State Member Bank and Bank Holding Company Seminar

Friday, April 19, 2013

Agenda

- Call Report / FR Y-9C Reporting Changes
- FR Y-9C Common Reporting Issues
- Impact of Basel 2.5 on FR Y-9C
- Nonbank Reporting (FR Y-11 and FR 2314)
- FR Y-10 and FR Y-6 Reporting Changes
Schedule HI-C/RI-C – Disaggregated Data on the Allowance for Loan and Lease Losses

- Effective with the reporting period March 31, 2013
- Completed by institutions with $1 billion or more in total assets

Schedule HI-C – Disaggregated Data on the Allowance for Loan and Lease Losses

<table>
<thead>
<tr>
<th>Column</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar Amount in Thousands</td>
<td>Jan</td>
<td>Feb</td>
<td>Mar</td>
<td>Apr</td>
<td>May</td>
<td>Jun</td>
<td>Jul</td>
<td>Aug</td>
<td>Sep</td>
<td>Oct</td>
<td>Nov</td>
</tr>
<tr>
<td>1. New real estate loans</td>
<td>A1</td>
<td>B1</td>
<td>C1</td>
<td>D1</td>
<td>E1</td>
<td>F1</td>
<td>G1</td>
<td>H1</td>
<td>I1</td>
<td>J1</td>
<td>K1</td>
</tr>
<tr>
<td>3. Rental real estate loans</td>
<td>A3</td>
<td>B3</td>
<td>C3</td>
<td>D3</td>
<td>E3</td>
<td>F3</td>
<td>G3</td>
<td>H3</td>
<td>I3</td>
<td>J3</td>
<td>K3</td>
</tr>
<tr>
<td>5. Other consumer loans</td>
<td>A5</td>
<td>B5</td>
<td>C5</td>
<td>D5</td>
<td>E5</td>
<td>F5</td>
<td>G5</td>
<td>H5</td>
<td>I5</td>
<td>J5</td>
<td>K5</td>
</tr>
<tr>
<td>6. Unclassified, if any</td>
<td>A6</td>
<td>B6</td>
<td>C6</td>
<td>D6</td>
<td>E6</td>
<td>F6</td>
<td>G6</td>
<td>H6</td>
<td>I6</td>
<td>J6</td>
<td>K6</td>
</tr>
</tbody>
</table>

1. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans.
<table>
<thead>
<tr>
<th>Individually Evaluated Loans (Columns A and B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Column A captures the recorded investment in individually evaluated loans that have been determined as impaired.</td>
</tr>
<tr>
<td>• Column B captures the applicable allowance for loan and lease losses attributable to these individually impaired loans.</td>
</tr>
<tr>
<td>• Individually impaired loans are defined in ASC Subtopic 310-10, Receivables – Overall (formerly FAS 114, “Accounting by Creditors for Impairment of a Loan”)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loans Collectively Evaluated (Column C and D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Column C captures the recorded investment in loans that have been collectively evaluated for impairment.</td>
</tr>
<tr>
<td>• Column D captures the applicable allowance for loan and lease losses attributable to these collectively evaluated impaired loans.</td>
</tr>
<tr>
<td>• Governed by ASC Subtopic 450-20, Loss Contingencies (formerly FAS 5, “Accounting for Contingencies”)</td>
</tr>
</tbody>
</table>
Purchased Credit-Impaired Loans (Column E and F)

- Column E captures the recorded investment in purchased credit-impaired loans.

- Column F captures the applicable allowance for loan and lease losses attributable to these purchased credit-impaired loans.

- Purchased credit-impaired loans are defined in ASC Subtopic 310-30, Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly AICPA Statement of Position 03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer”)
Loans: Common Classification Errors

- Commercial Real Estate Loans and C&I Loans
- Loans to financial institutions
- Loans to Foreign entities
  - Governments and official institutions
  - Financial institutions
  - Commercial entities

Loan Classification: Example 1

- Question: Is a loan secured by a commercial building site a construction loan or a commercial real estate loan? The loan is held for sale under the fair value option.

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Purpose of Loan</th>
<th>Collateral</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct, LLC</td>
<td>Commercial Land</td>
<td>Development</td>
<td>$50 M</td>
<td>$46 M</td>
</tr>
</tbody>
</table>

- Reported at fair value as other construction, land development and other land loans secured by real estate
  - $46 M Schedule HC-C, Line 1.a (2)
### Loan Classification: Example 1

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Purpose of Loan</th>
<th>Collateral</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct, LLC</td>
<td>Commercial Land</td>
<td>Land</td>
<td>$50 M</td>
<td>$46 M</td>
</tr>
<tr>
<td></td>
<td>Land development</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Also reported on Schedule HC-Q, Assets and Liabilities Measured at Fair Value on a Recurring Basis
  - Assuming fair value measurements are inputs other than quoted prices for identical assets (Level 2), $46 M Schedule HC-Q, Line 3, columns A and D
  - Assuming fair value measurements inputs are unobservable (Level 3), $46 M Schedule HC-Q, Line 3, columns A and E

### Loan Classification: Example 2

- Should a loan be classified by its purpose (commercial activity) or its collateral (real estate)? The loan is held in the trading portfolio.

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Purpose of Loan</th>
<th>Collateral</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>XYZ Hotels, Inc</td>
<td>Commercial activity</td>
<td>Hotel building</td>
<td>$19 M</td>
<td>$20 M</td>
</tr>
</tbody>
</table>

- Reported at fair value as secured by nonfarm nonresidential properties
  - $20M Schedule HC-D, Line 6.a (5)
**Loan Classification: Example 3**

- Should a loan secured by mortgage-backed securities be considered secured by real estate? The loan is held for investment.

