the details for the non-Agent population using the best available data which may not be always up to date, or should it only provide the fronting exposure where the BHC is the Agent Bank?

We believe it should be consistent with the requirement for Field 87 (SNC Internal Credit ID) which is required to report ONLY when the BHC is the Agent Bank. (Field 87 "Report 'NA' if the credit facility is not reported in the Shared National Credit SNC collection or if the reporting BHC is not the agent.")

A: Per the FR Y-14Q H.1 Corporate instructions, for fronting exposures the BHC "should indicate Option 18 ["Fronting Exposure"] in Field 20 "Credit Facility Type." Continue to report the Loan and Obligor Description and the Obligor Financial Data sections for Fronting Exposures as per the instructions. **(FRB Response: March 14, 2018)**

Q (Y140000769, H.1 – Corporate Loan Data): Question: Please confirm that the left lead BHC (i.e., the lead syndicate bank), who is not fronting the commitment, should report the amount for which it has received credit approval and for which it is committed in FR Y-14Q, H.1 – Corporate Loan Data Schedule, Field no. 24, Committed exposure global, for corporate loans and leases in the syndicated pipeline that are reported as options 1 (single-signed), 2 (dual-signed) or 3 (closed but not settled) in Field 100.

This means, that in the following example the BHC left lead would report $250m in Field no. 24:

BHC is NOT fronting the commitment,

Total commitment in the commitment letter to the client is $1B,

Commitment of each, the BHC and 3 other banks, is $250M,

The commitment to the client is not a joint commitment, i.e., the commitment letter clearly advises of the four banks' several, but not joint, commitment to each provide $250M of the $1bn overall financing,

The credit approval at BHC is for $250M.

Should the BHC left lead commit to fronting the facility, which often occurs at a point in time after the commitment to the client, the BHC left lead shall report $1B in Field no. 24 from that point on when it has credit approval for $1B.

It is our practice to report the amount approved and committed by the BHC in Field no. 24, i.e., in the above example, $250M when the BHC left lead is not fronting and $1B when the BHC left lead is fronting. We will continue to report on this basis until we receive clarification from you.

Background: The instructions to Field no. 24 require reporting of the total commitment amount approved and stated in the commitment letter. Given that if the BHC is not fronting the credit approval at the BHC is for $250M, and the commitment letter clearly states that there is no joint commitment and that the BHC is only committed for $250M, the amount to be reported in Field no. 24 should be $250M. If the BHC is fronting the facility, the credit approval at the BHC is for $1B at that point and based on the fronting agreement the BHC is committed for $1B.

However, a previous question (see extract below) does not explicitly distinguish between fronting and non-fronting and could be read to imply that the total commitment amount to be reported by the left lead syndicate bank would be $1B in either case, regardless of the credit approval at the BHC.

Question: For the proposed 9/30/16 requirement to report the potential exposures in the syndicated loan pipeline, it was confirmed that this requirement should only be completed when the bank has signed the commitment letter and extended terms to the borrower. Please confirm if this would include both scenarios described below; also, confirm that the reporting specified for each scenario aligns with expectations.

Scenario 1 – BHC is left lead (i.e., lead syndicate bank). Total commitment is $1B – BHC sends out commitment for $1B BHC target hold / underwriting commitment is $250M 3 other banks, each with $250M underwriting commitment.

Following would be reported in Field 24 (Committed Exposure) during stages of syndication:

If Field 100 (Syndicated Loan Flag) is 1 (Single signed), 2 (Dual signed) or 3 (Closed but not settled), report $1B. If Field 100 (Syndicated Loan Flag) is 4 (Closed and settled), report $250M. [.]

Answer: The commitment in Scenario 1 should be reported in the H.1. schedule as outlined in the example. [..]

A: If the total commitment to the client per the commitment letter is $1 billion, but the commitment letter clearly states that there is no joint commitment and that the BHC is only committed for $250 million, then the BHC should report $250 million for Committed Exposure Global (field 24). If the BHC commits to fronting, the BHC should report the $1 billion in total commitment as four separate $250 million facilities to the client and the three other participant banks. **(FRB Response: March 14, 2018)**

Q (Y140000772, H.1 – Corporate Loan Data): Question: Should obligor financial data in fields 52-82 of FR Y-14Q, Schedule H.1 be populated for SPE obligors with facilities with Special Purpose Entity (SPE) obligors that are used as part of multi-seller commercial paper conduit securitization structures?

Background As per the instructions to FR Y-14Q, Schedule H.1, section C. Obligor Financial Data Section Instructions, Fields 52 through 82 (Obligor Financial Data section) should exclude data for obligors with a NAICS code beginning with 52 (Finance and Insurance).

The firm currently classifies SPEs that are used as part of multi-seller conduit structures with NAICS code beginning with 52. On this basis we are currently not populating fields 52 through 82 for the facilities with such obligors. However, the assignment of the NAICS code for SPEs is subjective, and we would like to confirm if the FRB agrees with our classification as Finance and Insurance obligors, given the size of this portfolio is large. We will continue with our current practice until we receive otherwise instructions from you.

A: NAICS codes are self-assigned and the Federal Reserve does not play any role in assigning or approving NAICS codes. We expect BHCs to assign industry codes in a fashion that is logical, transparent, consistent, and repeatable. **(FRB Response: March 14, 2018)**

Q (Y140000777, H.1 – Corporate Loan Data): This is a follow-up question to your response to FAQ ID#Y140000697. Very specifically, does the FRB expect to see fronting positions aligned to FR Y9C classification for Banks and NDFIs (based on exposure to the participant bank as borrower) or to the ultimate borrower, which may be a C&I classification or other non-financial entity?

A: Report the integer code corresponding to the line number on the FR Y-9C, Schedule HC-C in which the exposure would be recorded if it were drawn by the borrower. In the example provided, the fronting exposure could be reported under any of the available options for Field 26 (Line Reported on FR Y-9C), including option 4 (Commercial and industrial loans to U.S. addresses). **(FRB Response: March 14, 2018)**

Q (Y140000699, General): FR Y-14Q Instructions released on 8/25/2017 for schedules H1 and H2 include a change to how the original internal credit facility ID/loan number fields (original IDs) are to be populated. The change specifically outlines the treatment of facilities where the reason for disposal is rebookings/restructures or transfers between obligations.

1. Please confirm that the four examples below that latest quarter are correct with regard to the reporting of the original IDs and the disposed records.

Example 1. Modification of existing loan, no new loan number

Submission	Loan number	Original loan number	Disposition flag
December 1, 2016	Loan A	Loan A	0
December 1, 2016	Loan B	Loan B	0
March 1, 2017	Loan A	Loan B	0

* No disposition record

Example 2. Modification of existing loan, new loan number

Submission	Loan number	Original loan number	Disposition flag
December 1, 2016	Loan A	Loan A	0
December 1, 2016	Loan B	Loan B	0
March 1, 2017	Loan C	Loan A, Loan B	0
March 1, 2017	Loan A	Loan A	1
March 1, 2017	Loan B	Loan B	1

Example 3. Consolidation of multiple facilities into one new facility

Submission	Loan number	Original loan number	Disposition flag
December 1, 2016	Loan A	Loan A	0
December 1, 2016	Loan B	Loan B	0
December 1, 2016	Loan C	Loan C	0
March 1, 2017	Loan D	Loan A, Loan B, Loan C	0
March 1, 2017	Loan A	Loan A	1
March 1, 2017	Loan B	Loan B	1
March 1, 2017	Loan C	Loan C	1

Example 4. One facility books to many facilities

Submission	Loan number	Original loan number	Disposition flag
December 1, 2016	CTC A	CTC A	0
March 1, 2017	Loan A	CTC A	0
March 1, 2017	Loan B	CTC A	0
March 1, 2017	Loan C	CTC A	0

* No disposition record

2. Currently the data type for the original ID fields in the H1 and H2 schedules are set to VARCHAR(50). Given that the combined size of multiple IDs could exceed 50 characters is it anticipated that the data size will be increasing in the technical instructions?
3. The instructions for the original IDs state that the field represents the internal identification code assigned to the credit facility in the previous submission. To date the original IDs have been used to join current and prior quarter data in an effort to replicate the edit results of the Fed's QA process. Given that the original ID fields will now contain multiple IDs, what would be the recommended approach to join current and prior quarter data (current IDs vs original IDs)? Could the edit logic be updated to include the recommended join?

A:

1. Examples 1-4 are reported correctly.
2. The data type for IDs in H.1 and H.2 schedules was expanded to VARCHAR(500).
3. Where possible, the edit logic will be updated to reflect the instruction clarification. For original ID fields that contain multiple IDs, the edit logic will run on the individual IDs and not on the aggregate. **(FRB Response: February 21, 2018)**

Q (Y140000724, H.1 – Corporate Loan Data): We would like to request additional clarification on the "Prepayment Penalty Flag" field.

With regards to this flag, there is a situation for which we would like clarification on the applicability of this flag. Specifically in the UK, when a client borrows, the bank funds the contract on Libor based on the tenor of the loan facility. In the event the client pays off the contract prior to maturity and the bank incurs a cost, we may recover these Libor Breakage Costs from the client.

The cost mentioned is viewed as Libor Breakage Costs and not as a prepayment penalty, for which we understand it is industry practice in the UK to recover.

Considering this, please advise if this cost recovery should be considered a Prepayment Penalty or we should report these facilities using option 3, "No prepayment penalty clause."

