

Annual  
State Member Bank/  
Bank Holding Company  
Presentation  
2006



Federal Reserve Bank of New York  
March 22, 2006

# Bank Supervision Uses of Data

Joseph Galati  
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March 22, 2006

# 2006 State Member Bank/Bank Holding Company Regulatory Reporting Update

Monica Posen  
Statistics Function  
March 22, 2006

# Overview

- FR Y-9 and Call Report Changes
  - Effective March 31, 2006
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    - Income from Nontrading Derivatives
    - Asset-backed Securities
    - Life Insurance Assets
    - Securitizations
    - Credit Derivatives
    - Foreclosures from GNMA Loans
    - Other changes
  - Effective September 30, 2006
    - Credit Derivatives
    - Federal Home Loan Bank Advances
    - Past Due and Nonaccrual Loans
    - Residential Mortgage Banking Activities
  - Effective March 31, 2007
    - Insurance
    - Retail and Commercial Leases
    - Credit Derivatives Revenue
    - Loan Breakouts
- FR Y-9C Threshold Changes

# FFIEC 031 / 041, FR Y-9C Changes Effective March 31 2006 Deletions

- Bankers Acceptances
  - Schedule RC, "Balance Sheet"
    - Item 9, "Customers' liability to this bank on acceptances outstanding"
    - Item 18, "Bank's liability on acceptances executed and outstanding"
  - Schedule RC-L, "Derivatives and Off-Balance Sheet Items, item 5, "Participations in acceptances conveyed to others by the reporting bank"
  - Schedule RC-H, "Selected Balance Sheet Items for Domestic Offices (FFIEC 031 only)"
    - Item 1, "Customers' liability to this bank on acceptances outstanding"
    - Item 2, "Bank's liability on acceptances executed and outstanding"

# FFIEC 031 /041, FR Y-9C Changes Effective March 31, 2006 Deletions

- Schedule HC-M (FR Y-9C only)
  - Item 10, Did your bank holding company reduce “customers’ liability on acceptances outstanding” by the amount of any participations in bankers acceptances?
- With the elimination of separate balance sheet items for acceptances on Schedule RC, banks should include any acceptance assets and acceptance liabilities in “Other assets” (Schedule RC, item 11) and “Other liabilities” (Schedule RC, item 20), respectively.

# FFIEC 031 /041, FR Y-9C Changes Effective March 31, 2006 Deletions

- Income from Nontrading Derivatives
  - Schedule RI, "Income Statement," memorandum items 9.a through 9.c which collect data on the "Impact on income of derivatives held for purposes other than trading." (FR Y 9-C HI, memorandum items 10.a through 10.c)
  - Currently reported by banks with foreign offices or with \$100 million or more in total assets.

# FFIEC 031 / 041, FR Y-9C Changes Effective March 31 2006 Revisions

- Asset-backed Securities
  - Banks with domestic offices only and less than \$1 billion in total assets will report only their total holding of asset-backed securities in Schedule RC-B, item 5.
  - Banks with foreign offices and other banks with \$1 billion or more in total assets will continue to report the existing breakdown of their asset-backed securities, but this information will be collected in new Memorandum items 5.a through 5.f of Schedule RC-B.

# FFIEC 031 /041, FR Y-9C Changes Effective March 31 2006 Revisions

- Life Insurance Assets
  - A new item will be added to Schedule RC-F, “Other assets” for the carrying value of the bank’s life insurance assets.
    - Reported by all institutions that have such assets
    - Previously, disclosures were required if amounts exceeded 25% of “all other assets.”
  
- Securitizations
  - The scope of Schedule RC-S, column G will be revised to include “All other loans, all leases, and all other assets.”

# FFIEC 031 /041, FR Y-9C Changes Effective March 31 2006 Additions

- Credit Derivatives
  - Provide a breakdown in Schedule RC-L of the notional amounts by type of credit derivative
    - Credit default swaps
    - Total return swaps
    - Credit options
    - Other credit derivatives
  - Provide a maturity breakdown in Schedule RC-R, Memorandum item 2, reporting separately for:
    - Credit derivatives where the underlying reference asset is rated investment grade
    - Credit derivatives where the underlying reference asset is rated below investment grade.

# FFIEC 031 /041, FR Y-9C Changes Effective March 31 2006 Additions

- Foreclosed Properties from “GNMA Loans”
  - In June 2005, guidance was issued to treat all delinquent rebooked GNMA loans the same as other delinquent loans carried on the balance sheet and report them on Schedule RC-N, “Past Due and Nonaccrual Loans, Leases, and Other Assets.”
  - Effective March 31, 2006, any foreclosures on real estate backing a delinquent GNMA loan should be reported as “Other real estate owned” on Schedule RC, item 7 and be separately disclosed on Schedule RC-M, new item 3.b.6 (FFIEC 031 /041 only).

# FFIEC 031/041 Only

## Effective March 31, 2006

- Income from Foreign Offices (FFIEC 031 only)
  - Schedule RI-D will be revised to capture income from foreign offices in place of income from international operations.
    - The term “international operations” is subject to different interpretations which resulted in differences in reporting.
  - Banks with foreign offices where foreign office revenue, assets, or net income exceeds 10 percent of consolidated total revenue, total assets, or net income are required to complete Schedule RI-D.
  - Amounts are to be reported are on a foreign office consolidated basis

# FFIEC 031/041 Only

## Effective March 31, 2006

- Schedule RC-O
  - Banks with less than \$1 billion in total assets will no longer be required to complete Memorandum item 2, "Estimated amount of uninsured deposits."
  
- Standby Letters of Credit Issued by a Federal Home Loan Bank
  - When exceeding 25 percent of a banks total equity capital, the amount must be separately disclosed in Schedule RC-L.
  - A precaption will be added for Banks with this volume of standby letters of credit to report them.

# FR Y-9C Only

## Effective March 31, 2006

- Schedule HC-C
  - Breakout from item 9, “All other loans” a new item for loans for purchasing or carrying securities (secured and unsecured).
  
- Schedule HC-M
  - Delete item 7, “Total assets of unconsolidated subsidiaries and associated companies.”
  
- Schedule HC-R
  - Add a new memorandum item, “Market risk equivalent assets attributable to specific risk.”
    - Included in HC-R, item 58

# FFIEC 031 / 041, FR Y-9C Changes Effective September 30, 2006

- Schedule RC-L, Credit Derivatives
  - Add items for the maximum amounts payable and receivable on credit derivatives
  - Schedule RC-M
  - Certain Secured Borrowings
    - Add two items to collect the amount of fed funds purchased and other borrowings that are secured.
  
