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# General Instructions for Preparation of the Annual Report of Foreign Banking Organizations— (FR Y-7)

## Introduction

The Annual Report of Foreign Banking Organizations (FRY-7) is required to be filed by companies that are organized under the laws of a foreign country and that are directly or indirectly engaged in the business of banking in the United States. The FR Y-7 and accompanying statements must be submitted in English.

The FR Y-7 consists of:

- Financial and Managerial Information (Report Items 1-6)
- Structure Report on U.S. Banking and Nonbanking Activities (FR Y-7A)

Report Items 1-5 require foreign banking organizations to submit financial and managerial information that will enable the Federal Reserve System to assess their ability to be a continuing source of strength and support to their U.S. banking operations. Report Item 6 requests information for determining the eligibility as a Qualified Foreign Banking Organization (QFBO).

The FR Y-7A requests information on the foreign banking organization's banking and nonbanking activities that are conducted in the United States.

## Who Must Report

The report must be submitted by each foreign banking organization, including any:

**Bank holding company** organized under the laws of a foreign country and principally engaged in the banking business outside the United States.<sup>1</sup>

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1. Bank holding companies organized under the laws of a foreign country and *not* principally engaged in the banking business outside the United States are required to submit an Annual Report of Bank Holding Companies (FR Y-6).

**Foreign bank** that maintains a branch or agency in a state of the United States or the District of Columbia, or controls an Edge corporation or agreement corporation or a commercial lending company organized under the laws of any state in the United States (however, a bank organized under the laws of Puerto Rico, Guam, American Samoa, or the U.S. Virgin Islands, and defined as a foreign bank is not required to file); and

**Company** that controls a foreign bank required to file pursuant to the preceding paragraph. A foreign government or an agency of a foreign government is exempt from filing.

A bank holding company, foreign bank, or company that is required to submit the report is herein referred to as a "foreign banking organization."

## Tiered Foreign Banking Organization

Tiered foreign banking organizations that are composed of foreign banking organizations that are direct or indirect subsidiaries of another foreign banking organization can satisfy the reporting requirements of the FR Y-7 by submitting the required information as part of the FR Y-7 submission of the top-tier foreign banking organization. In submitting the report, each foreign banking organization within the tiered organization must respond individually to Report Items 4 and 5. Subsidiary foreign banking organizations are not required to complete Report Items 1, 2, and 3 if the separate submission of this information would duplicate the information required of the top-tiered foreign banking organization.

## Time and Place of Filing

The foreign banking organization should file the FR Y-7 report not later than four months after the end of its fiscal year. If this deadline cannot be met, the foreign banking

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# General Instructions

organization must advise the appropriate Federal Reserve Bank as soon as possible, and normally not later than 30 calendar days before the deadline, and request an extension, stating the reason for the request and the date on which the information will be filed. As a general rule, extensions beyond 30 calendar days will not be granted.

The foreign banking organization will be advised before the deadline as to whether an extension will be granted. As part of the consideration of the extension request, the Federal Reserve Bank may require the submission of draft information and a commitment as to when the final information will be submitted.

The original report and **two** copies should be filed with the appropriate Federal Reserve Bank. All copies must include required attachments. Tiered foreign banking organizations filing separately should submit the report to the Federal Reserve Bank at which the ultimate parent of the foreign banking organization also files.

The FR Y-7 is subject to the Federal Reserve Regulatory Reports Monitoring System.

## **Basis of Reporting Financial Information**

If the foreign banking organization prepares consolidated financial statements for any purpose (including, without limitation, published financial statements, or financial statements to any other banking supervisor), the financial statements provided in the FR Y-7 must also be reported on a consolidated basis unless otherwise instructed in this report.

## **Request to Substitute Information**

When completing the information as requested or strictly complying with specific requirements in the report involves undue burden or expense, the Board may, upon receipt of a written request submitted through the appropriate Federal Reserve Bank, normally at least 30 calendar days before the filing date of the report, permit the substitution of appropriate information.

## **Incorporation by Reference**

In order to minimize reporting burden, financial reports prepared for other reporting purposes may be submitted

(with an English translation) in response to report items. The response to a specific report item should clearly identify the location of the relevant data in the financial reports.

## **Request for Confidential Treatment**

This report is available to the public upon request on an individual basis (except for Schedule C of the Nonbank Financial Information Summary relating to past due and restructured loans. Refer to Schedule C for additional information).

A reporting foreign banking organization may request confidential treatment for other portions of the report if the foreign banking organization is of the opinion that disclosure of certain commercial or financial information in the report would likely result in substantial harm to its (or its subsidiaries') competitive position, or that disclosure of submitted personal information would result in an unwarranted invasion of personal privacy.

A separate letter requesting confidential treatment must be submitted with this report and must discuss in detail the justification for each portion for which confidentiality is requested, demonstrating the specific nature of the harm that would result from public release of the information; merely stating that competitive harm would result or that information is personal is not sufficient.

Information for which confidential treatment is requested should be reported in a separately bound submission labeled "confidential." This information should be specifically identified in the report as having been submitted separately in the confidential section.

The Board will determine whether information submitted with a request for confidential treatment will be so treated, and will advise the foreign banking organization through the appropriate Federal Reserve Bank, of any decision to make available to the public any of the information.

