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KENNETH LAMAR
SENIOR VICE PRESIDENT

April 6, 2009

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, 2009

The following report forms and instructions for the March 31, 2009 reporting date has been posted to the Federal Reserve Board's website at www.federalreserve.gov under "Reporting Forms":

(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);

(4) Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314); and

(5) Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12).

The FR Y-9C reporting form has been revised to collect information on: (1) noncontrolling (minority) interests in consolidated subsidiaries, (2) trading assets and liabilities, (3) regulatory capital, and (4)loans and leases held for investment acquired in business combination. In addition, the threshold for reporting financial and performance standby letters of credit and foreign office guarantees have been revised.

The FR Y-11 and FR 2314 report forms have been revised to collect new information on assets held in trading accounts. Several clarifications have been made to the FR Y-9C, FR Y-11, and FR 2314 reporting instructions. There have been no changes for the FR Y-9LP and FR Y-12 for this quarter. Significant accounting updates have been provided in this letter.

Subscription Service

We are offering a subscription service, which enables you to receive recent news and updates on our reporting forms and instructions and upcoming events. You can sign up for this new service at the following website:
http://service.govdelivery.com/service/subscribe.html?code=USFRBNEWYORK_8

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 BHCs files. For the FR Y-11, FR 2314, and FR Y-12 reports 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 all **FR Y-9C** filers is Monday, May 11, 2009. Any FR Y-9C reports received after 5:00 p.m. on May 11 will be considered late. The submission deadline for all FR Y-9LP filers is Friday, May 15, 2009. Any **FR Y-9LP** reports received after 5:00 p.m. on May 15 will be considered late. The submission deadline for the **FR Y-12** is Friday, May 15, 2009. Any FR Y-12 reports received after 5:00 p.m. on May 15 will be considered late unless postmarked by Tuesday, May 12 or sent by overnight service on Thursday, May 14. The submission deadline for the **FR Y-11** and **FR 2314** is Monday, June 1, 2009. Any FR Y-11 and FR 2314 reports received after 5:00 p.m. on June 1 will be considered late unless postmarked by Thursday, May 28 or sent by overnight service on Saturday, 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

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

Other-Than-Temporary Impairment

When the fair value of an investment is less than its cost basis, the impairment is either temporary or other-than-temporary. To determine whether the impairment is other-than-temporary, a BHC must apply other pertinent guidance such as paragraph 16 of FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*; FASB Staff Position (FSP) FAS 115-1 and FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*; paragraph 6 of Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*; Emerging Issues Task Force (EITF) Issue No. 99-20, *Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets*; and FSP EITF 99-20-1, *Amendments to the Impairment Guidance of EITF Issue No. 99-20*.

On January 12, 2009, the FASB issued FSP EITF 99-20-1, *Amendments to the Impairment Guidance of EITF Issue No. 99-20*. This FSP amended EITF Issue 99-20 to align the impairment guidance in Issue 99-20 with the guidance in paragraph 16 of FASB Statement No. 115 and related implementation guidance. The FSP is effective for "interim and annual reporting periods ending after December 15, 2008, and shall be applied prospectively. Retrospective application to a prior interim or annual reporting period is not permitted." All BHCs, both public *and* nonpublic, that hold beneficial interests that fall within the scope of EITF Issue No. 99-20 must adopt FSP EITF 99-20-1 for FR Y-9 reporting purposes in accordance with the FSP's effective date. Thus, both public and nonpublic BHCs should apply this FSP beginning in their December 31, 2008 reports. BHCs should not apply the guidance in this FSP to the September 30, 2008, or earlier reporting periods.

On March 17, 2009, the FASB issued a proposed FSP that would amend the other-than-temporary impairment guidance that applies to certain investments in debt and equity securities (http://www.fasb.org/project/other-than-temporary_impairments.shtml). Under this proposed FSP, if a BHC intends to sell a debt or equity security or it is more likely than not that it will sell the debt or equity security before recovery of its cost basis, an other-than-temporary impairment exists and the entire amount of the impairment must be recognized in earnings. The fair value of the investment would become its new cost basis. The proposed FSP also provides that if the fair value of a debt security is less than its amortized cost and it is probable that a BHC will be unable to collect all amounts due according to the contractual terms of a debt security, but it is more likely than not that the BHC will not sell the debt security before recovery of its cost basis (except for the credit losses), the debt security is considered other than temporarily impaired. In this situation, the amount of the impairment related to the credit losses must be recognized in earnings, but the amount of the impairment related to other factors must be recognized in other comprehensive income. Although the debt security would be written down to its fair value, its new cost basis would be its previous cost basis less the credit losses recognized in earnings. The proposed FSP would be effective for interim and annual reporting periods ending after June 15, 2009 with early adoption permitted.