- Schedule N, “Past Due and Nonaccrual Loans, Leases and Other Assets”
  - Add two items for “Additions to nonaccrual assets during the quarter” and “Nonaccrual assets sold during the quarter.”

# FFIEC 031 /041, FR Y-9C Changes Effective September 30, 2006

- FFIEC 031 /041 Only

- On Schedule RC-M, Federal Home Loan Bank advances revised to:
  - Separate Federal Home Loan Bank advances by type and by next repricing date, and
  - Split the existing item for Federal Home Loan Bank advances with a remaining maturity of more than three years into two items.
    - Over 3 years through 5 years
    - Over 5 years

# FFIEC 031 / 041, FR Y-9C Changes Effective September 30, 2006

- NEW Schedule RC-P
  - Closed-end 1-4 family residential mortgage banking activities
    - Breakout of retail originations and wholesale originations and purchases during the quarter that are held for resale
    - Mortgage loans sold during the quarter
    - Carrying amount of mortgage loans held for sale at quarter-end
    - Data reported separately for first lien and junior lien mortgages

# FFIEC 031 / 041, FR Y-9C Changes Effective September 30, 2006

- To be completed by
  - All banks with \$1 billion or more in total assets
  - Banks with less than \$1 billion in total assets whose closed-end 1-4 family residential mortgage banking activities exceed a specified level.
    - If EITHER closed-end 1-4 family residential mortgage loan originations and purchases for resale from all sources, OR loan sales, OR quarter-end loans held for sale exceed \$10 million for two consecutive quarters
- EFFECTIVE March 31, 2007, another item will be added, "Noninterest income for the quarter from the sale, securitization, and servicing of closed-end 1-4 family residential mortgage loans."

# FFIEC 031 /041, FR Y-9C Changes Effective March 31, 2007

- Income from Annuity Sales, Investment Banking, Advisory, Brokerage and Underwriting
  - To better distinguish between banks noninterest income investment banking (dealer) activities and their sales (brokerage) activities
    - A new item will be added for “Fees and commissions from annuity sales:”
    - Existing item 5.d will be replaced by separate items “Fees and commissions from securities brokerage” and “Investment banking, advisory and underwriting fees and commissions.”

# FFIEC 031 / 041, FR Y-9C Changes Effective March 31, 2007

- Retail and Commercial Leases
  - Schedules RC-C, RC-N and RI-B, part I
    - Change breakout of lease financing receivables from U.S. and Non-U.S. addressees to retail and commercial leases.

# FFIEC 031 / 041, FR Y-9C Changes Effective March 31, 2007

- Revenues from Credit Derivatives and Related Exposures
  - A new risk exposure category will be added to Schedule RI, Memoranda Item 8 for credit-related exposures (FR Y-9C HI, item 9)
    - A bank should report its net gains (losses) from trading cash instruments and derivative contracts that it manages as credit exposures.
      - Revenue from credit derivatives and credit cash instruments held for trading

## FFIEC 031 / 041, FR Y-9C Changes Effective March 31, 2007

- Two new memorandum items will be added to Schedule RI
  - Banks must report the net gains (losses) on credit derivatives held for trading and those held outside the trading account.

# FFIEC 031 / 041, FR Y-9C Changes Effective March 31, 2007 and March 31, 2008

- Loan Breakouts (Schedules RC-C, RC-N, and RI-B, part I)
  - Construction, Land Development, and Other Land Loans
    - Split into separate items for “1-4 family residential construction loans” and “Other construction loans and all land development and other land loans.”
    - Commitments to fund commercial bank loans on Schedule L will also be split as above.
  - Loans Secured by NonFarm Nonresidential Properties
    - Split into separate items for “loans secured by owner-occupied nonfarm nonresidential properties” and “loans secured by nonfarm nonresidential properties.”

# FFIEC 031 /041, FR Y-9C Changes Effective March 31, 2007 and March 31, 2008

- For FFIEC 031 /041: Loan Breakout implementation either March 31, 2007 or March 31, 2008
  - March 2007 implementation for banks
    - with \$300 million or more in total assets or with foreign offices
    - without foreign offices with less than \$300 million in assets whose total construction, multifamily, and nonfarm nonresidential real estate loans are greater than 150 percent of total equity capital
  - March 2008 implementation for banks
    - With less than \$300 million in total assets and do not meet the 150 percent of total equity capital test

# BHC Reports (FR Y-9C) Threshold Changes Effective March 31, 2006

- Increase the asset-size threshold of the FR Y-9C from \$150 million to \$500 million.
- Eliminate reporting requirement for top-tier BHCs to submit an FR Y-9C for each lower-tier BHC with total consolidated assets of \$1 billion or more. Lower-tier BHCs will file a FR Y-9LP.
- Increase the asset-size threshold for filing the FR Y-9SP from under \$150 million to \$500 million.

# Nonbank Subsidiary Reporting and Consolidation Requirements (FR 2314 and FR Y-11 Reports)

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# Reporting Criteria Change

- To be consistent with the new threshold for the FR Y-9C; and
- Reduce reporting burden.

# Threshold for FRY 11 Effective March 31, 2006

- Quarterly Reporting:
  - Subsidiaries that are owned or controlled by a top-tier BHC that files the FR Y-9C and meet one of the following requirements:
    - (a) total assets equal to or greater than \$1 billion; or
    - (b) total off-balance-sheet activities equal to or greater than \$5 billion; or
    - (c) equity capital equal to or greater than five percent of the top-tier BHC's or organization's consolidated equity capital; or
    - (d) operating revenue equal to or greater than five percent of the top-tier BHC's or organization's consolidated operating revenue.

# Threshold for FRY 11 Effective March 31, 2006

- Annual Reporting (no change):
  - A nonbank subsidiary that does not meet any of the criteria to file quarterly, but has total assets greater than or equal to \$250 million (but less than \$1 billion) must file the entire FR Y-11 report on an annual basis; or
  - A nonbank subsidiary that does not meet the criteria to file the detailed report, but does meet the following criteria, must file the Abbreviated Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11S) on an annual basis:
    - (a) The nonbank subsidiary has total assets equal to or greater than \$50 million (but less than \$250 million); or
    - (b) The subsidiary's total assets are greater than one percent of the consolidated top tier organization's total assets.

# Threshold for FR 2314 Effective March 31, 2006

## ■ Quarterly Reporting:

- Subsidiaries that are owned or controlled by a top-tier BHC that files the FR Y-9C or a state member bank or Edge or Agreement corporation that has total consolidated assets equal to or greater than \$500 million and meet one of the following requirements:
  - (a) total assets equal to or greater than \$1 billion; or
  - (b) total off-balance-sheet activities equal to or greater than \$5 billion; or
  - (c) equity capital equal to or greater than five percent of the top-tier BHC's or organization's consolidated equity capital; or
  - (d) operating revenue equal to or greater than five percent of the top-tier BHC's or organization's consolidated operating revenue.