If a determination is made to release any of the confidential information pursuant to a judicial order or other determination, the Board will inform the foreign banking organization prior to release of the information. Release of this information is governed by the Board's Rules on the Availability of Information (See 12 CFR part 261)

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# General Instructions

## **Additional Information**

The Federal Reserve System reserves the right to require the filing of additional information if the information submitted in the FR Y-7 report is not sufficient to appraise the foreign banking organization's ability to be a source of strength and support to its U.S. banking

operations, or to determine that the foreign banking organization and its affiliates are in compliance with applicable laws and regulations.

The foreign banking organization should follow the procedures on confidentiality set out above in filing supplemental information to the report.

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# Checklist

The checklist below is provided to assist the reporting foreign banking organization in filing all the necessary responses to the various report items. Each report item should be checked and the appropriate blanks filled in.

The checklist should then be signed by the same authorized official that has signed page COV-1 of the report, and returned with the report.

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**Report Item 1:** Financial Statements/Annual Report to Shareholders/SEC Form 20-F

Response provided in Attachment(s) # \_\_\_\_\_

**Report Item 2:** Financial Information on U.S. Nonbank Subsidiaries

Response provided in Attachment(s) # \_\_\_\_\_  
or

No response is necessary as reporter has no U.S. nonbank subsidiaries

**Report Item 3:** Organization Chart

Response provided on report page or in Attachment # \_\_\_\_\_

**Report Item 4:** Shares and Shareholders

Response provided on report page or in Attachment # \_\_\_\_\_

**Report Item 5:** Directors and Officers

Response provided on report page or in Attachment # \_\_\_\_\_

**Report Item 6:** Eligibility as Qualified Foreign Banking Organization

Charts for Items E and F have been completed.

**CHECK IF APPLICABLE:**

The foreign banking organization has submitted a letter requesting confidential treatment for all or any portion of Report Item(s) \_\_\_\_\_. The letter discusses the reasons for the request and the information has been separately bound and labeled "Confidential."

**Nonbank Financial Information Summary:** U.S. Nonbank Subsidiaries

Summary has been prepared for each U.S. nonbank subsidiary in accordance with the General Instructions to the Nonbank Financial Information Summary.

**FR Y-7A Report Item 1:** U.S. Banking and Nonbanking Activities

Report Item 1 has been provided (for first time filers only); or

The printout (based on information in Report Item 1) that was provided by the Federal Reserve for this item has been reviewed and amended as necessary; or

No response is necessary as the printout of Report Item 1 that was provided by the Federal Reserve for this item is complete and correct as of this date.

**FR Y-7A Report Item 2:** U.S. Nonbanking Activities

Report Item 2 has been provided (for first time filers only); or

The printout (based on information in Report Item 2) that was provided by the Federal Reserve for this item has been reviewed and amended as necessary; or

No response is necessary as the printout of Report Item 2 that was provided by the Federal Reserve for this item is complete and correct as of this date; or

Report Item 2 is not applicable as reporter has no direct or indirect U.S. nonbanking presence.

I, \_\_\_\_\_  
Name

\_\_\_\_\_  
Title

an authorized official of the reporting institution have reviewed this checklist and verify that all the required information has been provided.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Date

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# Glossary

For the purposes of the FR Y-7, the following definitions shall apply:

**Activity codes** are the codes established by the United States Department of Commerce (Standard Industrial Classification Codes or SIC Codes) and Federal Reserve System (BHC Activity Codes) to provide consistent frames of reference. For additional information, contact the appropriate Federal Reserve Bank.

**Affiliate of a foreign banking organization** shall mean any company that controls, is controlled by, or is under common control with the foreign banking organization.

**Agency** shall mean any place of business of a foreign bank, located in any state, at which credit balances are maintained, checks are paid, money is lent, or, to the extent not prohibited by state or federal law, deposits are accepted from a person or entity that is not a citizen or resident of the United States. (12 CFR §211.21(b)).

**Agent** shall mean a person located in the U.S. appointed by the foreign banking organization for purposes of service of process.

**Agreement Corporation** shall mean a corporation having an agreement or understanding with the Board under section 25 of the Federal Reserve Act.

**Appropriate Federal Reserve Bank** shall mean: (i) for a bank holding company (or a company applying to become a bank holding company), the Reserve Bank of the Federal Reserve District in which the company's banking operations are principally conducted, as measured by total domestic deposits in its subsidiary banks on the date it became (or will become) a bank holding company; (ii) for a foreign banking organization that has no subsidiary bank and is not subject to (i) above, the Reserve Bank of the Federal Reserve District in which the total assets of the organization's United States branches, agencies, commercial lending companies, Edge corporations and agreement corporations are the largest as of the later of January 1, 1980, or the date it becomes a foreign banking organization. (12 CFR §225.3(b)).

**Authorized official** shall mean a person with power to bind the foreign banking organization.

**BHC Act** shall mean the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841 et seq.).

**Bank holding company** shall mean any company which has control over any bank or over any company that is or becomes a bank holding company by virtue of the BHC

Act, subject to the provisions of section 2(a) of the BHC Act. (12 U.S.C. 1841(a)).

**Branch** shall mean any place of business of a foreign bank, located in any state, at which deposits are received and that is not an agency. (12 CFR §211.21(d)).

**Combined financial statements** present the results of operations and the financial position of a group of commonly controlled companies, a group of unconsolidated subsidiaries or other companies that are under common management, and after giving effect to the elimination of intercompany balances and transactions.

**Commercial lending company** shall mean any organization, other than a bank or an organization operating under section 25 of the Federal Reserve Act (12 U.S.C. 601–604(a)), organized under the laws of any state, that maintains credit balances permissible for an agency and engages in the business of making commercial loans. “Commercial lending company” includes any company chartered under article XII of the banking law of the state of New York. (12 CFR §211.21(f)).