A: If the "Libor Breakage Costs" are a contractual obligation, then indicate option 1 (Yes) for purpose of reporting Prepayment Penalty Flag (H.1 Field 94). If the "Libor Breakage Costs" are not a contractual obligation, report option 3 (No prepayment penalty clause).
(FRB Response: February 14, 2018)

Q (Y140000753, H.1 – Corporate Loan Data): The instructions for Schedule H.1 allow for lines 54, 55, 56, 57, 58, 59, 60 & 82 to be reported for a trailing twelve month (TTM) period, or based on annual statements if a TTM period is not available. Most borrowers are legally required to submit 12 month statements on an annual basis only per their credit agreements, and provide 3, 6, or 9 month statements for interim periods. Therefore, TTM figures are not readily available in the bank's spreading system for interim periods, and it would be necessary to perform manual calculations using 3 different statements to back into a TTM period on an interim basis. If the most current available financial statement is for an interim period (3, 6, or 9 months), are we expected to perform manual calculations to determine a TTM period or is it acceptable to use the readily available annual 12 month financial statements?

A: Given the example provided, if interim period TTM financial statements are not readily available in the company's financial spreading systems (in accordance with its credit policy),

the BHC may continue to report the most recent annual 12 month financial statements.
(FRB Response: February 14, 2018)

Q (Y140000764, H.1 – Corporate Loan Data) (Field 96) Participation Interest: When the reporting BHC is also the Agent Bank the participation interest is readily available as both the current exposure and global exposure values are known.

In the cases where the BHC is not the Agent Bank, only the current exposure of the BHC is tracked as the BHC is only concerned with the risk it takes on and not that of the other participant lenders (which is the responsibility of the Agent Bank).

In cases where the BHC is not the Agent Bank, should the Participation Interest be reported as N/A?

This response would be consistent with the requirement for Field 87 (SNC Internal Credit ID), which is required to report ONLY when the BHC is the Agent Bank. (Field 87 "Report 'NA' if the credit facility is not reported in the Shared National Credit SNC collection or if the reporting BHC is not the agent.")

A: If the firm is not the Agent bank and is participating in the credit, and the credit facility is closed and settled (Field 100 Syndicated Loan Flag, Option 4), "report the percentage of the total loan commitment held by the firm" for Participation Interest (Field 96).
(FRB Response: February 14, 2018)

Q (Y140000765, H.1 – Corporate Loan Data) (Field 100) Syndicated Loan Flag: We would like additional clarification on the difference between closed and settled and closed but not settled is required as the current guidelines do not provide a clear distinction for when to report these two options.

- Does closed refer to the Conditions Precedent (CPs) to the individual Credit Agreement having been met?
- If so, would closed and settled refer to the situation where each of the lenders have signed the Credit Agreement directly and/or when any underwritten or best-efforts obligation of the BHC have completely settled (reduced to $0)?
- If so, would closed but not settled refer to a situation where the BHC has unsettled underwritten or best-efforts obligations still on their book?

The current guidelines suggest to use closed but not settled for commitments in cases where the BHC is "still pending execution of final documentation by all syndicate participants." Is this referring to trade documentation (i.e., Trade Confirmation, Assignment Agreement/Transfer Certificate, Funding Memorandum) or only referring to the loan documentation (i.e., Credit Agreement, commitment letter)?

It appears that the current guidelines are suggesting that open underwritten and/or best-efforts obligations should be used to determine if an individual commitment is reported as closed and settled or closed but not settled, as items reported as closed but not settled would have the Target Hold field population and not the Participation Interest field. Since these commitments are generally booked under Held for Sale (HFS) accounting treatment, it logically makes sense to report in the Target Hold what the expected final obligation of the BHC (which would be always zero for HFS) once all of the original syndicate members have settled their commitments.

A: Conditions precedent describe those actions by the parties to a loan, and other events, that must be satisfied before a loan can close; however, they are not sufficient to meet the reporting

requirements. The instructions require that all loan documents must be fully executed and binding for a syndicated loan to be reported as closed. Further, the instructions require that post-closing selldown to all participants must be complete for a syndicated loan to be reported as settled. If unsettled or best-efforts obligations remain, then a syndicated loan may not be reported as settled. **(FRB Response: February 14, 2018)**

Q (Y140000775, General) Question on Schedule H1 and H2: Maturity Date (Field 19): The FRB has previously indicated, "If extension options are conditional on certain terms being met, such extension should be considered to be at the sole discretion of the borrower only when such conditions are in compliance with the credit agreement." The BHC seeks clarification on what "in compliance with the credit agreement" means. Credit agreements are written such that (i) the borrower has a window of time, typically 30-90 days prior to maturity, that it is eligible to exercise the extension (the "extension option window"), and (ii) the conditions that the borrower must meet to be eligible for the extension are reviewed for compliance only during the extension option window. As a result, it seems logical that the BHC would only measure for "compliance with the credit agreement" during the extension option window. Does the FRB agree with this approach?

A: Per prior questions, the Maturity Date (Field 19) should be the last date upon which funds must be repaid, inclusive of extension options that are solely at the borrower's discretion. For purposes of reporting maturity date inclusive of extension options, the BHC should not measure compliance with terms of the extension option prior to the extension option window. **(FRB Response: January 24, 2018)**

Q (Y140000710, H.1 – Corporate Loan Data): Please clarify the requirements for populating FR Y-14Q, Schedule H.1 - Corporate Loan Data Schedule, fields 54 through 82. Specifically:

1. Please confirm that for clients that are publicly-traded corporate companies the most recent publicly available financial statement data should be reported, rather than the client financial statement data that was analyzed ("spread") in accordance with the firm's credit policy as part of the firm's most recent formal rating review.
2. If the data that was used in the firm's most recent formal rating review is required, is it also required that the data has to be sourced from a financial spreading system? If so, please confirm that Excel-based user tools relying and integrating with 3rd party data providers are considered a financial spreading system. If not, should the value be populated as null if such tools are used rather than a financial spreading system?

Background: The instructions to data Schedule H.1, fields 54 through 82 state:

"unless otherwise instructed, a reporting bank should report the Fields as defined by its financial spreading systems (i.e., software programs on which the BHC or IHC spreads and analyzes the financial statements of its customers) in accordance with its credit policy. The financial statement data fields should be populated with the most recent financial statement data available as of the report date (i.e., the most recent financial data found in the consolidated holding company's financial spreading system as of the report date) and should not be bound by financial statement data that was used in the consolidated holding company's most recent formal rating review."

The firm has certain exposures where the primary source of repayment entity is a public company with publicly available financial statement data. In such cases, the financial statement data most recently analyzed ("spread") as part of our formal rating review may not be the most recent financial statement data publicly available as of the report date. In addition, when

analyzing or "spreading" financial statements in accordance with our credit policy, the firm uses Excel-based user tools relying and integrating with 3rd party data providers.

Example: A publicly-traded corporate company ("Client A") is investment grade, and the financials were last spread in an Excel tool as part of the Annual Review completed in October 2016, which leveraged financial statement data reported as of September 30, 2016. For the FR Y-14Q reporting period dated March 31, 2017, is it correct that the firm reports Client A's most recent publicly available financial statement data as of December 31, 2016, or should the financial data that was spread as part of the Annual Review, i.e., as of September 30, 2016 be reported?

The firm currently reports in Schedule H.1, fields 52 through 82, for public entities using the most recent publicly available financial statement data as of the report date. We will continue to report on this basis until we receive further clarification from you.

A:

1. For fields 52 through 82 of the FR Y-14Q Corporate Loan schedule, continue to report the most recent available financial statement data according to the BHC's business as usual process. Per the Obligor Financial Data Section Instructions, the financial data fields "should be populated with the most recent financial statement data available as of the report date (i.e., the most recent financial data found in the consolidated holding company's financial spreading system as of the report date) and should not be bound by financial statement data that was used in the consolidated holding company's most recent formal rating review."
2. The most recent financial data available to the firm should be submitted, regardless of the storage medium. Per a prior question, "[w]hile data is often stored in financial spreading systems, the instructions only reference these types of systems as an example of the definition guidance. BHCs should report the required information from systems where such data is stored." **(FRB Response: December 27, 2017)**

Q (Y140000718, H.1 – Corporate Loan Data): Questions regarding dropped Credit Facilities:

1. What is the appropriate disposition flag (field 98) to report when a charge card account has been cancelled?
2. What is the appropriate flag when a charge card account falls below the reporting threshold? Should it be option 6 or 7?
3. What fields should be reported on Schedule H for accounts that are closed or not reportable on Schedule H because they are reported on Schedule K? Should it be only field 98?
4. What is the definition of "disposed"?
5. Has there been any consideration to the instructions been made for charge cards, which act differently from traditional loans?

A:

1. Per the H.1 Corporate FR Y-14Q Instructions for Disposition Flag (H.1 Field 98), when a charged card is cancelled, report 1 "Payoff – Report all instances where the credit facility has been paid in full by the borrower, a commitment to commit expired without closing, or where an undrawn credit facility reaches maturity and is not renewed."

2. When a charge card drops below the 1 million dollar threshold for reporting on the FR Y-14 H.1 Corporate schedule and a commercially-graded corporation is responsible for repayment, choose option 6, “Below reporting threshold.” If the facility was rated based on the obligor’s credit score, report option 7, and indicate the schedule where the credit facility is now reported in Field 99. If the credit facility is transferred to FR Y-14M Schedule D.1 Domestic Credit Card Data Collection Data Dictionary, report “M.D.1.”
3. Per the H.1 Corporate FR Y-14Q Instructions, “[f]or corporate loans and leases disposed of during the quarter, report all fields as of the date of disposition, unless otherwise instructed in individual field descriptions.”

   For corporate loans and leases that were disposed and are reported on Schedule K, the Supplemental Schedule, refer to Disposition Flag (Field 98) and choose option 7, “Transfer to another Y-14 schedule.” Indicate the schedule where the credit facility is now reported in Field 99.
4. Per the H.1 Corporate FR Y-14Q Instructions for Disposition Flag (H.1 Field 98), “If the BHC or IHC is still pursuing payment of principal, interest or fees, report as option “0”.” Any other loan is considered disposed.
5. We review the FR Y-14 instructions at least annually. **(FRB Response: December 27, 2017)**

Q (Y140000732, H.2 – Commercial Real Estate): We would like to receive additional clarification on the definition of “Mixed Use” as it applies to Schedule H.2 – Commercial Real Estate. The instructions read, “If the CRE Loan is secured by multiple property types and no single one predominates, indicate integer code for ‘Mixed’.” Our interpretation of this instruction is that a position is only mixed, per this definition, in the extremely specific case where the Residential and C&I both have exactly the same collateral value.

