

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045-0001

TELEPHONE 212 720-8590

FACSIMILE 212 720-8707

ken.lamar@ny.frb.org

KENNETH LAMAR
VICE PRESIDENT

March 31, 2005

To: The Individual Responsible for Preparing the Financial Statements for Large Bank Holding Companies (FR Y-9C) Located in the Second Federal Reserve District

Subject: Bank Holding Company (BHC) Reporting Requirements for March 31, 2005

Enclosed are copies of the following report forms and instructions for the March 31, 2005 reporting date:

- (1) Consolidated Financial Statements for Bank Holding Companies (FR Y-9C);
- (2) Parent Company Only Financial Statements for Large Bank Holding Companies (FR Y-9LP);
- (3) Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11); and
- (4) Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12).

There have been changes made to the FR Y-9C form and instructions to: identify private equity merchant banking activity, identify firms providing auditing services, and to add a new item to the balance sheet for data related to trust preferred securities.

In addition, implementation of the accelerated 35-day deadline (defined as 30 calendar days plus 5 business days) for top-tier FR Y-9C filers has been delayed until June 2006. One

minor change to the FR Y-9LP form was made to clarify that Schedule PC-B, item 15 applies to consolidated nonbank and thrift subsidiaries. Also a number of clarifications have been made to the FR Y-9C, FR Y-9LP and FR Y-11 reporting instructions.

There have been several changes to the FR Y-12 report form and instructions which were detailed in our letter of November 26, 2004. The Federal Register notice, the supporting statements, final report forms and instructions may be obtained at <http://www.federalreserve.gov/boarddocs/reportforms/review.cfm>.

Significant accounting updates have been provided in this letter and in the attachments.

Reports Submission

All FR Y-9C and FR Y-9LP filers are required to submit electronically. A signed and attested printout of the data submitted must be maintained in the BHCs files. The cover page of the Reserve Bank supplied report forms should be used to fulfill the signature and attestation requirements and should be attached to the printout placed in the BHC's files. For the FR Y-11 and FR Y-12 that are not submitted electronically, an original and two copies (one-sided) of each completed report must be returned to this bank by mail or messenger by the dates listed below.

The Federal Reserve continues to monitor the timeliness of receipt of these reports. Earlier submission would aid this Bank in reviewing and processing the reports and is encouraged.

The submission deadline for the **top-tier FR Y-9C** filers is Tuesday, May 10, 2005. Any top-tier FR Y-9C report received after 5:00 p.m. on May 10 will be considered late. The submission deadline for the **lower-tier FR Y-9C** filers and **all FR Y-9LP** filers is Monday, May 16, 2005. Any of these reports received after 5:00 p.m. on May 16 will be considered late. The submission deadline for the **FR Y-12** is Monday, May 16, 2005. Any FR Y-12 reports received after 5:00 p.m. on May 16 will be considered late unless postmarked by Friday, May 13 or sent by overnight service on Sunday, May 15. The submission deadline for the **FR Y-11** is Tuesday, May 31, 2005. Any reports received after 5:00 p.m. on May 31 will be considered late unless postmarked by Saturday, May 28 or sent by overnight service on Monday, May 30.

Submission of initial data via facsimile, even if prior to this deadline does not constitute an official filing. In view of this, please be sure that completed reports are submitted on time to:

Federal Reserve Bank of New York
Statistics Function
Administrative Support Staff
33 Liberty Street, 4th Floor
New York, N.Y. 10045

Editing of Data by Respondents

On December 15, 2003, the Federal Reserve announced in the *Federal Register* changes to the FR Y-9 series that will require validation checks to be performed by respondents as part of the electronic submission process. This change was implemented as of September 30, 2004, for the FR Y-9C and LP reports and was effective as of December 31, 2004 for the FR Y-9ES report. This change requires that your BHC perform published validity and quality checks on your data (edits) by the filing deadline. Although this change has similarities to the Call Report Modernization initiative, this effort is separate and distinct from that initiative, and it has different technical requirements.

