

**FEDERAL HOUSING FINANCE  
AGENCY****12 CFR Part 1238**

RIN 2590-AA47

**Stress Testing of Regulated Entities****AGENCY:** Federal Housing Finance Agency.**ACTION:** Final rule.

**SUMMARY:** This final rule implements section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and requires the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and each of the twelve Federal Home Loan Banks (Banks) (any of the Banks singularly, Bank; Fannie Mae and Freddie Mac collectively, the Enterprises; the Enterprises and the Banks collectively, regulated entities; any of the regulated entities singularly, regulated entity) that has total consolidated assets of more than \$10 billion to conduct annual stress tests to determine whether the companies have the capital necessary to absorb losses as a result of adverse economic conditions. The rule reflects the Federal Housing Finance Agency's (FHFA's) supervisory judgment after considering public comments and is grounded in its regulatory and supervisory authority and obligation to ensure the safety and soundness of the regulated entities under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (Safety and Soundness Act) and the Federal Home Loan Bank Act, as amended (Bank Act). In accordance with section 165(i)(2)(C) of the Dodd-Frank Act, FHFA has coordinated with the Board of Governors of the Federal Reserve System (FRB), and the Federal Insurance Office.

**DATES:** *Effective Date:* October 28, 2013.

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**SUPPLEMENTARY INFORMATION:****I. Background**

The purpose of this final rule is to ensure stronger regulation of the regulated entities by providing FHFA with additional, forward-looking information that will help it assess the capital adequacy of the regulated entities under various scenarios. Section 165(i)(2) of the Dodd-Frank Act requires certain financial companies with total consolidated assets of more than \$10 billion, and which are regulated by a primary federal financial regulatory agency, to conduct annual stress tests to determine whether the companies have the capital necessary to absorb losses as a result of adverse economic conditions. The FHFA is the primary federal financial regulator of the regulated entities. While each of the regulated entities currently has total consolidated assets of more than \$10 billion, the final rule expressly retains the Director's discretion to require any regulated entity that falls below the \$10 billion threshold to conduct the stress test.

The rule sets forth the basic requirements for implementing stress tests and reporting the results. FHFA anticipates supplementing this rule annually with reporting schedules, guidance, and orders (that may include adjustments to the instructions and advice, changes to the required content and format, and to transmit the annual scenarios to the regulated entities).

An initial Order, issued under 12 U.S.C. 4514(a), which allows for enforceable Orders to submit reports, and Summary Instructions and Guidance, which identifies specific elements of the stress test, are being published contemporaneously with this rule.

**II. Discussion of Public Comments**

On October 5, 2012, FHFA published in the **Federal Register** a proposed rule to implement the Dodd-Frank stress testing requirements for the regulated entities. The comment period closed on December 4, 2012, after one 30 day extension.<sup>1</sup>

FHFA received three comments: One from Freddie Mac; one joint comment from the Banks; and one comment from a private citizen who works in the financial services industry. All comments are available on FHFA's Web site, <http://www.fhfa.gov>. The proposed rule sought comments on the content of the proposal and on certain specific reporting elements FHFA was considering for inclusion in a subsequent Order. Comments recognized the proposal's alignment

with the Dodd-Frank stress rules published by the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the FRB, but urged even closer alignment in the content of the rule and in practices developed for implementing it.

**A. Implementation and Time Frames**

Significant comments addressed implementation time frames, arguing that the proposed reporting dates did not provide sufficient time for regulated entities to develop systems that would yield meaningful results. Minimum implementation periods of 180 to 270 days from the date the final rule is published were suggested. FHFA recognizes that the OCC and the FDIC allow deferred, delayed, or phased implementation of stress testing programs based on an institution's size and prior experience in conducting stress tests. In light of the fact that the other regulators have delayed implementation, FHFA has decided to delay implementation of the rule and require stress tests based on portfolios as of September 30, 2013 (instead of 2012) and each September 30 thereafter. This final rule reflects this decision.