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Purpose of Loan</th>
<th>Collateral</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Rate Investment Company</td>
<td>Investment activity</td>
<td>MBS</td>
<td>$6.1 M</td>
<td>n/a</td>
</tr>
</tbody>
</table>

- Reported at cost as loans for purchasing or carrying securities
  - $6.1M Schedule HC-C, Line 9.b(1)
- Note: loans secured by mortgage-backed securities (MBS) or pools of mortgages are not classified as secured by real estate

**Loan Classification: Example 4**

- How should a loan that is for the purpose of purchasing securities, but also secured by real estate be reported? The loan is held for sale.

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Purpose of Loan</th>
<th>Collateral</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Notch Investment Company</td>
<td>Purchasing equity securities</td>
<td>Top Notch’s head office building</td>
<td>$2.2 M</td>
<td>$2.3 M</td>
</tr>
</tbody>
</table>

- Reported at the lower of cost or fair value, as loans secured by owner occupied nonfarm nonresidential real estate
  - $2.2 M Schedule HC-C, Line 1.e(1)
Common Classification Errors

- **Commercial Real Estate Loans**
  - Commercial land development or construction loans secured by real estate
  - Loans secured by lien on nonfarm nonresidential properties where the lien is central to the extension of the credit

- **Commercial and Industrial Loans**
  - Include loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations **except those**:
    - secured by real estate, or
    - for the purpose of purchasing or carrying securities

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Loan Classification: Example 5

- How should a loan that is partially secured by real estate be reported?
  - The loan is held in our trading portfolio.

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Purpose of Loan</th>
<th>Collateral</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fifty-Fifty Corporation</td>
<td>Commercial land development</td>
<td>Partially secured by real estate</td>
<td>$ 38 M</td>
<td>$ 35 M</td>
</tr>
</tbody>
</table>

- If value of the RE collateral at origination is greater than 50% of the principal amount of the loan, report as secured by real estate
  - $ 35M Schedule HC-D, Line 6.a.(1)

- If value of the RE collateral at origination is 50% or less of the principal amount of the loan, report as a commercial and industrial loan
  - $35M Schedule HC-D, Line 6.b
How should a loan to a REIT subsidiary be reported?

- If the subsidiary is a qualified REIT subsidiary reported as loans to nondepository financial institutions
  - $1.4M Schedule HC-C, Line 9.a
- If subsidiary is a taxable REIT subsidiary reported as C&I loan
  - $1.4M Schedule HC-C, Line 4

### Loan Classification: Example 6

<table>
<thead>
<tr>
<th>Counterparty of a REIT</th>
<th>Purpose of Loan</th>
<th>Collateral</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary of a REIT</td>
<td>Commercial activity</td>
<td>unsecured</td>
<td>$1.4 M</td>
<td>n/a</td>
</tr>
</tbody>
</table>

### Term Definition

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified REIT subsidiary</td>
<td>100% owned and created to provide the REIT the business advantages of owning assets in subsidiaries.</td>
</tr>
<tr>
<td>Taxable REIT subsidiary</td>
<td>Provides real estate related services to tenants of properties owned by the REIT.</td>
</tr>
</tbody>
</table>

**Other Common Reporting Errors**

- Asset-Backed Securities
Asset-Backed Securities

- U.S Government Agency obligations
  - e.g., SBA, FHA, GNMA
  - *Excludes* mortgage-backed securities
- Mortgage-backed securities issued or guaranteed by U.S. Government agencies
  - FNMA
  - FHLMC
  - GNMA
  - REMIC issued by the VA
- Other mortgage-backed securities
  - Non-U.S. government issuers
  - State and local housing authorities in the U.S.
- Other asset-backed securities
  - e.g., credit card receivables, HELOCs, auto loans

Asset-Backed Securities: Example 7

- How would a residential MBS issued by Delaware State Housing Authority held for trading be classified?

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Underlying Assets</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware State Housing Authority</td>
<td>Residential mortgages</td>
<td>$6M</td>
</tr>
</tbody>
</table>

- Reported as other residential mortgage-backed securities
  - $6M Schedule HC-D, Line 4.c
Derivatives: Common Reporting Errors

- Misreporting of gains/(losses) in derivative transactions
- Incorrect reporting on Schedule HC-L, Line 11
  - Credit derivatives
  - Matured and settled derivative contracts
- Misinterpretation of risk category
  - Interest rate vs. foreign exchange contracts
- Incorrect reporting of notional amounts
  - The notional value is the underlying principal amount upon which the exchange of funds is based

Derivatives – Gain/(losses) Example 8

- We have multiple trading derivative assets and liabilities with the same counterparty subject to a qualifying master netting agreement meeting the offsetting criteria in the ASC 210-20. How should we report the net positive fair value of derivative contracts with the same counterparty and the changes in the fair value?

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Fair Value @ 10/1/2013</th>
<th>Fair Value @ 12/31/2013</th>
<th>Gain/(loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMN Company</td>
<td>$120,000</td>
<td>$100,000</td>
<td>$(20,000)</td>
</tr>
</tbody>
</table>

- Report the end-of-period fair value – derivatives with a positive fair value
  - $100K Schedule HC-D, Line 11

- Report the loss as part of noninterest income - trading revenue
  - $(20)K Schedule HI, Line 5.c
**Derivatives – Gain/(losses) Example 9**

- How should we report gains/(losses) from foreign exchange swaps used to hedge a Cumulative Translation Adjustment (CTA) exposure of a net investment in a foreign operation?
- If the net investment in the foreign operation is sold during the reporting quarter, how should we report such gains/(losses) from the CTA hedge?