BHCs should apply the guidance in the final FSP in their FR Y-9 reports. Other-than-temporary impairment losses on held-to-maturity and available-for-sale securities that must be recognized in earnings should be reported in the FR Y-9C income statement in Schedule HI, items 6.a and 6.b, respectively. (For the FR Y-9LP, Schedule PI, item 1.d) Other-than-temporary impairment losses that must be recognized in other comprehensive income should be reported in the changes in BHC equity capital in Schedule HI-A, item 12, and included on the balance sheet in Schedule HC, item 26.b, “Accumulated other comprehensive income.” (For the FR Y-9LP, Schedule PC, item 20.e) Any other-than-temporary impairment losses on held-to-maturity securities related to factors other than credit losses that are reported in “Accumulated other comprehensive income” should be included in Schedule HC-R, item 2, with the net unrealized gains (losses) on available-for-sale securities that are reported in this item.

Extended Net Operating Loss Carryback Period for Small Businesses

The American Recovery and Reinvestment Act of 2009, which was enacted on February 17, 2009, permits qualifying small businesses, including BHCs, to elect a net operating loss carryback period of three, four, or five years instead of the usual carryback period of two years for any tax year ending in 2008 or, at the small business’s election, any tax year beginning in 2008. Under generally accepted accounting principles, BHCs may not record the effect of this tax change in their balance sheets and income statements for financial and regulatory reporting purposes until the period in which the law was enacted, i.e., the first quarter of 2009. Therefore, small BHCs that qualify for the extended net operating loss carryback period should not amend their December 31, 2008.

Treasury Department’s Capital Purchase Program

On October 14, 2008, the U.S. Treasury Department announced a Capital Purchase Program (CPP) under the Troubled Asset Relief Program mandated by the Emergency Economic

Stabilization Act of 2008 (http://www.treas.gov/press/releases/hp1207.htm). The CPP is designed to encourage U.S. financial institutions to build capital to buttress the financial strength of the banking system, increase the flow of financing to U.S. businesses and consumers and support the U.S. economy. Under this program, the Treasury will purchase up to $250 billion of securities issued by qualifying financial institutions.

For BHCs (other than those that are Subchapter S) that are approved for participation in the CPP, the Treasury Department will purchase senior perpetual preferred stock and warrants to purchase common stock or senior perpetual preferred stock, depending on whether the BHC's common stock is "publicly traded". For such BHCs that are not publicly traded, the Treasury Department intends to immediately exercise the warrants for senior perpetual preferred stock ("warrant preferred stock"). The senior perpetual preferred stock issued to the Treasury Department, including warrant preferred stock, should be reported on the FR Y-9C balance sheet Schedule HC-M, item 24.a, "Issuances associated with the U.S. Department of Treasury Capital Purchase Program: Senior perpetual preferred stock or similar items," and included in balance sheet (Schedule HC) item 23, "Perpetual preferred stock and related surplus." (For the FR Y-9LP, Schedule PC, item 20.a) Senior perpetual preferred stock issued by BHCs to the Treasury Department is cumulative. For regulatory capital purposes, these instruments are treated the same as noncumulative perpetual preferred stock as an unrestricted core capital element included in Tier 1 capital. It will be included in the amount reported for "Total equity capital" in item 1 of Schedule HC-R, Regulatory Capital.

