

**Annual  
State Member Bank/  
Bank Holding Company  
Regulatory Reporting Update  
2007**



Federal Reserve Bank of New York  
March 15, 2007

# Accounting & Financial Controls

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March 15, 2007

# 2007 State Member Bank/Bank Holding Company Regulatory Reporting Update

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March 15, 2007

# Overview

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- FR Y-9 and Call Report Changes
  - Effective March 31, 2007
    - Fair Value Measurements
    - Loans with Negative Amortization
    - Brokered Deposits
    - Retail and Commercial Leases
    - Credit Derivatives Revenue
    - Loan Breakouts
    - Deposit Insurance and FICO Assessment

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

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- Negative Amortization: In order to identify the exposure to negatively amortizing residential mortgage loans,
  - A new item will be added to Schedule RC-C, Part I, “Loans and Leases”, to capture the total amount of closed-end loans with negative amortization features secured by 1-4 family residential properties.

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

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- Two new memorandum items will be added to Schedule RC-C for banks with a significant volume of negatively amortizing 1-4 family residential mortgage loans to capture:
  - the total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties.
  - The total amount of negative amortization on closed-end loans secured by 1-4 family residential properties that is included in the carrying amount of the loans.

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

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- A new memorandum item will be added to Schedule RI, “Income Statement”, to capture non-cash income from negative amortization on closed-end loans secured by 1-4 family residential properties from banks with a significant volume of negatively amortizing 1-4 family residential mortgage loans.

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

## ■ Time Deposits

- In order to more accurately calculate the monetary aggregates,
  - Schedule RC-E, Memorandum item 2.b will be revised to include brokered time deposits issued in denominations of \$100,000 or more that are participated out by the broker in shares of less than \$100,000 as well as brokered certificates of deposit issued in \$1,000 amounts under a master certificate of deposit.
  - Schedule RC-E, memorandum item 2.c will be revised to exclude such brokered time deposits.
  - A new memorandum item 2.c(1) will be added to Schedule RC-E to separately identify the portion of the total time deposits of \$100,000 or more reported in Memorandum item 2.c that represents IRA and Keogh Plan accounts.

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

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- 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,” “Investment banking, advisory and underwriting fees and commissions,” “Underwriting income from insurance and reinsurance activities” and “Income from other insurance activities.”

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

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- Income from Closed-End 1-4 Family Residential Mortgage Banking Activities
  - To capture the portion of a bank's "Net servicing fees," "Net securitization income," and "Net gains (losses) on sales of loans and leases" earned during the quarter that is attributed to closed -end 1-4 family residential mortgage loans
    - A new item will be added to Schedule RC-P, for "Noninterest income 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

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- Retail and Commercial Leases
  - Schedules RC-C, RC-N and RI-B, part I: To better distinguish between lease financing receivables for retail purposes and for commercial purposes
    - Change breakout of lease financing receivables from U.S. and Non-U.S. addressees to:
      - Leases to individuals for household, family, and other personal expenditures (i.e., consumer leases) and
      - All other leases.

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

- Revenues from Credit Derivatives and Related Exposures: To capture the portion of revenue from trading activity that is attributed to trading credit derivatives and credit cash instruments;
  - 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

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- 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

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- Loan Breakouts (Schedules RC-C, Memoranda, RC-N, Memoranda, and RI-B, part I, Memoranda ):
  - Construction, Land Development, and Other Land Loans: To capture the portion of construction, land development and other loans that is secured by 1-4 family residential construction 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.

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

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- Loans Secured by NonFarm Nonresidential Properties: To capture the portion of NonFarm Nonresidential Properties that is secured by owner occupied 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

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- 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

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

## ■ Deposit Insurance Assessment

- To comply with the FDIC's amendments to Part 327 of its regulations, "Assessments," under which the computation of deposit insurance assessments for certain institutions would be determined using daily averages for deposits rather than quarter-end balances and to reduce the reporting requirements related to deposit insurance assessments, Schedule RC-O, "Other Data for Deposit Insurance and FICO Assessments" will be revised to reduce the number of reported items to as few as two for certain small institutions (without foreign offices) and no more than six for other institutions. Specifically, items 1 through 12 will be replaced with the following new items:

- Total Deposit Liabilities as Defined in Section 3(1) of the FDI Act before Exclusions
- Total Allowable Exclusions (including Foreign Deposits)
- Total Daily Average of Deposit Liabilities as Defined in Section 3(1) of the FDI Act before Exclusions
- Total Daily Average Allowable Exclusions (including Foreign Deposits)
- Total Daily Average Foreign Deposits (included in Total Daily Average Allowable Exclusions).

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

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- FFIEC 031: Deposit Insurance Assessment
  - An interim reporting period covering the March 31, 2007, through December 31, 2007 reporting periods is provided during which institutions can use the current or revised formats to report data for measuring their assessment base.
  - An institution that chooses to report under the revised format in any quarter during the interim period must continue to report under the revised format through the rest of the interim period.
  - The revised reporting format will take effect for all institutions on March 31, 2008.

