

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045-0001

AREA CODE 212-720-5000

December 31, 1999

To: The Individual Responsible for Preparing the  
Financial Statement for Large Bank Holding Companies  
Located in  
the Second Federal Reserve District

Subject: Bank Holding Company Reporting Requirements for  
December 31, 1999

Enclosed are two copies of the following report forms and  
instructions for the December 31, 1999 reporting date:

- C The Consolidated Financial Statements for Bank  
Holding Companies (FR Y-9C);
- C The Parent Company Only Financial Statements for  
Large Bank Holding Companies (FR Y-9LP);
- C The Quarterly Financial Statements of Nonbank  
Subsidiaries of Bank Holding Companies (FR Y-11Q);
- C The Annual Financial Statements of Nonbank  
Subsidiaries of Bank Holding Companies (FR Y-11I);  
and
- C The Report of Bank Holding Company Intercompany  
Transactions and Balances (FR Y-8).

We have also enclosed the optional worksheets to compute  
risk-based capital ratios for the consolidated bank holding  
company.

Supplemental instructions concerning accounting and  
reporting issues affecting the FR Y-9C report are included in  
Attachment I. There are no revisions to the FR Y-9C, FR Y-  
9LP, FR Y-11Q, and FR Y-8 report forms. The revisions to the

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FR Y-11I report form are summarized in Attachment II. There are no changes to the FR Y-9C, FR Y-9LP, FR Y-11Q, and the FR Y-8 report instructions. The revisions to the instructions for the FR Y-11I report are also summarized in Attachment II and have been reissued in their entirety.

### **FR Y-8 Reporting Criteria**

Any bank holding company with total consolidated assets of \$300 million or more that meets the other specified reporting criteria must file an FR Y-8 report regardless of whether the bank holding company had any intercompany transactions during the reporting period. **If such a bank holding company has no intercompany transactions to report, then a report must be submitted with zeros (-0-) in all items.**

### **Reporting Revisions for Year 2000**

In September 1999, the Federal Reserve announced that it anticipated making no changes to the regulatory reports in the year 2000. However, on November 11, 1999, the financial modernization bill, Gramm-Leach-Bliley Act (G-L-B) was passed. The new legislation expands the activities for banks and bank holding companies and creates "financial holding companies." The Federal Reserve is starting the process of reviewing how the legislation will impact regulatory reporting. In the near-term, the Federal Reserve is considering some minimum level of data collection, such as identifying those bank holding companies that have submitted certification to become financial holding companies and collecting nominal financial information related to new activities, until a broad review of regulatory reports is completed. Proposed revisions to regulatory reports resulting from the longer-term broad review of reporting requirements will, as usual, proceed through the Federal Reserve's internal clearance process and be released for public comment.

### **Reports Submission**

An original and two copies (one-sided) of each completed bank holding company report must be returned to this bank by

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mail or messenger by the dates listed below. Under the Regulatory Reports Monitoring Program, the timeliness of receipt of these reports will be monitored. Earlier submission would aid this Bank in reviewing and processing the reports and is encouraged.

The submission deadline for the **FR Y-9C** and **FR Y-9LP** reports is **Monday, February 14, 2000**. Any FR Y-9C or FR Y-9LP reports received after 5:00 p.m. on February 14 will be considered late unless postmarked by Friday, February 11 or sent by overnight service by Sunday, February 13.

The submission deadline for the **FR Y-11Q** and **FR Y-11I** is **Tuesday, February 29, 2000**. Any FR Y-11Q reports received later than 5:00 p.m. on Tuesday, February 29 will be considered late unless postmarked by Saturday, February 26 or sent by overnight service by Monday, February 28.

The submission deadline for the **FR Y-8** is **Monday, January 31, 2000**. Any FR Y-8 reports received later than 5:00 p.m. on Monday, January 31 will be considered late unless postmarked by Friday, January 28 or sent by overnight service by Sunday, January 30.

Submission of initial data via facsimile, even if prior to this deadline, does not constitute timely 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**

The staff of this Bank will monitor whether banking organizations are meeting their basic reporting requirements through the use of **A**validity edits.@ Enclosed are the updates to the monitoring edits. Please note the updates to ensure your institution meets these edit tests.

**Electronic Submission Option**

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This Bank offers bank holding companies the option of submitting their FR Y-9C, FR Y-9LP, FR Y-11Q, and FR Y-11I reports electronically. Any bank holding company interested in submitting these reports electronically should contact Carrie Mitchell, at (212) 720-8027 for information concerning the procedure for electronic transmission. Bank holding companies choosing to submit these reports electronically must maintain in their files a manually signed and attested printout of the data submitted. The cover page of the Reserve Bank supplied report forms should be used to fulfill the signature and attestation requirement and this page should be attached to the printout placed in the bank holding company's files.

### Website

Report forms and instructions for the FR Y-9C, FR Y-9LP, FR Y-11Q, FR Y-11I, and FR Y-8 can also be obtained from the Federal Reserve Board of Governors internet website at the following address:  
**[www.federalreserve.gov/boarddocs/reportforms](http://www.federalreserve.gov/boarddocs/reportforms)**.

Questions regarding these reports should be directed to Ms. Mitchell at (212) 720-8027 or Meredith Miske, Team Leader in the Regulatory Reports Division at (212) 720-1409. Questions regarding capital adequacy guidelines should be directed to Diane Dobbeck, Staff Director in the Bank Analysis Department at (212) 720-2610.