Under the new system, all BHCs must submit their FR Y-9 reports via the Federal Reserve's internet submission facility (IESUB), using either data entry or file transfer. This data collection system will subject a BHC's electronic data submission to the published validity and quality edit checks and transmit the results of such checks to the BHC shortly thereafter. The BHC must resolve any validity edit before the data can be accepted. The BHC will also be provided a method for supplying explanations for quality edits. (Guidelines for providing quality explanations can be found at www.reportingandreserves.org). These explanations will be held confidential. Reports that contain validity edit failures or have quality edit failures that are not explained on or before the filing deadline will be deemed late.

Companies that offer computer software to aid in the preparation of FR Y-9 reports or BHCs that have developed their own reporting software may choose to incorporate validity and quality edit checks into their software. The Federal Reserve provided technical specifications to software vendors in May 2004.

The Federal Reserve will continue to provide updates about the enhanced IESUB submission process on the web site: www.reportingandreserves.org under the heading BHC Modernization project.

FASB Interpretation No. 46Accounting Issues

The FASB issued Interpretation No. 46 (Revised), *Consolidation of Variable Interest Entities*, in December 2003. Revised interpretation No. 46 replaces interpretation No. 46, which was issued in January 2003. This interpretation explains how to identify a "variable interest entity" (VIE) (previously referred to as a "special purpose entity") and how an organization should assess its interests in a VIE to decide whether to consolidate that entity. VIEs often are created for a single specified purpose, for example, to facilitate securitization, leasing, hedging, research and development, and reinsurance.

In general, a VIE is an entity in which either the controlling financial interests are not voting interests or the equity investors do not bear the entity's residual economic risks. A variable interest is a contractual or ownership interest in an entity that changes when the value of the entity's net assets changes. An organization that has a variable interest (or a combination of variable interests) that will absorb a majority of a VIE's expected losses if they occur, receive a majority of the entity's expected residual returns if they occur, or both, is the "primary beneficiary" of the variable interest entity and must consolidate it.

Bank holding companies with variable interests in VIEs must apply the provisions of Interpretation No. 46 (Revised) to those entities in accordance with the interpretation's effective date and transition provisions on regulatory reports (a summary follows). Special provisions of the revised interpretation apply to organizations that have fully or partially applied Interpretation No. 46 prior to the issuance of the revision. Otherwise, application of the revised interpretation (or Interpretation No. 46) was required of BHCs that are public companies, or subsidiaries of public companies, that have interests in VIEs or potential VIEs December 31, 2003.

Application of Interpretation No. 46 (Revised) by BHCs that are public companies (other than small business issuers), or subsidiaries of such public companies, for all other types of VIEs is required beginning March 31, 2004. Application of Interpretation No. 46 (Revised) by BHCs that are small business issuers, or subsidiaries of small business issuers, to VIEs other than special-purpose entities is required beginning December 31, 2004. Application of Interpretation No. 46 (Revised)

by BHCs that are neither public companies nor subsidiaries of public companies is required immediately for VIEs created after December 31, 2003, and for all other VIEs at the beginning of the first fiscal year beginning after December 15, 2004 (March 31, 2005 FR Y-9 reports).

The assets and liabilities of a consolidated VIE should be reported on the FR Y-9C balance sheet (Schedule HC) on a line-by-line basis according to the asset and liability categories shown on the balance sheet. This reporting treatment also carries over to the other schedules in the FR Y-9C.

Reporting of Trust Preferred Securities

A new item was added to the balance sheet (Schedule HC, item 19.b) to show information on subordinated notes payable to unconsolidated trusts issuing trust preferred securities (TRUPs), and TRUPs issued by consolidated special purpose entities. This data will no longer be included in Schedule HC, Balance Sheet, item 20, "Other liabilities," or Schedule HC-G, Other Liabilities, item 4, "Other." **This does not represent any change to the risk-based capital treatment for TRUPs.**

Consistent with guidance provided in the July 2, 2003, Federal Reserve Supervisory Letter SR 03-13, BHCs should continue to include eligible TRUPs in their Tier 1 capital for regulatory capital purposes. The amounts qualifying for inclusion in Tier 1 capital should be reported in Schedule HC-R, Regulatory Capital, "Qualifying trust preferred securities," (item 6.b).