Warrants issued by a publicly traded BHC should be included in equity capital on the balance sheet provided the BHC has sufficient authorized but unissued shares of the common stock to allow exercise of the warrants and any other necessary shareholder approvals have been obtained. If the BHC does not have required shareholder approval, including shareholder approval for sufficient authorized but unissued shares of the common stock subject to the warrants that may be required for settlement, the warrants may be included in equity capital on the balance sheet provided that the BHC takes the necessary action to secure sufficient approvals prior to the end of the fiscal quarter in which the warrants are issued. The amount assigned to warrants classified as equity capital should be reported in Schedule HC-M, item 24.b, "Issuances associated with the U.S. Department of Treasury Capital Purchase Program: Warrants to purchase common stock or similar items," and included in Schedule HC, item 25, "Surplus." (For the FR Y-9LP, Schedule PC, item 20.c) Warrants that are not eligible to be classified as equity capital should also be reported in Schedule HC-M, item 24.b and included in balance sheet item 20, "Other liabilities." (For the FR Y-9LP, Schedule PC, item 17).

Proceeds from a BHC's issuance to the Treasury Department of noncumulative perpetual preferred stock during the calendar year-to-date reporting period should be included in Schedule HI-A, item 5.a, "Sale of perpetual preferred stock, gross". Proceeds from warrants eligible to be classified as equity capital during the calendar year-to-date reporting period should be included in Schedule HI-A, item 6.a, "Sale of common stock, gross".

Business Combinations and Noncontrolling (Minority) Interests

In December 2007, the FASB issued Statement No. 141 (Revised), *Business Combinations* (FAS 141(R)), and Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (FAS 160). Under FAS 141(R), all business combinations are to be accounted for by applying the acquisition method. FAS 160 defines a noncontrolling interest (i.e. a minority interest) as the portion of equity in a BHC's subsidiary not attributable, directly or indirectly, to the parent BHC. FAS 160 requires a BHC to clearly present in its consolidated financial statements the equity ownership interest in and the financial statement results of its subsidiaries that are attributable to the noncontrolling ownership interests in these subsidiaries.

FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Similarly, FAS 160 is effective for fiscal years beginning on or after December 15, 2008. Thus, for BHCs with calendar year fiscal years, these two accounting standards will take effect in 2009. BHCs must apply these standards for FR Y-9C reporting purposes in accordance with their effective dates. The Glossary entry for "Business Combinations" in the FR Y-9C instruction book will be revised to incorporate the provisions of FAS 141(R) later in 2009.

Trust Preferred Securities and Limits on Restricted Core Capital Elements

On March 10, 2005, the Federal Reserve announced the amendment of its risk-based capital standards for BHCs to allow the continued inclusion of outstanding and prospective issuances of trust preferred securities in the tier 1 capital of BHCs, subject to stricter quantitative limits and qualitative standards. The Federal Reserve also revised the quantitative limits applied to the aggregate amount of qualifying cumulative perpetual preferred stock, qualifying trust preferred securities, and Class B and Class C minority interest (collectively, restricted core capital elements) included in the tier 1 capital of BHCs. These new quantitative limits become effective on March 31, 2009. However, on March 23, 2009, the Federal Reserve adopted a rule extending the compliance date for the tighter limits to March 31, 2011 in light of the current stressful financial conditions and the severely constrained ability of BHCs to raise additional capital in the markets. Nevertheless, it is also prudential and appropriate to recognize the large percentage of BHCs currently in compliance with the tighter limits on capital components adopted by the 2005 Board rule and to encourage such BHCs to continue to comply with the tighter limits and for other BHCs to come into compliance as quickly as feasible in the current financial environment.

Accordingly, and consistent with the new and revised items implemented on FR Y-9C Schedule HC-R for the first quarter of 2009, the instructions for these new and revised items require reporting in accordance with the revised limits to become effective on March 31, 2011, but only requires the exclusion of amounts from Tier 1 or Tier 2 capital that are subject to such exclusion under the quantitative limits under the Board's risk-based capital rule applicable until March 31, 2011. A BHC's amount of restricted core capital elements that are includable in Tier 1 capital under the limits applicable until March 31, 2011, but that would be excluded from Tier 1 capital and included in Tier 2 capital under the limits applicable on March 31, 2011, are reported on Schedule HC-R, line item 10, "Other additions to (deductions from) Tier 1 capital." Refer to the section "Reporting of Qualifying Restricted Core Capital Elements in Tier 1 Capital" beginning on page HC-R-3 of the FR Y-9C reporting instructions for further information.