<table>
<thead>
<tr>
<th>Designation</th>
<th>Gains/ (Losses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASC 815 CTA Hedge</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

- Report the gain as part of other comprehensive income
  - $100K Schedule HC, Line 26.b
  - $100K Schedule HI-A, Line 12
- Reclassify the gain into earnings as other noninterest income if sold
  - $100K Schedule HI, Line 5.l

**Derivatives – Exclusion Example 10**

- For matured but unsettled derivative contracts as of the reporting date, should we still report them on Schedule HC-L?

<table>
<thead>
<tr>
<th>Product</th>
<th>Notional</th>
<th>Maturity Date</th>
<th>Settlement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap</td>
<td>$10M</td>
<td>6/30/2013</td>
<td>7/2/2013</td>
</tr>
</tbody>
</table>

- No. Matured contracts should be excluded from Schedule HC-L
- Note: The unsettled amount should be either reported in other assets (if a receivable) or in other liabilities (if a payable.)
Derivatives – Classification Example 11

How should we report derivative contracts with multiple risk characteristics, for example currency interest rate swaps?

- Report the foreign currency side as Foreign Exchange Contracts.
  - $16M Schedule HC-L, Line 11, Column (B)
    - 16M USD = 10M GBP * 1.6 GBP/USD

- Note: In general, when contracts involve the exchange of payment streams in different currencies, their predominant risk characteristic is foreign exchange risk.

<table>
<thead>
<tr>
<th>Product</th>
<th>Contract Size</th>
<th>Settlement FX Rate</th>
<th>Spot Rate on the Reporting Date</th>
<th>Receive</th>
<th>Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>A USD/GBP interest rate swap</td>
<td>15M USD</td>
<td>10M GBP</td>
<td>1.5 GBP/USD</td>
<td>Floating in USD</td>
<td>Fixed in GBP</td>
</tr>
</tbody>
</table>

Derivatives – Classification Example 12

Should a currency swap contract with multiple payment streams be reported separately as spot (Schedule HC-L, Line 8) and forward contracts (Schedule HC-L, Line 11.b)?

- No. Report it as foreign exchange swap contracts
  - $16M Schedule HC-L, Line 11.e, Column (B)

- Note: The derivative contracts with multiple payment streams should be reported as ONE contract according to predominant risk and type
How should we report the notional of swap contracts with an embedded amortization schedule on Schedule HC-L?

- Report amortized notional as of the reporting date in year 3
  - $200K Schedule HC-L, Line 11.e, Column (A)

- Note: Amortizing swaps should be reported at notional value based on the amortization schedule as of the reporting date.

<table>
<thead>
<tr>
<th>Product</th>
<th>Amortizing Factor</th>
<th>Lockout Period</th>
<th>Stated Notional</th>
<th>Amortized Notional in Yr 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>An index amortizing rate swap</td>
<td>Notional declines in accordance with the path of LIBOR</td>
<td>2 years</td>
<td>$1,000,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIBOR</th>
<th>Change in BP</th>
<th>Amortization Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.50%</td>
<td>0</td>
<td>80%</td>
</tr>
</tbody>
</table>

Should we report OTC interest rate collars used to hedge a floating-rate loan as swap contracts on Schedule HC-L?

- Report notional in purchased and written option lines
  - $5M Schedule HC-L, Line 11.d.1, Column (A)
  - $5M Schedule HC-L, Line 11.d.2, Column (A)

- Note: Collars are separate option contracts (one purchased and one written) that combine to make a cap and a floor. The notional value for the written portion of the contract should be reported in Line 11.d.1 and the purchased portion should be reported in Line 11.d.2.
What price should be used in calculating commodity derivative contracts, contract price or spot price on the report date?

- Report notional amount calculated based on the contract price
  - $8M Schedule HC-L, Line 11.e, Column D
    - $8M =$20 \times 100,000 \times 4

- Note: Notional value of commodity derivative contracts with multiple exchanges of principal should be calculated based on the contract price multiplied by the remaining payments.

### Derivatives – Notional of Commodities Example 15

<table>
<thead>
<tr>
<th>Product</th>
<th>Quantity</th>
<th>Remaining Term</th>
<th>Unit Contract Price</th>
<th>Unit Spot Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>A fixed-for-floating commodity price swap (crude oil)</td>
<td>100,000 barrels settled monthly</td>
<td>4 months</td>
<td>$20</td>
<td>$22</td>
</tr>
</tbody>
</table>

- Reporting of Notional Amount
  - Only one side of a foreign currency transaction is to be reported
  - Two circumstances:
    - Foreign currency vs. USD
      - Report the foreign leg (in USD)
    - Foreign currency vs. foreign currency
      - Report the purchase leg (in USD)
  - All amounts should be reported in USD equivalent values using Spot Rate on the report date (i.e. 3/31, 6/30, 9/30, 12/31)
In the case that we buy/sell JPY against USD, how should we calculate the notional amount of the future contract?

<table>
<thead>
<tr>
<th>Contract Size</th>
<th>Initial Contract Price</th>
<th>Settlement Value</th>
<th>Spot Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,500,000 JPY</td>
<td>0.012654 USD/JPY</td>
<td>158,175 USD</td>
<td>0.012195 USD/JPY</td>
</tr>
</tbody>
</table>

Report $152,438 as notional amount

- $152,438 Schedule HC-L, Line 11.a, Column (B)
  - 152,438 USD = 12,500,000 JPY * 0.012195

Note: The calculations are summarized as follows

<table>
<thead>
<tr>
<th>Long Position: we buy JPY and sell USD</th>
<th>Initial Contract Size JPY * Spot Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Position: we sell JPY and buy USD</td>
<td>Initial Contract Size JPY * Spot Rate</td>
</tr>
</tbody>
</table>

Funds held at a non-depository institution should be reported as “Other assets” on Schedule HC-F, Line 6.