Bank holding companies are encouraged to consult with their external auditor on the appropriate application of generally accepted accounting principles (GAAP), including FIN 46 and revised FIN 46 (FIN 46R), on the consolidation or deconsolidation of trusts issuing trust preferred stock for financial statements and regulatory reporting.

Consistent with GAAP and SR 03-13, BHCs that deconsolidate such trusts for financial reporting purposes should include the full amount of the deeply subordinated note issued to the trust in Schedule HC, Balance Sheet, item 19.b and the BHC's investment in the special purpose subsidiary should be reported in Schedule HC, "Investments in unconsolidated subsidiaries and associated companies" (item 8). The amount of the subordinated note issued to the trust, net of the BHC's investment in the special purpose subsidiary, is equivalent to the amount of the TRUPs issued. The net amount (that qualifies for inclusion in tier 1 capital) should be reported in item 6.b. Note that Schedule HC-R, memoranda item 3.d, no longer includes amounts related to TRUPs.

Amounts of TRUPs (or notes payable to unconsolidated special purpose entities that issue TRUPs, net of the BHC's investment in the entity) that are in excess of the limits for cumulative preferred stock that can be included in Tier 1 capital, should be reported in item 16, "Other Tier 2 capital components."

The investment in unconsolidated subsidiaries that issue TRUPs should not be risk-weighted. This would apply to special purpose entities issuing TRUPs that are not consolidated under FIN 46. The amount of the investment in unconsolidated subsidiaries that issue TRUPs should be reported in column B of Schedule HC-R, line item 42. For purposes of determining the amount available for Tier 1, the amount of TRUPs that has been reported in item 19.b for special purpose entities that have not been consolidated should be netted against the amount of the investment in the unconsolidated subsidiary that issued the TRUPs. Therefore, if the investment is netted for determining Tier 1 treatment, a consistent application is to exclude the investment from risk-weighted assets.

Bank holding companies that file the FR Y-11 should continue to report special purpose entities issuing TRUPs that qualify as a subsidiary as defined by Regulation Y and in the FR Y-11 reporting instructions, regardless of whether the entity is consolidated on the FR Y-9C report. BHCs that file the FR Y-9LP should continue to report any notes payable to special-purpose subsidiaries that issue TRUPs in Schedule PC-B, item 16 (and included in Schedule PC, item 18(b) and Schedule PC-B, item 5(b)). However, for purposes of reporting Schedule PC-B "Total combined loans and leases of nonbank subsidiaries" (item 15.b), the term "subsidiary" includes only companies that have been consolidated in the FR Y-9C. Therefore, if the BHC has deconsolidated the special purpose entity issuing TRUPs, the loan from the subsidiary to the parent BHCs would not be included in this item.

Please note that on March 1, 2005, the Federal Reserve Board issued the final rule on the capital treatment of TRUPs and other restricted core capital. The rule takes effect 30 days after the date the rule is published in the Federal Register and allows TRUPs under certain conditions to continue to be included in Tier 1 capital.

Asset-Backed Commercial Conduits

On July 28, 2004 the banking agencies issued a final rule amending their risk-based capital standards to make permanent an existing interim risk-based capital treatment for assets in ABCP conduits that sponsoring banking organizations are required to

consolidate in accordance with Interpretation No. 46 (Revised).

Under the final rule, sponsoring banking organizations are permitted to exclude the consolidated ABCP program assets from their risk-weighted assets when they calculate their risk-based capital ratios. The final rule also requires banking organizations to hold risk-based capital against eligible ABCP program liquidity facilities with an original maturity of one year or less that provide liquidity support to these programs by imposing a 10 percent credit conversion factor on such facilities effective September 30, 2004. Eligible liquidity facilities with an original maturity exceeding one year remain subject to the current 50 percent credit conversion factor. All liquidity facilities that provide liquidity support to ABCP will be treated as eligible liquidity facilities until September 30, 2005. Beginning September 30, 2005, however, ineligible liquidity facilities (both short-term and long-term) are treated as direct credit substitutes or recourse obligations and are subject to a 100 percent credit conversion factor. For all liquidity facilities, the resulting credit equivalent amount is risk weighted according to the underlying assets, after consideration of any collateral, guarantees, or external ratings, if applicable. Bank holding companies involved with ABCP programs should refer to the final rule for complete information on the risk-based capital treatment of these programs.