The Enterprises will be required to report on specific FHFA-required stress tests, as they have in the past, as well as the Dodd-Frank stress tests under this rule based on portfolios as of September 30, 2013; thereafter, the Enterprises will only be required to report the results of stress testing under this rule. The Banks will be required to conduct stress tests and report results beginning with the September 30, 2013 as of date for portfolios. Consequently, stress testing under this rule will not take place until after September 30, 2013, and reporting under this rule will not be required until 2014. Commenters also requested greater certainty with respect to when FHFA will issue the scenarios and the "as of" date for counterparty trading exposures, and suggested alternative "as of" dates for counterparty trading exposures. FHFA will issue the scenarios within 15 calendar days after scenarios are issued by the FRB. In the final rule, FHFA is aligning the "as of" date for counterparty trading exposures with the dates for the portfolio (September 30).

**B. Scenarios**

The Banks asked whether FHFA would provide the same scenarios to each Bank, suggesting that the only variations should be the use of region-specific House Price Indexes. FHFA agrees that a uniform set of scenarios is necessary to provide a basis for

<sup>1</sup> 77 FR 60948 (Oct. 5, 2012) and 77 FR 66566 (Nov. 6, 2012).

comparison across companies. FHFA expects to prescribe a uniform set of scenarios for all the regulated entities that is generally consistent and comparable with the scenarios provided by the FRB, FDIC, and OCC. The uniformity will facilitate comparison of stress test results across the regulated entities and with other financial institutions.

#### C. Methodologies

The Banks requested that § 1238.4 of the rule expressly state that the stress testing and related reports will be required to address only items that would be material to a Bank's capital and earnings. Similarly, they asked that they may use their own business assumptions for certain inputs such as replenishment of runoff assets and liabilities to calculate future income projections for the scenarios provided by FHFA. FHFA will clarify questions about materiality and about which institution-specific business assumptions may be used for implementing the scenarios in the Order.

Section 1238.4(a) of the proposed rule would require each regulated entity to calculate the impact of each scenario on three categories of data for each quarter of the planning horizon. The Banks and Freddie Mac presented significant objections to requiring calculations of the effect on market value of equity (MVE) during each quarter of the planning horizon for each scenario. The Banks and Freddie Mac objected to including MVE as a required qualitative disclosure, asserting that the disclosure is unhelpful and that requiring the disclosure over the planning horizon is both complex and requires the establishment of significant additional controls to ensure accurate projections. They also pointed out that it is a measurement not required by the stress test rules of the other regulators. FHFA understands these objections and has eliminated MVE calculation and reporting from the final rule.

The Banks and Freddie Mac commented on the structure of required controls proposed by § 1238.4(d). They pointed out that the required controls could be clearer and better aligned with the regulations of the other regulators. After review, FHFA adjusted the final rule to distinguish better between the obligations of the board of directors and management, aligning this rule more closely with the other regulators' stress test rules. Senior management is responsible for establishing and testing controls. The board of directors or a designated committee thereof is responsible for reviewing and approving

policies and procedures established to comply with the rule. Senior management and each member of the board of directors are to receive a summary of the stress test results.

#### D. Reporting and Confidentiality

The proposed rule would have required the regulated entities to report results to FHFA and the FRB by January 5 of each year and publish summaries of stress test results for all three scenarios within 90 days thereafter. The Banks and Freddie Mac requested that FHFA conform with other regulatory agencies by changing the rule to require the regulated entities to publish only the results of the severely adverse scenario. The citizen noted that publishing results 90 days after reporting to the FRB and FHFA is too long a delay. The Banks noted the possibility that stress test results could constitute material information requiring disclosure under securities laws sooner than 90 days after publication.

FHFA understands that publication by a regulated entity of the results of the baseline and adverse scenarios could be misinterpreted as earnings projections. Consequently, FHFA's final rule requires the regulated entities to publish the results of only the severely adverse scenario.