However, the business defines “Mixed Use” as a multifamily housing project in which non-housing commercial sources constitute more than 20% of effective gross income that will be used for underwriting.

Kindly confirm if our interpretation of the instructions is accurate, or advise if the definition is correct as the business reports it.

A: For purposes of reporting Property Type (Field 9) on the FR Y-14Q H.2 CRE schedule, indicate “Mixed” “[i]f the CRE Loan is secured by multiple property types and no single one predominates,” or said another way, when no single property type has the “highest collateral value as of the last valuation date.” Please use the definition in the FR Y-14Q H.2 CRE instructions and not that of the business. **(FRB Response: December 27, 2017)**

Q (Y140000695, General): Should instruction for FR Y-14Q Schedule H.1. – Wholesale risk – Corporate Loan Data, field no. 18, Origination date, and Schedule H.2. – Wholesale risk – Commercial Real Estate field no. 10, Origination date, be followed even if the instruction related to definition of major modification to a loan is not consistent with U.S. GAAP, which is the foundation for FR Y-9C and Call Report?

Background: Instructions to FR Y-14Q, Schedule H.1 – Wholesale risk – Corporate Loan Data Field no. 18, Origination date and Schedule H.2. – Wholesale risk – Commercial Real Estate, field no. 10, Origination date, include the following guidance on “origination date”:

“Report the origination date. The origination date is the contractual date of the credit agreement. (In most cases, this is the date the commitment to lend becomes a legally binding commitment). If there has been a major modification to the loan such that the obligor

executes a new or amended and restated credit agreement, use the revised contractual date of the credit agreement as the origination date. The following independent examples would generally not result in a change in the contractual date of the loan, and thus would not be considered major modifications: (1) extension options at the sole discretion of the borrower; (2) covenants; (3) waivers; (4) change in the maturity date; (5) re-pricing; or (6) periodic credit reviews. Additionally, exclude all renewals which meet the definition in the 'Renewal Date' Field 91."

The above guidance on what constitutes a major modification to the loan does not align with U.S. GAAP, which is what FR Y-9C and Call Report are based on.

Under U.S. GAAP the determination of whether a modification results in a new loan for accounting purposes depends on the significance of the changes to the terms of the original loan and not the legal form of the loan modification. In modifications where the terms are at least as favorable to the lender as the terms for comparable loans to other borrowers with similar risk characteristics who are not refinancing or restructuring a loan with the lender, the modified loan must be accounted for as a new loan. This condition would be met if

- The modified loan's effective yield is at least equal to the effective yield for comparable loans, and
- Modifications to the original loan are more than minor.

If the difference between the present value of the cash flows under the terms of the modified loan and the present value of the remaining cash flows under the terms of the original loan is less than 10%, the firm must evaluate whether the modification is more than minor based on a qualitative evaluation of specific facts and circumstances:

- Significant changes in the collateral posted
- Significant addition or deletion of covenant terms
- Significant change in subordination
- Significant changes to the maturity date (interpreted as > 6 months)
- Addition/replacement of guarantor

We plan to continue following the FR Y-14Q instruction for purpose of FR Y-14Q schedule H reporting until we receive further clarification from you.

A: Continue to follow the FR Y-14Q H.1 and H.2 instructions for Origination Date (H.1 - Field 18, H.2 - Field 10). **(FRB Response: December 20, 2017)**

Q (Y140000697, H.1 – Corporate Loan Data): Please clarify how a Bank Holding Company ("BHC") should report a credit facility that includes a fronting component for FR Y-14Q, Schedule H.1 – Corporate Loan Data Schedule, Field No. 26, Line Reported on FR Y-9C.

Background: In 3Q16 the FR Y-14Q, Schedule H.1 instructions to field 26, were enhanced to include specific guidance on the reporting for fronting exposures:

For fronting exposures, report the integer code corresponding to the line number on the HC-C in which the exposure would be recorded if it were drawn by the borrower.

These instructions could be read to imply that banks should look through the participant lender for the fronting facility to the underlying borrower when reporting field 26. However, based on previous instructions from Q&As, the obligor for the fronting facilities is the participant lender.

Example: Assume 10 banks, including the reporting BHC, which is fronting for all 9 other banks, each with a 10% share of a $50 million commitment. All of the other banks are U.S. depository financial institutions, which is Option 1, Loans to U.S. banks and other U.S. depository institutions, for Field No. 26, Line Reported on FR Y-9C. The borrower is a U.S. based Commercial and industrial ("C&I") borrower, which is Option 4, Commercial and industrial loans to U.S. addresses, for Field No. 26.

Which of the following alternatives would be the correct way to report Field No. 26:

1. $5 million reported as Option 4, Commercial and industrial loans to U.S. addresses, representing the BHC's exposure to the C&I borrower, and $45 million ($5 million for each participant lender facility record) as Option 1, Loans to U.S. banks and other U.S. depository institutions, representing the fronting on behalf of U.S. banks and other U.S. depository financial institutions; or
2. $50 million as Option 4, Commercial and industrial loans to U.S. addresses, consisting of U.S. $5 million relating to BHC's facility record and $45 for the other 9 participant lender facility records?

   The Firm currently reports fronting facilities in line with alternative 1 above, based on guidance in a number of Q&As. We will continue to report on this basis until you advise otherwise.

A: Per the FR Y-14Q H.1 Corporate instructions for Line Reported on FR Y-9C (H.1 Corporate – Field 26), "[f]or fronting exposures, report the integer code corresponding to the line number on the HC-C in which the exposure would be recorded if it were drawn by the borrower." Reporting in this way is necessary to ensure correct reconciliation to the FR Y-9C and FR Y-14Q M Balances schedules. **(FRB Response: December 20, 2017)**

Q (Y140000707, H.1 – Corporate Loan Data): Field 33 – Non-Accrual Date instructions require to report nonaccrual date as 9999-12-31 for fully undrawn facilities. But for our books and records purposes the concept of nonaccrual is not just related to interest or funding. From a credit risk perspective, we think the client is troubled and we may not receive all our money in the end, we still have a legal obligation to fund them. This is important from a revolver standpoint because the funding level can change consistently. For example

- Deal is $100mm unfunded revolver that Credit has put on non-accrual:

  —3/31/17 reporting: deal is unfunded and shown as on accrual

  —6/30/17 reporting: deal has funded $10mm during the quarter and now shows non-accrual $10mm funded and $90mm unfunded

  —9/30/17 reporting: deal is now fully unfunded again so you report $100mm unfunded on accrual

Our question is, is FRB expecting us to report the nonaccrual date as 9999-12-31 as long as the revolver undrawn and report the date that revolver put on nonaccrual once it is funded?

A: Per the FR Y-14Q instructions for Non-Accrual Date (H.1 – Field 33, H.2 – Field 38), "Report the date the credit facility was placed on non-accrual, if applicable. If a nonaccrual date does not exist, enter 9999-12-31. For fully undrawn commitments, enter 9999-12-31." Continue to follow the FR Y-14Q H.1 and H.2 instructions for Non-Accrual Date (H.1 – Field 33, H.2 – Field 38). **(FRB Response: December 20, 2017)**

Q (Y140000723, H.1 – Corporate Loan Data): Please clarify the reporting requirements for FR Y-14Q, Schedule H.1 – Corporate Loan Data Schedule, field 52 "Date of Financials" and fields 54 through 82 "Client Financials" for clients with less than two years of financial history, and where forward looking projections were used for underwriting, e.g., when the lending is based on cash collateral. Specifically, if a client has less than twelve months of financial history as of the reporting date:

- What should be reported in field 52? Current financial information is either not available or only available for a period of less than twelve months, and projected twelve months financial information used for underwriting was projected for a date in the future.
- What should be reported in field 54 requesting current financial data for the trailing twelve months period ended on the date reported in field 52?
- What should be reported in field 55 requesting financial data for the trailing twelve months period ended one year prior to the date reported in field 52?

A: Per a prior question, "if an obligor lacks trailing twelve months of financial information sufficient for Fields 54, 56, 57, 58, 59, and 82, provide the underwritten annual information for Fields 54, 56, 57, 58, 59 and 82, with the ending date indicated in Field 52. Fields 55 and 60 should be reported for the TTM period ended one year prior to the date indicated in Field 52. If an obligor lacks trailing twelve months of financial information sufficient for Fields 55 and 60, provide the underwritten annual information for Fields 55 and 60, with the ending date one year prior to the date indicated in Field 52. Fields 61-81 should reflect financial statement data as of the date reported in Field 52, with the exception of Fields 63, 65, 67, 71, 73, 77, which should reflect financial statements data one prior to the date reported in Field 52."
(FRB Response: December 13, 2017)

Q (Y140000726, H.1 – Corporate Loan Data): Please provide clarity when Credit Facility has multiple security types (i.e., Real Estate Only and Unsecured); the Real Estate Only piece is secured by collateral, but the "predominant" aggregate value is Unsecured. Therefore, Security Type (field 36) is reported as "Unsecured" per instruction. Yet, for Collateral Market Value (field 93), the underlying instrument that is secured has collateral market value. Should we report Collateral Market Value (field 93) when the Credit Facility is predominantly Unsecured?

A: If Security Type (H.1 Field 36) on the FR Y-14Q Corporate Loan schedule is predominantly unsecured, then it is permissible to report "NA" for Collateral Market Value (H.1 Field 93). **(FRB Response: December 13, 2017)**

Q (Y140000703, General): The verbiage in instructions states that any event triggering a change of credit agreement would lead to major modification—such as a change in primary borrower or an increase in commitment. There are instances in which an unscheduled decrease in loan commitment gets prompted either at the behest of the borrower or by the BHC voluntarily (to counter delinquency), but none of these events require a revised execution of credit agreement per BHC's internal policies. Clarification is sought if the aforesaid events (unscheduled commitment decrease) should trigger major modification dates?