In addition, any minority interests in consolidated ABCP programs are not eligible for inclusion in Tier 1 capital (or total risk-based capital). The final rule also does not alter the accounting rules for balance sheet consolidation under Interpretation No. 46 (Revised), nor does it affect the denominator of the Tier 1 leverage capital ratio calculation, which continues to be based primarily on on-balance sheet assets as reported under generally accepted accounting principles.

Under the agencies' final rule, banking organization sponsors of any consolidated ABCP programs should include the consolidated assets in the appropriate balance sheet asset categories when completing items 34 through 43, column A, in Schedule HC-R, Regulatory Capital. The amounts of these consolidated assets should also be reported in items 34 through 43, column B, "Items not Subject to Risk-Weighting," unless the BHC has chosen to consolidate the ABCP program assets onto its balance sheet for risk-based capital purposes, as permitted under the final rule, and risk weights them accordingly. However, unless this consolidation option has been chosen, sponsoring banking organizations must continue to hold risk-based capital against all exposures arising in connection with these programs, whether or not the programs are consolidated for accounting purposes, including direct credit substitutes,

recourse obligations, residual interests, and loans. These exposures should be reported in the appropriate items of Schedule HC-R. Furthermore, BHCs that provide eligible liquidity facilities to ABCP programs, whether or not they are the program sponsor, must report these facilities in Schedule HC-R, item 53 (unless a sponsor has chosen the consolidation option). The full amount of the unused portion of an eligible liquidity facility with an original maturity exceeding one year should be reported in item 53, column A. For an eligible liquidity facility with an original maturity of one year or less, 20 percent of the unused portion of the facility should be reported in item 53, column A, to produce the effect of a 10 percent conversion factor when reporting the credit equivalent amount of the liquidity facility in item 53, column B. Finally, any minority interests in consolidated asset-backed commercial paper programs should not be included in Schedule HC-R, item 6.a, "Qualifying minority interests in consolidated subsidiaries and similar items."

For those ABCP programs that a BHC consolidates onto its FR Y-9C balance sheet, any credit enhancements and liquidity facilities the BHC provides to the conduit should not be reported in Schedule HC-L, Derivatives and Off-Balance Sheet Items. In contrast, for programs that are not consolidated, a BHC should report the credit enhancements and liquidity facilities it provides to the programs in the appropriate items of Schedule HC-L.

For purposes of Memorandum item 3 of Schedule HC-S, Servicing, Securitization, and Asset Sale Activities, BHCs must report data on credit enhancements and liquidity facilities provided to asset-backed commercial paper conduits regardless of their accounting treatment for the conduit. Thus, whether or not a BHC must consolidate the conduit for reporting purposes in accordance with FASB Interpretation No. 46, the BHC must report its maximum credit exposure arising from and its unused commitments to conduit structures in Memorandum items 3.a and 3.b, respectively.

EITF Issue No. 03-1 on Other-Than-Temporary Impairment

In March 2004, the FASB ratified the consensus reached by its Emerging Issues Task Force (EITF) on EITF Issue No. 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. The EITF's consensus applies to debt and equity securities accounted for under FASB Statement No. 115, i.e., held-to-maturity securities and available-for-sale securities, and to equity securities that do not have readily determinable fair values that are accounted for at cost. The consensus establishes a three-step process for determining when an investment is impaired, whether that impairment is other than

temporary, and how to measure the impairment loss if the impairment is deemed to be other than temporary. This process is to be applied to individual securities. An individual security is considered impaired if its fair value is less than its cost. If, upon evaluation, the impairment of an individual security is determined to be other than temporary (which does not mean permanent), an impairment loss must be recognized in earnings for the difference between the security's cost and its fair value.