# Threshold for FR 2314 Effective March 31, 2006

- Annual Reporting (no change):
  - A foreign subsidiary that does not meet any of the criteria to file quarterly, but has total assets greater than or equal to \$250 million (but less than \$1 billion) must file the entire FR 2314 report on an annual basis; or
  - A foreign subsidiary that does not meet the criteria to file the detailed report, but does meet the following criteria, must file the Abbreviated Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314S) on an annual basis:
    - (a) The foreign subsidiary has total assets equal to or greater than \$50 million (but less than \$250 million); or
    - (b) The subsidiary's total assets are greater than one percent of the consolidated top tier organization's total assets.

# Threshold for reporting Effective March 31, 2006

## ■ Self regulating:

- If a nonbank subsidiary meets the criteria for quarterly filing as of June 30 of the preceding year, its parent organization should begin reporting the FR Y-11 and FR 2314 quarterly for the nonbank subsidiary beginning March 31 of the current year and continue to report for the entire calendar year;
- If a filer meets the criteria for quarterly filing due to a business combination, the parent organization must file the FR Y-11 and FR 2314 quarterly beginning with the first quarterly report date following the effective date of the business combination;
- If a subsidiary subsequently does not meet quarterly filing criteria for four consecutive quarters, then the parent organization would revert to annual filing for that subsidiary.

# FR 2314 and FR Y-11 Changes Effective March 31, 2006

- Changes in Equity Capital (Schedule IS-A):
  - Clarify “Other adjustments to equity capital” (Line 6) to include contributions and distributions to and from partners when the company is a partnership.
  
- Balance Sheet (Schedule BS):
  - Add to Schedule BS “General and limited partnership shares and interests” (Line, 18.e) and renumber current line 18.e, “Other equity capital components,” as line 18.f. and renumber current line 18.f, “Total equity capital,” as line 18.g.

# FR Y-11 Only Changes Effective March 31, 2006

- Revise the scope for the reporting of securitizations in Schedule BS-M, Memoranda:
  - “Number of loans in servicing portfolio” (Line 2.a);
  - “Dollar amount of loans in servicing portfolio” (Line 2.b); and
  - “Loans that have been securitized and sold without recourse with servicing rights retained” (Line 3) to include assets other than loans.

# FR 2314 and FR Y-11 changes Effective March 31, 2007

- Income Statement (Schedule IS):
  - Revise the category for reporting of income from certain sales of annuities on Schedule IS from “Insurance commissions and fees” (Line 5.a.(8)), to “Investment banking, advisory, brokerage, and underwriting fees and commissions” (Line 5.a.(4)) .

# Reporting Issues

- Consolidation Requirements (FR 2314/ FR Y-11):
  - Should be submitted for each legal entity subject to reporting requirements. Therefore, consolidation of individual entities is not permitted;
  - Investments in all unconsolidated subsidiaries should be reported on Schedule BS “Balances due from related institutions, gross” (Line 9).
  - Investments in the stock of unconsolidated\* subsidiaries and associated companies of the top-tier BHC should be reported on Schedule BS , line 9 and, for the FR Y-11 filers, on Schedule BS-M, “Investments in other companies” (Line 4).

\*Unconsolidated subsidiaries include all subsidiaries that are not consolidated on the reporting bank holding company’s consolidated financial statements and any subsidiaries owned by the reporting entity that would otherwise meet the GAAP consolidation but are deconsolidated.

# Reporting Issues

- TRUPs and Subsidiaries of the Reporting Nonbank Subsidiary (FR Y-11)
  - Balances due from the subsidiaries of the reporting nonbank subsidiary should be reported as balances due from related institutions on Schedule BS, Line 9 and on Schedule BS-M, "Balances due from other nonbank subsidiaries of the bank holding company, gross (Line 8.c);
  - A special purpose subsidiary should report the loan made to the parent bank holding company with the proceeds from the issuance of trust preferred securities as balances due from related institutions on Schedule BS, Line 9 and Schedule BS-M, "Balances due from bank holding company (parent companies only), gross (Line 8.a).

# Reporting Issues

## ■ Investments in Joint Ventures (FR Y-11)

- Investments in joint ventures should be reported on Schedule BS, line 9 only if the FR Y-11 reporter exercises significant influence over it; otherwise
- Investments in joint venture should be reported on Schedule BS, “All other assets” (Line 7); or
- On Schedule BS, “Other real estate owned” (Line 6) if the joint venture in question is engaged in the holding of real estate for developments, resale , or other investment purposes.

# Asset Backed Commercial Paper Conduits

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March 22, 2006

# Asset-Backed Commercial Paper Conduit (ABCP)

- Program through which a banking organization provides funding to its customers by sponsoring and administering a bankruptcy-remote special purpose entity (SPE) that purchases asset pools from, or extends loans to those customers.
  - Asset pools may include : trade receivables, consumer loans
  - ABCP program: raises cash through the issuance of commercial paper.

# ABCP Liquidity Facilities

ABCP programs are supported by liquidity facilities that are commitments to lend to, or purchase assets from, the ABCP programs in the event that:

- Funds are needed to repay maturing commercial paper due to timing mismatch between cash collection on underlying assets in program and repayment of commercial paper issued.
- Purchase assets from program in the event of deterioration in the credit quality of the asset pool.

# ABCP Risk-Based Capital Requirements

Final Rule issued July 28, 2004 amended ABCP risk-based capital standards by:

- Permitting sponsoring banking organizations to exclude consolidated ABCP program assets from their risk weighted assets when they calculate their risk-based ratios.
- Requiring banking organizations to hold risk-based capital against “eligible” ABCP program liquidity facilities with an original maturity of one year or less that provide liquidity support to those programs by imposing a credit conversion factor of 10% on such facilities.

# ABCP Risk-Based Capital Requirements

The new risk-based capital treatment of ABCP liquidity facilities became fully effective on September 30, 2005.

- Risk-based capital treatment of an ABCP liquidity facility is based on whether the liquidity facility is considered “eligible” or “ineligible”.

# ABCP Risk-Based Capital Requirements

- “Eligible” liquidity facilities are subject to a 10% or 50% credit conversion factor (depending on the facilities maturity) for purposes of calculating risk-based capital exposure.
- “Ineligible” liquidity facilities (both short-term and long-term) are treated as direct credit substitutes or recourse obligations and are subject to a 100% credit conversion factor for purposes of calculating risk-based capital exposure.