**Company** shall mean any corporation, partnership, business trust, association, or similar organization, or any other trust unless by its terms it must terminate within twenty-five years or not later than twenty-one years and ten months after the death of individuals living on the effective date of the trust, but shall not include any corporation the majority of shares of which are owned by the United States or by any State. (12 U.S.C. 1841(b)).

**Consolidated financial statements** present the results of operations and the financial position of a parent company and its subsidiaries as if the group were a single company with one or more branches or divisions, and, after giving effect to the elimination of intercompany balances and transactions.

**Control** shall have the meaning set forth in section 2(a)(2) of the BHC Act. The terms “controls,” “controlled,” and “controlling” shall be construed consistently with the term “control.” Any company has control over a bank or over any company if—(A) the company directly or indirectly or acting through one or more persons owns, controls, or has power to vote 25 per cent or more of any class of voting securities of the bank or company; (B) the company controls in any manner the election of a majority of the directors or trustees of the bank or company; or (C) the Board determines, after notice and opportunity for hearing, that the company directly or indirectly exercises a controlling influence over the management or policies of the bank or company.

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# Glossary

**Controlling shareholder** shall mean any person who controls a foreign banking organization.

**Directly or indirectly** shall mean activities or investments of the organization or of any subsidiary of the organization. (12 CFR §211.2(d)).

**Director** shall mean a member of either the managing or supervisory board.

**Edge Corporation** shall mean a corporation organized under section 25A of the Federal Reserve Act (12 U.S.C. 611-631).

**Engaged in business in the U.S.** shall mean maintaining and operating an office (other than a representative office) or subsidiary in the United States. (12 CFR §211.2(g)).

**Executive officer** shall mean a person (other than a director) who participates or has the authority to participate in major policymaking functions of a company or bank, whether or not (i) the officer has an official title; (ii) the title designates the officer as an assistant; or (iii) the officer is serving without salary or other compensation.

**Foreign bank** shall mean an organization that is organized under the laws of a foreign country and that engages directly in the business of banking outside the United States. The term "foreign bank" does not include a central bank of a foreign country that does not engage or seek to engage in a commercial banking business in the United States through an office. (12 CFR §211.21(m)).

**Foreign banking organization** shall mean a foreign bank that operates a branch, agency, or commercial lending company subsidiary in the United States, or that controls a bank in the United States, and any company of which the foreign bank is a subsidiary. (12 CFR §211.2(n)). For purposes of this report "foreign banking organization" shall also include a foreign bank that controls an Edge corporation or an agreement corporation.

**Home country supervisor** shall mean the governmental entity or entities in the foreign bank's home country with responsibility for the supervision and regulation of the foreign bank. (12 CFR §211.21(p)).

**IBA** shall mean the International Banking Act of 1978, as amended, (12 U.S.C. 3101 et seq.).

**Material subsidiary** means a subsidiary of a foreign banking organization in which (i) the foreign banking organization's stated investment and advances exceed five percent of the stated consolidated capital accounts of the foreign banking organization; or (ii) the subsidiary's gross operating income or revenue exceeds five percent of the stated consolidated gross operating income or revenue of the foreign banking organization; or (iii) the subsidiary's operations resulted in net income or a net loss exceeding five percent of stated consolidated net income of the foreign banking organization.

**Parent of a foreign banking organization** shall mean any company of which the foreign banking organization is a subsidiary.

**Qualified foreign banking organization** shall mean a foreign banking organization meeting the qualifications set forth in section 211.23(b) or Regulation K (12 CFR §211.23(b)).

**Representative office** shall mean any place of business of a foreign bank, located in any state, that is not a branch, agency, or subsidiary of a foreign bank. (12 CFR §211.21(v)).

**Subsidiary** shall mean any organization 25 percent or more of whose voting shares is directly or indirectly owned, controlled, or held with the power to vote by a company, including a foreign bank or foreign banking organization, or any organization that is otherwise controlled or capable of being controlled by a foreign bank or foreign banking organization. (12 CFR §211.21(x)).

**Tiered foreign banking organization** shall mean a foreign banking organization and any parent of the foreign banking organization. A tiered foreign banking organization exists when a foreign company controls a foreign bank that controls a U.S. bank holding company, bank, Edge corporation, agreement corporation, or commercial lending company or operates a branch or agency in the United States.

**Ultimate parent** shall mean the parent of the foreign banking organization that is not the subsidiary of any other company.

**U.S. nonbank subsidiary** shall mean a subsidiary of a foreign banking organization that is organized under the laws of the United States, any state of the United States or the District of Columbia that is not a bank, bank holding company, commercial lending company, Edge corporation, or agreement corporation.



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# Financial and Managerial Information

## Report Item 1: Financial Information: Foreign Banking Organization

### 1.A. Financial Statements

Submit financial statements and notes covering the foreign banking organization's two most recent fiscal years that include or are equivalent to balance sheets and income statements. If the foreign banking organization prepares consolidated financial statements for any purpose (including without limitation, for published financial statements or submission to any other banking supervisor), the financial statements provided in the FR Y-7 must also be reported on a consolidated basis, unless otherwise instructed in this report.

The financial statements should be stated in the local currency of the country in which the head office of the foreign banking organization is located. They should be prepared in accordance with local accounting practices.