A: Per the FR Y-14Q H.1 and H.2 instructions for "Origination Date" (H.1 – Field 18, H.2 - Field 10): "The origination date is the contractual date of the credit agreement. (In most cases, this is the date the commitment to lend becomes a legally binding commitment). If there has been a major modification to the loan such that the obligor executes a new or amended and restated credit agreement, use the revised contractual date of the credit agreement as the

origination date. The following independent examples would generally not result in a change in the contractual date of the loan, and thus would not be considered major modifications: (1) extension options at the sole discretion of the borrower; (2) covenants; (3) waivers; (4) change in the maturity date; (5) re-pricing; or (6) periodic credit reviews."

An increase or decrease in commitment is not considered a major modification independent of other events that would trigger the revised execution of a credit agreement. In the provided example, do not update "Origination Date" (H.1 – Field 18, H.2 – Field 10).
(FRB Response: November 22, 2017)

Q (Y140000696, H.1 – Corporate Loan Data): Should Field 35, Lien Position, in FR Y-14Q, Schedule H.1. – Corporate Loan Data, be reported solely based on the legally documented collateral position, or the collateral value based on credit risk perspective? Background: There are instances where, based on legal agreement, a facility may show that it is secured by collateral. However, from a credit risk perspective the facility will be deemed "unsecured" based on judgment of the value of the collateral. Should we be providing the legally documented lien position or the position per our credit risk view, when the credit risk view is more conservative? The firm is currently reporting Field 35, Lien Position field based on a credit risk view of whether we are secured or unsecured. Until the firm receives a response to the above question we will continue to report based on credit risk view.

A: For Lien Position (H.1 Corporate – Field 35), report the legally documented collateral position. **(FRB Response: October 11, 2017)**

Q (Y140000687, H.1 – Corporate Loan Data): FRB instructions state that delinquency status is based on the longest number of days principal and/or interest payments are past due, if such payments are past due 30 days or more. An FAQ was issued in April 16, 2014, which stated if there are different delinquency statuses of loans under a facility, report the longest number of days principal and/or interest payments are past due. If the credit facility has current loan balances which cause an edit check failure because they are not captured in the HC-N delinquency bucket per the instructions on the FR Y-9C, then provide an explanation of the edit failure in the edit check report.

This approach, as described in a prior FAQ, can distort the delinquency status of a facility when one loan, comprising a small portion of the facility utilized exposure, becomes past due. Assessing the facility delinquency status based on that loan taints the overall facility delinquency status and results in a variance when the FR Y-14Q is compared to the FR Y-9C. In such cases, is it appropriate to assess delinquency status using criteria based on the loan with the largest outstanding balance? Delinquency status based upon utilized exposure, versus longest number of days past due, provides a more accurate assessment for the facility.

A: As noted in the prior Q&A, "If there are different delinquency statuses of loans under a facility, report the longest number of days principal and/or interest payments are past due, if such payments are past due 30 days or more, as indicated in the description of field 32 (# Days Principal or Interest Past Due) of the FR Y-14Q Corporate loan schedule. If the credit facility has current loan balances which cause an edit check failure because they are not captured in the HC-N delinquency bucket per the instructions on the FR Y-9C, then provide an explanation of the edit failure in the edit check report." **(FRB Response: September 20, 2017)**

Q (Y140000685, H.2 – Commercial Real Estate): For Capital Expenditures (Corp Loan Field 82), if a cash flow statement that reflects actual capex is not provided by the borrower, what should be reported for Capex?

A: Per a prior Q&A: "Obligor financial data in Fields 54 through 82 are mandatory fields for obligors which meet the reporting requirements outlined in the instructions to the FR Y-14Q Corporate loan schedule. If data for mandatory fields is not available, note that in the comments of the edit check report and provide a remediation plan for issue resolution to your Reserve Bank Analyst." **(FRB Response: September 13, 2017)**

Schedule I—MSR Valuation Schedule

Q (Y140000894, General): Material portfolios are defined as those with asset balances greater than $5 billion, or asset balances greater than five percent of Tier 1 capital on average for the four quarters preceding the reporting quarter.

Schedule I – MSR is below the materiality threshold of $5B based on the asset balance (materiality based on carrying value). Should the balances be reported on Schedule K (Column A – Immaterial Portfolios)? If yes, what are the corresponding reporting line item(s)?

A: As MSRs are not among the assets included on Schedule K-Supplemental, immaterial balances (as defined in Schedule I) of MSRs should not be reported on Schedule K (Column A – Immaterial Portfolios). **(FRB Response: December 11, 2019)**

Schedule J—Retail Fair Value Option/Held for Sale (FVO/HFS)

Q (Y140001184, General): Schedule J categorizes loans by vintage, which is defined as the calendar year of origination. The Fed has previously clarified that FR Y-14Q reporting on Schedules A and H should reflect a new loan when the requirements of a major modification described in Schedule H instructions have been met. Additionally, the response provided in a prior FAQ states vintage reporting on FR Y-14Q Schedule J should also align with the same major modification requirements. However, the relevant loan population of Schedule J includes loans reportable on the FR Y-14M, which does not contain the same reference as the FR Y-14Q Schedule H regarding major modifications. On the FR Y-14M, the loan closing date, which is defined as the date the loan was originally closed, is stated to determine a loan's vintage. The loan closing date is only updated when a modification results in a new loan number.

Please clarify whether vintage reporting on Schedule J should be consistent with the loan closing date field of the FR Y-14M in situations where a modification does not constitute a new loan on the FR Y-14M but equates to a major modification on the FR Y-14Q. For example, a new mortgage is originated in 2008. In 2012, the loan is modified under HAMP establishing a new loan based on the major modification requirements set forth in Schedule H. However, the loan number and other reportable loan data remain the same for FR Y-14M reporting other than denoting the modified terms of the agreement. Accordingly, the FR Y-14M loan closing date reflects 2008 and the last modified date reflects 2012. Should the loan's vintage reportable on FR Y-14Q Schedule J be 2008 or 2012?

A: In cases where there is a major modification, record the vintage as the modification date. In your example, the loan's vintage on the Y-14Q schedule would be recorded as 2012. **(FRB Response: November 18, 2020)**

Q (Y140000893, General): Material portfolios are defined as those with asset balances greater than $5 billion, or asset balances greater than five percent of Tier 1 capital on average for the four quarters preceding the reporting quarter.

Schedule J – Retail FVO/HFS is below the materiality threshold of $5B based on the asset balance (materiality based on carrying value). Should the balances be reported on Schedule K (Column A – Immaterial Portfolios)? If yes, what are the corresponding reporting line item(s)? Given that the Residential HFS/FVO population is reported on the 14M, should this population be reported on 14Q Schedule K?

A: Per the instructions, if the balances of immaterial portfolios were included in the FR Y-14Q or FR Y- 14M, then they should not be included in FR Y-14Q, Schedule K (Supplemental), Column A (Immaterial Portfolios). Schedule K references FR Y-9C, Schedule HC-C (Loans and Lease Financing Receivables), which includes FVO/HFS loans and leases. Therefore, the non-residential FVO/HFS population should be included in Schedule K in the appropriate sub-item(s) to the extent that it was not reported elsewhere on the FR Y-14Q or FR Y-14M. **(FRB Response: December 11, 2019)**

Schedule K—Supplemental

No questions for publication.

Schedule L—Counterparty

Q (Y140001180, General): 3) For schedules L.1-3: If a Consolidated/Parent Counterparty is selected as a top name, all counterparties/legal entities should be included and reported or only if they have a CVA associated with them? If the latter then the calculated total group exposure can be different in sub-schedule 1 and sub-schedule 5.

Page 294 of instructions effective June 30, 2020 are as follows

Sub-Schedules L.1 – L.4

All counterparty exposures related to derivatives activities should be included in the universe of transactions applicable for sub-schedules L.1 – L.4.

For regular/unstressed submissions, counterparty exposures on sub-schedules L.1-L.4 should be limited to transactions for which the firm computes CVA for its public financial statement reporting under generally accepted accounting principles (GAAP) or applicable standard.

A: If a Consolidated/Parent Counterparty is selected as a top name, the firm's derivatives exposures to all the counterparties/legal entities associated with the consolidated/parent counterparty should be included and reported in L.1-3. Please see the response to Q&A Y140001190 and Y140001264 for additional guidance. **(FRB Response: November 25, 2020)**

Q (Y140001234, L.5 – Securities Financing Transactions Profile for the Top 25 Counterparties by Netting Agreement Level, Consolidated Counterparty Level and Aggregate Across All Counterparties): Based on the "Rank Methodology (CACNJD60)" column instruction for 5.1 allowable entries are QCCP, NQCCP and G7. However in the Counter-party form entries are 1, QCCP, NQCCP and G7.

How should we report the Top 25 non G-7/non CCP counter-parties – as Rank Methodology 1 or as Rank Methodology NQCCP?

A: Firms should indicate NA when reporting the Rank Methodology for the Top 25 counterparties that are not QCCP, NQCCP, or G7. Additionally, for IHCs, should their affiliate counterparties be included in the Top 25, the firm should report AF under the Rank

Methodology. Note that the instructions will be clarified as part of changes that have been finalized and will be effective in the second quarter of 2021. **(FRB Response: November 18, 2020)**

Q (Y140001264, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties): Page 294 of the FR Y-14Q instructions clearly states that all derivatives activity should be included in L.1-4 and that all derivatives and SFT activity should be included in L.5. The instructions specifically state that SFT transitions should be included in L.1.e.2. It is the Bank's interpretation that this means that SFT exposures should not be included in L.1a-d, L.2, L.3 or L.4, and should only be reported in L.1.e.2 and L.5.