# ABCP Risk-Based Capital Requirements

- An “eligible” liquidity facility must have an asset quality test that precludes funding against assets that are 90 days or more past due, in default, or below investment grade.
  - Primary function of an eligible ABCP liquidity facility should be to provide liquidity not credit enhancement.
  - Eligible liquidity facilities should not be exposed to credit risk.

# ABCP Risk-Based Capital Requirements

- An ABCP liquidity facility will meet the asset quality test if, at all times throughout the transaction:
  - The liquidity provider has access to certain types of acceptable credit enhancements that support the liquidity facility.
  - The notional amount of such credit enhancements exceeds the amount of underlying assets that are 90 days or more past due, defaulted or below investment grade that the liquidity provider may be obligated to fund under the facility.

# ABCP Risk-Based Capital Reporting

## Call Report Schedule RC-R

- Under Final Rule: banking organization sponsors of any consolidated ABCP programs should include the consolidated assets in the appropriate balance sheet asset categories in Schedule RC-R, Regulatory Capital, item 34 through 43, Column A.
- The amount of these consolidated assets should also be reported in items 34 through 43, Column B, “Items not Subject to Risk-Weighting”.

# ABCP Risk-Based Capital Reporting

## Call Report Schedule RC-R

- Banks that provide “eligible” liquidity facilities to ABCP programs must report these facilities in Schedule RC-R, item 53.
  - Facilities with original maturities exceeding one year should report the full amount of the unused portion of the liquidity facility in item 53, column A.
  - Facilities with original maturities of one year or less should report 20% of the unused portion of the liquidity facility in item 53, column A to produce the effect of a 10% conversion factor when reporting the credit equivalent amount in item 53 column B.

# ABCP Risk-Based Capital Reporting

## Call Report Schedule RC-R

- Banks that provide “ineligible” liquidity facilities to ABCP programs must report these facilities in Schedule RC-R, item 52 (All other off-balance sheet liabilities) column A.

# Changes to the Country Exposure Report (FFIEC 009)

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# Overview

- Background
- Instructional changes
- Schedule 1 changes
- Addition of Schedule 1a
- FR 2502 Q Changes
- Announcements

# Background

The FFIEC issued a Federal Register notice during the first quarter delaying the implementation of the proposed changes published on August 17, 2004.

- The proposed changes were re-evaluated based on comments received.

# General Instructions

- Resale Agreements

- Allocated on an ultimate risk basis, according to the country of the ultimate counterparty without regard to the country of the collateral.
  - (i.e., to the country of the parent bank in the case of a bank branch and to the country of any other entity that provides an explicit guarantee)

# General Instructions

- Schedule 2
  - Reporting requirements
    - Excess of \$10 billion in total gross notional value of derivative contracts or total gross fair values of derivative contracts greater than 5% of assets.

# Immediate-Counterparty Basis

- Foreign Office Claims on Local Residents (Columns 4 through 6)
  - On an immediate counterparty basis and by sector, report all foreign office claims in currencies other than the official currency of the reporter's foreign offices on residents of the country in which the foreign office is located.

## Immediate-Counterparty Basis

- Foreign Office Claims on Local Residents in Local Currency (Column 8)
  - Report all foreign office claims on local residents in the official currency of the country in which the local office is located.

## Ultimate-Risk Basis

- Cross Border Claims (Columns 15 through 17)
  - All claims, that are cross-border claims for which the ultimate obligor, after required risk transfers, is a resident of a country other than the country of the office that holds the claim.
  - Claims for which the ultimate obligor is a U.S. resident should be excluded.

# Ultimate-Risk Basis

- Foreign Office Claims on Local Residents (Columns 18 through 20)
  - All claims, that are foreign office claims on local residents, for which the ultimate obligor, after required risk transfers, is a resident of the country in which the foreign office is located (regardless of currency)
- Foreign Office Claims on Local Residents– Claims in Non-Local Currency (Column 21)

# Ultimate-Risk Basis

- Commitments (Column 22)
  - Report all cross border and foreign office legally binding commitments to extend credit, including
    - Letters of credit
    - Purchases of risk participations
  - Exclude financial and performance standby letters of credit, which should be reported as guarantees in Column 23.

# Ultimate-Risk Basis

- Guarantees and Credit Derivatives (Column 23)
  - Report all legally binding guarantees and insurance contracts issued by the reporter's U.S. or foreign offices
    - Financial and performance standby letters of credit
  - Report all credit derivatives where the respondent is a protection seller

# Foreign Office Liabilities and Memorandum Items (Schedule 1.a)

- Foreign Office Liabilities (Columns 1 through 3)
  - Liabilities of the reporter's foreign office by country of each foreign office for which no payment is guaranteed at locations outside the country of the office.
    - Foreign Office Liabilities in Non-Local Currency (Column 1)
    - Foreign Office Liabilities in Local Currency (Column 2)
  - Exclude negative fair values of derivative products

# Foreign Office Liabilities and Memorandum Items (Schedule 1.a)

- Foreign Office Liabilities

- Total Liabilities Booked at Foreign Offices (Column 3)

- By country of the creditor, liabilities that are booked at any of the reporter's foreign offices, regardless of currency and whether payment is guaranteed at locations outside the country of the office.

# Foreign Office Liabilities and Memorandum Items (Schedule 1.a)

- Memorandum Items (Columns 4 through 6)
  - Net due to Own related Offices in Other Countries
    - For each country, net liabilities (or claims) of those offices of the reporter to other offices that are located in other countries
      - Claims and liabilities
      - Unremitted profits and capital contributions
      - Equity investments in consolidated subsidiaries
    - A positive figure should be reported for net due to position

# Foreign Office Liabilities and Memorandum Items (Schedule 1.a)

- Memorandum Items (Columns 4 through 6)
  - Assets held for trading
    - Fair value of trading account assets that are included in Columns 15 through 17
  - Trade Finance
    - Total extensions of credit with maturities one year and under that are included in Columns 15 through 20 and Columns 22 and 23

# FR 2502Q Changes

- Effective for March 2006
  - Revision to the reporting panel
    - Only include data of offices located in the Caribbean and the United Kingdom
  - Deletion of Schedule A, U.S. Dollar-denomination Liabilities
  
- Effective for June 2006
  - Deletion of Memorandum item 3a., “Of which, amounts included in “Unallocated” above (Country code 88862)”
  - Minor updates to country names and changes to the instructions for unallocated accounts

# Announcements

- March 31, 2006 report forms and instructions are available at:  
[http://www.ffiec.gov/forms009\\_009a.htm](http://www.ffiec.gov/forms009_009a.htm).
- Updated User Guide and file format for IESUB submission via file transfer are available at:  
<http://www.reportingandreserves.org/iesub.html>

# Supplement to the Report of Changes in Organizational Structure FR Y-10S

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# Overview

## ■ General Instructions

- The FR Y-10S Form
- When to Submit the Report
- Where to Submit the Report

# Overview

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  - Schedule A
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    - Reportable Entities
    - When to Submit the Report
    - What Must be Submitted
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    - Reporting Scenarios

# Overview

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  - Schedule B
    - Who Must Report
    - Reportable Entities
    - When to Submit the Report
    - What Must be Submitted
      - Part I
      - Part II
    - Reporting Scenarios

# General Instructions

The FR Y-10S Form  
Consists of two schedules, A and B:

Schedule A:

- Collects information on SEC reporting status pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934. This information increases the Federal Reserve's ability to assess a reporter's compliance with section 404 of the Sarbanes-Oxley Act of 2002 (SOX 404).