If the financial statements have not been finalized by the due date of this report, preliminary figures must be provided.

Also, respond to the following questions: (circle one)

Have the financial statements been certified by an independent public accountant? Yes No

Do the financial statements consolidate all material subsidiaries that are majority-owned financial companies? Yes No

If no, respond to pages 10 and 11 of the FR 2068.

Do the financial statements reflect any significant changes in accounting standards or policies used in preparing such statements since the last filing of the FRY-7? Yes No

If yes, describe the changes in a note or attachment to the financial statements.

### 1.B. Risk-Based Capital

Is the foreign banking organization required by its home country supervisor to calculate its capital ratios using a risk-adjusted framework consistent with the Basle Capital Accord? Yes No

If yes, provide the following information in the local currency (or report on Page 6 of the FR 2068 if the information is confidential in the home country):

Required information is provided in the FR 2068 report

Required information is provided on this page

Tier 1 Capital \_\_\_\_\_

Tier 2 Capital \_\_\_\_\_

Total Risk-Adjusted Assets \_\_\_\_\_

If the home country supervisor of the foreign banking organization does not require the foreign banking organization to calculate its capital ratios using a risk-adjusted framework consistent with the Basle Capital Accord, provide the capital ratios that are required by the home country supervisor if any with supporting calculations and definitions. (Use separate sheet if necessary.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## Financial and Managerial Information

### 1.C. Annual Report to Shareholders

Submit one copy of the most recent annual report prepared for shareholders of the foreign banking organization, accompanied by one copy of an abbreviated English translation.

### 1.D. SEC Form 20-F

If the securities of the foreign banking organization are subject to regulation by the United States Securities and Exchange Commission, submit one copy of the SEC Form 20-F that the foreign banking organization has filed with the Securities and Exchange Commission since the most recent filing of the FR Y-7.

CHECK ONE:

- The foreign banking organization does not file a Form 20-F with the Securities and Exchange Commission
- Form 20-F is included with this filing of the FR Y-7

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# Financial and Managerial Information

## Report Item 2: Financial Information: U.S. Nonbank Subsidiaries

### 2.A. Financial Information: U.S. Nonbank Subsidiaries

Complete the Nonbank Financial Information Summary (NFIS 1–5) that is attached to this report after Report Item 6 on page 16 for each U.S. nonbank subsidiary of the foreign banking organization.

For each nonbank subsidiary with total assets of more than \$1 billion, complete the schedules on pages NFIS-3–5. For each nonbank subsidiary with total assets between \$150 million and \$1 billion, complete the schedule on page NFIS-3–4. For each nonbank subsidiary with total assets of less than \$150 million, complete the six starred items on page NFIS-3–4.

Exclude the categories of nonbank subsidiaries listed in the instructions to the NFIS on page NFIS-7.

### 2.B. Changes in Ownership Interest in U.S. Nonbank Subsidiary

1. Has the foreign banking organization (circle one) acquired or increased its percentage ownership in any U.S. nonbanking subsidiaries since the last filing of the FR Y-7? Yes No
2. Has the foreign banking organization divested or decreased its percentage ownership in any U.S. nonbanking subsidiaries since the last filing of the FR Y-7? Yes No
3. Has the foreign banking organization classified any of its nonbanking subsidiaries as being “dormant” or “inactive” since the last filing of the FR Y-7? Yes No

If the response to any of these questions is “Yes,” such change must be reported, as required, in Report Item 2 of the FR Y-7A.

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# Financial and Managerial Information

## Report Item 3: Organization Chart

Submit an organization chart showing the foreign banking organization and all directly or indirectly held (a) U.S. banking and nonbanking companies and (b) non-U.S. companies that engage in business in the United States and are controlled by the foreign banking organization, or by a person who controls the foreign banking organization.

Such chart should also show any controlling shareholders of (a) the foreign banking organization and (b) the tiers, if any, of the foreign banking organization.

The chart should disclose the legal name, location of head office and the percentage ownership (held by the direct shareholder) of each class of voting securities or other form of control of each company.

Companies that engage in business in the United States by virtue of section 2(h) or section 4(c)(9) of the BHC Act, together with their direct foreign shareholders that are relied upon for exemption under those sections should be so indicated.

Do not include in the organization chart any U.S. companies the shares of which are held: (1) as a result of debts previously contracted (i.e., acquired under section 4(c)(2) of the BHC Act); (2) in a fiduciary capacity; or (3) solely as collateral securing an extension of credit. Such companies should, however, be reported in Report Item 2 of the FR Y-7A.

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# Financial and Managerial Information

## Report Item 4: Shares and Shareholders

### 4.A. Number and Types of Shares

List the number and types of shares (or their equivalent) that the foreign banking organization has authorized, issued, or holds for its own account. Describe the voting rights of each type of shares and any agreements that limit the voting of such shares. When the foreign banking organization has bearer equity shares outstanding, describe the regulations requiring registration of the ownership of the bearer equity shares with the foreign banking organization or appropriate regulatory agency.

### 4.B. Nonbearer Voting Securities

(circle one)

Does the foreign organization have non-bearer securities. Yes No

If the response is “yes”, list each shareholder (or the equivalent) of record that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of nonbearer voting securities of the foreign banking organization. Also list the beneficial owner, to the extent ascertainable, when the beneficial ownership is 5 percent or more. Provide the following information for each:

1. Name and address of principal residence for individuals, or office for companies;
2. Country of citizenship or of organization; and
3. Number and percentage of each class of nonbearer voting securities (or their equivalent) owned, controlled, or held with power to vote.