Treatment of Purchased Subordinated Securities That Are Direct Credit Substitutes Not Eligible for the Ratings-Based Approach

Additional guidance on this topic will be included in the FR Y-9C reporting instructions in June 2009. BHCs should refer to the guidance presented in the commercial bank Consolidated Reports of Condition and Income (Call Reports; FFIEC 031/041) for Schedule RC-R beginning on page RC-R-17.

Troubled Debt Restructurings

The FR Y-9C reporting instructions define a "troubled debt restructuring" (TDR) as a restructuring in which a BHC, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that the BHC would not otherwise consider. In general, TDRs include a modification of the terms of a loan that provides for a reduction of either interest or principal.

Effective March 31, 2008, all BHCs should report the amount of 1-4 family residential mortgage loans that have undergone TDRs and are in compliance with their modified terms in Schedule HC-C, Memorandum item 1.a. The amount of 1-4 family residential mortgages that have undergone TDRs and under their modified terms are past due 30 days or more or are in nonaccrual status should be reported in Schedule HC-N, Memorandum item 1.a. Also, all restructured troubled loans should continue to be reported in the appropriate loan category in Schedule HC-C and, if appropriate, in Schedule HC-N.

The accounting standards for TDRs are set forth in FAS 15, "Accounting for Debt and Creditors for Troubled Debt", as amended by FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan", and are summarized in the Glossary section of the FR Y-9C reporting instructions. All loans whose terms have been modified in a TDR, including both commercial and retail loans, must be evaluated for impairment under FAS 114. Under FAS 114, when measuring impairment on a restructured troubled loan using the present value of expected future cash flows method, the cash flows are discounted at the effective interest rate of the original loan, i.e., before the restructuring. For a residential mortgage loan with a "teaser" or "starter" rate that is less than the loan's fully indexed rate, the "starter" rate is not the original effective interest rate. FAS 114 also permits a BHC to aggregate impaired loans that have risk characteristics in common with other impaired loans, such as modified residential mortgage loans that represent TDRs, and use historical statistics along with a composite effective interest rate as a means of measuring the impairment of these loans.

Measurement of Fair Values in Stressed Market Conditions

The valuation of various assets and liabilities on the balance sheet – including trading assets and liabilities, available-for-sale securities, loans held for sale, assets and liabilities accounted for under the fair value option (which is discussed in the following section), and foreclosed assets – involves the use of fair values. During recent market stress events, the fair values of some financial instruments and nonfinancial assets may decline.

Institutions are reminded that the objective of a fair value measurement is to determine the price that would be received to sell an asset or transfer a liability in an orderly transaction (e.g., not a forced or distressed sale) at the balance sheet date. Accordingly, fair values should reflect current market conditions and consider recent transaction prices, where available. This fair value objective is generally applicable to all fair value measurements effective for fiscal years beginning after November 15, 2007 with the adoption of FASB Statement No. 157, which is discussed in the following section.

On September 30, 2008, the SEC's Office of the Chief Accountant and the FASB staff jointly issued clarifications that address several fair value measurement questions that have arisen in the current market environment (http://www.fasb.org/news/2008-FairValue.pdf). These clarifications are based on the fair value measurement guidance in FAS 157. On October 10, 2008, the FASB issued FASB Staff Position No. FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active* (FSP FAS 157-3) (http://www.fasb.org/pdf/fsp_fas157-3.pdf). This FSP clarifies the application of FAS 157 in such a market and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. BHCs should consider these clarifications when measuring fair value for FR Y-9 reporting purposes.

On March 17, 2009, the FASB issued a proposed FSP that would provide additional guidance on determining whether a market for a financial asset is not active and a transaction is not distressed for fair value measurement purposes under FAS 157 (http://www.fasb.org/project/fas157_active_inactive_distressed.shtml). The proposed FSP would be effective for interim and annual reporting periods ending after June 15, 2009 with early adoption permitted.