- Examples:
  - Funds held in margin accounts at:
    - brokers
    - nonbank clearing organizations
  - Cash collateral held at an investment bank

Balances due from non-depository institutions should NOT be reported as “Cash balances due from depository institutions” on Schedule HC, Line 1.
Example 17

- Question: How would the following funds held at a non-depository institution be reported?

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Amount in Deposit Account</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Investment Bank</td>
<td>$400 million</td>
<td>Collateral for OTC Interest Rate Option</td>
</tr>
</tbody>
</table>

- Reported as other assets
  - $400M Schedule HC-F, Line 6

Example 18

- Question: How would the following funds held at a non-depository institution be reported?

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Amount in Deposit Account</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker BB</td>
<td>$400 million</td>
<td>Margin Account</td>
</tr>
</tbody>
</table>

- Reported as other assets
  - $400M Schedule HC-F, Line 6
Cash Collateral

- Cash collateral received and held in deposit accounts at other depository institutions should be reported in “Cash and balances due from depository institutions” on Schedule HC, Line 1.

- Cash collateral received and held in a deposit account at another depository institution should NOT be reported in “Other assets”.

Example 19

- Question: How would the following cash collateral received for a letter of credit and held in a deposit account at another bank be reported?

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash collateral received from AA Corporation and held at XYZ Bank</td>
<td>$300 million</td>
</tr>
</tbody>
</table>

- Reported as cash balances due from depository institutions
  - $300M Schedule HC, Line 1
Equity securities no readily determinable fair values

- Equity securities that do not have readily determinable fair values should be reported as other assets at historical cost on Schedule HC-F, Line 4, because:
  - Outside the scope of ASC Topic 320, Investments-Debt and Equity Securities (formerly FAS 115, Accounting for Certain Investments in Debt and Equity Securities).
  - An equity security does not have a readily determinable fair value if:
    - Sales or bid-and-asked quotations are
      - not currently available on a securities exchange registered with the SEC, and
      - not publicly reported by the National Association of Securities Dealers Automated Quotations systems or the National Quotations Bureau.

Example 20

- How would the following stock held by your institution be reported?

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Historical Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock of a Federal Home Loan Bank</td>
<td>$770 million</td>
</tr>
</tbody>
</table>

- Reported as other assets
  - $770 million Schedule HC-F, Line 4
    - Equity securities that do not have readily determinable fair values.
Fair Value and Schedule HC-Q

- Level 1 inputs are quoted prices in active markets for identical assets/liabilities that the reporting entity has the ability to assess at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset/liability either directly or indirectly (e.g., yield curves, interest rates…etc.).

- Level 3 inputs are unobservable inputs for the asset/liability. The inputs reflect the reporting entity’s own assumptions about the assumptions a market participant would make in pricing the exit price of an asset/liability.

Example 21

- How would the following be reported on Schedule HC-Q?

<table>
<thead>
<tr>
<th>Product</th>
<th>Fair Value on Balance Sheet (HC)</th>
<th>Gross Fair Value</th>
<th>Netting Adjustment</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap</td>
<td>$0</td>
<td>$100 million</td>
<td>$100 million</td>
<td>Fair value is based on a model whose inputs are observable (public data on interest rates)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Positive fair value</td>
<td>$100 million</td>
<td>FIN 39 netting applies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Negative Fair Value</td>
<td>$100 million</td>
<td></td>
</tr>
</tbody>
</table>
## Example 21

Schedule HC-Q—Assets and Liabilities Measured at Fair Value on a Recurring Basis

Schedule HC-Q is to be completed by all bank holding companies.

<table>
<thead>
<tr>
<th>Columns</th>
<th>Level 1 Fair Value Measurements</th>
<th>Level 2 Fair Value Measurements</th>
<th>Level 3 Fair Value Measurements</th>
<th>Columns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Column 1</td>
<td>Column 2</td>
<td>Column 3</td>
<td>Column 4</td>
<td>Column 5</td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Available-for-sale securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Held-to-maturity securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Loans and leases held for sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Loans and leases held for investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Trading assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Derivative assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Federal funds purchased and securities sold under agreements to repurchase</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Trading liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Derivative liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Example 22

**How would the following be reported on Schedule HC-Q?**

<table>
<thead>
<tr>
<th>Product</th>
<th>Fair Value on Balance Sheet (HC)</th>
<th>Fair Value Netting Adjustment</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resale Agreement</td>
<td>$0</td>
<td>$42 million</td>
<td>$42 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fair value option elected, and measurement Level 2</td>
<td>FIN 41 netting applies</td>
</tr>
<tr>
<td>Repurchase Agreement</td>
<td>$0</td>
<td>$42 million</td>
<td>$42 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fair value option elected, and measurement Level 2</td>
<td>FIN 41 netting applies</td>
</tr>
</tbody>
</table>
Example 22

Schedule WC-Q—Assets and Liabilities Measured at Fair Value on a Recurring Basis
Schedule WC-Q is to be completed by all bank holding companies.