# Fair Value Measurement Fair Value Option for Assets and Financial Liabilities

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# Overview

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- Fair Value Measurement (FAS 157)
- Fair Value Option for Assets and Liabilities (FAS 159)
- New Schedule HC-Q
- Schedule HI changes
- Schedule HC-R changes

# Objective of Fair Value Measurement

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- To establish a definition for fair value and establish a framework for applying fair value measurement
- Mitigates the volatility in earnings of measuring related assets and liabilities differently, that would otherwise require the use of complex hedging rules of FAS 133
- Convergence with IASB Fair Value Option (IAS 39)

# Fair Value Measurement (FAS 157)

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- Defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date
- Statement emphasizes that fair value is a market-based measurement, not an entity-specific method

# Fair Value Measurement (FAS 157)

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- Establishes a fair value hierarchy based on inputs used for valuation
  - Level 1 is based on quoted prices in active markets for identical assets/liabilities
  - Level 2 is defined as other observable inputs
    - Include quoted prices for similar assets/liabilities
  - Level 3 is defined as unobservable inputs
    - Based on entity's own assumptions

# Fair Value Measurement (FAS 157)

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- Fair value measurement prohibits the use of block discounts when valuing large blocks of securities
- The fair value of a position in a financial instrument (including blocks) should be measured as the product of the quoted price times the quantity held
- Effective for financial statements issued for fiscal year beginning after November 15, 2007
- BHC's may voluntarily adopt FAS 157 as of January 1, 2007

# Fair Value Option for Assets and Liabilities (FAS 159)

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- Allows BHC's and other entities to choose to report certain financial assets and liabilities at fair value with the changes in fair value included in earnings
- The fair value option may be applied instrument by instrument and is irrevocable
- As of now, certain financial assets and liabilities are scoped out including demand deposits and non-financial instruments
- Effective for financial statements issued for fiscal year beginning after November 15, 2007

# Fair Value Option for Assets and Liabilities (FAS 159)

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- BHC's may voluntarily adopt FAS 159 within 120 days of the beginning of fiscal year 2007
- BHC's may apply the new statement to eligible items existing on the balance sheet at the effective date (or early adoption)
  - The application is a one time option at the adoption date and cannot be applied retroactively

# Schedule HC-Q

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- Collects data, by major asset and liability category, on the amount of assets and liabilities to which fair value option has been applied
- Separate disclosure of the amount of assets and liabilities whose fair value was estimated under level two and level three of the FASB's fair value hierarchy

# Schedule HC-Q

## Schedule HC-Q—Financial Assets and Liabilities Measured at Fair Value

Schedule HC-Q is to be completed by bank holding companies that have elected to account for financial instruments or servicing assets and liabilities at fair value under a fair value option and by bank holding companies that are required to complete Schedule HC-D—Trading Assets and Liabilities.

Fair Value Measurements for Assets and Liabilities under a Fair Value Option and Trading Assets and Liabilities (Included in Schedule HC)													
Dollar Amounts in Thousands	(Column A) Total Fair Value Reported on Schedule HC				(Column B) Level 2 Fair Value Measurements				(Column C) Level 3 Fair Value Measurements				
	BHCK	Bil	Mil	Thou	BHCK	Bil	Mil	Thou	BHCK	Bil	Mil	Thou	
<b>ASSETS</b>													
1. Nontrading securities at fair value with changes in fair value reported in current earnings	XXXX				XXXX				XXXX				1.
2. Loans and leases	XXXX				XXXX				XXXX				2.
3. Trading assets	XXXX				XXXX				XXXX				3.
4. All other financial assets and servicing assets	XXXX				XXXX				XXXX				4.
<b>LIABILITIES</b>													
5. Deposits	XXXX				XXXX				XXXX				5.
6. Trading liabilities	XXXX				XXXX				XXXX				6.
7. All other financial liabilities and servicing liabilities	XXXX				XXXX				XXXX				7.
8. Loan commitments (not accounted for as derivatives)	XXXX				XXXX				XXXX				8.