FHFA is also mindful of the fact that scenarios will be provided to the regulated entities up to 15 days after the FRB provides scenarios to its financial institutions, and that unlike the Enterprises, the Banks have not previously had to comply with a stress testing requirement. The final rule requires the Enterprises to report results to FHFA and the FRB by February 5 (30 days after required reporting dates for financial institutions with \$50 billion or more of assets) and to publish results between April 15 and April 30. It requires the Banks to report results to FHFA and the FRB by April 30 (30 days after required reporting dates for financial institutions with less than \$50 billion of assets) and to publish results between July 15 and July 30. The 15 day window within which publication is required is measured to ensure publication not later than 90 days after filing, but not sooner than prudent thus allowing for a period of agency review before release.

The Banks requested that FHFA delay required publication of initial results until 2014, based on data as of September 2013. In view of the changes made to delay implementation until the September 2013 as of date, no further adjustments are needed.

The Banks requested that the rule state explicitly that test results reported

to the FRB and FHFA will be treated as confidential supervisory information exempt from disclosure under the Freedom of Information Act and 12 CFR 1202.4 of this chapter. FHFA agrees that the results generally are supervisory and examination-related material, the disclosure of which is not required under the Freedom of Information Act or 12 CFR 1202.4. However, FHFA declines the request that it restrict its own discretion under the law to determine the appropriateness of disclosure. FHFA intends to retain its discretion to disclose as appropriate. Nonetheless, § 1238.5(c) of the final rule reflects changes needed to clarify that reported results are non-public information and may not be released unless disclosure is authorized by this part, legal obligation (such as other law, court order, or subpoena), or by the Director of FHFA.

#### E. Other Matters

The Banks and Freddie Mac requested clarification of several terms that were not used in the proposed rule text, but were anticipated for use in a supplemental Order. In the proposal FHFA identified elements it anticipated requiring for annual reporting. Both the Banks' and Freddie Mac's comments seek clarification of the phrase "comparable level of detail to SEC filings" with respect to income statement and balance sheet reporting. The Banks request clarification of the terms "credit-related expenses" and "foreclosed property expenses." The regulated entities will have the opportunity to review the reporting schedule for stress test results and resolve any issues requiring further clarification before the schedules are finalized.

For the baseline scenario, FHFA requested comment on requiring disclosure of "[t]he sensitivity of the book value of capital and market value of equity to parallel interest rate shocks (e.g., plus and minus 50 basis points and 100 basis points) at the 'as of' date of the stress test." Freddie Mac commented that the disclosure is unnecessary, as it provides comparable sensitivity disclosures in its quarterly disclosure reports to the Securities and Exchange Commission (SEC). Freddie Mac noted that the other regulators do not require this disclosure. Fannie Mae, although not commenting on the proposed rule, also includes comparable quantitative and qualitative market risk disclosures in the quarterly disclosures it files with the SEC. FHFA removed the proposed requirement to calculate and report sensitivities of the book value of

capital and MVE to parallel rate shocks from the final rule.

The Banks argued that FHFA should publish and allow advance comment on several aspects of the stress testing exercise including schedules, guidance, and scenarios. FHFA's response is that the regulated entities will be given appropriate opportunities to consult with FHFA on the content and annual implementation of the tests.

### III. Summary of Final Rule

#### Authority and Purpose—§ 1238.1

Section 1238.1 is unchanged from the proposed rule, describing the authority and purpose of this rulemaking. As the primary federal financial regulator of the regulated entities, FHFA issues this rule to implement the Dodd-Frank Act's annual stress test requirement for Fannie Mae, Freddie Mac, and each of the Federal Home Loan Banks. FHFA coordinated with the FRB and the Federal Insurance Office to develop the rule and ensure consistent and comparable regulations for annual stress testing.

#### Definitions—§ 1238.2

Section 1238.2 of the rule defines a number of terms used in section 165(i)(2) of the Dodd-Frank Act and in this part, including a definition of the statutory term "stress test," as required by section 165(i)(2)(C)(i). Changes were made in this section to delete certain terms that have been generally defined in 12 CFR 1201.1 of this chapter.