<table>
<thead>
<tr>
<th>Dollar Amounts in Thousands</th>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
<th>Column D</th>
<th>Column E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MC-12</td>
<td>ME</td>
<td>M1</td>
<td>M2</td>
<td>The</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Available-for-sale securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Federal funds sold and securities</td>
<td>50001</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Commitments that are not legally binding</td>
<td>17732</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Commitments supporting asset-backed commercial paper</td>
<td>54042</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Commitments to purchase equity in unconsolidated subsidiaries</td>
<td>10475</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Liabilities                  |       |       |     |     |     |       |       |     |     |     |       |       |     |     |     |     |
| 1. Deposits                  |        |       |     |     |     |       |       |     |     |     |       |       |     |     |     |     |
| 2. Federal funds purchased and securities sold under agreements to repurchase | 7250 |       |     |     |     |       |       |     |     |     |       |       |     |     |     |     |
| 3. Commitments that are not legally binding           | 2308 |       |     |     |     |       |       |     |     |     |       |       |     |     |     |     |
| 4. Commitments supporting asset-backed commercial paper| 45070 |       |     |     |     |       |       |     |     |     |       |       |     |     |     |     |
| 5. Commitments to purchase equity in unconsolidated subsidiaries | 10475 |       |     |     |     |       |       |     |     |     |       |       |     |     |     |     |

Other OBS Items Common Reporting Errors

- Incorrect Reporting: Line 1
  - Commitment that are not legally binding
  - Commitment supporting asset-backed commercial paper
  - Commitment to purchase equity in unconsolidated subsidiaries
Other OBS Items – Commitment Example 23

- A BHC decided to extend credit to a financial institution on 3/31, but a legally binding contract was not formed until 4/1. Should the BHC report this commitment to line 1.e.2, Other unused commitments Loans to financial institutions as of 3/31/2013?

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Commitment</th>
<th>3/30/2013 (Friday)</th>
<th>4/2/2013 (Monday)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOC Bank, N.A</td>
<td>$10,000,000</td>
<td>Credit extension is approved by the Board of Directors</td>
<td>A legally binding contract is formed</td>
</tr>
</tbody>
</table>

- No. Do NOT report this commitment to FR Y-9C. Loan commitments that are not legally binding on the report date should be excluded from the FR Y-9C.

Other OBS Items – Commitment Example 24

- Should we report unused commitments to advance funds to asset-backed commercial paper conduits sponsored by non-related institutions to Schedule HC-L, Line 1.e.(3), “All other unused commitments”?

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBK Company</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

- No. Report this commitment as follows:
  - $5M Schedule HC-L, Line 9, and
  - $5M Schedule HC-S Memoranda, Line 3.b.(2), “Unused commitments to provide liquidity to conduit structures: conduits sponsored by other unrelated institutions”
If a BHC has unfunded commitments of $2 million to make equity investments in an unconsolidated subsidiary, how should the BHC report this item given the total equity capital reported to Schedule HC, Line 27.a is $7.5 million?

- Report and itemize it as other off-balance-sheet items
  - $2M Schedule HC-L, Line 9
  - $2M with its description in a line between Schedule HC-L, Lines 9.a through 9.g

Note: Unfunded commitments to purchase equity should be reported to Line 9 because it exceeded 10% of total equity capital. Because it exceeded 25% of total equity capital, it also should be disclosed in one line between Lines 9.d through 9.g
Basel 2.5 rules amended the definition of “covered positions”, requiring bank holding companies (BHCs) subject to the market risk capital guidelines to move certain positions from the trading book to the banking book on Schedule HC-R, Regulatory Capital.

As a result, covered positions are defined as trading assets and liabilities (as reported on Schedule HC-D) that are held for the purpose of short-term resale, or with the intent of benefitting from actual or expected short-term price movements, or to lock in arbitrage profits.

The amended definition also includes trading assets and liabilities that hedge covered positions only if the hedge is within the scope of the BHC’s hedging strategy.

In addition, the trading asset or liability with constraints in terms of a BHC’s ability to liquidate it readily or value it reliably on a daily basis no long meets the definition of a covered position.

As a result of the modification, the characterization of an asset or liability as “trading” under U.S. Generally Accepted Accounting Principles (GAAP) in ASC 320 (Investments – Debt and Equity Securities) and ASC 825 (Financial Instruments) will not necessarily determine whether the asset or liability is a “trading position” under Basel 2.5.
The positions that are likely to be moved to the banking book from trading book include:

- Private equity investments
- Direct real estate holdings
- Pipeline and warehouse loans held for securitization
- Credit derivatives hedging a non-covered position
- Hedge fund exposures hedging a covered position
- Approved non-trading structural foreign currency positions

If designated as trading in accordance with FR Y-9C instructions, these positions should continue to be reported on Schedule HC-D. However, for capital reporting purposes, they should be excluded from the Schedule HC-R, item 58, “Market risk equivalent assets”, and reported to the appropriate banking book line item, allocated with proper risk weight (zero, twenty, fifty, or hundred percent) as part of the risk-weighted assets subject to the credit risk capital guidelines.
Additional Information

- BHCs should refer to the Federal Register-Vol. 77-No. 169 published on August 30, 2012, which is available at:
  - http://www.ffiec.gov/federalregister.htm
Objectives

- Filing Requirements
- Common Reporting Errors

Quarterly Reporting

- Who is required to file?
  Quarterly Reporting:
  - total assets equal to or greater than $1 billion; or
  - total off-balance-sheet activities equal to or greater than $5 billion; or
  - equity capital of at least 5% of the consolidated equity capital of the top-tier BHC; or
  - operating revenue is at least 5% of consolidated operating revenue of the top-tier BHC.
Annual Reporting

- **Annual Reporting – Detailed**
  - total assets are greater than or equal to $250 million (but < $1 billion).