# Schedule HC-Q

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- The main categories listed are:
  - Nontrading securities
  - Loans and leases
  - Trading assets (only required for BHC's that complete Schedule HC-D)
  - All other financial assets
  - Deposits (excluding demand deposits)
  - Trading liabilities
  - All other financial liabilities
  - Loan commitments

# Changes to Schedule HI

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- The net changes in fair value of financial instruments should be accounted for on the income statement based on instrument type
- Additional memorandum item has been added to the breakout of other non-interest income for net changes in the fair values of financial instruments accounted for under fair value

# Deterioration of Banks Creditworthiness

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- The deterioration of a banks creditworthiness reduces the market price of debt
- Thus, the reduction in debt prices reduces the fair value of debt and increases earnings
- Gains and losses based on creditworthiness should be excluded from regulatory capital calculation

# Changes to Schedule HC-R

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- Additional item has been added to the regulatory capital schedule for the cumulative change in fair value of all financial liabilities accounted for under fair value option that is attributable to changes in the BHC's own creditworthiness
- This amount would be excluded from the BHC's retained earnings for purposes of determining tier 1 capital

# FASB Statement No. 158 on Defined Benefit Postretirement Plans

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# Overview

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- **Prior Accounting Guidance**
- **Statement Overview**
- **Interim Regulatory Capital  
Guidance**

# Background

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## ■ Prior Accounting Guidance

- Only recognized an asset or liability arising from defined benefit plan
- Delayed the recognition of changes in plan assets and benefit obligations
- Information about the overfunded or underfunded status of a plan only available in the notes to financial statements

# Overview of FASB Statement 158

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- The FASB issued Statement No. 158 in September 2006, which amends FASB Statements No. 87, 88, 106 and 132(R)
  - only changes the accounting of single-employer defined benefit plan

# Overview of FASB Statement 158

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- Statement requirements:
  - Recognize the funded status of a benefit plan
    - Difference between plan assets and the benefit obligation
  - Upon implementation adjust postretirement plan amounts
    - Recognize gains or losses, prior service costs or credits that have not been included in net periodic benefit cost of its plans
      - As components of ending balance of accumulated other comprehensive income (AOCI)

# Overview of FASB Statement 158

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- Statement requirements:
  - Recognize in other comprehensive income (OCI) gains or losses and prior service costs or credits that occur during the period

# Overview of FASB Statement 158

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- Statement requirements:
  - Measure defined benefit plan assets and obligations at fiscal year-end
    - Eliminates delayed recognition of events and transactions between measurement date and fiscal year end
  - Disclose additional information on benefit plans in the notes to financial statements

# Overview of FASB Statement 158

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## ■ Effective Date

- Fiscal year ending after Dec. 16, 2006 for institutions that have publicly traded equity securities
- Fiscal year ending after June 15, 2007 for all other institutions
- Early adoption is permitted, but must be for all benefit plans

# Interim Regulatory Reporting Capital Guidance

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- FFIEC announced an interim decision that FASB No. 158 will not affect banking organizations' regulatory capital
  - Exclude from regulatory capital amounts recorded in AOCI for the adoption and implementation

# Interim Regulatory Reporting Capital Guidance

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- Call and FR Y-9C reports
  - Excluded amounts should be reported in Regulatory Capital Schedule, “Less: Accumulated net gains (losses) on cash flow hedges” (Line 4)
    - If a net gain report as a positive value
    - If a net loss report as a negative value

**FR Y-12/12A  
FFIEC 030/030S**

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# Overview

## Effective December 31, 2006

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- FFIEC 030/030S
  - FFIEC 030 Item Changes
  - Filing Requirements Changes
  - FFIEC 030S
  
- FR Y-12
  - Change to Glossary
  
- FR Y-12A
  - Purpose
  - Criteria for Reporting
  - Report Items

# Overview

## Effective December 31, 2006

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### ■ FFIEC 030/030S Changes

- Eliminate 5 reporting items for branches with total assets in excess of \$250 million
- Create a short form (FFIEC 030S) containing 5 items to be filed annually by branches with total assets between \$50 million and \$250 million (in lieu of filing the entire FFIEC 030 form)
- Eliminate the filing requirements for branches < \$50 million in total assets

# FFIEC 030/030S Filing Requirements Effective 12/31/06

<b>Quarterly Filers</b> <b>Detailed Report</b> <b>(FFIEC 030)</b>	<b>Annual Filers</b> <b>Detailed Report</b> <b>(FFIEC 030)</b>	<b>Annual Filers</b> <b>Abbreviated Report</b> <b>(FFIEC 030S)</b>	<b>Exempt Filers</b> <b>No report required</b>
<p>A foreign branch that meets <b>either</b> criteria at quarter end:</p> <ul style="list-style-type: none"> <li>■ Total assets of at least \$2 billion (Item 11) <b>or</b></li> <li>■ Commitments to purchase foreign currencies and U.S. dollar exchange of at least \$5 billion (Item 20)</li> </ul> <p>Should not be consolidated with any other branches</p>	<p>A foreign branch that does not meet either of the criteria to file quarterly, but has total assets in excess of \$250 million, must file the FFIEC 030 on an annual basis, as of December 31<sup>st</sup> of each year.</p>	<p>A foreign branch that does not meet the criteria to file the detailed report, but has total assets of \$50 million or more (but less than or equal to \$250 million), must file the FFIEC 030S on an annual basis, as of December 31<sup>st</sup> of each year.</p>	<p>A foreign branch with total assets of less than \$50 million is exempt from both the FFIEC 030 and FFIEC 030S filing requirements.</p>