Bank holding companies must follow the recognition and measurement guidance in EITF Issue No. 03-1, except for the provisions relating to interest rate impairments of debt securities that cannot contractually be prepaid or otherwise settled in such a way that the bank would not recover substantially all of its cost. The FASB deferred the effective date of these interest rate impairment provisions. The deferral would last until the effective date of additional proposed guidance from the FASB on the application of these interest rate impairment provisions.

Reporting "Loaned" Securities on the Balance Sheet

The FR Y-9C reporting instructions includes a revised Glossary entry for "Securities Borrowing/Lending Transactions." As revised, the Glossary entry states that, for transactions accounted for as secured borrowings under FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, "loaned" securities should continue to be reported on the balance sheet as available-for-sale securities, held-to-maturity securities, or trading assets, as appropriate. The instructions previously required BHCs to recategorize such "loaned" securities from securities to "Other assets." In addition, "loaned" securities that are reported as available-for-sale or held-to-maturity in Schedule HC-B, Securities, should also be reported as "Pledged securities" in Memorandum item 1 of the schedule. However, BHCs should note that the instructions for reporting "Securities lent" in Schedule HC-L, item 6, and Schedule HC-R, item 48, have not changed.

AICPA Statement of Position 03-3 on Purchased Loans

In December 2003, the AICPA issued Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. In general, this Statement of Position (SOP) applies to purchased impaired loans, i.e., loans that a banking organization has purchased, including those acquired in a purchase business combination, when there is evidence of deterioration of credit quality since the origination of the loan and it is probable, at the purchase date, that the BHC will be

unable to collect all contractually required payments receivable. The SOP does not apply to the loans that a BHC has originated.

Under this SOP, a purchased impaired loan is initially recorded at its purchase price (in a purchase business combination, the present value of amounts to be received). The SOP limits the yield that may be accreted on the loan (the accretable yield) to the excess of the BHC's estimate of the undiscounted principal, interest, and other cash flows expected at acquisition to be collected on the loan over the BHC's initial investment in the loan. The excess of contractually required cash flows over the cash flows expected to be collected on the loan, which is referred to as the nonaccretable difference, must not be recognized as an adjustment of yield, loss accrual, or valuation allowance. Neither the accretable yield nor the nonaccretable difference may be shown on the balance sheet. After acquisition, increases in the cash flows expected to be collected generally should be recognized prospectively as an adjustment of the loan's yield over its remaining life. Decreases in cash flows expected to be collected should be recognized as an impairment.

The SOP prohibits a BHC from "carrying over" or creating valuation allowances in the initial accounting for purchased impaired loans. This prohibition applies to the purchase of an individual impaired loan, a pool or group of impaired loans, and impaired loans acquired in a purchase business combination.

The SOP applies to loans acquired in fiscal years beginning after December 15, 2004, with early adoption permitted. Bank holding companies must follow this SOP for FR Y-9C reporting purposes in accordance with its effective date based on their fiscal years. The SOP does not apply to the loans that a banking organization has originated.

In Schedule HC-C, Loans and Lease Financing Receivables, BHCs should report the carrying amount (before any loan loss allowance) of a purchased impaired loan in the appropriate loan category (items 1 through 9). Neither the accretable yield nor the nonaccretable difference associated with a purchased impaired loan should be reported as unearned income in Schedule HC-C, item 11.

GNMA Mortgage Loan Optional Repurchase Program

Government National Mortgage Association (GNMA) mortgage-backed securities are backed by residential mortgage loans that are insured or guaranteed by the Federal Housing Administration (FHA), the Department of Veterans Affairs/Veterans Administration (VA), or the Farmers Home Administration (FmHA). GNMA programs allow financial institutions to buy back individual delinquent

mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without GNMA's prior authorization, the servicer may repurchase such a delinquent loan for an amount equal to 100 percent of the remaining principal balance of the loan. Under FASB Statement No. 140 (FAS 140), *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, this buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional.