Fair Value Measurement and Fair Value Option

FASB Statement No. 157, "Fair Value Measurements", issued in September 2006, defines fair value, establishes a framework for measuring the fair value of assets and liabilities based on a three level hierarchy, and expands disclosures about fair value measurements. The FASB's three-level fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting BHC has the ability to access at the measurement date (e.g., the FR Y-9C reporting date). Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

According to FAS 157, observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. In contrast, unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

FAS 157 is effective for fiscal years beginning after November 15, 2007, and, with certain exceptions, is to be applied prospectively. However, on February 12, 2008, the FASB issued FASB Staff Position No. FAS 157-2, which delays the effective date of FAS 157 to fiscal years beginning after November, 15, 2008, and interim periods within those fiscal years for all nonfinancial assets and nonfinancial liabilities, except for those items that are recognized or disclosed at fair value on a recurring basis, i.e., at least annually, in the financial statements. However, this delay does not apply to entities that have issued interim or annual financial statements or FR Y-9C reports that include the application of the measurement and disclosure provisions of FAS 157. BHCs must adopt FAS 157 for FR Y-9C reporting purposes in accordance with the standard's effective date, including the delayed effective date for eligible nonfinancial assets and nonfinancial liabilities. Thus, a BHC with a calendar year fiscal year must adopt FAS 157 as of January 1, 2008, and as of January 1, 2009, for eligible nonfinancial assets and nonfinancial liabilities subject to the delay mentioned above.

FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", issued in February 2007, allows BHCs to report certain financial assets and liabilities at fair value with the changes in fair value included in earnings. In general, a BHC may elect the fair value option for an eligible financial asset or liability when it first recognizes the instrument on its balance sheet or enters into an eligible firm commitment. A BHC may also elect the fair value option for eligible items that exist on the effective date of FAS 159. A BHC's decision to elect the fair value option for an eligible item is irrevocable. A BHC that elects the fair value option is expected to apply sound risk management and control practices to the assets and liabilities that will be accounted for at fair value under the option. The bank holding company is also expected to meet the principles and objectives of FAS 159 when applying the fair value option.

The Federal Reserve is considering the regulatory capital implications of the use of a fair value option, including the fair value option in FASB Statements No. 155 and No. 156. Except as discussed below, changes in the fair value of assets and liabilities to which a fair value option is applied that are recognized in earnings should be reflected in Tier 1 capital, pending further guidance from the Federal Reserve. For a liability to which a fair value option is applied, BHCs should consider the effect of a change in their own creditworthiness on the fair value of the liability. The Federal Reserve has determined that BHCs should exclude from Tier 1 capital the cumulative change in the fair value of liabilities accounted for under a fair value option that is included in retained earnings (Schedule HC, item 26.a) and is attributable to changes in the BHC's own creditworthiness. For regulatory capital purposes, this excluded portion of the change in fair value is, in essence, an adjustment to the BHC's reported retained earnings and should be reported in Schedule HC-R, item 7.b, so that it is taken into account in determining the

Tier 1 capital subtotal (reported in Schedule HC-R, item 8) that is used to determine the regulatory capital limits on such items as servicing assets, deferred tax assets, and credit-enhancing interest-only strips.

FASB Interpretation No. 48 on Uncertain Tax Positions

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), was issued in June 2006 as an interpretation of FASB Statement No. 109, Accounting for Income Taxes. Under FIN 48, the term "tax position" refers to "a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities." FIN 48 further states that a "tax position can result in a permanent reduction of income taxes payable, a deferral of income taxes otherwise currently payable to future years, or a change in the expected realizability of deferred tax assets."

According to FIN 48, a BHC should initially recognize the effects of a tax position in its financial statements when, based on the technical merits, it is more likely than not (i.e., a likelihood of more than 50 percent) that the position will be sustained upon examination by the taxing authority, including the resolution of any related appeals or litigation. The more-likely-than-not evaluation must consider the facts, circumstances, and information available at the report date. When a tax position meets the more-likely-than-not recognition threshold, it should initially and subsequently be measured as the largest amount of tax benefit greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. FIN 48 also provides guidance on subsequent recognition, derecognition, and measurement of tax positions, including the effect of changes in judgment, and on the recognition of interest and penalties. The June 2007 FR Y-9C reporting instructions were updated to include a revised Glossary entry for "Income Taxes" that includes guidance on FIN 48.

