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KENNETH LAMAR
VICE PRESIDENT

August 5, 2004

To: The Individual Responsible for Preparing the Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12)

I am writing to inform you that proposed revisions to the Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12) were published in the Federal Register (see attachment) on July 23, 2004 for public comment. The proposed implementation date is March 31, 2005.

Listed below is a summary of the proposed changes:

The reporting threshold criteria will be revised as follows:

- The aggregate nonfinancial equity investments threshold will decrease from \$200 million to \$100 million (on an acquisition cost basis) for respondents that file the FR Y-9C.
- The consolidated Tier 1 capital threshold will increase from 5 percent to 10 percent for respondents who file either the FR Y-9C or FR Y-9SP.
- The question "Has the bank holding company made an effective election to become a financial holding company" will be deleted.

Schedule A, "Type of Investments" will be revised as follows:

- Memorandum item 3, "Impact on net income from items 1, 2, and 3 above" will be re-titled as "Pre-tax impact on net income from items 1, 2, and 3 above."
- A new Memorandum item 4, "Investments managed for others" will be added.

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Schedule B, "Type of Security" will be revised by adding a Memorandum item 2, "Does the BHC hold any Warrants or similar instruments received in connection with equity investment activity."

Schedule C, "Type of Entity Within the Banking Organization" will be revised as follows:

- A new Column B, "Net Unrealized Holding Gains Not Recognized as Income" will be added.
- Current Column B, "Carrying Value" will be renumbered as Column C.
- Column C, "Direct Investments in Public Entities," Column D, "Direct Investments in Nonpublic Entities," and Column E, "All Indirect Investments" will be deleted.
- Items 2b, "Edge and agreement corporations" and 2d, "Private Equity subsidiaries" will be added.
- "Broker dealers" and "All other" will be renumbered as 2c and 2e, respectively.

A new Schedule D, "Nonfinancial Investment Transactions During the Reporting Period" will be added.

- Column A and B will collect acquisition cost and carrying value for all purchases, returns of capital, and net changes in valuation made for all direct investments.
- Column C and D will collect acquisition cost and carrying value for all purchases, returns of capital, and net changes in valuation made for all indirect investments.

The instructions will be revised to reflect the changes made to the reporting forms.

The Federal Register notice, the supporting statements, draft reporting forms and instructions may be obtained at <http://www.federalreserve.gov/boarddocs/reportforms/review.cfm>.

August 5, 2004

If you have any questions about these FR Y-12 reporting issues, please contact Sarit Kessel, Senior Reports Analyst of the Regulatory Reports Division, at (212) 720-8213 or Monica Posen, Team Leader of that division, at (212) 720-8239.

Very truly yours,

Signed by Kenneth Lamar

Kenneth Lamar
Vice President
Statistics Function

Enclosures

August 5, 2004

bcc: Mr. Molloy
Ms. Posen
Mr. Santana
Mrs. Waldman
Domestic Units Analysts
RRD Files