When the loans backing a GNMA security are initially securitized, FAS 140 permits the issuer of the security to treat the transaction as a sale for accounting purposes because the conditional nature of the buy-back option means that the issuer does not maintain effective control over the loans. The loans are removed from the issuer's balance sheet. When individual loans later meet GNMA's specified delinquency criteria and are eligible for repurchase, the issuer (provided the issuer is also the servicer) is deemed to have regained effective control over these loans and, under FAS 140, the loans can no longer be reported as sold. The delinquent GNMA loans must be brought back onto the issuer/servicer's books as assets and initially recorded at fair value, regardless of whether the issuer intends to exercise the buy-back option. An offsetting liability would also be recorded. Whether or not these rebooked delinquent loans are repurchased, the issuer/servicer should report them as loans on the FR Y-9C balance sheet (Schedule HC) and related schedules. These loans should be reported as held-for-sale (Schedule HC, item 4.a) or held-for-investment (Schedule HC, item 4.b), based on facts and circumstances, in accordance with GAAP. These loans should not be reported as "Other assets" (Schedule HC, item 11). The offsetting liability should be reported as "Other borrowed money" (Schedule HC, item 16).

For risk-based capital purposes, these rebooked loans should be risk-weighted in the same manner as all other FHA, VA, and FMHA loans, i.e., at 20 percent to the extent of the conditional guarantee. For leverage capital purposes, these rebooked loans should be included in the BHC's average total assets.

Accelerated Filing Deadline

The acceleration of the filing deadline for top-tier FR Y-9C filers has been approved and will follow the SEC's phased-in approach by implementing a 40-day deadline beginning in June 2004. The new filing deadlines apply for the March, June,

and September report dates. The December filing deadline for top-tier FR Y-9C filers will remain at 45 days after the report date. The Board has delayed implementation of a 35-day deadline (defined as 30 calendar days plus 5 business days) scheduled to begin in June 2005, until June 2006, consistent with a delay recently announced by the SEC for 10Q reports.

The FR Y-9LP and all lower-tier BHCs that file the FR Y-9C are not subject to the accelerated deadline. The deadline for these reports will remain at 45 days after the report date.

Edit Checklist

The staff of this Bank will monitor whether BHCs are meeting their basic reporting requirements through the use of "validity edits". Enclosed are the updates to the monitoring edits. Please note these updates to ensure your institution meets these edit tests. Also, to avoid common reporting errors, we are now providing a list of edit checks which we perform between the FR Y-9LP and FR Y-9C reports.

In addition to the validity edits, we also perform quality edit checks. These quality edit checks are available on the Federal Reserve Banks website at www.federalreserve.gov under "Reporting Instructions".

Electronic Submission Option

This Bank offers BHCs the option of submitting their FR Y-11 and FR Y-12 reports electronically. Any BHC interested in submitting these reports electronically should contact Zina Rakhovich at (212) 720-8237 for information concerning the procedures for electronic transmission. BHCs choosing to submit these reports electronically must maintain in their files a signed printout of the data submitted.

In addition, we now offer distribution of this letter, report forms, and instructions via e-mail. If you are interested in receiving this electronically, please fax the attached form to Hilda Hyman at (212) 720-2364.

Website

Report forms and instructions for the FR Y-9C, FR Y-9LP, FR Y-11 and FR Y-12 are also available on the Federal Reserve Board's web site at www.federalreserve.gov under "Reporting Forms".

March 31, 2005

Questions regarding these reports should be addressed to Monica Posen at (212) 720-8239. Questions regarding the capital adequacy guidelines should be directed to Juan Carlos Climent in the Policy and Analysis Department at (212) 720-1555.

Sincerely,

- *Signed by Kenneth Lamar* -

Kenneth P. Lamar
Vice President
Financial Reports Department

Attachment 1

Revisions to the FR Y-9C for March 2005Report Form and Corresponding Instructions