# General Instructions

## The FR Y-10S Form

- Sections 13(a) and 15(d) of the Securities and Exchange Act outline the requirements for companies that have publicly traded equity or debt to file periodic reports with the SEC.
- SOX 404 requires issuers that report pursuant to Sections 13(a) and 15(d) of the Securities and Exchange Act of 1934 to include in their annual report:
  - a statement acknowledging their responsibility for internal controls and procedures for financial reporting
  - an assessment by the issuer of their internal controls and
  - an attestation by the issuer's independent auditor on the assessment made by the management of the issuer

# General Instructions

## The FR Y-10S Form

### Schedule A:

Requires information about:

- whether or not the reporter or any of its subsidiaries are required to file annual and other periodic reports with the SEC pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934 and
- whether or not the entity reported must comply with SOX 404

# General Instructions

## The FR Y-10S Form Schedule B:

- Collects information on Committee on Uniform Security Identification Procedures (CUSIP) numbers. CUSIP numbers are used to identify most securities including:
  - equity and debt of all SEC-registered U.S. and Canadian companies and
  - U.S. government and municipal bonds

# General Instructions

## The FR Y-10S Form Schedule B:

A complete CUSIP number is a nine digit alpha-numeric number where the first six characters uniquely identify the issuer. This schedule is used to report only the first six-digits of the CUSIP number assigned to the reporter and to certain of its subsidiaries.

# General Instructions

## When to Submit the Report

Schedules A and B are submitted separately. The specific due dates for the schedules will be discussed in detail with the line item instructions for each schedule.

# General Instructions

## Where to Submit the Report

The FR Y-10S report must be submitted to the appropriate Federal Reserve Bank which is defined as the same Federal Reserve Bank where the reporter is required to file its FR Y-10 or FR Y-10F reports.

# Line Item Instructions

## Cover Page

- Date of Report
  - The as-of date of the data that is being submitted
  
- Information about the Reporter
  - Full Legal Name
  - Street Address, City, County, State/Province, Country, and Zip/Postal Code of the reporter's main office; provide a nine-digit zip code, if available

Do not report a post office box as the street address.

# Line Item Instructions

## Cover Page

- Information about the Contact
  - Name and Title
  - Phone Number (including area code and extension, if applicable)
  - Fax Number (including area code)
  - E-mail Address

# Line Item Instructions

## Cover Page

- Information about the Authorized Official
  - Name and Title
  - Phone Number (including area code and extension, if applicable)
  - Signature of Official and Date of Signature

Note: The signature of an authorized official is required to indicate that the data have been reviewed for accuracy. The signer may or may not be the same person identified as the contact person on the cover page.

# Line Item Instructions

## Schedule A

- Who Must Report
  - Reporters that must file Schedule A are:
    - Top-tier bank holding companies (BHCs) organized under U.S. law, regardless of financial holding company (FHC) status
    - Top-tier BHCs organized under foreign law, regardless of FHC status and whether or not the BHC is a Foreign Banking Organization (FBO)
    - FBOs regardless of FHC status and whether or not the FBO is a BHC, is a qualifying FBO, is treated as a qualifying FBO, or has limited exemption under section 211.23(c) of Regulation K
    - State member banks not controlled by a BHC

# Line Item Instructions

## Schedule A

### ■ Reportable Entities

- Reporters are required to file Schedule A on behalf of themselves and any of their subsidiaries that meet the SEC annual and other periodic reporting requirements referred to earlier.

Note: Only those companies that are defined as reportable on the FR Y-10 or FR Y-10F should be considered for purposes of the FR Y-10S.

# Line Item Instructions

## Schedule A

- When to Submit the Report
  - The data must be received by the appropriate Federal Reserve Bank no later than March 1 of each year.
  - The as-of date for this schedule is December 31 of the prior year.

# Line Item Instructions

## Schedule A

- What Must be Submitted

- Part I

- This section requires a “Yes” or “No” response by reporters to indicate whether it or any of its subsidiaries are subject to section 13(a) or 15(d) of the Securities and Exchange Act of 1934 and, therefore, are required to file annual and other periodic reports with the SEC.

# Line Item Instructions

## Schedule A

- What Must be Submitted

- Part I

- Report “Yes” and complete Part II of this schedule if there is a requirement to file (even if the reporter or its subsidiaries have suspended their reporting requirements).

Note: “Suspended reporting requirements” refers to the suspension of duties to file reports with the SEC under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 for reasons specified by the SEC regulations.

# Line Item Instructions

## Schedule A

- What Must be Submitted
  - Part I
    - Report “No” and do not complete Part II of this schedule if:
      - neither the reporter nor any of its subsidiaries are subject to the reporting requirements or
      - such requirements have been terminated

# Line Item Instructions

## Schedule A

- What Must be Submitted
  - Part II
    - If the response in Part I is “Yes,” complete Part II for each entity that is subject to the SEC reporting requirements, i.e., for the reporter and/or any of its subsidiaries.

# Line Item Instructions

## Schedule A

### ■ What Must be Submitted

#### – Part II

#### ■ Enter the following information for each reportable entity:

- Legal Name
- Street Address
- City
- State/Province
- Country
- Zip/Postal Code

# Line Item Instructions

## Schedule A

### ■ What Must be Submitted

#### - Part II

Check one of the three options to identify the current SEC Reporting Status for each reportable entity:

- Entity is subject to section 13(a) or 15(d) of the Securities and Exchange Act of 1934 and section 404 of the Sarbanes–Oxley Act of 2002.
- Entity is subject to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, but is not subject to section 404 of the Sarbanes–Oxley Act of 2002.
- Entity has suspended its reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934.