- **Annual Reporting – Abbreviated**
  - total assets are greater than or equal to $50 million but less than $250 million;
  - OR
  - total assets are greater than 1% of consolidated assets of top-tier BHC.

Exemptions

- Who is exempt? – check exemption list in general instructions before filing.

Examples:
- Functionally Regulated
  - (e.g. SEC, CFTC, State Insurance Commissioners, State Securities Departments)
- Subsidiaries holding shares as a result of debts previously contracted (“DPC” assets)
- Merchant banking investment companies
  - Under section 4(k)4(H) of the BHC Act
Reporting Criteria

Filing Criteria - Timing

- If a subsidiary meets the reporting criteria to file quarterly as of June 30 of the preceding year, the BHC must file the quarterly report beginning in March of the current year and would continue to file until it falls below the reporting criteria for four consecutive quarters and other criteria listed in the instructions apply.

- If a subsidiary meets the reporting criteria due to a business combination, the BHC must file a quarterly report beginning with the first quarter following the effective date of the business combination.
Once a nonbank subsidiary satisfies the criteria to file the FR Y-11 and/or the FR 2314 for the June quarter during the calendar year, the nonbank subsidiary must file March the following year and continue to file quarterly for the remainder of the calendar year.

Example:

Year 2012
- March 31, 2012: $800 Million N/A
- June 30, 2012: $1.5 Billion N/A

Year 2013
- March 31, 2013: $1.2 Billion Quarterly FR Y-11
- June 30, 2013: $600 Million Quarterly FR Y-11
- September 30, 2013: $1.5 Billion Quarterly FR Y-11
- December 31, 2013: $900 Million Quarterly FR Y-11

For purposes of this example, off-balance-sheet activities is not applicable for this reporter and therefore that criteria are not met in any quarter.

Common Reporting Errors Reporting Method

No Consolidation
- Separate report for each legal entity that is a subsidiary of the BHC (directly or indirectly owned) and that meets the reporting criteria.

- Each BHC should separately assess whether a VIE meets the definition of a subsidiary and determine if any such entity meets the criteria for filing the report.

- For purposes of these reports, a subsidiary generally includes a company 25 percent or more owned or controlled by another company and is defined by Section 211.2(w) of Regulation K for the FR 2314, and Section 225.2 of Regulation Y for the FR Y-11.
Common Reporting Errors Reporting Method

- Equity method accounting for all subsidiaries of the reporting entity

**Income Statement – net income of reporter’s sub:**

“Equity in undistributed income” (Line 11)

**Balance Sheet – net investment balance of reporter’s sub:**

“Balances due from related institutions - gross” (Line 9), if positive

“Balance due to related institutions - gross” (Line 16), if negative

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**Common Reporting Errors Reporting Method**

- OCI including the cumulative translation adjustment pertaining to the subsidiaries of the reporting entity is included as part of the net income of the subsidiary, and is reported in Schedule IS, “Equity in undistributed income” (Line 11).

- Accumulated OCI of the reporter’s subsidiaries is reported on Schedule BS, “Balances due from related institutions” (Line 9).
Reporting of Related Party Balances

- Related Parties
  - Reported gross on Schedule BS, Line 9 (Due From) or Line 16 (Due to) and includes:
    - Balances with the top tier bank holding company or banking organization and the subsidiary bank holding companies of the top tier bank holding company;
    - Balances with subsidiary banks (or their branches);
    - Balances with other subsidiaries (including those of the parent and the reporting nonbank subsidiaries);
    - Investment in all subsidiaries (whether consolidated or unconsolidated) and associated companies, less dividends paid/declared.

Related Parties Transactions - Example

- A nonbank subsidiary received a loan in the amount of $450 million from its parent on 1/31/2013, and on 2/20/2013 the nonbank subsidiary placed $200 million deposits at its parent. How should the nonbank subsidiary report both transactions on 3/31/2013?

<table>
<thead>
<tr>
<th>Product</th>
<th>Amount</th>
<th>Item Name</th>
<th>Schedule, Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>$450 million*</td>
<td>Balances due to related institutions, gross</td>
<td>BS, Line 16</td>
</tr>
<tr>
<td>Deposits</td>
<td>$200 million*</td>
<td>Balances due from related institutions, gross</td>
<td>BS, Line 9</td>
</tr>
</tbody>
</table>

*Include in Schedule BS-M where applicable
Common Reporting Errors Fair Value Option

- Nonbank subsidiaries that have elected to account for financial instruments or servicing assets at fair value under a fair value option (FVO) with changes in fair value recognized in earnings.
  - Assets and liabilities that are reported under the FVO are reported at fair value on Schedule BS.
  - FVO assets and liabilities with third parties and related institutions are also disclosed on Schedule BS, Memoranda, Line 1.a and 1.b., respectively.