# FFIEC 030

## Item Deletions

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- Loans to Foreign Governments and Official Institutions
  - Delete:
    - Item 6.d, “Loans to foreign governments and official institutions”
  - Amounts will be included in new item 6.d, “All other loans and all leases”

# FFIEC 030

## Item Deletions

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- Customers' liability to this bank on acceptances outstanding
  - Delete:
    - Item 7, "Customers' liability to this bank on acceptances outstanding"
  - Amounts will be included in new item 10, "Other assets"

# FFIEC 030 Item Deletions

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- Interest Receivable
  - Delete:
    - Item 9, “Accrued interest receivable
  - Amounts will be included in new item 10, “Other assets”

# FFIEC 030

## Item Deletions

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- Bank's liability on acceptances executed and outstanding
  - Delete:
    - Item 19, "Bank's liability on acceptances executed and outstanding"
  - Amounts will be included in new item 18, "Other liabilities"

# FFIEC 030

## Item Deletions

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- Taxes and other expenses
  - Delete:
    - Item 20, “Accrued taxes and other expenses”
  
  - Amounts will be included in new item 18, “Other liabilities”

# FFIEC 030S

- Abbreviated or “Short” Report (FFIEC 030S)
  - Total assets between \$50 million and \$250 million
  - Annual basis
  - In lieu of the FFIEC 030 form
  - Consists of 5 line items:
    - Gross due from related institutions
    - Total assets
    - Gross due to related institutions
    - Total gross notional amount of derivative contracts
    - Commercial and similar letters of credit, standby letters of credit, and foreign office guarantees

# FFIEC 030S

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- Gross Due From Related Institutions (Line 1)
  - Gross amount due from
    - head office of the reporting branch's U.S. parent bank
    - bank's U.S. and other non-U.S. branches
    - consolidated subsidiaries of the reporting branch's bank
  - Corresponds to FFIEC 030
    - Item 8
    - Item 9

# FFIEC 030S

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- Total Assets (Line 2)
  - Sum of all asset items
  - Corresponds to FFIEC 030
    - Item 11

# FFIEC 030S

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- Gross Due To Related Institutions (Line 3)
  - Gross amount due to
    - head office of the reporting branch's U.S. parent bank
    - bank's U.S. and other non-U.S. branches
    - consolidated subsidiaries of the reporting branch's bank
  - Corresponds to FFIEC 030
    - Item 16
    - Item 17

# FFIEC 030S

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- Total Gross Amount of Derivative Contracts (Line 4)
  - Commitments to purchase foreign currencies and U.S. dollar exchange
    - Spot
    - Forward
    - Futures
  - All other futures and forward contracts
  - Option contracts
    - Written option contracts
    - Purchased option contracts
  - Interest rate swaps
  - Corresponds to FFIEC 030
    - Lines 20, 21, 22, and 25

# FFIEC 030S

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- Commercial and Similar Letters of Credit, Standby Letters of Credit, and Foreign Office Guarantees (Line 5)
  - Standby letters of credit or similar guarantees
  - Commercial letters of credit and travelers' letters of credit not sold for cash
  - Corresponds to FFIEC 030
    - Line 23
    - Line 24

# **FFIEC 030/030S**

## **Total Assets Less than \$50 million**

### **No Filing Requirements**

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- Total Assets for Branches with Total Assets Less than \$50 Million
  - No Filing Requirements

# FR Y-12 Changes

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- Clarified the definition of warrants in the Glossary
  - The acquisition cost of a warrant should be its initial valuation.
  - In a case where the banking organization “paid nothing” for the warrants, there is value associated with such warrants for which the bank must be compensated if it reduced its interest rate in exchange for warrants.

# FR Y-12A

## Merchant Banking

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- Rules for Merchant Banking
  - A FHC may not, directly, or indirectly, own, control or hold any share, asset, or ownership interest in merchant banking activity for more than 10 years (or 15 years for investments in private equity fund)
  - Any exceptions to the rules require Board approval.

# FR Y-12A

## Merchant Banking

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- An FHC must request an extension to hold its merchant banking investment beyond the 10 or 15 year holding period.
- A separate request to hold the investment beyond the permissible holding period must be filed by the FHC as provided in 12 CFR 225.172(b)(4) or 225.173(c)(2).
- Filing an FR Y-12A does not relieve an FHC of its obligation to seek the Board's prior approval to hold the investment beyond the 10 or 15 year holding period.

# FR Y-12A

## Effective December 31, 2006

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- Purpose of FR Y-12A
  - Allow Federal Reserve to monitor merchant banking investments made by Financial Holding Companies (FHCs) that are approaching the end of the relevant ten-year or fifteen-year holding period permissible under Regulation Y.
  - Provide Federal Reserve with information concerning these aging investments and the FHC's plan for disposing of the investments.