#### Annual Stress Test—§ 1238.3

The rule requires a regulated entity to use its data as of September 30 of that calendar year. The final rule reflects FHFA's decision after considering comments to provide a single and consistent "as of" date for the portfolio data used for stress testing. The final rule commits FHFA to providing to all regulated entities a description of the baseline, adverse, and severely adverse scenarios that each regulated entity shall use to conduct its annual stress tests under this part within 15 calendar days after the FRB issues scenarios to its regulated financial institutions.

#### Methodologies and Practices—§ 1238.4

Section 1238.4 provides that, in conducting a stress test, each regulated entity is required to calculate how certain financial values and ratios are affected during each of the nine quarters of the stress test planning horizon, for each scenario. The final rule removes the requirement of measuring effects on MVE.

Section 1238.4(c) is unchanged in the final rule and provides that, if FHFA

determines that the stress test methodologies and practices of a regulated entity are deficient, it can require the regulated entity to use additional or alternative analytical techniques and exercises to fulfill the stress test requirement. The final rule provides that FHFA will issue guidance annually to describe the scenarios and methodologies to be used in conducting the stress tests. Section 1238.4(d)(1) of the final rule clarifies that the senior management of each regulated entity is responsible for establishing and maintaining a system of controls, oversight, testing, and documentation to ensure that the stress testing process is effective to meet the requirements of part 1238. Section 1238.4(d)(2) reflects FHFA's decision that each regulated entity's board of directors is required to review and approve the policies and procedures established by senior management at least annually. It also requires that each member of the board of directors and senior management receives a copy of the stress test results.

#### Required Report to FHFA and the FRB of Stress Test Results and Related Information—§ 1238.5

Section 1238.5 changes the date by which stress test results are required to be reported to the FRB and FHFA. Instead of January 5 of each year, reports are required on or before February 5 for the Enterprises, and on or before April 30 for the Banks. The reports are required to be filed in the manner and form established by FHFA. Section 1238.5 of the proposed rule also specifies the confidentiality requirements that govern the release of information contained in the annual report and other information required to be submitted that is related to the annual report. In response to comments, FHFA has changed the confidentiality provision of this final rule to reflect more clearly that results filed with FHFA become the non-public property of the agency, are considered supervisory and examination material, and may only be disclosed in accordance with the final rule, legal obligation (such as other law, court order, or subpoena), or as otherwise authorized by the Director.

#### Post-Assessment Actions by Regulated Entities—§ 1238.6

No changes were made to section 1238.6 as proposed. The final rule requires that each regulated entity take the results of the annual stress test into account in making any changes, as appropriate, to its capital structure (including the level and composition of capital); its exposures, concentrations,

and risk positions; any plans for recovery and resolution; and to improve overall risk management. Consultation with FHFA supervisory staff is expected in making such improvements. If a regulated entity is under FHFA conservatorship, any post-assessment actions would require FHFA's prior approval.

#### Publication of Results by Regulated Entities—§ 1238.7

The final rule specifies a two week window within which the mandatory publication must occur, rather than requiring publication within 90 days after filing. The rule also clarifies that publication of the results of only the severely adverse scenario is required, rather than the results of each scenario. The section also identifies the minimum elements of the regulated entity's public disclosure.

#### Additional Implementing Action—§ 1238.8

Section 1238.8 of the final rule is unchanged from the proposal and provides that the Director may require a regulated entity with total consolidated assets below \$10 billion to conduct stress testing under this part; and, from time to time, issue such guidance and orders as may be necessary to facilitate implementation of this part.

### IV. Coordination With the FRB and the Federal Insurance Office

In accordance with section 165(i)(2)(C), FHFA has coordinated the final rule with both the FRB and the Federal Insurance Office. The FRB published two final rules, one covering "bank holding companies with total consolidated assets greater than \$10 billion but less than \$50 billion and state member banks and savings and loan holding companies with total consolidated assets greater than \$10 billion"<sup>2</sup>; and a second covering "large bank holding companies and nonbank financial companies,"<sup>3</sup> also known as "covered companies," on October 12, 2012<sup>4</sup>; the FDIC issued its final rule on October 15, 2012<sup>5</sup>; the OCC issued its final rule on October 9, 2012.<sup>6</sup> Although FHFA's final rule is not identical to those of the FRB, the FDIC, and the OCC, it is consistent and comparable with them.