<table>
<thead>
<tr>
<th>Derivatives and Off-Balance-sheet Items</th>
<th>Dollar Amounts in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>20. Unused commitments on securities underwriting</td>
<td>3617</td>
</tr>
<tr>
<td>21. Unused commitments on loans and all other unused commitments</td>
<td>3613</td>
</tr>
<tr>
<td>22. Standby letters of credit and foreign office guarantees</td>
<td>3614</td>
</tr>
<tr>
<td>23. Commercial and similar letters of credit</td>
<td>3411</td>
</tr>
<tr>
<td>25. All other futures and forward contracts (excluding contracts involving foreign exchange)</td>
<td>3415</td>
</tr>
<tr>
<td>26. Option contracts</td>
<td></td>
</tr>
<tr>
<td>a. Written option contracts</td>
<td></td>
</tr>
<tr>
<td>b. Purchased option contracts</td>
<td></td>
</tr>
<tr>
<td>27. Notional value of interest rate swaps</td>
<td>3455</td>
</tr>
<tr>
<td>28. Notional value of exchange swaps (e.g., cross-currency swaps)</td>
<td>3826</td>
</tr>
<tr>
<td>29. Notional value of other swaps</td>
<td>3829</td>
</tr>
<tr>
<td>30. All other off-balance-sheet liabilities</td>
<td>3150</td>
</tr>
</tbody>
</table>

Memoranda

<table>
<thead>
<tr>
<th>Memoranda Items 1.a and 1.b. are to be completed by subsidiaries that have elected to account for financial instruments or servicing assets and liabilities at fair value under a fair value option.</th>
<th>Dollar Amounts in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Financial assets and liabilities measured at fair value under a fair value option</td>
<td></td>
</tr>
<tr>
<td>a. Total assets</td>
<td>7819</td>
</tr>
<tr>
<td>b. Total liabilities</td>
<td>8120</td>
</tr>
</tbody>
</table>
Common Reporting Errors Fair Value Option

- Income Statement
  - Periodic revaluation adjustments to the carrying value of assets and liabilities reported under a FVO are reported as, “Other noninterest income” on Schedule IS, Line 5.a (10).
  - Servicing assets/liabilities reported at fair value under a FVO “Net servicing fees”, Line 5.a(6).
  - The net change in fair values of financial instruments accounted for under a FVO should be reported as, “Net change in fair values of financial instruments accounted for under a fair value option” on Schedule IS, Memorandum, Line 2 for the FR 2314 and FR Y-11.

**Excludes revaluation adjustments of trading assets and trading liabilities. These are reported in “Trading Revenue,” Line 5.a (3).

Common Reporting Errors Assets and Liabilities Fair Value Option Example

- How should MTM changes on loans and subordinated debt that are FVO reported?

<table>
<thead>
<tr>
<th>Product</th>
<th>Book Value</th>
<th>Fair Value Amount</th>
<th>Change in Fair Value from marked to market</th>
<th>Schedule IS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>$100 million</td>
<td>$116 million</td>
<td>$16 million Reported Amount</td>
<td>Other noninterest income, Line 5.a (10)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$16 million Reported Amount</td>
<td>Memoranda, Net change in fair value of financial instruments accounted for under a fair value, Line 2</td>
</tr>
<tr>
<td>Subordinated debt</td>
<td>$150 million</td>
<td>$125 million</td>
<td>($25 million) Reported Amount</td>
<td>Other noninterest income, Line 5.a (10)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>($25 million) Reported Amount</td>
<td>Memoranda, Net change in fair value of financial instruments accounted for under a fair value, Line 2</td>
</tr>
</tbody>
</table>
Realized gains and losses and other income and expenses resulting from the sale and purchase of all assets and liabilities held in the trading account in:

- “Trading revenue”, Line 5.a (3).

Common Reporting Errors ALLL

- Allowance for Loan & Lease Losses (ALLL) must be reported on a standalone basis for each legal entity.
  - ALLL cannot be reported at the parent bank level or at another subsidiary level.
  - ALLL should exclude reserves for credit risk on off balance sheet items. These should be reported in “Other liabilities,” Line 14 on Schedule BS and in “Noninterest expense,” Line 7 on Schedule IS.

- Specific Reserves
  - Loans are to be reported net of specific reserves (exclude specific reserves from ALLL).
Common Reporting Errors Past Due & Nonaccrual Loans - TDRs

- Include in Schedule BS-A, “Loans restructured in troubled debt restructuring included in items 7.a through 7.c above” to clearly indicate that loans in this item should be troubled debt restructuring and exclude leases.

- Loans restructured in TDRs include those loans that have been restructured or renegotiated to provide a reduction of either interest or principal because of a deterioration in the financial position of the borrower.
  - A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered a TDR.
  - For further information, see the FR Y-9C Glossary entry for “troubled debt restructurings.”

Common Reporting Errors Assets & Liabilities

- Deferred Tax Assets and Liabilities
  - Income taxes are reported on a stand-alone basis.
  - Deferred tax assets and liabilities must be reported net for each tax jurisdiction and should be reported on Schedule BS, “All other assets”, Line 7 or “Other liabilities”, Line 14, respectively.

- Repurchase Agreements and Resale Agreements
  - Repurchase agreements and FFP are reported as “Other borrowed money” on Schedule BS, Line 12 and 13.
  - Resale agreements and FFS are reported as “Loans” on Schedule BS, Line 3.a.
A nonbank subsidiary entered into repurchase agreements of $850 million with a nonrelated party on 1/31/2013 and then entered into resale agreements of $780 with another nonrelated party. How should the nonbank subsidiary report both transactions on 3/31/2013?

<table>
<thead>
<tr>
<th>Product</th>
<th>Amount (Gross)</th>
<th>Item Name</th>
<th>Schedule, Line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase agreements</td>
<td>$850 million</td>
<td>Other borrowed money</td>
<td>BS, Line 12 or Line 13</td>
</tr>
<tr>
<td>Resale agreements</td>
<td>$780 million</td>
<td>Loans and lease financing receivables AND: All other loans for non-depository counterparties Loans to depository institutions for depository counterparties</td>
<td>BS, Line 3.a BS-A, Line 5 BS-A, Line 2</td>
</tr>
</tbody>
</table>

- Goodwill
  - Goodwill is reported on Schedule BS, “All other assets,” Line 7.
    - Impairments to goodwill are reported as “noninterest expense” on Schedule IS, Line 7.
- Other Assets & Other Liabilities
  - Other assets reported on Schedule BS-M, Line 5 should be equal to or less than balance reported on Schedule BS, “All other assets,” Line 7.
  - Other liabilities reported on Schedule BS-M, Line 8 for the FR 2314 and Line 12 for the FR Y-11 must be equal to or less than balance reported on Schedule BS, “Other liabilities,” Line 14.
Common Reporting Errors Derivatives

- Derivatives and Off-balance Sheet items reported on Schedule BS, Lines 20 – 30 include transactions with related and nonrelated institutions.