# FR Y-12A

## Reporting Criteria

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### ■ Who Must Report FR Y-12A

- An FHC must file an FR Y-12A for a merchant banking investment if it has owned, controlled or held the investment for a period that exceeds the “applicable reporting period” as of December 31 of the relevant calendar year.
- Applicable reporting period is defined as:
  - 13 Years for investments in private equity funds
  - 8 Years for all other merchant banking investments

# FR Y-12A

## Applicable Reporting Period vs. Permissible Holding Period

Investment	Applicable Reporting Period	Permissible Holding Period
Private Equity Fund	13 years	15 years
All Other Merchant Banking Investments	8 years	10 years

- FR Y-12A reporting would be triggered two years prior to expiration of the permissible holding period.

- Merchant banking investments that have been held beyond the applicable reporting period are referred to as “covered investments”.

# FR Y-12A

## Private Equity Fund

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A private equity fund may be a:

- Corporation
- Partnership
- Limited Liability Company
- Any Other Type of Company that Issues Ownership Interests in Any Form

that meets all of the criteria listed in 12CFR  
Sec. 225.173

# FR Y-12A

## Line Items

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- **Direct Holder's Name and Location**
  - The name and location of the corporate entity within the FHC that holds the covered investment

# FR Y-12A Line Items

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- Acquisition Date of Covered Investment (Line 1)
  - Date on which the FHC initially acquired the covered investment
  - Use the tracking rules described in the FR Y-12A general instructions

# FR Y-12A

## Line Items

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- Name and Location of Company Held (Line 2)
  - Legal name, city, and county, state, country, and zip code of the company in which the covered investment is made

# FR Y-12A

## Line Items

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- Primary Activity of Company Held (Line 3)
  - Refer to the Report of Changes in Organizational Structure (FR Y-10) or the Report of Changes in FBO Organizational Structure (FR Y-10F), Appendix B
    - North American Industry Classification System (NAICS) Activity Code
    - Select the code that best describes the primary activity conducted by the company held

# FR Y-12A

## Line Items

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- Type of Interest Held by Financial Holding Company (Line 4)
  - Indicate the type of interest held by the FHC
    - Common Stock
    - Preferred Stock
    - General Partner
    - Warrants
    - Options
    - Convertible Debt
    - Limited Partner
    - Other

# FR Y-12A

## Line Items

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- Percentage of Ownership Held by Financial Holding Company (Line 5)
  - % Voting Equity
  - % Nonvoting Equity

# FR Y-12A

## Line Items

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- Acquisition Cost of the Covered Investment (Line 6)
  - Acquisition cost reported in millions
  - Total amount paid by the FHC for covered investments

# FR Y-12A

## Line Items

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- Carrying Value of the Covered Investment (Line 7)
  - Carrying value reported in millions
  - Amount as reported in the FHC's consolidated financial statements prepared in accordance with GAAP.
    - For example, an Available-for-Sale equity security is accounted for under FAS 115 at fair value on the balance sheet. Therefore, the fair value of such an investment would be considered the carrying value of the security.

# FR Y-12A

## Line Items

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- Plan and Schedule for Disposition of a Covered Investment (Line 8)
  - A brief narrative explaining
    - how the FHC plans to sell or dispose of the investment
    - Anticipated timeframe to sell or dispose

# **Structure Reporting Update for Bank Holding Companies and State Member Banks**

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# Agenda

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- Structure reporting forms currently filed by Bank Holding Companies (BHC) and State Member Banks (SMB) not affiliated with a BHC
- Changes to Structure Reporting Effective 12/31/06
  - FR Y-6
  - FR Y-10S
- Changes to Structure Reporting Effective 6/30/07
  - FR Y-10, FR Y-10F, FR Y-10S and FR 2058
- New Structure Form Approved Effective 6/30/07
  - FR Y-10E

# Structure Reporting Forms Currently Filed by BHCs and SMBs

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- Top-tier BHCs file the Annual Report of Bank Holding Companies (FR Y-6)
- In the event of a reportable transaction, top-tier BHCs and unaffiliated SMBs currently file the:
  - Report of Changes in Organizational Structure (FR Y-10)
  - Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
  - Notification of Foreign Branch Status (FR 2058)

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

- Annual Report of Bank Holding Companies (FR Y-6):
  - The FR Y-6 report is divided into six sections:
    - Cover Page
    - Cov-2 - For Use By Tiered Bank Holding Companies
    - Report Item 1 - Annual Report to Shareholders
    - Report Item 2 - Organization Chart
    - Report Item 3 - Securities Holders
    - Report Item 4 - Insiders

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - Reporting Form: Cover Page
    - The signing officer is required to sign an attestation statement indicating that the report has been prepared in conformance with the reporting instructions and that the information reported is correct to the best of their knowledge and belief.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