1. Schedule HC, item 19 was renumbered as item 19.a.
2. A new item was added to Schedule HC, "Subordinated notes payable to unconsolidated trusts issuing trust preferred securities, and trust preferred securities issued by consolidated special purpose entities" (item 19.b).
3. A new item was added to Schedule HC to indicate the "Name and address of the bank holding company's independent external auditing firm, and the name and e-mail address of the auditing firm's engagement partner"(Memorandum item 1).
4. The caption for Schedule HC-D, item 11 was revised to "Derivatives with a positive fair value."
5. The caption for Schedule HC-D, item 14 was revised to "Derivatives with a negative fair value."
6. Schedule HC-M, item 17 was renumbered as new item 18 and revised to "Do your aggregate nonfinancial equity investments equal or exceed the lesser of \$100 million (on an acquisition cost basis) or 10 percent of the BHC's consolidated Tier 1 capital as of the report date?" Schedule HC-M, item 18 has been deleted.
7. Schedule HC-M, item 19 has been renumbered as new item 17 and revised to "Does the bank holding company hold, either directly or indirectly through a subsidiary or affiliate, any nonfinancial equity investments within a Small Business Investment Company (SBIC) structure, or under section 4 (c)(6) or 4(c)(7) of the Bank Holding Company Act, or pursuant to the merchant banking authority of section 4(k)4(H) of the Bank Holding Company Act, or pursuant to the investment authority granted by Regulation K?"
8. Schedule HC-M, item 19.a was added to ask "Has the bank holding company sold or otherwise liquidated its holding of any nonfinancial equity investment since the previous reporting period?"

9. Schedule HC-M, item 19.b was added to ask "Does the bank holding company manage any nonfinancial equity investments for the benefit of others?"
10. Schedule HC-R, Memoranda, item 3.d was revised to exclude trust preferred securities.

Instructions Only

1. Section B of the General Instructions was revised to leave blank, items that are not applicable to the institution, rather than enter "N/A."
2. Section D of the General Instructions was revised to indicate that negative entries should be recorded with a minus (-) sign rather than in parenthesis.
3. The instructions for Schedule HC-B, Memoranda item 1 were revised to include as pledged securities any held-to-maturity and available-for-sale securities that have been "loaned" in securities borrowing/lending transactions that do not qualify as sales under FASB Statement No. 140. The instructions were also revised to clarify that structured notes exclude all U.S. Treasury Inflation-Protected Securities (TIPS).
4. The instructions for Schedule HC-G, item 4 were revised to exclude subordinated notes payable to unconsolidated trusts issuing trust preferred securities, and trust preferred securities issued by consolidated special purpose entities.
5. The General Instructions for Schedule HC-L were revised to provide guidance on the treatment of consolidated and unconsolidated asset-backed commercial paper program conduits.
6. The instructions for Schedule HC-L, items 1 and 1(e) were revised to provide guidance on the treatment of overdraft protection programs.
7. The instructions for Schedule HC-R, item 42 were revised to provide guidance on the appropriate risk weighting of the carrying value of any bank holding company-owned general account insurance products.
8. The instructions for Schedule HC-R, item 53 were clarified to indicate that "related plans" includes overdraft checking plans and overdraft protection programs.

9. The instructions for Schedule HC-S, memoranda item 3 were revised to provide guidance on the treatment of consolidated and unconsolidated asset-backed commercial paper program conduits.

Revisions to the FR Y-9LP for March 2005

Report Form

1. Schedule PC-B, item 15 was revised to clarify that the item applies to consolidated nonbank and thrift subsidiaries.

Instructions

1. Section B of the General Instructions was revised to leave blank, items that are not applicable to the institution, rather than enter "N/A."
2. Schedule PI-A and the General Instructions were revised to indicate that negative entries should be recorded with a minus (-) sign rather than in parenthesis.
3. The instructions for Schedule PC, item 5 were revised to clarify that the item applies to all subsidiaries, whether consolidated or unconsolidated.
4. The instructions for Schedule PC-B, item 15(b) were revised to clarify that the item excludes balances due from related institutions (reported in item 15(a)).

Revisions to the FR Y-11/S for March 2005

Instructions

1. The instructions for Balance Sheet, items 7 and 9 were revised to clarify that investments in unconsolidated subsidiaries and associated companies should be excluded from item 7 and included in item 9.
2. The revisions to Memoranda, item 4 were revised to clarify that the amount of the subsidiary's investment in the stock of unconsolidated subsidiaries included in BS, item 9, should be reported in this item.
3. The instructions for Memoranda, item 8(c) were revised to clarify that the balances due from the subsidiaries of the

reporting nonbank subsidiary should be included in this item.