<sup>2</sup> 77 FR 62396 (Oct. 12, 2012).

<sup>3</sup> *Id.*

<sup>4</sup> 77 FR 62378 (Oct. 12, 2012).

<sup>5</sup> 77 FR 62417 (Oct. 15, 2012).

<sup>6</sup> 77 FR 61238 (Oct. 9, 2012).

## V. Differences Between Banks and Enterprises

Section 1313 of the Safety and Soundness Act requires the Director to consider the differences between the Banks and the Enterprises whenever promulgating regulations that affect the Banks. In developing this rule, FHFA considered the differences between the Banks and the Enterprises, but also adhered to the statutory mandate that the regulation be “consistent and comparable” with the regulations of the other agencies. In the final rule, FHFA requires different timeframes for reporting stress test results for the Enterprises versus the Banks. Fannie Mae and Freddie Mac have experience completing stress tests using scenarios defined by the regulator, whereas the Banks have not conducted similar exercises. Therefore, for the Enterprises, FHFA set the dates for reporting stress test results to the regulator and to the public in proximity to similar dates in the other agencies’ rules for institutions with over \$50 billion in assets. Reporting dates for all the Banks, regardless of size, are set in proximity to similar dates for institutions with less than \$50 billion in assets. As a result, the Banks have almost three additional months to report results to FHFA and to the public.

## VI. Regulatory Impact

### *Paperwork Reduction Act*

The final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*). Therefore, FHFA has not submitted any information to the Office of Management and Budget for review.

### *Regulatory Flexibility Act*

The proposed rule applies only to the regulated entities, which do not come within the meaning of small entities as defined in the Regulatory Flexibility Act (*see* 5 U.S.C. 601(6)). Therefore, in accordance with section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 605(b)), FHFA certifies that this final rule will not have a significant economic impact on a substantial number of small entities.

### List of Subjects in 12 CFR Part 1238

Administrative practice and procedure, Capital, Federal Home Loan Banks, Government-sponsored enterprises, Reporting and recordkeeping requirements, Stress test.

■ For the reasons stated in the preamble, the Federal Housing Finance Agency adds part 1238 to subchapter B, to Title

12, Chapter XII of the Code of Federal Regulations to read as follows:

## PART 1238—STRESS TESTING OF REGULATED ENTITIES

Sec.

- 1238.1 Authority and purpose.
- 1238.2 Definitions.
- 1238.3 Annual stress test.
- 1238.4 Methodologies and practices.
- 1238.5 Required report to FHFA and the FRB of stress test results and related information.
- 1238.6 Post-assessment actions by regulated entities.
- 1238.7 Publication of results by regulated entities.
- 1238.8 Additional implementing action.

**Authority:** 12 U.S.C. 1426; 4513; 4526; 4612; 5365(i).

### § 1238.1 Authority and purpose.

(a) *Authority.* This part is issued by the Federal Housing Finance Agency (FHFA) under section 165(i) of Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) (Pub. L. 111–203, 124 Stat. 1376, 1423–32 (2010), 12 U.S.C. 5365(i)), the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (12 U.S.C. 4513, 4526, 4612), and the Federal Home Loan Bank Act, as amended (12 U.S.C. 1426).

(b) *Purpose.* (1) This part implements section 165(i)(2) of the Dodd-Frank Act, which requires all large financial companies that have total consolidated assets of more than \$10 billion, and are regulated by a primary federal financial regulatory agency, to conduct annual stress tests. To ensure the safety and soundness of the regulated entities, the Director reserves and retains the discretion to apply this part to any regulated entity with less than \$10 billion total consolidated assets in a particular year.