# Line Item Instructions

## Schedule A

- What Must be Submitted

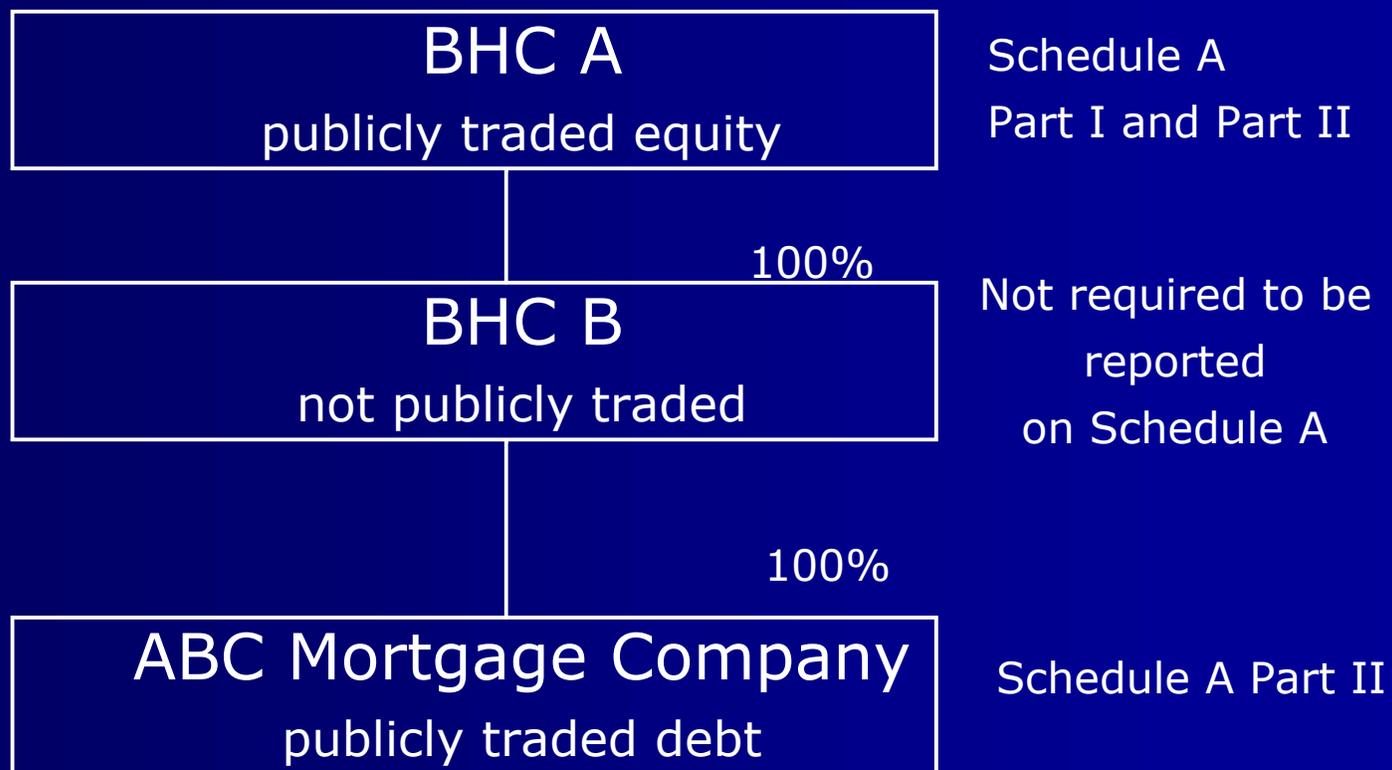
- Part II

- Information may be reported on Pages A-1 and A-2 of Schedule A for up to five entities. Additional copies of Page A-2 should be added to the submission as needed.