This contradicts the answer to question Y140001190 which states that the exposure to a counterparty shown on L.1a should match L.5. Please confirm whether SFT exposures should be included in tabs L.1-4. And if so, please advise about how we should address in L.2 and L.3 SFT netting sets that don't generate baseline CVA.

A: With respect to CVA reporting, SFT exposures should only be reported in L.1.e.2 and L.5; and not be included in L.1.a-d, L.2, L.3 or L.4. Q&A Y140001190 provided clarifications regarding the reporting of derivatives. In particular, Net CE in L.1 should match Net CE Derivatives in L.5.1. **(FRB Response: November 18, 2020)**

Q (Y140001314, General): Q&A 2: We would like to request clarification on the response to the FAQ Y140001182. The instructions do not specify if the regional breakdown should be based on the country of risk or the country of domicile. Since we report the country of risk in other sub-schedules, should the region be consistent with other sub-schedules and based on country of risk as well?

A: As in Q&A Y140001212 and Q&A Y140001182, the firm should use the counterparty's domicile for purposes of determining regional grouping in Schedule L (Counterparty). In doing so, the firm should use the region that the country belongs to geographically. **(FRB Response: November 18, 2020)**

Q (Y140001280, General): As the SFT portfolio in AH LLC does not attract CVA for public financial statement reporting, we do not intend to report SFT CVA in the unstressed submission. However, for the stressed submission, should fair-valued SFT CVA be populated throughout schedules L1-L4 or only in L1e2b1 as the unstressed instructions state? Is the following statement on page 295 only relevant for derivatives products or does it apply to SFTs?

"For CCAR/stressed submission, the scope of counterparty exposures on sub-schedules L.1-L.4 is expected to be larger and incorporate transactions that would not typically require CVA for public financial statement reporting under GAAP or applicable standard, for example, fully- or over-collateralized derivatives, but which may pose a gap risk to the firm, requiring CVA, should the post-stress value of collateral be insufficient to cover post-stress derivatives exposure."

A: As provided for in the instructions to the FR Y-14Q, fair-valued SFTs that do not attract CVA for public financial statement reporting under GAAP or applicable standard are not required to be reported in the unstressed submission throughout sub-schedules L.1-L.4, but should be included in the stressed submission. In addition, consistent with the instructions to the FR Y-14Q, stressed values associated with fair-valued SFTs should be reported only in L.1.e.2.b.1 (fair-valued SFT). **(FRB Response: November 18, 2020)**

Q (Y140001169, General): In order to ensure we meet the 2Q2020 deliverable for the counterparty schedule we need some assistance with the following. We will need to spec out the changes and begin the technology build within the next 2-4 weeks, would it be possible for the FRB to have a call with us to discuss the following:

What is expected to be reported in schedule L.1.f? The firm only has CVA under stress, it does not have firm CVA. We would like confirmation that all schedules in L.1 are for CVA only and therefore the firm would not report.

IF L.1.f is required for the firm to submit how should counterparties be reported? Is it 1 counterparty by line or are all counterparties in an industry code summarized and reported in one line?

For schedule L.5.3 the FRB is requesting the external rating NOT the external rating equivalent of the internal rating. Why is the external rating being used?

L.2, L.3 and L.4- as the firm has no firm CVA, we believe these schedules would not be submitted but we would like FRB confirmation. Would Wrong Way Risk or Stressed CVA be reported? Instructions contradict themselves a bit between pages 294 and 303 of the greenline.

A:

1. Per the revised instruction page 261, for regular/unstressed submissions, counterparty exposures on sub-schedules L.1-L.4 (including L.1.f) should be limited to the transactions for which the firm computes CVA for its public financial statement reporting purposes under generally accepted accounting principles (GAAP) or applicable standard. This compares with the CCAR/stressed submission in which the scope of counterparty exposures on sub-schedules L.1-L.4 is expected to be larger and incorporates transactions that would not typically require CVA for public financial statement reporting under GAAP or applicable standard, for example, fully- or over-collateralized derivatives, but which may pose a gap risk to the firm, requiring CVA, should the post-stress value of collateral be insufficient to cover post-stress derivatives exposure.
2. For the purpose of reporting in sub-schedule L.1.f in CCAR/stressed quarter, the firm should group residual counterparty exposures not already reported on sub-schedules L.1.a or L.1.b, by collateralization, industry, region, and ratings categories, as opposed to reporting at a counterparty-by-counterparty level.
3. For sub-schedule L.5.3, the firm should report external rating equivalent to internal rating as reported in CACNM906. Note that the instructions will be clarified as part of changes that have been finalized and will be effective in the second quarter of 2021.
4. As for the wrong-way risk, to the extent that the firm accounts for wrong-way risk for its regular CVA estimation process (stressed or unstressed), the relevant CVA amount should be reported either on sub-schedule L.1.a or L.1.b. If the firm accounts for wrong-way risk via additional/offline reserves, the relevant exposure amount should be reported on sub-schedule L.1.e under the appropriate sub-category as described in the instructions. **(FRB Response: November 18, 2020)**

Q (Y140001329, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties): For Counterparty, Schedule L, sub-schedule L.1.E (offline CVA reserves), the FRB's instructions require reporting of Gross CE and Net CE of Fair Value (FV) SFTs. Will the FRB allow BHCs to report all SFTs (FV and amortized cost) in the Counterparty Risk Submission? Internal risk management practice and internal CCR reporting for SFTs do not make a distinction between FV and amortized cost positions as this is not meaningful at

an agreement level. Because Net CE is determined at agreement level and positions covered by a single agreement may include both FV and amortized cost (AC) positions, a simple segmentation between FV and AC positions will distort the true Net CE estimate (exposure at risk) for the agreement. We respectfully request clarification on the reporting of all SFTs for Q3 2020.

A: To the extent that fair-valued SFTs are not distinguished from SFTs of amortized cost in the firm's internal system, the firm may combine both types of SFTs for purposes of reporting Net CE in sub-schedule L.1.e (Aggregate CVA data by ratings and collateralization). As for the Gross CE reporting expectation, please see the response to Q&A Y140001279. **(FRB Response: November 12, 2020)**

Q (Y140001279, L.5 – Securities Financing Transactions Profile for the Top 25 Counterparties by Netting Agreement Level, Consolidated Counterparty Level and Aggregate Across All Counterparties): Fair valued SFTs are in scope of sub-schedules that ask for Gross Current Exposure. The definition of Gross CE on pages 299, 300 is specific to derivatives and defined as pre-collateral after counterparty netting. Should Gross CE for SFTs be reported and how should that measure be defined?

"Report Gross CE, which is defined as pre-collateral exposure after bilateral counterparty netting. Sometimes referred to as the replacement cost or current credit exposure, Gross CE is the fair value of a derivative contract when that fair value is positive. Gross CE is zero when the fair value is negative or zero. For purposes of this schedule, Gross CE to an individual counterparty should be derived as follows:Determine whether a legally enforceable bilateral netting agreement is in place between the BHC or IHC or SLHC and the counterparty. If such an agreement is in place, the fair values of all applicable derivative contracts with that counterparty that are included in the scope of the netting agreement are netted to a single amount, which may be positive, negative, or zero. Report Gross CE when the fair value is positive, report it as a zero when the fair value is negative or zero."

A: Gross CE data field in sub-schedule L.1 (Derivatives profile by counterparty and aggregate across all counterparties) is only relevant to derivatives transactions. This should be left blank for fair-valued SFTs. **(FRB Response: November 12, 2020)**

Q (Y140001149, L.5 –Securities Financing Transactions Profile for the Top 25 Counterparties by Netting Agreement Level, Consolidated Counterparty Level and Aggregate Across All Counterparties): Upon review of the FRB's response to FAQ Y140001013, we would like to clarify the applicability of the below highlighted text.

(****because text can't be highlighted in Q&A format, I've surrounded the highlighted texts with **** ... **** below)

FRB Answer –

The firm's interpretation is correct. Specifically, a firm should apply two ranking methodologies for stressed data submission of sub-schedule L.5. By doing so, the firm should determine the top 25 counterparties based on Total Stressed Net CE (Severely Adverse – CACNR536 for ranking methodology 1; ****and Adverse – CACNR537 for ranking methodology**** 2) as defined in the latest 14Q instruction. Total Stressed Net CE should capture all exposures (both SFTs and derivatives including any trades subject to cross product netting cutting across SFTs and derivatives) to a consolidated/parent counterparty after applying instantaneous global market shock; and should be reported once at the legal entity level. This item should not be repeated across Netting Set IDs associated with the legal entity.

Based upon the Oct 10th 2019 Final Tailoring Rule Notice (link below), Pages 7 and 111 cite the removal of the "Adverse" scenario (excerpts are included below). Could the FRB please confirm if our interpretation of the Final Tailoring Rule is correct and that the "Adverse" scenario was removed from the required list of stress test scenarios? If it is confirmed, can the FRB kindly confirm that the above highlighted verbiage response is not applicable?
Thank you.

Excerpt from Page 7:

In connection with a proposal on which the Board sought comment in January 2019, and consistent with EGRRCPA, this final rule also revises the minimum asset threshold for state member banks to conduct stress tests, revises the frequency by which state member banks would be required to conduct stress tests, **** and removes the adverse scenario from the list of required scenarios in the Board's stress test rules. ****

Excerpt from Page 111:

C. Removal of "Adverse" Scenario As adopted, the Board's stress testing requirements, which are applicable to state member banks, savings and loan holding companies, bank holding companies, U.S. intermediate holding companies of foreign banking organizations, and any nonbank financial company supervised by the Board-required the inclusion of an "adverse" scenario in the stress test. **** Section 401 of EGRRCPA amends section 165(i) of the Dodd-Frank Act to no longer require the Board to include an "adverse" scenario in the company-run stress test or its supervisory stress tests, reducing the number of required stress test scenarios from three to two.**** The stress testing proposal would have removed the "adverse" scenario from the list of required scenarios in the Board's stress testing rules. In addition, the proposal would have made conforming changes to Page 112 of 366 the Board's Policy Statement on the Scenario Design Framework for Stress Testing to reflect the removal of the adverse scenario.