(2) This part establishes requirements that apply to each regulated entity’s performance of annual stress tests. The purpose of the annual stress test is to provide the regulated entities, FHFA, and the FRB with additional, forward-looking information that will help them to assess capital adequacy at the regulated entities under various scenarios; to review the regulated entities’ stress test results; and to increase public disclosure of the regulated entities’ capital condition by requiring broad dissemination of the stress test scenarios and results.

### § 1238.2 Definitions.

For purposes of this part, the following definitions apply:

*Federal Home Loan Banks* mean the Federal Home Loan Banks established under section 12 of the Federal Home

Loan Bank Act (12 U.S.C. 1432). Each Bank is a regulated entity.

*Federal Housing Finance Agency* or *FHFA* means the agency established by 12 U.S.C. 4511.

*Planning horizon* means the period of time over which the stress projections must extend. The planning horizon cannot be less than nine quarters.

*Regulated entities* means, collectively, Fannie Mae, Freddie Mac, and the twelve Federal Home Loan Banks.

*Scenarios* are sets of economic and financial conditions used in the regulated entities’ stress tests, including baseline, adverse, and severely adverse.

*Stress test* is a process to assess the potential impact on a regulated entity of economic and financial conditions (“scenarios”) on the consolidated earnings, losses, and capital of the regulated entity over a set planning horizon, taking into account the current condition of the regulated entity and the regulated entity’s risks, exposures, strategies, and activities.

### § 1238.3 Annual stress test.

(a) *In general.* Each regulated entity:

(1) Shall complete an annual stress test of itself based on its data as of September 30 of that calendar year;

(2) The stress test shall be conducted in accordance with this section and the methodologies and practices described in § 1238.4 and in any supplemental guidance or Order.

(b) *Scenarios provided by FHFA.* In conducting its annual stress tests under this section, each regulated entity must use scenarios provided by FHFA, which shall be generally consistent and comparable to those established by the FRB, that reflect a minimum of three sets of economic and financial conditions, including a baseline, adverse, and severely adverse scenario. Not later than 15 days after the FRB publishes its scenarios, FHFA will issue to all regulated entities a description of the baseline, adverse, and severely adverse scenarios that each regulated entity shall use to conduct its annual stress tests under this part.

### § 1238.4 Methodologies and practices.

(a) *Potential impact.* Except as noted in this subpart, in conducting a stress test under § 1238.3, each regulated entity shall calculate how each of the following is affected during each quarter of the stress test planning horizon, for each scenario:

(1) Potential losses, pre-provision net revenues, allowance for loan losses, and future pro forma capital positions over the planning horizon; and

(2) Capital levels and capital ratios, including regulatory capital and net

worth, each Bank's leverage and permanent capital ratios, and any other capital ratios, specified by FHFA.

(b) *Planning horizon.* Each regulated entity must use a planning horizon of at least nine quarters over which the impact of specified scenarios would be assessed.

(c) *Additional analytical techniques.* If FHFA determines that the stress test methodologies and practices of a regulated entity are deficient, FHFA may determine that additional or alternative analytical techniques and exercises are appropriate for a regulated entity to use in identifying, measuring, and monitoring risks to the financial soundness of the regulated entity, and require a regulated entity to implement such techniques and exercises in order to fulfill the requirements of this part. In addition, FHFA will issue guidance annually to describe the baseline, adverse, and severely adverse scenarios, and methodologies to be used in conducting the annual stress test.

(d) *Controls and oversight of stress testing processes.*—(1) The appropriate senior management of each regulated entity must ensure that the regulated entity establishes and maintains a system of controls, oversight, and documentation, including policies and procedures, designed to ensure that the stress testing processes used by the regulated entity are effective in meeting the requirements of this part. These policies and procedures must, at a minimum, describe the regulated entity's testing practices and methodologies, validation and use of stress test results, and processes for updating the regulated entity's stress testing practices consistent with relevant supervisory guidance;

(2) The board of directors, or a designated committee thereof, shall review and approve the policies and procedures established to comply with this part as frequently as economic conditions or the condition of the regulated entity warrants, but at least annually; and

(3) Senior management of the regulated entity and each member of the board of directors shall receive a summary of the stress test results.