# Reporting Scenarios

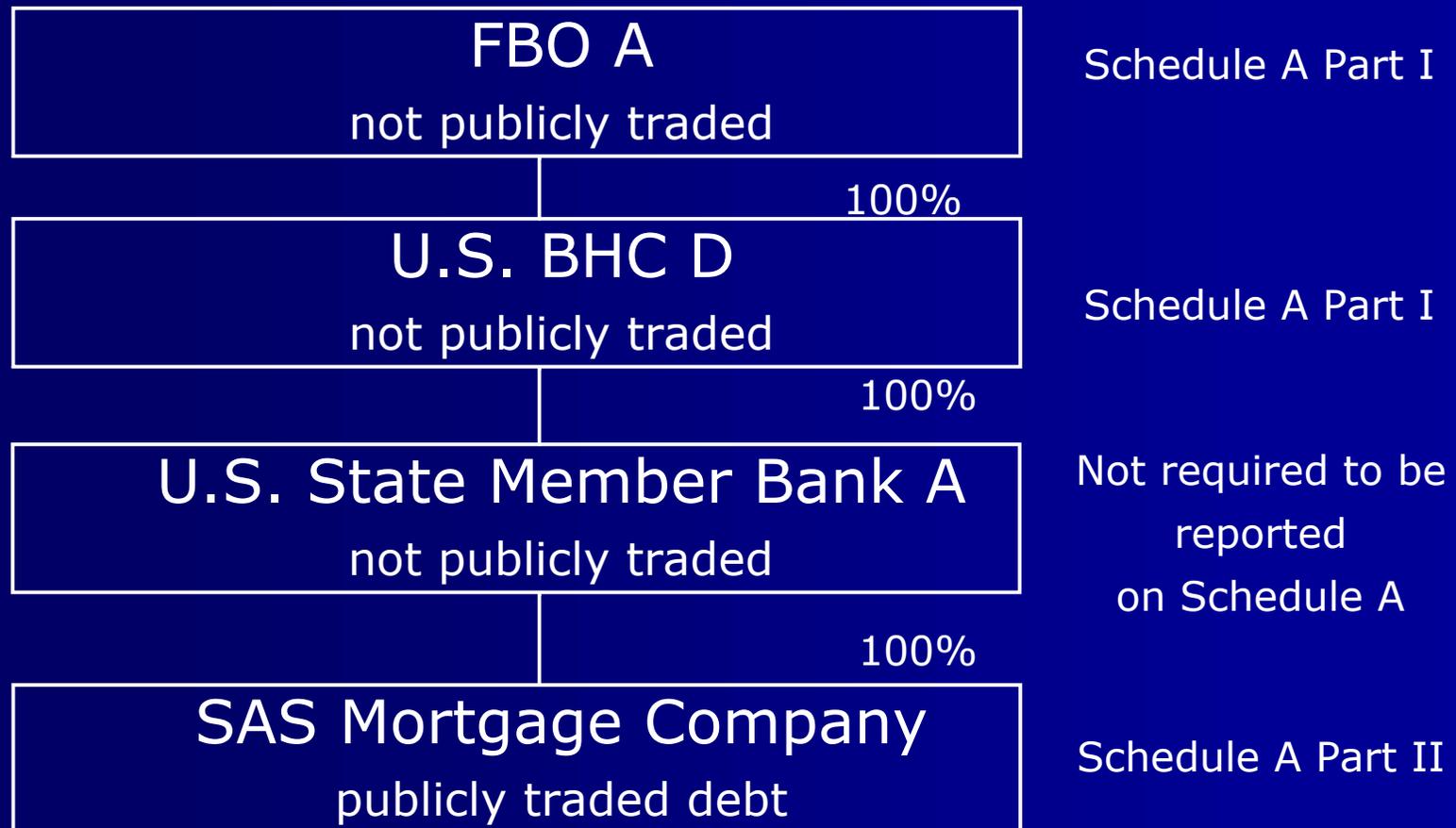
# Scenario 1

## Multi-Tiered BHC Reporting



# Scenario 2

## Tiered FBO and BHC Reporting



# Scenario 3

## Unaffiliated State Member Bank Reporting

U.S. State Member Bank B  
not publicly traded

Schedule A Part I

100%

XYZ Mortgage Company  
publicly traded debt

Schedule A Part II

# Line Item Instructions

## Schedule B

### – Who Must Report

- Top-tier BHCs organized under U.S. law, regardless of FHC status
- State member banks not controlled by a BHC

# Line Item Instructions

## Schedule B

### ■ Reportable Entities

- Reporters are required to complete Schedule B based on whether or not the following entities in their organization have currently activity CUSIP numbers:
  - the Reporter
  - Its lower-tier U.S. BHCs
  - Its subsidiary U.S. banks
  - Its largest subsidiary U.S. nonbanking company

Note: Only those companies that are defined as reportable on the FR Y-10 or FR Y-10F should be considered for purposes of the FR Y-10S.

# Line Item Instructions

## Schedule B

### – When to Submit the Report

This schedule is used to report initial data and subsequent changes to the CUSIP numbers assigned to a reporter and certain of its subsidiaries.

- The as-of date for the initial collection of Schedule B data is December 31, 2005. Initial data must be received by the appropriate Federal Reserve Bank by March 31, 2006

# Line Item Instructions

## Schedule B

### – When to Submit the Report

- The as-of date for a Schedule B change report is the date that the change occurred:
  - Changes to a six-digit CUSIP that occur between January 1 and March 31, 2006 should be reported by April 30, 2006
  - Changes to a six-digit CUSIP that occur after March 31, 2006 should be reported within 30 days after the event.

# Line Item Instructions

## Schedule B

### – When to Submit the Report

- De Novo institutions established between January 1 and March 31, 2006 should report CUSIP data by April 30, 2006.
- De Novo institutions established after March 31, 2006 should report CUSIP data within 30 days after the event.

# Line Item Instructions

## Schedule B

- The six-digit CUSIP number may change when:
  - The last three digits of the nine-digit CUSIP number are not sufficient to accommodate all outstanding issues (greater than 999). In this case, an additional (six-digit) CUSIP number for an issuer is assigned.
  - Changes occur to the corporate name, which may or may not be associated with a merger or reorganization

# Line Item Instructions

## Schedule B

- What Must Be Reported

- Part I

In this section, a “Yes” or “No” response is required to indicate whether or not any of the following entities have currently active six-digit CUSIP numbers for their debt or equity issuances:

- the reporter
- Its lower-tier U.S. BHCs
- Its subsidiary U.S. banks
- Its largest subsidiary U.S. nonbanking company

If the response is “Yes” complete Part II of this schedule.

# Line Item Instructions

## Schedule B

- What Must Be Reported

- Part I

If the response is “No,” do not complete Part II of this schedule. Return the cover page with the completed Part I to the appropriate Federal Reserve Bank.

# Line Item Instructions

## Schedule B

- What Must be Submitted

- Part II

If the reporter answered “Yes” to the question in Part I, report a currently active six-digit CUSIP numbers for the specific types of entities identified earlier. Use additional pages as needed.

# Line Item Instructions

- Schedule B
  - What Must be Submitted
    - Part II

The largest subsidiary U.S. nonbanking company must be assessed only once a year as of December 31.

- Report any changes to the CUSIP of the largest subsidiary U.S. nonbanking company that occur during the year within 30 days of the change
- If the December 31 assessment results in a different company being ranked as the largest subsidiary U.S. nonbanking company, begin reporting information on that subsidiary starting January 30 of the following year

# Line Item Instructions

- Schedule B

- What Must be Submitted

- Part II

- To determine the largest subsidiary U.S. nonbanking company:

- Divide the total assets of each subsidiary U.S. nonbanking company by the consolidated assets of the reporter as of the most recent December 31 (If available, use the total assets reported on either Federal Reserve or FFIEC regulatory reports.)
        - Rank the percentages from highest to lowest
        - Report the entity with the highest percentage as the largest subsidiary U.S. nonbanking company

# Line Item Instructions

- Schedule B
  - What Must be Submitted
    - Part II
      - Exclusions:
        - Do not report any CUSIP numbers associated with acquired entities. In the event of an acquisition, the acquired entity's pre-existing debt-related CUSIP numbers will remain in use until the outstanding debt is paid off.