- Annual Report of Bank Holding Companies (FR Y-6):
  - Reporting Form: Cover Page
    - All Reporters are required to indicate “Yes” or “No” if confidential treatment was requested for any portion of the submission.
    - If the response is “Yes,” a space is provided to identify the report items to which the request applies, and check boxes are provided to affirm that:
      - A letter justifying the request has been provided; and
      - The information for which confidential treatment is sought has been submitted separately packaged and labeled “Confidential”.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - Reporting Form: Cover Page
    - Reporters are now required to report the BHC's web address

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - General Instructions:
    - How to Prepare the Report –
      - Section A: Confidentiality –
        - Instructs reporters to submit requests for confidential treatment at the time of filing the report even if they previously requested (and were or were not approved) confidential treatment for the same information as filed on a previous FR Y-6 report or as otherwise provided to the Board.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - General Instructions:
    - How to Prepare the Report–
      - Section D: Signatures –  
The report must be signed by a director that is also a senior official of the BHC. If no such person exists, the chairman of the board must sign the report.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - General Instructions:
    - How to Prepare the Report–
      - Section E: Amended Reports –  
Reporters may be required to submit amended reports, if the prior submission contains significant errors. In addition, an amended report should be filed when internal or external audit adjustments result in the restatement of financial statements previously submitted to the Federal Reserve.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - General Instructions:
    - Report Item 2: Organization Chart:
      - Section – Companies reportable on the FR Y-10 and thus reportable on the FR Y-6:

The organization chart should include any entity (even if it does not otherwise meet the reporting criteria) that is both a subsidiary of the Reporter and a parent of a reportable company.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6)
  - General Instructions:

- Report Item 2: Organization Chart:

- Section – Companies not reportable on the FR Y-6 Organization Chart:

The organization chart should not include public welfare investments subject to prior-notice or post-notice filing requirements with federal banking agencies (such as CD-1 or H-6), if held through a company that has been reported on the FR Y-10 and that is principally engaged in community development or public welfare investment activities.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):

- General Instructions:

- Report Item 3: Securities Holders (previously titled Shareholders)

- Include all general partner interests in each reportable bank holding company.
- Do not include street address or social security number when reporting the name and location of securities holders.

**Note: the term “shares” was replaced with “securities” throughout the reporting form and instructions.**

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - General Instructions:
    - Report Item 4: Insiders
      - Do not include the street address or social security number when reporting name and location information for Insiders.
      - For purposes of the FR Y-6 report, a company is defined as “any corporation, partnership, trust (business or otherwise), association, joint venture, pool syndicate, sole proprietorship, unincorporated organization, or any other form<sup>88</sup> of business entity not specifically listed herein”.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Annual Report of Bank Holding Companies (FR Y-6):
  - General Instructions:
    - Report Item 4: Insiders
      - For purposes of the FR Y-6 report, the term “company” does not include:
        - (1) An insured depository institution (as defined in 12 U.S.C. 1813); or
        - (2) A corporation, the majority of the shares of which are owned by the United States or by any state.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Supplement to the Report of Changes in Organizational Structure (FR Y-10S):

The report is comprised of a Cover Page and two separate and distinct schedules:

Schedule A is used to report the Securities and Exchange Commission (SEC) reporting status for certain entities pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934.

Schedule B is used to report currently active Committee on Uniform Securities Identification Procedures (CUSIP) numbers for the Reporter and/or certain subsidiaries in the Reporter's organization.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

- Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
  - General Instructions -
    - When to Submit the Report -
      - Schedule A on the FR Y-10S changed to an event-generated report with a 12/31/06 effective date. If the SEC reporting status changed during the calendar year, submission is required for the Reporter or its reportable subsidiaries.
      - Schedule A is also required for de novo institutions opened during 2006 that are subject to the reporting requirements.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

- Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
  - Schedule A – Change in SEC Reporting Status
    - Reporting Form – Current SEC Reporting Status (check the appropriate box)
      - Entity is subject to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and Section 404 of Sarbanes–Oxley act of 2002. (check this box if the Reporter meets the requirements, regardless of a scheduled delay in reporting)
      - Entity is subject to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 but is not subject to Section 404 of Sarbanes–Oxley act of 2002. (do not check this box if the entity has a scheduled delay in reporting, yet is required to report)

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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- Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
  - Schedule A – Change in SEC Reporting Status
    - Reporting Form –Current SEC Reporting Status (check the appropriate box)
      - Entity has **terminated** or suspended the reporting requirement under Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

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

FR Y-10S  
Page A-1

## Schedule A—Change in SEC Reporting Status

To be completed as of December 31, 2006 by: (1) entities that became reporters in 2006 for themselves and any of their subsidiaries that are subject to section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) reporters themselves and each subsidiary in which a change occurred in their SEC reporting requirements pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934. Return Schedule A and the cover page to the appropriate Federal Reserve Bank.