### 4.C. Bearer Equity Securities

(circle one)

The foreign organization has bearer equity securities. Yes No

If the response is “yes”, list each known shareholder that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of bearer equity securities of the foreign banking organization. Provide the following information for each:

1. Name and address of principal residence for individuals, or office for companies;
2. Country of citizenship or of organization; and
3. Number and percentage of each class of bearer equity securities (or their equivalent) owned, controlled, or held with power to vote.

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# Financial and Managerial Information

## **Report Item 5: Directors and Officers**

List each director and executive officer (or their equivalent) of the foreign banking organization, providing the following information:

1. Name and address of principal residence;
2. Country of citizenship; and
3. Principal occupation, if other than with the foreign banking organization.

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# Financial and Managerial Information

## Report Item 6: Eligibility as Qualified Foreign Banking Organization

### A. Requirements for Eligibility

To qualify for exemption from the nonbanking prohibitions of the BHC Act, a foreign banking organization must be "principally" engaged in the banking business outside the United States." Section 211.23(b) of Regulation K sets forth requirements to qualify for the exemption.

### B. Financial Data

The top-tiered foreign banking organization must provide financial data on the size of its: (1) worldwide nonbanking business activities; (2) non-U.S. banking activities; and (3) U.S. banking activities. The top-tiered foreign banking organization must measure the size of its business activities by any two of the three financial items: total assets, revenues, or net income, as provided in (C) below. Refer to the Notes to Report Item 6 on page 16.

### C. Consolidated or Combined Basis for Determining Total Assets, Revenues, and Net Income

For purposes of determining total assets, revenues, and net income, each foreign banking organization:

1. may use either a consolidated or a combined basis;
2. must include the total assets, revenues, and net income of all companies in which it owns 50 percent or more of the voting shares; and
3. may include the total assets, revenues, and net income of companies in which it owns 25 percent or more of the voting shares if all such companies within the foreign banking organization are included.

### D. Worldwide Business Activities and Banking Business Activities

The top-tiered foreign banking organization must complete both (E) regarding worldwide business activities and (F) regarding banking business activities.

### E. Worldwide Business Activities

Respond to any two of the following three criteria:

Amounts in  
local currency  
or U.S. Dollars

1. Assets
  - a. total worldwide nonbanking .... \_\_\_\_\_
  - b. total non-U.S. banking ..... \_\_\_\_\_
2. Revenue derived from:
  - a. total worldwide nonbanking .... \_\_\_\_\_
  - b. total non-U.S. banking ..... \_\_\_\_\_
3. Net income derived from:
  - a. total worldwide nonbanking .... \_\_\_\_\_
  - b. total non-U.S. banking ..... \_\_\_\_\_

### F. Banking Business Activities

Respond to any two of the following three criteria:

Amounts in  
local currency  
or U.S. Dollars

1. Assets
  - a. total non-U.S. banking ..... \_\_\_\_\_
  - b. total U.S. banking ..... \_\_\_\_\_
2. Revenues derived from:
  - a. total non-U.S. banking ..... \_\_\_\_\_
  - b. total U.S. banking ..... \_\_\_\_\_
3. Net Income derived from:
  - a. total non-U.S. banking ..... \_\_\_\_\_
  - b. total U.S. banking ..... \_\_\_\_\_

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# Financial and Managerial Information

## G. Criteria for Qualifying

A foreign banking organization will qualify for the exemption from the nonbanking prohibitions of the BHC Act only if two of the three requirements in both of the following categories are met:

### Worldwide Business

1. banking assets held outside the United States exceed total worldwide nonbanking assets; or
2. revenues derived from the business of banking outside the United States exceed total revenues derived from its worldwide nonbanking business; or
3. net income derived from the business of banking outside the United States exceeds total net income derived from its worldwide nonbanking business; and

## Notes to Report Item 6

1. Non-U.S. Banking: The activities considered to be banking when conducted outside of the United States are listed in section 211.5(d) of Regulation K (12 CFR 211.5(d)). Note, however, that the Board has determined that for purposes of determining eligibility as a qualifying foreign banking organization, such activities must be conducted through a foreign bank or its direct or indirect subsidiaries in order to be considered banking activities. See 12 CFR 211.23(c)(2).
2. U.S. Banking: All of the assets, revenues, or net income of a U.S. subsidiary bank (including its foreign branches and subsidiaries),

## Banking Business

1. banking assets held outside the United States exceed banking assets held in the United States; or
2. revenues derived from the business of banking outside the United States exceed revenues derived from the business of banking in the United States; or
3. net income derived from the business of banking outside the United States exceeds net income derived from the business of banking in the United States.

## H. Loss of Eligibility

A foreign banking organization that does not meet the requirements for two consecutive years as reported herein will lose its eligibility for exemption pursuant to section 211.23 of Regulation K.

branch, agency, commercial lending company, or other company engaged in the business of banking in the United States will be considered held or derived from the business of banking in the United States.

3. None of the assets, revenues, or net income of a U.S. subsidiary bank (including its foreign branches and subsidiaries), branch, agency, commercial lending company, or other company engaged in the business of banking in the United States will be considered held or derived from the business of banking outside the United States.