Link to the Final Tailoring Rule Notice:

https://www.federalreserve.gov/aboutthefed/boardmeetings/files/tailoring-rule-fr-notice-20191010a2.pdf

A: In light of the Final Tailoring Rule, the Board has revised sub-schedule L.5.1 (Derivative and SFT information by counterparty legal entity and netting set/agreement) so that a firm should apply only one ranking methodology for stressed data submission, based on Total Stressed Net CE under the Federal Reserve Severely Adverse Stressed scenario. **(FRB Response: November 12, 2020)**

Q (Y140001212, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties): What should the Firm report for "Region" on FR Y-14Q, Schedule L.1.f - Residual counterparty summary metrics by collateralization, industry, region, and ratings, for countries that are not explicitly listed in the FR Y-14Q Schedule F – Trading "Regional Groupings"?

Background:

The instructions for FR Y-14Q Schedule L.1.f requires the Firm to report "Region" based on the "Regional Groupings" of counterparties provided in FR Y-14Q, Schedule F. However, the "Regional Groupings" provided in Schedule L.1.f is not a comprehensive list and does not clarify how countries, such as Curacao, Republic of the Marshall Islands, Timor-Leste, Wallis and Futuna, etc. which are not part of "Regional Groupings" should be reported.

Until further clarification is provided, for countries that are not explicitly listed in the "Regional Groupings", the Firm will report "Region" based on proximity to the categories that are provided. For example, Curacao would be reported as, "Latin America & Caribbean."

A: As in Q&A Y140001182, the firm should use the counterparty's domicile for purposes of determining regional grouping. In cases where no regional grouping is explicitly given for a country, the firm may use a methodology that is consistent with internal risk management. As a rule of thumb, the firm may assign a region based on geographic proximity. For example, the firm could use Latin America & Caribbean for Curaçao (CW), and Asia Ex-Japan for Republic of the Marshall Islands (MH), Timor-Leste, or Wallis and Futuna. **(FRB Response: November 12, 2020)**

Q (Y140001259, General): The FRB response provided in a prior question states that while house exposures to CCPs should be included in FR Y-14Q reporting, exchange traded futures and options may be excluded from stressed scenarios as long as the decision to do is adequately documented. Please clarify whether this optional stressed submission exclusion extends to all other house exposures to CCPs, such as those arising from cleared swaps and TBA mortgage forwards.

A: All house exposures to CCPs, including exchange-traded futures and options, should be reported in all aspects of the FR Y-14Q Counterparty schedule, including stressed submission. This requirement is expressed on p. 296 of the 2020 Q2 instructions. The prior FAQ response cited in the question reflected a temporary dispensation given at the time (2015), and was not intended to create a permanent optional exclusion. **(FRB Response: November 4, 2020)**

Q (Y140001181, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties): Per the instructions effective June 30, 2020 for Sub-schedules L.1.a, and L.1.b data to be provided is at the counterparty legal entity level.

However on page 299 the instruction says Netting Set ID and Sub-netting Set ID are not optional. How we should report the data – at legal entity level or netting set level? If at legal entity level, can we populate all these fields with NA?

A: Sub-schedules L.1.a and L.1.b must be reported at legal entity level. The fields for Netting Set ID and Sub-Netting Set ID may be reported as "NA" for these sub-schedules.
(FRB Response: July 29, 2020)

Q (Y140001182, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties):

1. Regional Groupings for Schedule L:

   The instructions for the new sub-schedule L.1.f, Residual counterparty summary metrics by collateralization, industry, region, and ratings, requires firms to report based on the regional grouping of counter-parties provided in FR Y-14Q, Schedule F – Trading.

   a. In Schedule F, that grouping is supposed to be used for reporting the country of underlying assets whereas in Schedule L the reporting is based on the counterparty's domicile. I assume we apply the regional grouping based on Counterparty domicile. Please confirm.

   b. The regional groupings are missing countries such as Curacao (CW), Republic of the Marshall Islands (MH) etc. How are we supposed to report exposure to these countries?

      Instructions in Sub-schedule L.1.f

Report the following regional grouping of counterparties as per "Regional Groupings" in FR Y-14Q Trading Schedule F as follows:

Advanced Economies

Emerging Europe

Latin America & Caribbean

Asia Ex-Japan

Middle East & North Africa

Sub-Saharan Africa

The template form does not list specifically list Regions.

A: (a) Yes, that is correct. When determining regional grouping, the firm should use the counterparty's domicile, as opposed to the country of underlying assets.

(b) For purposes of reporting regional grouping for Curaçao (CW), and Republic of the Marshall Islands (MH), the firm should use Latin America & Caribbean, and Asia Ex-Japan, respectively. **(FRB Response: July 29, 2020)**

Q (Y140001191, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties):

Topic: Counterparty Rating Fields L.1.e.1 and L.1.e.2, 2Q20 Instructions

Question: Schedule L.1.e reports the aggregate CVA data by ratings and collateralization. Revised instructions to sub-schedule L.1.e.1 effective for reports as of 6/30/2020 remove reference to reporting aggregate CVA data "by internal ratings category." Additionally, sub-schedule L.1.e.2, which reports additional CVA by reserve type makes no reference to grouping by rating. However, the schedule's item instructions include internal rating and external rating descriptions, which seem to indicate reporting a counterparty's internal rating and equivalent external rating across all L.1.e sub-schedules. Please confirm that sub-schedule L.1.e.1 should report the aggregate CVA data in a single line item without disaggregating by internal rating, and L.1.e.2 should report CVA data by reserve type, without further bucketing by internal rating.

A: Internal ratings and external ratings information are applicable to sub-schedules L.1.e.3 and L.1.e.4 only. As illustrated in the pdf reporting form, sub-schedule L.1.e.2 on additional/offline CVA reserves does not require a ratings breakdown. For purposes of reporting Aggregate CVA data on sub-schedule L.1.e.1, firms should aggregate the exposure amounts across sub-schedule L.1.e.2, L.1.e.3, and L.1.e.4, also summing across all ratings.
(FRB Response: March 25, 2020)

Q (Y140001190, General): Topic: Counterparty Exposure Universe L.1-4, 2Q20 Instructions
Question: Schedule L revised instructions effective for reports as of 6/30/2020, limit reporting on sub-schedules L.1 – L.4 to transactions requiring CVA for the unstressed and stressed submissions. This limitation does not appear to apply to sub-schedule L.5. Therefore, a counterparty reported on L.5 may have a larger total exposure amount compared to prior sub-schedules if a counterparty has a netting set not requiring CVA. Please confirm that a counterparty's total exposure amount reported on L.5 may not coincide with the exposure amounts reported on L.1 – L.4.

A: If a Consolidated/Parent Counterparty is selected as a top name and reported on the sub-schedule L.1 – L.3, the firm should include in sub-schedules L.1-L.3 its exposures to all the counterparty legal entities/netting sets associated with the consolidated/parent counterparty, rather than only the legal entities/netting sets for which the firm has the CVA associated with them. In doing so, the firm's exposures to a consolidated counterparty reported on sub-schedule L.1-3 should match those reported on sub-schedule L.5.
(FRB Response: March 25, 2020)

Q (Y140000966, General): What is FED's view on inclusion of Generic and Specific Wrong Way Risk CVA impact in stressed counterparty loss projection? The industry currently doesn't include generic WWR in the accounting CVA and only uses the impact analysis for risk management. Specific WWR is usually included in the accounting CVA. Should the firm follow a similar approach for CCAR?

A: For the FR Y-14Q reporting purposes under Supervisory Scenarios, the firm is not required to develop and apply a separate methodology only for CCAR purposes. If wrong way risk (general or specific) is not directly modeled in the firm's CVA methodologies, and the firm takes additional model overlay/adjustment outside of its main CVA system instead under unstressed or/and stressed scenarios, the firm should apply the same methodologies for purposes of reporting CVA and various underlying components of CVA (for both unstressed and FR stressed scenarios) in all the relevant sub-schedules of the FR Y-14Q Counterparty schedule. In doing so, the firm's offline model overlay/adjustment should be reported under Sub-schedule L.1.e additional/offline CVA reserves. **(FRB Response: December 11, 2019)**

Q (Y140001003, General): Relevant Attribute: Agreement Role (CACNR530): Would the FRB please clarify and provide an example of when it is appropriate to use an agreement role classification of "client" as opposed to "principal"?

A: Under the "Agreement Role" for SFTs, a firm should report "Client" when there is another agent that acts on behalf of the reporting firm, and "Principal" when the firm is a counterparty in a bilateral SFT trade. **(FRB Response: December 11, 2019)**

Q (Y140001007, General): Relevant Attribute: Unstressed MtM Cash Collateral (Derivatives) (USD – CACSJF43; EUR – CACSJF44; GBP – CACSJF45; JPY – CACSJF46; Other – CACSJF47)

Should the MTM of the Cash Collateral be reported in the local currency of the respective currency bucket or in the USD equivalent of the respective currency bucket? If local currency should be reported and the "Other" bucket includes multiple currencies, should the total USD equivalent of those currencies be reported?

A: For purposes of reporting "Unstressed MtM Cash Collateral (Derivatives)," the MTM of the Cash Collateral should be reported in the USD equivalent of the respective currency bucket, as opposed to the local currency of the respective currency bucket.
(FRB Response: December 11, 2019)

Q (Y140000959, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties): Please provide some guidance on what is the expected order of reporting for the L1 series during the Stressed submission?