Legal Name of Entity _____		Street Address _____	
City/Country _____	State/Province/Country _____	Zip/Postal Code _____	
<b>Current SEC Reporting Status:</b>		For Federal Reserve Bank Use Only	
<input type="checkbox"/> Entity is subject to section 13(a) or 15(d) of the Securities Exchange Act of 1934 and section 404 of Sarbanes-Oxley Act of 2002		RSSD ID _____	
<input type="checkbox"/> Entity is subject to section 13(a) or 15(d) of the Securities Exchange Act of 1934 but is not subject to section 404 of Sarbanes-Oxley Act of 2002			
<input type="checkbox"/> Entity has terminated or suspended its reporting requirements under section 13(a) or 15(d) of the Securities Exchange Act of 1934			

Legal Name of Entity _____	Street Address _____
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# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

- Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
  - Schedule B – CUSIP Numbers
    - Detailed Instructions – Schedule B
      - What must be submitted:
        - Part I asks whether or not the Reporter and/or certain subsidiaries have a currently active six-digit CUSIP number for debt or equity issuances.
        - If the response is “No” for the initial reporting of a company, return the completed Part I with the Cover Page.
        - If the response is “No” and it is not the initial filing for the company, do not complete or submit the schedule.
        - If the response is “Yes” complete Part II of the schedule.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

- Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
  - Schedule B – CUSIP Numbers
    - Detailed Instructions – Schedule B
      - What must be submitted:
        - Complete Part II, if the response to the question in Part I is “Yes”. Report the most recently assigned currently active six-digit CUSIP number for:
          - the Reporter
          - its lower-tier U.S. BHCs
          - its subsidiary U.S. banks, and
          - its largest subsidiary U.S. nonbanking company that has an active CUSIP number
      - Note: CUSIP numbers are required for reportable functionally regulated subsidiaries.

# Changes to BHC and SMB Structure Reporting Effective 12/31/2006

- Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
  - Schedule B – CUSIP Numbers
    - Detailed Instructions – Schedule B
      - What must be submitted:
        - For the purpose of completing Part II – The calculation of the largest subsidiary U.S. nonbanking company that has an active CUSIP number should only include entities with active CUSIP numbers.
        - The largest subsidiary U.S. nonbanking company with a CUSIP number must be assessed once a year as of December 31. Report any changes starting January 30 of the following year.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)
  - Combined to include:
    - Report of Changes in Organizational Structure (FR Y-10)
    - Report of Changes in FBO Organizational Structure (FR Y-10F)
    - Supplement to the Report of Changes in Organizational Structure (FR Y-10S)
    - Notification of Foreign Branch Status (FR 2058)

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)

The new FR Y-10 will be used to report changes to the worldwide organizational structure of:

- Bank Holding Companies
- Unaffiliated State Member Banks
- Unaffiliated Edge and Agreement Corporations, and
- Foreign Banking Organizations (for their U.S. operations)

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)
  - New Reporters:
    - FBOs (whether or not a BHC), and
    - National banks not controlled by a BHC or an FBO, but only with respect to their foreign branches, and foreign branches of their foreign subsidiaries that are investments made under Subpart A of Regulation K.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)

Additional changes reportable on the FR Y-10:

- Acquisition of interests in FBOs
- Establishment in the United States of branches, agencies and representative offices of FBOs and activities through managed non-U.S. branches
- Opening, closing, or relocation of foreign branches of member banks, BHCs, or Edge or agreement corporations and of foreign subsidiaries; and changes to previously reported information.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)
  - The new FR Y-10 has a Cover Page and six schedules:
    - Banking Schedule
    - Nonbanking Schedule
    - Merger Schedule
    - 4k Schedule
    - Branch Agency and Representative Office of FBOs Schedule
    - Foreign Branches of U.S. Banking Organizations Schedule

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

- Report of Changes in Organizational Structure (FR Y-10)

- Reporting Form Changes: Cover Page:

- Reporters must complete the question on the Cover Page to indicate “Yes” or “No” if the Reporter requested confidential treatment for any portion of the submission.
- If the response is “Yes,” a space is provided to identify the report schedule(s) and item(s) to which the request applies, and check boxes are provided to affirm that:
  - A letter justifying the request has been provided, and
  - The information for which confidential treatment is sought has been submitted separately labeled confidential.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

- Report of Changes in Organizational Structure (FR Y-10)
  - Reporting Form Changes: Banking Schedule:
    - 1.a. Event Type -
      - The new Event Type “Became Reportable” should be used when a transaction causes the Reporter to have a reportable interest in a banking company that is already a going concern. For example, the Event Type “Became Reportable” should be used when ownership interests that are below reportable levels increase to become reportable.
      - This Event Type is not applicable to the Reporter’s initial acquisition of an interest in, or the formation of a banking company.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