BHCs must adopt FIN 48 for FR Y-9 reporting purposes in accordance with the interpretation's effective date. As originally issued, FIN 48 was effective for fiscal years beginning after December 15, 2006. However, for eligible nonpublic enterprises the FASB Board has decided to defer the effective date of FIN 48 to the annual financial statements for fiscal years beginning after December 15, 2008. A nonpublic enterprise is eligible for this deferral provided it (a) has not issued a full set of annual financial statements incorporating the recognition, measurement, and disclosure requirements of FIN 48 and (b) is not a subsidiary of a public enterprise. A nonpublic enterprise that meets these conditions is eligible for the deferral even if it issued interim or quarterly financial information in 2007 that reflected the adoption of FIN 48.

Thus, eligible nonpublic BHCs must adopt FIN 48 for FR Y-9 reporting purposes for annual periods beginning after December 15, 2008, based on their respective fiscal years. For example, an eligible nonpublic BHC with a calendar year fiscal year must adopt FIN 48 as of January 1, 2009, but is not required to reflect the effect of its adoption of FIN 48 for FR Y-9 reporting purposes until it prepares its FR Y-9 for the December 31, 2009, report date. An eligible nonpublic BHC that applied the recognition and measurement provisions of FIN 48 in its FR Y-9 reports for 2007 report dates can either: (a) choose not to adopt the effective date deferral and continue to apply FIN 48 in its FR Y-9 reports going forward; or (b) choose to adopt the effective date deferral and its December 2007 FR Y-9 report should have been prepared without reflecting the application of FIN 48. As noted above, a nonpublic BHC that is a subsidiary of a public company does not meet the eligibility conditions for the deferral of the effective date of FIN 48 and at present should be preparing its FR Y-9 reports in accordance with FIN 48.

Reporting of Maturity Data on Credit Derivative Contracts in Schedule HC-R

Bank holding companies report the remaining maturities of credit derivative contracts that are subject to risk-based capital requirements in Schedule HC-R, Memorandum items 2.g.(1) and (2), based on the rating of the underlying reference asset. BHCs should report the full gross notional amount of all such credit derivative contracts in these Memorandum items. For credit derivative contracts that are subject to the market risk capital guidelines and for which the BHC is the protection seller (guarantor), BHCs should ensure that they report the notional amount rather than an amount based on the unpaid or unearned premiums on these derivatives.

Electronic Submission Option

This Bank offers BHCs the option of submitting their FR Y-11, FR 2314, and FR Y-12 reports electronically. Any BHC interested in submitting these reports electronically should contact Gloria Scott at (212) 720-7348 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.

Website

Report forms and instructions for the FR Y-9C, FR Y-9LP, FR Y-11, FR 2314 and FR Y-12 are available on the Federal Reserve Board's web site at **www.federalreserve.gov** under "Reporting Forms".

Questions regarding these reports should be addressed to Monica Posen at (212) 720-8239. Questions regarding the capital adequacy guidelines should be directed to Katherine Tilghman in the Policy and Analysis Department at (212) 720-5935.

Sincerely,

****Signed by Kenneth Lamar***

Kenneth Lamar
Senior Vice President
Statistics Function

Revisions to the FR Y-9C for March 31, 2009

Report Form

Noncontrolling (minority) Interests in Consolidated Subsidiaries

1. “Net income (loss) attributable to noncontrolling (minority) interest)” (item 13) and “Net income (loss) attributable to bank holding company” (item 14) were added to Schedule HI.
2. “Noncontrolling (minority) interests in consolidated subsidiaries” (item 27.b) was added to Schedule HC.
3. “Minority interest in consolidated subsidiaries and similar items” (item 22) on Schedule HC was deleted.
4. “Qualifying subordinated debt and redeemable preferred stock” (item 12) on Schedule HC-R was revised to include restricted core capital elements (except Class B noncontrolling (minority) interest) includible in Tier 2 capital.
5. “Cumulative perpetual preferred stock includible in Tier 2 capital” (item 13) on Schedule HC-R was revised to include Class B noncontrolling (minority) interest includible in Tier 2 capital.

Trading Assets and Liabilities

1. “Liability for short positions” (item 13.a) on Schedule HC-D was separated into three items, (1)equity securities, (2)debt securities, and (3)all other assets.
2. “Gross fair value of commodity contracts” (item 9.a(1)) and “Gross fair value of physical commodities held in inventory” (item 9.a(2)) were added to Schedule HC-D.
3. Schedule D, memoranda “Other trading assets” (item 9) was renumbered to item 9.b.