**§ 1238.5 Required report to FHFA and the FRB of stress test results and related information.**

(a) *Report required for stress tests.* On or before February 5 of each year, the Enterprises must report the results of the stress tests required under § 1238.3 to FHFA, and to the FRB, in accordance with paragraph (b) of this section; and on or before April 30 of each year, the Banks must report the results of the

stress tests required under § 1238.3 to FHFA, and to the FRB, in accordance with paragraph (b) of this section;

(b) *Content of report for annual stress test.* Each regulated entity must file a report in the manner and form established by FHFA.

(c) *Confidential treatment of information submitted.* Reports submitted to FHFA under this part are FHFA property and records (as defined in 12 CFR part 1202 of this chapter). The reports are and include non-public information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of, FHFA in connection with the performance of the agency's responsibilities regulating or supervising its regulated entities. Disclosure of any reports submitted to FHFA or the information contained in any such report is prohibited unless authorized by this part, legal obligation, or otherwise by the Director of FHFA.

**§ 1238.6 Post-assessment actions by regulated entities.**

Each regulated entity shall take the results of the stress test conducted under § 1238.3 into account in making changes, as appropriate, to the regulated entity's capital structure (including the level and composition of capital); its exposures, concentrations, and risk positions; any plans for recovery and resolution; and to improve overall risk management. If a regulated entity is under FHFA conservatorship, any post-assessment actions shall require prior FHFA approval.

**§ 1238.7 Publication of results by regulated entities.**

(a) *Public disclosure of results required for stress tests of regulated entities.* The Enterprises must disclose publicly a summary of the stress test results for the severely adverse scenario not earlier than April 15 and not later than April 30 of each year. Each Bank must disclose publicly a summary of the stress test results for the severely adverse scenario not earlier than July 15 and not later than July 30 of each year. The summary may be published on the regulated entity's Web site or in any other form that is reasonably accessible to the public;

(b) *Information to be disclosed in the summary.* The information disclosed by each regulated entity shall, at a minimum, include—

(1) A description of the types of risks being included in the stress test;

(2) A high-level description of the scenario provided by FHFA, including key variables (such as GDP,

unemployment rate, housing prices, foreclosure rate, etc.);

(3) A general description of the methodologies employed to estimate losses, pre-provision net revenue, allowance for loan losses, and changes in capital positions over the planning horizon;

(4) A general description of the use of the required stress test as one element in a regulated entity's overall capital planning and capital adequacy assessment. If a regulated entity is under FHFA conservatorship, this description shall be coordinated with FHFA;

(5) Aggregate losses, pre-provision net revenue, allowance for loan losses, net income, net worth, and each Bank's leverage and permanent capital ratios, pro forma capital levels and capital ratios (including regulatory and any other capital ratios specified by FHFA) over the planning horizon, under the scenario; and

(6) Such other data fields, in such form (e.g., aggregated), as the Director may require.

**§ 1238.8 Additional implementing action.**

The Director may, in circumstances considered appropriate, require any regulated entity not subject to this part to conduct stress testing hereunder; and from time to time, issue such guidance and orders as may be necessary to facilitate implementation of this part.

Dated September 9, 2013.

**Edward J. DeMarco,**

*Acting Director, Federal Housing Finance Agency.*

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**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. FAA-2013-0597; Directorate Identifier 2013-CE-016-AD; Amendment 39-17593; AD 2013-19-11]

RIN 2120-AA64

**Airworthiness Directives; Diamond Aircraft Industries GmbH Airplanes**

**AGENCY:** Federal Aviation Administration (FAA), Department of Transportation (DOT).

**ACTION:** Final rule.

**SUMMARY:** We are adopting a new airworthiness directive (AD) for Diamond Aircraft Industries GmbH Models DA 42, DA 42 NG, and DA 42 M-NG airplanes. This AD results from mandatory continuing airworthiness