- Report of Changes in Organizational Structure (FR Y-10)
  - Reporting Form Changes: Banking Schedule:
    - Characteristics Section:
      - Added:
        - Item 6: SEC Reporting Status (previously collected on the FR Y-10S):
          - Not Applicable
          - Subject to 13(a) or 15(d) of the SEC Act of 1934 and Section 404 of SOX Act
          - Subject to 13(a) or 15(d) of SEC Act of 1934, but not Section 404 of SOX Act
          - Terminated or suspended reporting under 13(a) or 15(d) of the SEC Act of 1934.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

- Report of Changes in Organizational Structure (FR Y-10)
  - Reporting Form Changes: Banking Schedule:
    - Characteristic Section:
      - Added:
        - Item 7: CUSIP Number (previously collected on the FR Y-10S)
      - Changed:
        - Item 10: Is the Banking Company consolidated in the Reporter's financial statements? Check "Yes" only if the banking company is consolidated in any subsidiary domestic commercial bank's Consolidated Report of Condition and Income (FFIEC 031) within the Reporter's organization. Otherwise, check "No".

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

- Report of Changes in Organizational Structure (FR Y-10)
  - Reporting Form Changes: Nonbanking Schedule:
    - 1.a: Event Type:
      - Added – Became Reportable
    - Characteristics Section:
      - Added – Item 6, SEC Reporting Status
      - Added – Item 7, CUSIP Number
      - Changed – Item 10, Is the Nonbanking Company consolidated in the Reporters financial statements? (Answer this question only if the nonbanking company is one of the following foreign offices: (a) consolidated subsidiary in a foreign country, (b) a majority-owned Edge or agreement subsidiary

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)
  - Reporting Form Changes: Nonbanking Schedule:
    - Ownership Section:
      - 12.a: Percentage of a Class of Voting Shares:
      - Added a check box to report 100% ownership in entities reported on the nonbanking Schedule, and
      - Changed the preceding range to reflect ownership interests in the range 80% to < 100%.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

- Report of Changes in Organizational Structure (FR Y-10)
  - Reporting Form Changes: Merger Schedule:
    - 1. First Full Calendar Date the Nonsurvivor No Longer Exists: (MM/DD/YYYY)
      - Previously titled “Date of Event,” clarifies that the date reported on the merger schedule should be the first full date that the nonsurvivor no longer exists.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)
  - Reporting Form Changes: 4k Schedule:
    - 1.a: Event Type:
      - Reporters are only required to submit a 4k Schedule when reporting a new activity:
        - New Activity Commenced Directly by an FHC or Through an Existing Subsidiary
        - New Activity Commenced Through Acquisition of a Going Concern
        - New Activity Commenced Through a De Novo Formation

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)

## Reporting Form Changes:

- Branch, Agency, and Representative Office of FBOs Schedule – a new schedule for information previously reported on the Report of Changes in FBO Organizational Structure (FR Y-10F)
- Foreign Branches of U.S. Banking Organizations Schedule – a new schedule for information previously reported on the Notification of Foreign Branch Status Report (FR 2058)

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)
  - Changes to Sections of the Reporting Instructions:
    - General Instructions
    - Specific Instructions for the:
      - Cover Page
      - Banking Schedule
      - Nonbanking Schedule
      - Merger Schedule
      - 4k Schedule
      - Branch, Agency, and Representative Office of FBOs Schedule
      - Foreign Branches of U.S. Banking Organizations Schedule

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

- Report of Changes in Organizational Structure (FR Y-10)
  - General Instructions
    - Confidential Treatment -  
Reporters requesting confidential treatment for specific responses to the FR Y-10 must divide their report submission into two parts, filed simultaneously:
      - The separately bound confidential volume should be accompanied by a cover page marked “confidential” and include only those report item responses for which confidential treatment is requested.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- The public volume should include responses to all of the report items. The responses to those items for which confidential treatment is requested should indicate that the responsive data may be found in the confidential volume. The request should also clearly describe or visually indicate the amount of information for which confidential treatment is sought.

# Changes to BHC and SMB Structure Reporting Effective 6/30/2007

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- Report of Changes in Organizational Structure (FR Y-10)
  - Additional information for FR Y-10 reporting:
    - Structure Reports Glossary

# **New Structure Form Approved Effective 6/30/2007**

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- **Free Form Supplement to the FR Y-10 (FR Y-10E)**
  - The FR Y-10E was approved as a free form supplement to the FR Y-10 to provide a facility to satisfy an immediate need for critical organizational structure information.
  - There is no current reporting requirement for this form.

# Upcoming FR Y-10 Training Seminar

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- An FR Y-10 Training Seminar that will provide detailed training on the report form and instructions is scheduled for April 24, 2007.
- Access the link below for additional information and registration.

<https://www.newyorkfed.org/registration/Stats/Y10/form.cfm>