1. Report the Top 20 counterparty and begin with schedules L.1.a, L.1.b.1-L.1.b.2, L.1.c.1-L.1.c.3 or L.1.d-L.1.d.2 (without any duplications of counterparties)?
2. Report the Top 20 counterparty and begin with schedules L.1.a, L.1.c.1-L.1.c.3

or L.1.d-L.1.d.2 (without any duplications of counterparties). If all Top 20 counterparties are reported, do not report on L.1.b.1 or L.1.b.2? Report additional counterparties if needed to arrive at Top 20 on L.1.b.1 or L.1.b.2?

A: Firm is expected to report counterparties based on completing sub-schedules L.1.a-d in sequential order, starting with L.1.a, then proceeding to L.1.b, etc. The intention of the Top 20 sub-schedules (L.1.b-d) is to capture additional material counterparties that are not reported on L.1.a. Firm may report less than 20 counterparties in L.1b-d if counterparty names have already been reported on L.1.a.

Counterparty names reported in L.1a-d should be mutually exclusive.
(FRB Response: December 11, 2019)

Q (Y1400001013, L.5 – Securities Financing Transactions Profile for the Top 25 Counterparties by Netting Agreement Level, Consolidated Counterparty Level and Aggregate Across All Counterparties): Please confirm our understanding/interpretation of the ranking methodologies for CCAR (stressed) quarter for Schedule L5.1:

Ranking Methodologies for non G-7/non CCP counterparties as of CCAR (stressed) quarter:

1. Top 25 non-sovereign and non-CCP counterparties by Total Stressed Net CE under the Federal Reserve Severely Adverse Stressed scenario.
2. Top 25 non-sovereign and non-CCP counterparties by Total Stressed Net CE under the Federal Reserve Adverse Stressed scenario.

Interpretation:

For the stressed template, firms are required to report on 2 ranking methodologies (as opposed to 4 ranking methodologies for unstressed).

For Ranking methodology 1, we will define the top 25 counterparties based on SFT Stressed Net CE + Derivative Stressed Net CE under Severely Adverse scenarios.

For Ranking methodology 2, we will define the top 25 counterparties based on SFT Stressed Net CE + Derivative Stressed Net CE under Adverse stress scenarios.

Total Stressed Net CE is the sum of SFT Stressed Net CE and Derivative Stressed Net CE and reported only once.

A: The firm's interpretation is correct. Specifically, a firm should apply two ranking methodologies for stressed data submission of sub-schedule L.5. By doing so, the firm should determine the top 25 counterparties based on Total Stressed Net CE (Severely Adverse – CACNR536 for ranking methodology 1; and Adverse – CACNR537 for ranking methodology 2) as defined in the latest 14Q instruction. Total Stressed Net CE should capture all exposures (both SFTs and derivatives including any trades subject to cross product netting cutting across SFTs and derivatives) to a consolidated/parent counterparty after applying instantaneous global market shock; and should be reported once at the legal entity level. This item should not be repeated across Netting Set IDs associated with the legal entity.
(FRB Response: December 11, 2019)

Q (Y140000913, L.5 – Securities Financing Transactions Profile for the Top 25 Counterparties by Netting Agreement Level, Consolidated Counterparty Level and Aggregate Across All Counterparties): In our file, we received an error message of "duplicate" records from FRB analyst for these primary key fields because we consolidated L5.1 derivatives and L6.1 SFTs per FRB Q1 2018 instructions. For this counterparty, there is exposure under NA agreements for both. How would you like us to submit the data?

1. Index CACNM902 to NA and NA1, which draws a distinction between SFTs and Derivatives.
2. Consolidate exposure into one distinct record.

A: When the edit check failure occurs due to duplicate records of primary key fields in sub-schedule L.5 (one for SFTs and the other for Derivatives) that have the same Netting Set ID (Index CACNM902) denoted as NA, the firm is asked to submit the data by distinguishing the two Netting Set IDs separately, i.e., NA and NA1 for SFTs and Derivatives, respectively. **(FRB Response: October 10, 2018)**

Q (Y140000936, General): Should the Bank include its TBA exposure within non Trading portfolios (e.g., Fair Value Hedge (FVH) book) in the XVA (counterparty) loss estimation?

A: A firm should include all of its bilateral OTC derivatives, including TBA, in its data submission in the FR Y-14Q Schedule L (Counterparty). **(FRB Response: October 10, 2018)**

Q (Y140000890, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties): Even if the IHC is not subjected to Counterparty Default for 4Q2017, the IHC must submit the CCAR/Stressed submission or just the stressed information in the Regular/Unstressed submission? Can you please be more specific?

Example for L.1.c.1 (ranked by Net CE)

IHC is reporting Net CE (unstressed). Does the IHC also have to include Stressed Net CE FR Scenarios (Severely Adverse and Adverse) and BHC/IHC Scenario for 4Q17 reporting?

Additionally, does the IHC have to submit L.1.c.2 Top 20 counterparties ranked by Federal Reserve Severely Adverse Scenario Stressed Net CE and Top 20 counterparties ranked by BHC/IHC Scenario Stressed Net CE for the CCAR/Stressed?

A: Please see the response to Question Y140000849. **(FRB Response: June 20, 2018)**

Q (Y140000789, General): The Final Rule states the following:

"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."

Please confirm our understanding:

> As IHCs are not subject to GMS for CCAR 2018, the FR Y-14Q, Schedule L (Counterparty) submission as of Q4, 2017 will only be an unstressed submission.
>
> IHCs will not be subject to providing linkage of 14A results with 14Q as it relates to Trading and Counterparty schedules.

A: Please see the responses to Y140000849 and Y140000788. **(FRB Response: June 13, 2018)**

Q (Y140000812, General): We would like to clarify the definition of "designated central clearing counterparties," which is referenced in a prior question. We are only aware of "central counterparties" (CCP) and "qualifying central counterparty" (QCCP). Please define "designated central clearing counterparties" or let us know if these are synonymous with CCP.

A: A Designated CCP means a designated financial market utility under Title VIII of the Dodd-Frank Act or, for counterparties not located in the United States, is regulated and supervised in a manner equivalent to a designated financial market utility.
(FRB Response: May 2, 2018)

Q (Y140000849, General): The December 15, 2017 FRB notice stated that it is delaying the application of the global market shock to firms that would become newly subject, until the 2019 DFAST/CCAR exercise.

The notice also stated that the FR Y-14 trading and counterparty reports as of Q4 2017 will be due May 1, 2018 for these newly subject firms.

The FR Y-14Q instructions issued on December 20, 2017 state that for the CCAR as-of quarter, schedule L must be submitted with stressed information.

Please confirm that IHCs submitting the FR Y-14Q schedule L as of Q4 2017 on May 1, 2018 are not required to populate any of the sections requiring stressed information.

A: In accordance with the instructions to the FR Y-14Q, IHCs are required to submit all aspects of the FR Y-14Q Schedule L as of Q4 2017, including the stressed information.
(FRB Response: May 2, 2018)

Update: As directed in the final *Federal Register* notice (see 82 FR 59608 (December 15, 2017)) (December 15 *Federal Register* notice) and the January 26, 2018 letters to each of the six IHCs (January 26 Letters) subject to the market risk component, each IHC must submit the FR Y-14Q "reports under the extended reporting timeline provided in the December 15, 2017 FR Y-14 rule for the FR Y-14Q, Schedule F (Trading) and Schedule L (Counterparty) (i.e., for the December 31, 2017 as of date, the schedules would be due May 1, 2018)." These six IHCs will not be subject to the global market shock until CCAR 2019.

Although these six IHCs are required to submit all aspects of the FR Y-14Q Schedule L as of December 31, 2017, only firms subject to the global market shock prepare the analysis that would populate the stressed portions of these schedules. Accordingly, an IHC that submits all aspects of the FR Y-14Q Schedule L, including reporting "nulls" for the stressed portions of the schedule, would meet the reporting requirements, as directed by the December 15 *Federal Register* notice and the January 26 Letters. **(FRB Response: May 8, 2018)**

Q (Y140000820, L.4 – CVA Sensitivities and Slides): We seek further clarification on the ranking methodology for Top 10 counterparty CVA sensitivity reporting in the 14Q

Schedule L template. The instruction asks firms to report top 10 counterparties with the largest sensitivities to a given risk factor (1bp or 1% increase). Should we rank counterparties based on absolute value of the sensitivity (i.e., both CVA increase and decrease sensitivities will be considered at absolute level for ranking purpose), or should we rank counterparties just based on the value of the sensitivity (i.e., positive values, or CVA increases, will be ranked at the top of the list)?

L.4 – Aggregate and Top 10 CVA Sensitivities by Risk Factor

This schedule collects sensitivity information of aggregate asset-side CVA based on changes in underlying risk factors. A sensitivity refers to a 1 unit change in the risk factor, and a slide refers to a larger change in the risk factor. Report an increase in CVA as a positive figure. Reported figures should be gross of CVA hedges. Sensitivities are collected in aggregate, i.e., across all positions for which CVA is taken, and for the 10 counterparties with the largest sensitivities to a given risk factor (i.e., top 10 by factor).

Sensitivities for top 10 counterparties

For each risk factor, report the change in CVA for each of the top 10 counterparties most sensitive to a 1bp or 1% increase, depending on risk factor. Report an increase in CVA as a positive figure. Reported sensitivities should be gross of CVA hedges.

A: For purposes of reporting Top 10 CVA Sensitivities by Risk factor on the FR Y-14Q, Schedule L.4, firms should rank counterparties based on the absolute value of the sensitivity (i.e., both CVA increase and decrease sensitivities will be considered at absolute level for ranking purposes). It should be further noted that, when aggregating asset-side CVA sensitivities for a given risk factor across counterparties and across multiple netting sets, firms should aggregate by netting positive and negative CVA sensitivities, that are calculated at a netting set level, gross of CVA hedge. **(FRB Response: May 2, 2018)**

Q (Y140000751, L.5 – Securities Financing Transactions Profile for the Top 25 Counterparties by Netting Agreement Level, Consolidated Counterparty Level and Aggregate Across All Counterparties): Can you please clarify the requirement on the netting set detail? Do we need to specify the liquidity level of the collateral only OR all underlying securities within the netting agreement?