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# Nonbank Financial Information Summary

Name of foreign banking organization \_\_\_\_\_

Name of U.S. nonbank subsidiary \_\_\_\_\_

Address of U.S. nonbank subsidiary \_\_\_\_\_  
Street City State Zip Code

Financial data as of fiscal year ending \_\_\_\_\_  
FNBK 8678

Description of activity of U.S. nonbank subsidiary \_\_\_\_\_  
\_\_\_\_\_

Legal Authority \_\_\_\_\_ SIC Code \_\_\_\_\_

Person to whom questions about the data for this U.S. nonbank subsidiary should be directed

\_\_\_\_\_  
Name Title Telephone Number

Does the foreign banking organization request confidential treatment for any portion of the NFIS? Yes \_\_\_ No \_\_\_

If the response is yes, refer to the confidentiality instructions on page 2 of the FR Y-7. Note that the Federal Reserve will treat all of Schedule C—Past Due and Nonaccrual Loans and Leases—as confidential.

For Federal Reserve Bank Use Only	
FBO ID_RSSD	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
U.S. Nonbank ID_RSSD	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
C.I.	<input type="checkbox"/> <input type="checkbox"/>

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# Nonbank Financial Information Summary

**For Federal Reserve Bank Use Only**

U.S. Nonbank ID\_RSSD

C.I.

Name of U.S. nonbank subsidiary

				Amount in U.S. dollars	FNBK	Bil	Mil	Ths	
1.	Claims on nonrelated organizations								
	a. Loans and leases, net of unearned income ...	2122							1.a.
	b. Less: allowance for loan and lease losses ...	3123							1.b.
	c. Loans and leases, net of unearned income and allowance for loan losses .	2125							1.c.
	d. Other claims on nonrelated organizations .....	8659							1.d.
	e. Securities .....	8660							1.e.
	f. Trading assets .....	2146							1.f.
2.	Claims on related organizations:								
	a. Stock and other equity interests in related organizations .....	2172							2.a.
	b. Other balances .....	2176							2.b.
*3.	Total assets .....	2170							3.
4.	Short-term borrowings from nonrelated organizations (less than one year) ..	8661							4.
5.	Long-term borrowings from nonrelated organizations (one year or more) ...	8662							5.
6.	Other liabilities .....	8663							6.
7.	Other liabilities to nonrelated organizations .....	2927							7.
8.	Other liabilities to related organizations .....	2925							8.
*9.	Total equity capital .....	3210							9.
10.	a. Total interest income .....	4107							10.a.
	b. Total interest expense .....	4073							10.b.
	c. Net interest income .....	4074							10.c.
	d. Provision for loan and lease losses .....	4230							10.d.
	e. Total noninterest income .....	4079							10.e.
	*f. Net income (loss) .....	4340							10.f.
11.	a. Commitments to purchase foreign currencies and U.S. dollar exchange (spot, forward, and futures) .....	3415							11.a.
	b. All other futures and forward contracts (excluding contracts involving foreign exchange) .....	6836							11.b.
	c. Option contracts, written and purchased .....	8664							11.c.
	d. Standby letters of credit and foreign office guarantees .....	3819							11.d.
	e. Commercial and similar letters of credit .....	3411							11.e.
	f. Notional value of interest rate, cross currency, exchange, and other swaps .	8665							11.f.
	g. Unused commitments on securities underwriting, loans and all other ...	8666							11.g.
	h. All other off-balance-sheet liabilities: nonrelated organizations .....	8667							11.h.
	i. All other off-balance-sheet liabilities: related organizations .....	8668							11.i.
	*j. Total off-balance-sheet items (sum of items 11.a through 11.i) .....	8669							11.j.
*12.	Indicate whether the amounts reported for this subsidiary consolidate on a line-by-line basis the accounts of other subsidiaries. Enter in the box provided a "1" to indicate that all subsidiaries have been consolidated; a "2" to indicate that none of the subsidiaries have been consolidated; a "3" to indicate that some of the subsidiaries have been consolidated; or "4" to indicate that this subsidiary has no subsidiaries .....	8671							12.

\* Items to be completed by nonbank subsidiaries with total assets of less than \$150 million. If nonbank subsidiaries are consolidated and have total assets of less than \$150 million, also complete items 12 and 13.

# Nonbank Financial Information Summary

Name of U.S. nonbank subsidiary \_\_\_\_\_

\*13. A nonbank subsidiary that is consolidated on a line-by-line basis with another nonbank subsidiary should not report on the form. The legal name of each such nonbank subsidiary and its activity should be listed below. (Attach a separate page to list additional nonbank subsidiaries if more space is needed.)

## SCHEDULE A—Loans and Lease Financing Receivables (excluding claims on related organizations)

<b>For Federal Reserve Bank Use Only</b>	
C.I.	<input type="checkbox"/>

	Amount in U.S. dollars				
	FNBK	Bil	Mil	Ths	
1. Loans secured by real estate .....	1410				1.
2. Loans to depository institutions .....	8672				2.
3. Commercial and industrial loans .....	5464				3.
4. Loans to individuals .....	1975				4.
5. All other loans .....	2082				5.
6. Lease financing receivables (net of unearned income) .....	2165				6.
7. Less: any unearned income on loans reflected in items 1–5 .....	2123				7.
8. Total loans and leases, net of unearned income (sum of items 1 through 6 minus item 7) (must equal item 1.a on NFIS-3) .....	2122				8.