Sincerely,

**\*\*Signed by Kenneth P. Lamar\*\***

Kenneth P. Lamar  
Assistant Vice President  
Financial Reports Department

**ATTACHMENT I**

**Supplemental Instructions:**

**Reporting Loan Commitments**

All loan commitments should be reported on the Off-Balance Sheet Schedule (Schedule HC-F) of the FR Y-9C on the date when the legally binding commitment document has been entered (e.g., on the date the commitment letter is signed). This reporting treatment is unaffected by contracts that contain material adverse change clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time. In determining when to report loan commitments, the timing of the collection or receipt of the related consideration (e.g., fees, PIK securities, other consideration) should not be the sole determining factor.

In addition, all participations in acceptances conveyed to others by the reporting institution and those acquired by the reporting (nonaccepting) institution should be reported on Schedule HC-F of the FR Y-9C. The full amount of the participation (the amount the institution is legally committed to at the report date) should be reported regardless of the nature of the participation agreement and regardless of

the system of debits and credits used to reflect the agreement of the reporting (accepting or nonaccepting) institution's books.

**FASB Statement No. 133**

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under Statement No. 133, bank holding companies must recognize all derivatives as either assets or liabilities on the balance sheet and must measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as a "fair value hedge," a "cash flow hedge," or a hedge of a foreign currency exposure of a net investment in a foreign operation. The accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and the resulting designation.

As amended by FASB Statement No. 137 in June 1999, Statement No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Earlier application of **all** of the provisions of this statement is encouraged by the FASB. Statement No. 133 contains further guidance on the initial application of this accounting standard. Piecemeal adoption of Statement No. 133 is not permitted. Bank holding companies must adopt Statement No. 133 for FR Y-9C report purposes upon its effective date. Early application is permitted in the FR Y-9C report in accordance with the transition guidance in Statement No. 133. Bank holding companies are encouraged to consult with their outside accountants as they plan to implement this new standard.

The Federal Reserve has revised the FR Y-9C in 1999 in response to Statement No. 133. Bank holding companies that have elected to adopt Statement No. 133 prior to its effective date should include any accumulated net gains (losses) on cash flow hedges on the balance sheet (Schedule HC) in new item 27(f). The year-to-date change in these accumulated net gains (losses) on cash flow hedges should be reported in the changes

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in equity capital schedule (Schedule HI-A) in new item 13(b). In addition, any transaction adjustments at the date of initial application of Statement No. 133 that must be reported as a cumulative-effect-type adjustment of net income should be included in the income statement (Schedule HI) in line item 12, "Extraordinary items, net of applicable income taxes and minority interest," and disclosed separately in memorandum item 8(a)(1), "Extraordinary items and other adjustments," with the applicable income tax effect reported in memorandum item 8(a)(2). Memorandum item 8(a)(1) has been specifically designated for reporting the income statement effect of adopting Statement No. 133.

The transition provisions of Statement No. 133 provide that at the date of initial application, a bank holding company may transfer any debt security categorized as held-to-maturity into the available-for-sale category or the trading category without calling into question the bank holding company's intent to hold other debt securities to maturity in the future. The transition provisions further require that the unrealized gain (loss) on a transferred held-to-maturity debt security be reported as part of the cumulative-effect-type adjustment of net income if transferred to the trading category or as part of the adjustment to the change in net unrealized holding gains (losses) on available-for-sale securities if transferred to the available-for-sale category. Any security transferred from the held-to-maturity category as of the date of adoption of Statement No. 133 and sold in the same fiscal quarter should have been transferred to the trading category, not the available-for-sale category. Thus, any unrealized gain (loss) on the security that exists on the date of transfer would be reported in the FR Y-9C report income statement in Schedule HI, item 12, "Extraordinary items, net of applicable taxes and minority interest," and would not be included in the gain (loss) on the sale of the security in Schedule HI, item 6.b, "Realized gains (losses) on available-for-sale securities."

For the regulatory capital treatment regarding FASB Statement No. 133, see the interim regulatory capital guidance issued in December 1998 by the Federal Reserve and the other banking agencies.

ATTACHMENT II

Revisions to the FR Y-9C for December 1999:

No revisions this quarter.

Revisions to the FR Y-9LP for December 1999:

No revisions this quarter.

Revisions to the FR Y-11Q for December 1999:

No revisions this quarter.

Revisions to the FR Y-11I for December 1999:

Balance Sheet:

- (1) Revised the instructions for "Intangible assets" (Line 9) to exclude organization costs. Organization costs should be expensed as incurred in accordance with AICPA SOP 98-5, *Reporting on the Costs of Start-Up Activities*.
- (2) Revised the instructions for "All other assets" (Line 10) and "All other liabilities" (Line 17) to include the fair value of all derivatives held for purposes other than trading as required by FASB Statement No. 133.
- (3) Revised the instructions for "Total equity capital" (Line 20) to include accumulated net gains (losses) on cash flow hedges due to the disclosure requirements of FASB Statement No. 133.

Changes in Equity Capital:

- (1) Revised "Other adjustments" (Line 6) to include changes in accumulated net gains (losses) on cash flow hedges due to the disclosure requirements of FASB Statement No. 133.

Notes to the Financial Statements:

(1) Added a section "Notes to the Annual Financial Statements of Nonbank Subsidiaries of Bank Holding Companies" to allow bank holding companies the opportunity to provide additional explanations of the content of specific items in the nonbank subsidiary's financial statements.

Revisions to the FR Y-8 for December 1998:

No revisions this quarter.

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