A: The level of liquidity should be determined based on all underlying securities and collaterals within the netting sets. For example, in cases of Securities Financing Transactions (SFTs) which involve cash extended or received in exchange for securities held as collateral, the liquidity level should be determined based on the securities held as collateral. In cases of SFTs that involve securities lent or received in exchange for cash collateral, the liquidity level should be determined based on the underlying securities. **(FRB Response: March 14, 2018)**

Q (Y140000686, General): Per the below FRB guidance received on October 14th, 2016, the following NAICS codes need to be used for Hedge Funds and Individuals Providing Personal Guarantees:

525992: Hedge Funds

999940: Any private household activities not including trust or personal investment activities, and not related to domestic services.

However, from our understanding and review, neither of these codes exist in the published list of NAICS Codes and therefore, are not setup in our systems as permissible values.

Accordingly, we would appreciate additional clarification regarding the correct NAICS codes to be used for these populations.

Alternatively, if these NAICS codes as provided are intended to be incorporated into the official/published list, further guidance regarding how to proceed until that process is complete would be appreciated.

A: When a NAICS industry is not available, firms are asked to report the relevant Global Industry Classification Standard (GICS) industry. If neither NAICS nor GICS industries are available, report the relevant Standard Industrial Classification (SIC) industry.
(FRB Response: February 14, 2018)

Q (Y140000706, General): We would like to get more clarification on which sub-schedules should the BHC be reflecting the client exposures to CCPs per the instructions modified as of August 22, 2017.

Designated central clearing counterparty (CCP) exposures should include both cleared OTC derivatives and exchange traded derivatives. For counterparties that clear both OTC derivatives and exchange traded derivatives (namely futures and options), provide a breakout of the amount of exposure reported for each (OTC vs exchange traded) in the notes section of the CCR schedule or a supplemental Excel file submitted as supporting documentation.

Report both house and client exposures to the CCPs and report these counterparties at the legal entity level, as opposed to consolidated entity level. Gross CE, Net CE, and CVA (as defined in column instructions below) should include all exposures to the CCP, such as default fund contributions, initial margin, and any other collateral provided to the CCP that exceeds contract MTM amounts. Additionally, Stressed EEs, as reported on sub-schedule L.2, should also include CCP exposures.

A: This particular aspect of the recently revised instructions was rescinded and was reverted back to the version that was in effect prior to the August publication. Please see the revised instructions published on November 1, 2017. **(FRB Response: February 14, 2018)**

Q (Y140000713, L.6 – Derivatives Profile for the Top 25 Counterparties by Netting Set Level and at a Consolidated Counterparty Level): The most recent instructions on Unstressed Exposure MTM for sub-schedule L.6 is the following:

"The mark-to-market value of exposure under the agreement, not including collateral but including netting of positions where legally binding. This could be a positive or negative value. The aggregate of the positive amounts for a given consolidated counterparty should be equivalent to the Gross CE for the consolidated counterparty. When a legally-enforceable netting agreement is not in-place, this should be a sum of the positive and negative mark-to-market values across positions associated with the consolidated counterparty."

For a counterparty without a legally-enforceable netting agreement, its Gross CE is the sum of positive mark-to-market values.

The reporting template only has one Unstressed Exposure MTM column. If we report this field as sum of positive and negative MTM values for counterparty without a legally enforceable netting agreement, it will not be equal to the counterparty's Gross CE.

Could the FRB kindly clarify this part of the instructions?

A: This particular aspect of the instruction specifies the method by which banks should report the Unstressed Exposure MtM field in cases where a legally enforceable netting agreement is

not in place. We acknowledge that unstressed Exposure MtM is not identical to Gross CE, and hence require both fields to be reported separately. Part of the instruction which reads, "The aggregate of the positive amounts for a given consolidated counterparty should be equivalent to the Gross CE for the consolidated counterparty," was to provide the illustrative description of the relationship between the two different reporting measures.
(FRB Response: February 14, 2018)

Q (Y140000714, L.1 – Derivatives Profile by Counterparty and Aggregate Across all Counterparties): The reporting instruction for sub-schedule L.1.b states, "If a Top 20 counterparty already is reported on sub-schedule L.1.a, L.1.c.1-L.1.c.3, or L.1.d.1-L.1.d.2, do not duplicate information for that counterparty on sub-schedule L.1.b.1 or L.1.b.2. Report only any additional counterparties needed to arrive at the Top 20 by each specific sorting criteria that are not already incorporated in sub-schedule L.1.a, L.1.c.1-L.1.c.3, or L.1.d.1-L.1.d.2."

The reporting instruction for sub-schedule L.1.c states, "If a Top 20 counterparty already is reported on sub-schedule L.1.a, L.1.b.1, or L.1.b.2, do not duplicate information for that counterparty on this Top 20 counterparties sub-schedule. Report only any additional counterparties needed to arrive at the Top 20 by each specific sorting criteria that are not already incorporated in sub-schedule L.1.a, L.1.b.1, and L.1.b.2."

Based on our interpretation of the above instructions, this will create circular references when detecting duplicated counterparties between sub-schedule L.1.b and L.1.c. With this expectation, we believe that the instruction for L.1.b should instead be, "If a Top 20 counterparty already is reported on sub-schedule L.1.a, do not duplicate information for that counterparty on sub-schedule L.1.b."

Please confirm whether our interpretation is correct.

A: The instruction was intended to specify the requirement that top 20 counterparty names should not overlap between sub-schedules L.1.a, L.1.b.1-L.1.b2, L.1.c.1-L.1.c.3, or L.1.d.1-L.1.d.2. Your interpretation is correct in that, for purposes of reporting sub-schedule L.1.b.1, top 20 counterparties must be selected based on those counterparties that are not already incorporated in sub-schedule L.1.a. Also, as in the instruction, do not duplicate the same counterparty information between sub-schedule L.1.b.1. and sub-schedule L.1.b. 2, (i.e., a Top 20 counterparty that is reported on L.1.b.1 should not appear in L.1.b.2.).
(FRB Response: December 20, 2017)

Q (Y140000712, L.6 – Derivatives Profile for the Top 25 Counterparties by Netting Set Level and at a Consolidated Counterparty Level): The latest Central Counterparty Reporting instruction requires firms to report client exposures to the CCPs at the legal entity level as opposed to consolidated entity level.

"Report both house and client exposures to the CCPs and report these counterparties at the legal entity level, as opposed to consolidated entity level."

However, related instruction for sub-schedule L.6 asks firms to report client exposures consolidated.

"This schedule includes situations in which the firm is clearing transactions (both centrally cleared derivatives and listed derivatives) on behalf of a client that creates exposure to the client in the event of client default. Such exposures should be included in the consolidated exposure to the client, i.e., risk taking entity."

CCP client clearing credit exposures are similar to regular derivative credit exposures so we interpret the instructions to indicate that we should report client exposures at the consolidated level (i.e. if a bank clears derivatives for two subsidiary entities of a counterparty, the exposure facing these two subsidiaries should be reported consolidated against the parent counterparty).

Please confirm whether our interpretation is correct.

A: Please refer to the revised instructions published November 1, 2017.
(FRB Response: December 20, 2017)

Q (Y140000701, L.6 – Derivatives Profile for the Top 25 Counterparties by Netting Set Level and at a Consolidated Counterparty Level): The updated instruction with modified date, August 22, 2017, version, we need clarification.

> Schedule L.5 and L.6 (on page 277), in regard to Central Counterparty Reporting it states: "Report both house and client exposures to the CCPs..."
>
> Schedule L.6 (on page 303), the instructions states: "This schedule includes situations in which the firm is clearing transactions (both centrally-cleared derivatives and listed derivatives) on behalf of client that creates exposure to the client in the event of client default. Such exposures should be included in the consolidated exposure to the client, i.e., risk taking entity. "

Is the second statement of reporting client exposure to the client, in the event of default what is meant on p. 277 as client exposure to the CCPs?

A: This aspect of the recently revised instructions has been rescinded. This aspect of the instructions has reverted back to the version that was in effect prior to the August 22 publication. This will result in reporting requirements in 2018 that are identical to the 2017 requirements for this aspect of the recently revised reporting instructions. Revised instructions were published in early November 2017 on the Board's public website.
(FRB Response: November 15, 2017)

Q (Y140000739, L.5 – Securities Financing Transactions Profile for the Top 25 Counterparties by Netting Agreement Level, Consolidated Counterparty Level and Aggregate Across All Counterparties): When reporting exchange-traded futures and options on FR Y-14Q Schedule L, should the exposure from the clearing member to the CCP be reported or from the risk-taking entity to the CCP?

A: When reporting cleared OTC derivatives and listed futures and options contracts on futures exchanges, the firm is only required to include house exposures to the CCPs. As in the instructions that were in effect prior to the August 2017 instruction change, the firm's client exposures to the CCP are not required to be reported, nor are the firm's client facing exposures arising from listed derivatives. **(FRB Response: October 25, 2017)**

Schedule M—Balances

Q (Y140000678, General): The FR Y-14Q Schedule M.1 (Loan and Lease Balances) includes a breakout of two sub-products within Residential Real Estate line 1.a.(1): (a) First Mortgages, and (b) First Lien HELOANs, both of which are reported on FR Y9-C, Schedule HC-C line 1.c.(2).(a). To ensure accuracy in our reporting, we would appreciate additional guidance on the definition of "First Lien HELOANs," as we are not

aware of an industry standard definition for this product or how this loan population differs from First Mortgages.

A: “First lien” is a concept indicating that the debt holder has first priority to receive recovery proceeds from collateral in the case of borrower default. A HELOAN—a form of second mortgage loan—can become a first lien if the first mortgage is paid off or if the first mortgage is modified and the recording date of the modified loan becomes later than that of the HELOAN. **(FRB Response: September 27, 2017)**