## SCHEDULE B—Changes in Equity Capital and Reserve Accounts

<b>For Federal Reserve Bank Use Only</b>	
C.I.	<input type="checkbox"/>

	Amount in U.S. dollars				
	FNBK	Bil	Mil	Ths	
1. Equity capital:					
a. Balance at end of previous fiscal year .....	3215				1.a.
b. Net income (loss) (must equal item 10.f on NFIS-3) .....	4340				1.b.
c. Sale, conversion, acquisition, or retirement of capital stock, net .....	4346				1.c.
d. Less: cash dividends declared .....	4475				1.d.
e. Other adjustments .....	4479				1.e.
f. Balance, end of current period (must equal item 9 on NFIS-3) .....	3210				1.f.
2. Allowance for loan and lease losses:					
a. Balance at end of previous fiscal year .....	3124				2.a.
b. Recoveries .....	4605				2.b.
c. Less: charge-offs .....	4635				2.c.
d. Provision (must equal item 10.d on NFIS-3) .....	4230				2.d.
e. Other adjustments .....	4815				2.e.
f. Balance, end of current period (must equal item 1.b on NFIS-3) .....	3123				2.f.

# Nonbank Financial Information Summary

Name of U.S. nonbank subsidiary \_\_\_\_\_

## SCHEDULE C—Past Due and Nonaccrual Loans and Leases

Note: Responses to Schedule C will be treated as confidential information by the Federal Reserve System.

	Amount in U.S. dollars				
	FNBK	Bil	Mil	Ths	
1. Past due 30–89 days and still accruing .....	1406				1.
2. Past due 90 days or more and still accruing .....	1407				2.
3. Nonaccrual .....	1403				3.
4. Total (sum of items 1 through 3) .....	1477				4.
5. Restructured loans and leases included in item 4 above .....	6916				5.
6. Restructured loans and leases not included in item 4 above .....	8673				6.

## SCHEDULE D—Income and Expenses

For Federal Reserve Bank Use Only

C.I.

	Amount in U.S. dollars				
	FNBK	Bil	Mil	Ths	
1. Interest Income					
a. Interest and fee income from nonrelated organizations .....	8674				1.a.
b. Interest and fee income from related organizations .....	4028				1.b.
c. Total interest income (sum of items 1.a and 1.b) (must equal item 10.a on NFIS-3) .....	4107				1.c.
2. Interest Expense					
a. Interest expense pertaining to nonrelated organizations .....	5466				2.a.
b. Interest expense pertaining to related organizations .....	4126				2.b.
c. Total interest expense (sum of items 2.a and 2.b) (must equal item 10.b on NFIS-3) .....	4073				2.c.
3. Net interest income (item 1.c minus 2.c) (must equal item 10.c on NFIS-3) ....	4074				3.
4. Total noninterest income					
a. From nonrelated organizations:					
(1) Net gain (loss) on foreign exchange transactions .....	4075				4.a.(1)
(2) Income from fiduciary activities .....	4070				4.a.(2)
(3) Income from underwriting activities .....	4071				4.a.(3)
(4) Other commissions, fees, etc. ....	4090				4.a.(4)
(5) Other .....	4101				4.a.(5)
b. From related organizations .....	4619				4.b.
c. Total noninterest income (sum of items 4.a and 4.b) (must equal item 10.e on NFIS-3) .....	4079				4.c.
5. Noninterest expenses .....	4093				5.

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# NFIS General Instructions

## Who Must Report

Complete the Nonbank Financial Information Summary for each active U.S. nonbank subsidiary. For each nonbank subsidiary with total assets of more than \$1 billion, complete the schedules on pages NFIS-3-5. For each nonbank subsidiary with total assets between \$150 million and \$1 billion, complete items 1-13 on pages NFIS-3-4. For each nonbank subsidiary with total assets of less than \$150 million, complete the six items denoted by asterisks on pages NFIS-3-4.

For purposes of this report, nonbank subsidiaries include, but are not limited to, commercial finance companies, leasing companies, mortgage banking companies, other depository institutions, consumer finance companies, insurance agencies or brokerages, securities brokerage and underwriting firms, venture capital corporations, small business investment companies, data processing and information services companies, and insurance underwriting companies.

The following subsidiaries are exempt from reporting:

1. companies the shares of which are held
  - a. as a result of debts previously contracted (i.e., acquired under section 4(c)(2) of the BHC Act);
  - b. in a fiduciary capacity under section 4(c)(4) of the BHC Act;
  - c. solely as collateral securing an extension of credit;
2. companies that engage in business in the U.S. by virtue of section 2(h)(2) of the BHC Act (however, this exemption does not extend to section 4(c)(8) subsidiaries of section 2(h)(2) companies);
3. any subsidiary of a U.S. bank holding company that reports on FR Y-11I or FR Y-11Q;
4. any federally-insured company which is a subsidiary of a bank holding company;
5. any subsidiary of a bank or federally-insured company that is a subsidiary of a bank holding company;
6. industrial banks, savings associations, thrifts, and nondepository trust companies and other companies that are federally-insured;
7. any subsidiary of a Small Business Investment Company (SBIC controlled investment);
8. any subsidiary that is required to file a Report of Condition for Edge or Agreement Corporations (FR 2886b);
9. any subsidiary, joint venture, or portfolio investment that is required to file the Reports of Condition for Foreign Subsidiaries of U.S. Banking Organizations and the Financial Information for Foreign Subsidiaries of U.S. Banking Organizations (FR 2314); and
10. any subsidiary that is required to file the Financial Statements for a Bank Holding Company Subsidiary Engaged in Bank-Ineligible Securities Underwriting and Dealing (FR Y-20).