- Notional Value of foreign exchange spot contracts are reported with foreign exchange futures and forwards on Schedule BS, Line 24.

Common Reporting Errors Derivatives

- Derivatives
  - Accrued interest receivable and payable from derivative contracts excluded from the calculation of fair value should be reported separately on Schedule BS, “All other assets,” Line 7 and “Other liabilities,” Line 14, respectively. (Methodology should be applied consistently).

- Unrealized gains and losses from derivative contracts held for trading with nonrelated institutions are reported net on Schedule IS, “Trading Revenue,” Line 5.a (3).
Common Reporting Errors Derivatives

- Derivatives
  - Fair Value of Derivatives held for purposes other than trading – with nonrelated parties
    - Derivatives held for purposes other than trading that do not qualify for hedge accounting under ASC 815-20 must be reported as held for trading.
    - Fair value if hedging applies reported on BS, “All other assets,” (Line 7), if a positive fair value.
    - Fair value if hedging applies reported on BS, “Other liabilities,” (Line 14), if a negative fair value.

Common Reporting Errors
All Other Off Balance Sheet Liabilities

- All credit derivatives are reported in “All Other Off Balance Sheet Liabilities,” (Line 30).

- All securities borrowed/lent against collateral other than cash (i.e. against other securities) are reported in “All Other Off Balance Sheet Liabilities,” (Line 30).
FR Y-10 and FR Y-6 Reporting Changes

Richard Crawn

Agenda

- Report of Changes in Organizational Structure (FR Y-10)
- Annual Report of Holding Companies (FR Y-6)
Report of Changes in Organizational Structure
(FR Y-10)

FR Y-10 Schedule Changes

Banking and Nonbanking Schedules
- General Partner or Limited Partner
  - Added check boxes to specifically capture the direct ownership interests of:
    - General Partner/Managing Member
    - Limited Partner/Non-Managing Member
- State or Country (if foreign) of Incorporation
  - Added a requirement to report state or country (if foreign) of incorporation
- LLLPs
  - Added Limited Liability Limited Partnership (LLLPs) to Business Organization Type options
FR Y-10 Schedule Changes

4(K) Schedule
- Large Merchant Banking or Insurance Company Investments Section
  - Updated Instructions to clarify that investments are in a “Nonfinancial Company” rather than in a “Nonbanking Company”

- Item 1.a. – Event Types
  - Added three New event types:
    - Divestitures
    - No Longer Reportable
    - Name Changes

FR Y-10 Schedule Changes

Domestic Branch Schedule Instructions
- Updated the instructions to clarify that branches acquired through a bank failure should be reported under the event type “Purchase of Branches”
FR Y-10  New Savings and Loan Schedule

Savings and Loan Schedule
- Added a schedule to report Savings and Loan Holding Companies (SLHCs), savings and loan associations and federal savings banks

Note:
- Consequently, items that are now reported on this schedule were removed from the list of Nonbanking Company Types for Item 9 on the Nonbanking Schedule

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Annual Report of Holding Companies

(FR Y-6)
FR Y-6  Report Title Change

  - FR Y-6 title was revised from “Annual Report of Bank Holding Companies” to “Annual Report of Holding Companies”

FR Y-6  Confidentiality

- Confidentiality Request Instructions
  - The instructions were clarified to indicate how requests for confidentiality are granted
Report Item 2a: Organization Chart

- Percentage Ownership by Direct Holder
  - Specific partner or member interests became reportable on the organization chart

- State and Country of Incorporation
  - The requirement for the reporting of state or country (if foreign) of incorporation became reportable on the organization chart

The reportability of Debts Previously Contracted (DPC) was clarified to include:

- A company that holds only foreclosed properties should not be reported
- A company that holds a mixture of foreclosed properties and nonperforming loans that are not yet in default should be reported
FR Y-6  Securities Holders

- Report Item 3: Securities Holders
  - Clarified the instructions to include individuals acting in concert with one or more persons (including families)
  - Added reporting requirement of Small Business Lending Fund (SBLF) investments of 5% or more to the list of reportable security holders

FR Y-6  Insiders

- Report Item 4: Insiders
  Update the definition of a “principal securities holder” to include:
  - Individuals acting in concert with one or more persons (including families)
  - Options, warrants or other securities or rights that can be converted into or, which, in their aggregate, and including voting securities currently held, would exceed 10 percent of any class of voting securities
Conclusion

- The FR Y-10 and FR Y-6 reporting forms and instructions are available at:
  - www.federalreserve.gov/reportforms

- If you have any further questions or need clarification, please contact:
  - Brian Osterhus, Staff Director
    - P: (212) 720-8023
    - E: Brian.Osterhus@ny.frb.org
  - Michael Schwartzberg, Team Leader
    - P: (212) 720-2378
    - E: Michael.Schwartzberg@ny.frb.org
  - Jason Stein, Team Leader
    - P: (212) 720-2752
    - E: Jason.Stein@ny.frb.org