

FEDERAL RESERVE BANK *of* NEW YORK

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ALEX SANTANA
ASSISTANT VICE PRESIDENT

January 26, 2021

To: The Officer Responsible for Filing the Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N) and The Abbreviated Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7NS)

Subject: FR Y-7N/ FR Y-7NS Reporting Requirements for December 31, 2020

The report forms and instructions for the Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N) and the Abbreviated Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7NS) for the quarter ending December 31, 2020, have been posted to the Federal Reserve Board's website at: <http://www.federalreserve.gov/apps/reportforms/default.aspx> under "Reporting Forms". A list of changes to the report forms and instructions is included in Attachment 1 below.

Foreign Banking Organizations file the FR Y-7N quarterly for each U.S. nonbank subsidiary with total assets greater than or equal to \$1 billion or with total off-balance sheet activities greater than or equal to \$5 billion. Foreign Banking Organizations file the FR Y-7N annually for each U.S. nonbank subsidiary that does not meet the criteria to file quarterly but has total assets greater than or equal to \$500 million (and less than \$1 billion). Foreign Banking Organizations file the abbreviated FR Y-7NS annually for each nonbank subsidiary that does not meet the criteria to file the detailed report, but has total assets greater than or equal to \$250 million (and less than \$500 million). The FR Y-7N and the FR Y-7NS must be submitted for each legal entity subject to the reporting requirements. Therefore, consolidation of individual entities is not permitted.

Asset Threshold Rulemaking

In addition, the federal banking agencies recently issued an interim final rule (IFR) providing relief to financial institutions with under \$10 billion in total assets as of December 31, 2019, by allowing them to calculate their asset size for applicable thresholds in certain rules during calendar years 2020 and 2021 based on the lower of total assets as of December 31, 2019, or as of the normal measurement date. In particular, the IFR adjusts the measurements dates for total asset thresholds that would trigger additional regulatory reporting requirements for the remainder of calendar years 2020 through the end of 2021.

Consistent with the IFR, an HC may use the lesser of its total assets as of December 31, 2019, or as of the normal measurement date to determine whether additional filing requirements are applicable for the FR Y-7N/FR Y-7NS reports.

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Recognition and Measurement of Financial Instruments: Investments in Equity Securities

In January 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities.” This ASU made targeted improvements to U.S. Generally Accepted Accounting Principles. As one of its main provisions, the ASU required investments in equity securities, except those accounted for under the equity method and those that result in consolidation, to be measured at fair value with changes in fair value recognized in net income. As-of December 2020, there was either a removal of references to ASU 2016-01 or updated language to indicate that all HCs are now required to have adopted this accounting standard for the FR Y-7N/FR-7NS reports.

Confidentiality Checkbox

Effective December 31, 2020, certain entities will be required to select a checkbox if confidential treatment is requested for any part of the form they are completing for the FR-7NS. If you complete the preparation, editing, and review of your report(s) before the submission deadline, please file the report(s) immediately rather than waiting. Early submission provides for additional time for your institution to become accustomed with the new enhanced electronic submission process, and aids the Federal Reserve in the editing, review, and analysis of the reports.

If you later find that certain information needs to be revised, please make the appropriate changes to your report and promptly submit the revised data.

The Federal Reserve developed Reporting Central to enhance the overall reporting functionality of the Federal Reserve Banks’ data collection and processing activities. These enhancements will allow for a more secure, technically advanced, and efficient system that will encompass a single point of entry for electronic submission and file uploads. Financial and nonfinancial institutions will access Reporting Central via the FedLine® Web Access Solutions site to submit reports and gain access to electronic reporting applications, report forms, and instructions. Additional information about the Reporting Central application, including an online resource center, is available at: <https://www.frbervices.org/central-bank/reporting-central/index.html>.

If you have any questions regarding Reporting Central, please contact your Reporting and Reserves District Contact.

One aspect of the transition to Reporting Central necessitates the Federal Reserve to modify its internal procedures for handling confidentiality requests for those institutions that submit data electronically. Generally, the FR Y-7N report is available to the public upon request on an individual basis. However, an institution may request confidential treatment for the entire report or for specific items on the FR Y-7N. To better facilitate confidentiality requests and ensure

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the data are properly handled during the review of the request, the Federal Reserve strongly encourages institutions that are of the opinion that disclosure of certain commercial or financial information in the report would likely result in substantial harm to its (or its subsidiaries') competitive position or that disclosure of the submitted personal information would result in unwarranted invasion of personal privacy to:

- (1) Notify their Reserve Bank of their intent to request confidential treatment in advance of the written request and
- (2) Send the confidentiality request in writing prior to the data submission.

For more information on confidentiality requests, please see the FR Y-7N General Instructions (page GEN-5).

Reports Submission

The submission deadline for the **FR Y-7N** and **FR Y-7NS** is Monday, March 1, 2021. Any report received after 5:00 p.m. on Monday, March 1, 2021 will be considered late.

If you are unable to submit the FR Y-7N and FR Y-7NS via Reporting Central, please email a PDF of the December 31, 2020 report(s) mentioned above to: Robert Diakun (robert.diakun@ny.frb.org), and Jessica Smith (jessica.b.smith@ny.frb.org).

Questions regarding the submission of these reports should be addressed to Robert Diakun, Analyst, at robert.diakun@ny.frb.org or (212) 720-2327 or Jessica Smith, Manager, jessica.b.smith@ny.frb.org or (347) 901-2144.

Questions regarding the reporting requirements of these reports should be addressed to Rob Braccia, Analyst, at rob.l.braccia@ny.frb.org or (212) 720-5239 or Jessica Crawford-Eka, Manager, at jessica.crawford-eka@ny.frb.org or (212) 720-5862.

Sincerely,

Attachment 1

Revisions to the FR Y-7N/FR Y-7NS for December 31, 2020

Report form changes:

- (1) *Schedule IS – Income Statement, renamed the captions of items 8.a and 8.b*
- (2) *Schedule IS – Income Statement, clarified footnote 2*
- (3) *Schedule BS – Balance Sheet, renamed the caption of item 2.b*
- (4) *Schedule BS – Balance Sheet, clarified footnote 2*
- (5) *Added Confidentiality Check Box to cover page of FR Y-7NS*

Instructions:

- (1) *Schedule IS – Income Statement, removed references to ASU 2016-01 from items 1 and 6*
- (2) *Schedule IS – Income Statement, clarified item 7*
- (3) *Schedule IS – Income Statement, clarified and removed references to ASU 2016-01 from the “Note” preceding item 8.b that were applicable to institutions that had not yet adopted ASU 2016-01*
- (4) *Schedule IS – Income Statement, renamed captions of items 8.a and 8.b*
- (5) *Schedule IS-A – Changes in Equity Capital, clarified item 5*
- (6) *Schedule BS – Balance Sheet and Off-Balance-Sheet Items, revised captions of item 2.b*
- (7) *Schedule BS – Balance Sheet and Off-Balance-Sheet Items, removed references to ASU 2016-01 from the “Note” preceding item 2.c and item 6 that were applicable to institutions that had not yet adopted ASU 2016-01*
- (8) *Schedule BS – Balance Sheet and Off-Balance-Sheet Items, clarified item 18*
- (9) *Memoranda Schedule BS-M, clarified item 2*
- (10) *General Instructions – added instructions regarding the Confidentiality Check Box on the cover page of the FR Y-7NS report form*

Edits:

- (1) *Added four new Validity Edits to the FR Y-7NS (See the attached FR Y-7NS Summary of Edit Changes for December 2020 document)*