Loans

1. New memoranda items were added to Schedule HC-C for loans and leases held for investment that are acquired in business combination with acquisition dates in the current calendar year. Specifically, “Loans secured by real estate” (item 12.a), “Commercial and industrial loans” (item 12.b), “Loans to individuals for household, family, and other personal expenditures” (item 12.c), “all other loans and leases” (item 12.d) were added.

The following disclosures were added for these new items: "Fair value of acquired loans and leases at acquisition date" (Column A), "Gross contractual amounts receivable at acquisition" (Column B), and "Best estimate at acquisition date of contractual date of contractual cash flow not expected to be collected" (Column C).

Regulatory Capital

1. On Schedule HC-R, "Qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries" (item 6.a) and "Qualifying mandatory convertible preferred securities of internationally active bank holding companies" (item 6.c) were added and "Qualifying trust preferred securities" (item 6.b) was revised to "Qualifying restricted core capital elements (other than cumulative perpetual preferred stock)".
2. "Restricted core capital elements included in Tier 1 capital" (item 8), "Qualifying Class B noncontrolling (minority) interest" (item 8.a), "Qualifying Class C noncontrolling (minority) interest" (item 8.b), "Qualifying cumulative perpetual preferred stock" (item 8.c), and "Qualifying trust preferred securities" (item 8.d) were added to Schedule HC-R, Memoranda.
3. "Goodwill net of any associated deferred tax liability" (item 9) was added to Schedule HC-R, Memoranda.
4. "Ratio of qualifying restricted core capital elements less (goodwill net of any associated deferred tax liability)" (item 10) was added to Schedule HC-R, Memoranda.

Miscellaneous

1. Schedule HI, memoranda item 12 was revised to read "to be completed by bank holding companies with $1 billion or more in total assets" to reflect the change in threshold for reporting this item.
2. Schedule HC-L, items 2.a and 3.a were revised to read "to be completed by bank holding companies with $1 billion or more in total assets" to reflect the change in threshold for reporting this item.
3. "Senior perpetual preferred stock or similar items" (item 24.a) and "Warrants to purchase common stock or similar items" (item 24.b) were added to Schedule HC-M for issuances associated with the U.S. Department of Treasury Capital Purchase Program.

Instructions

1. Schedule HI, “Interest income on balances due from depository institutions” (item 1.c) was revised to clarify the instructions to include interest income from all balances due from Federal Reserve banks.
2. Schedule HI, items 7.c(1) and 7.c(2), and Schedule HC-M, item 12.c were revised to remove reference to FASB Statement No. 72.
3. Schedule HC, “Noninterest-bearing balances and currency and coin” (items 1.a) and “Interest-bearing balances” (item 1.b) were revised to indicate that all balances due from Federal Reserve banks are excluded from item 1.a and included in item 1.b.
4. Schedule HC-B, “Investment in mutual funds and other equity securities with readily determinable fair values” (item 7) was revised to clarify the types of equity securities reportable in this item.
5. Schedule HC-C, “Construction, land development, and other land loans” (item 1.a) was revised to clarify the reporting of loans written as combination construction-permanent loans secured by real estate.
6. Schedule HC-R, “Other Tier 2 capital components” (item 16) was revised to remove instruction indicating to report trust preferred securities includible in tier 2 capital.
7. The glossary entry for accounting changes was revised to provide guidance on quantifying misstatements.
8. The glossary entry for loans secured by real estate was revised to clarify that the estimated value of the real estate collateral must be greater than 50% of the principal amount of the loan at origination for loan to be considered secured by real estate.

Revisions to the FR Y-11 for March 31, 2009

Report Form

New memoranda items 6.a, 6.b, 6.c, 6.d, 6.e, 6.f, and 6.g were added to Schedule BS-M to include assets held in trading accounts (excluding trading balances with related organizations).

Instructions

Schedule BS-A, item 1, was revised to clarify the reporting of loans secured by real estate.

Revisions to the FR 2314 for March 31, 2009

Report Form

New memoranda items 4.f, 4.f(1)(a), and 4.f(1)(b) were added to Schedule BS-M to include assets held in trading accounts (excluding trading balances with related organizations).

Instructions

Schedule BS-A, item 1, was revised to clarify the reporting of loans secured by real estate.