# Line Item Instructions

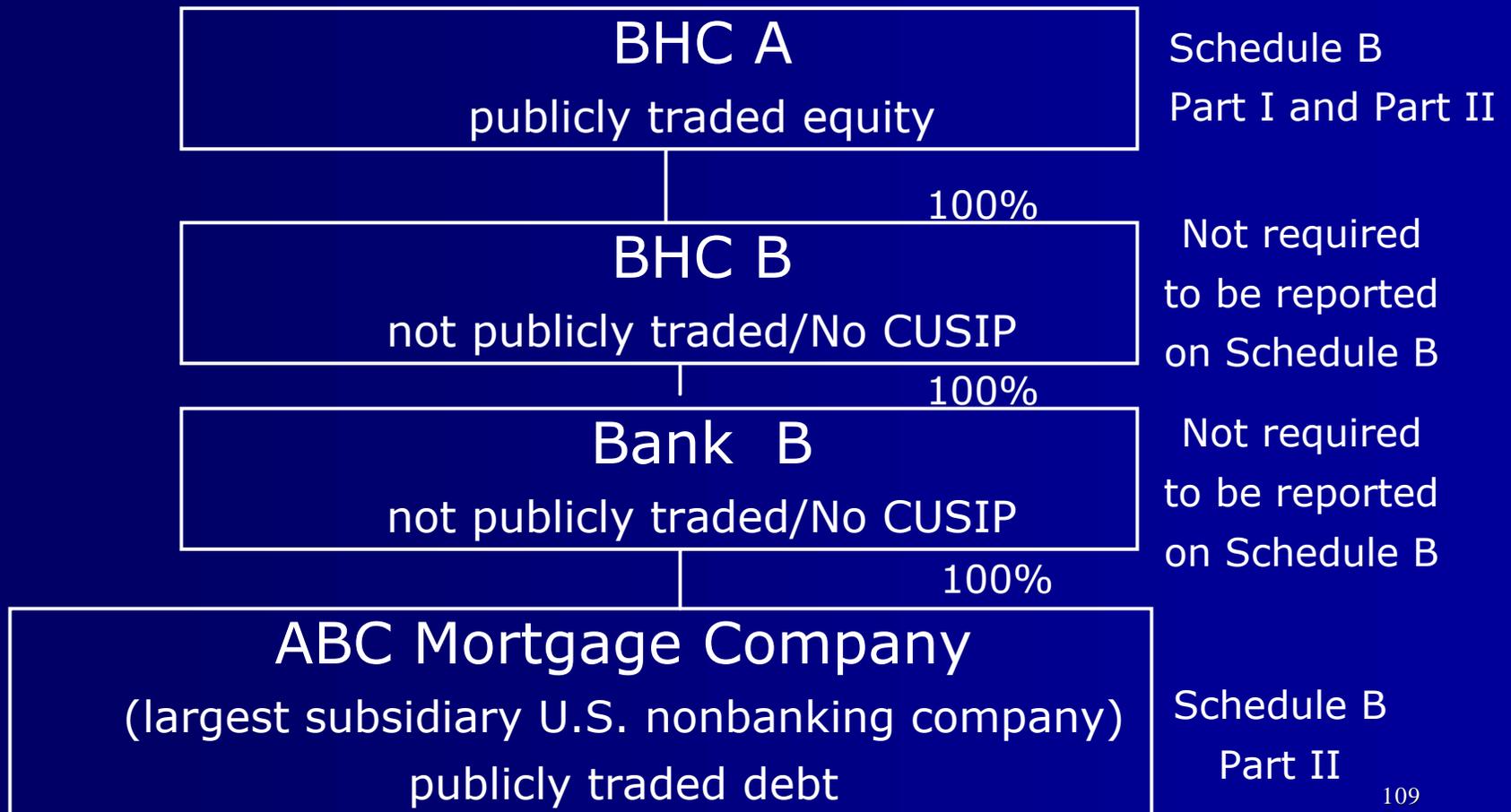
## Schedule B

- What Must be Submitted
  - Part II
    - Exclusions:
      - Do not report any CUSIP numbers associated with securitization vehicles or issuers of trust preferred securities.
      - Do not report any CUSIP numbers associated with money market instruments such as certificates of deposit, medium-term notes, and commercial paper. However, subordinated issues should be included.
      - Do not report historical information on CUSIP numbers that existed prior to, but not on, December 31.

# Reporting Scenarios

# Scenario 1

## Multi-Tiered BHC Reporting



# Scenario 2 BHC Reporting

**BHC C**  
not publicly traded/No CUSIP

Schedule B Part I

100%

**U.S. State Member Bank C**  
not publicly traded/No CUSIP

Not required  
to be reported  
on Schedule B

100%

**DEF Mortgage Company**  
(largest subsidiary U.S. nonbanking company)  
publicly traded debt

Schedule B Part II

# Scenario 3

## Unaffiliated State Member Bank Reporting

U.S. State Member Bank D  
not publicly traded/No CUSIP

Schedule B Part I

100%

XYZ Mortgage Company  
(largest subsidiary U.S. nonbanking company)  
publicly traded debt

Schedule B Part II

# BHC/Call Modernization

Rich Molloy  
Statistics Officer  
March 22, 2006

# Initiative Review

- Improve Data Quality
- Accelerate Validation and Release of Data
- Business Model Change
  - Respondents responsible for ensuring data does not flag published validity edits and must provide explanations for published quality edits.

# BHC Modernization Initiative Status

- Implementation September 2004
- Beginning with March 2006 report date, data will be available to the public approximately two days after submission.
  - FR Y-9C filers – Consolidated financial statements for large BHCs (generally \$500 million or more in total assets) within 42 days after the March 31, June 30 and September 30 reporting dates, and within 47 days after the December 31 reporting date
    - All reports available 42 days after March, June September filings (47 days for December).

# BHC Modernization Initiative Status

FR Y-9LP filers – Parent company only financial statements for large BHCs

- All reports available within 47 days after quarter end.

– FR Y-9SP filers – Parent company only financial statements for small BHCs (generally under \$500 million in total assets)

- All reports available within 47 days after the June 30 and December 31 reporting dates.

# NIC Website

- The National Information Center (NIC) is a central data repository containing information about U.S. banking organizations and their domestic and foreign affiliates, as well as information on foreign banking organizations located in the U.S. These data are updated daily during the business week.

# NIC Website

- Includes financial data for individual institutions and the Bank Holding Company Performance Report (BHCPR).
  - The BHCPR is a computer-generated report of current and historical financial information produced quarterly for top-tier bank holding companies with consolidated assets of \$150 million or more. BHCPRs are also produced for top-tier multi-bank holding companies engaged in a nonbank activity involving financial leverage or engaged in credit extending activities; or with outstanding debt to the general public.

# NIC Website

- Peer group average reports also are available. These reports contain statistics on the average performance of groups of bank holding companies with common characteristics.

# NIC Website

Visit:

<http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx>

For more information

# Call Modernization Initiative Status

- Implementation September 2005
  - Publication will be accelerated in the upcoming quarters but the details are not available at this time.

# FRBNY Public Website

- The FRBNY Statistics Function maintains the Report Forms and Instructions segment of the website.
  - Contains information related to statistical and regulatory reporting such as:
    - Reporting form proposals and changes
    - Webcast announcements
    - Transmittal Letters

# FRBNY Public Website

- What's New?
  - Subscription Service
    - Enables you to receive recent news and updates on our reporting forms and instructions and upcoming Bank events.
    - Limit information received to any of the following categories:
      - Supervisory Reports
      - International Reports
      - Regulatory Reports
      - Primary Dealer Reports
      - Deposit Reports
      - Securities Reports

# FRBNY Public Website

- What's New?
  - Subscription Service
  - Visit

[http://www.newyorkfed.org/banking/reporting\\_formsinstruct.html](http://www.newyorkfed.org/banking/reporting_formsinstruct.html)