## Cover Page

The cover page of the NFIS must include the legal name of the foreign banking organization and the legal name and address of the U.S. nonbank subsidiary. Financial data should be as of the fiscal year-end of the U.S. nonbank subsidiary and should be filed with the filing of the FR Y-7 of the parent foreign banking organization.

## Description of Activity of U.S. Nonbank Subsidiary

Reporters should provide a written description that best describes the primary activity of the U.S. nonbank subsidiary on page NFIS-1. In addition, the reporting institution should provide a Standard Industrial Code (SIC Code) that corresponds to the textual description of the primary activity of the nonbank subsidiary.

For financial reporting purposes, when the reporter consolidates nonbank financial information for multiple subsidiaries, a textual description of the primary activity that best describes all subsidiaries consolidated on the financial reports should be provided. For example, when consolidating financial information for nonbank subsidiaries that engage in similar activities (e.g. commercial lending) one SIC Code should be chosen that best describes all of the nonbank activities included in the consolidated report.

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# NFIS General Instructions

## **Additional Information**

The Federal Reserve System reserves the right to require additional information from nonbank subsidiaries if the summary is not sufficient to appraise the financial soundness of the nonbank subsidiary.

## **Rounding**

All dollar amounts must be reported in thousands of dollars, with the figures rounded to the nearest thousand. Items less than \$500 should be reported as zero.



# Nonbank Financial Information Summary

## Reporting Basis

Except as provided below, the NFIS should consolidate only the head office and any branches of the nonbank company. Equity investments representing more than 20 percent ownership should be reflected using the equity method of accounting. Respondents may submit a summary that consolidates multiple subsidiaries, if submitting such reports would materially reduce reporting burden and would satisfy each of these conditions:

1. The consolidated summary includes only subsidiaries that are both: (a) located in the United States and (b) principally engaged in the same or a similar "line of business" such as:
  - a. Commercial finance companies, factoring companies, consumer finance companies, leasing companies and mortgage banks;
  - b. Investment or merchant banks, securities brokers or dealers and securities underwriters;
  - c. Insurance agencies or brokerage companies, and insurance underwriters; and
2. The consolidated summary includes only companies that are linked to each other through a majority ownership interest.

In addition, the foreign banking organization should consult the Federal Reserve Bank if there are other circumstances that may warrant the filing of consolidated financial information on the NFIS.

## Instructions for Companies with Less Than \$150 Million in Total Assets

Complete the six items denoted by asterisks on pages NFIS-3-4 using the definitions of terms provided below.

## Item 3 Total assets.

Include cash and balances due from depository institutions, securities, federal funds sold and securities purchased under agreements to resell, loans and lease financing receivables (net of unearned income and allowance for loan and lease losses), trading assets, premises and fixed assets, other real estate owned, investments in other companies, unamortized cost of intangible assets, all other assets, and other net balances due from related and nonrelated institutions. Exclude amounts due from closed or liquidating institutions. Report held-to-maturity securities at amortized cost and available-for-sale securities at fair value.

## Item 9 Total equity capital.

Includes common stock, perpetual preferred stock, capital surplus, retained earnings, and net unrealized holding gains (losses) on available-for-sale securities less treasury stock.

## Item 10(f) Net income (loss).

Includes interest and noninterest income, realized gains (losses) on held-to-maturity and available-for-sale securities, intercompany income, and other income, minus interest and noninterest expense, provision for loan and lease losses, intercompany expense, other expense, and applicable income taxes.

## Item 11(j) Total off-balance-sheet items.

Items include commitments to purchase foreign currencies and U.S. dollar exchange (spot, forward, and futures), all other futures and forward contracts (excluding contracts involving foreign exchange), written and purchased option contracts, standby letters of credit and foreign office guarantees, commercial and similar letters of credit, notional value of interest rate, exchange, and

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# NFIS Detailed Instructions

other swaps, unused commitments on loans, unused commitments on securities underwriting, and all other off-balance sheet liabilities. Exclude contingencies that arise in connection with litigation.

**Item 12 Indicate whether the amounts reported for the nonbank subsidiary consolidate on a line-by-line basis the accounts of the subsidiary.**

Enter in the box provided the appropriate number that designates the level of consolidation.

**Item 13 Enter the legal name of each nonbank subsidiary, if any, that is consolidated in the NFIS.**

Enter the legal name of each nonbank subsidiary, if any, that is consolidated in the NFIS.

## Instructions for Companies with More Than \$150 Million in Total Assets

Companies with \$150 million to \$1 billion in total assets should complete Items 1(a) through 13. Companies with more than \$1 billion in total assets should complete Items 1(a) through 13 and Schedules A through D.

**Item 1 Claims on non-related organizations:**

**Item 1(a) Loans and leases, net of unearned income.**

Report total loans and leases, net of unearned income, or the amount from Item 8, Schedule A.

**Item 1(b) Allowance for loan and lease losses.**

Report the allowance for loan and lease losses as determined in accordance with generally accepted accounting principles (GAAP) for the nonbank subsidiary. This amount is determined as of the end of each reporting period when the management of an accrual basis organization evaluates the collectibility of the portfolio of loans and lease financing receivables to bring the "Allowance for Loan and Lease Losses" ("Allowance"), by means of a charge or credit to the "Provision for Loan and Lease Losses" ("Provision"), to a level adequate to absorb anticipated losses. Any recoveries during the reporting period should be credited to the allowance. The amount reported in this item should conform to Item 2(f) in Schedule B. Specific reserves should be excluded from this item.

**Item 1(c) Loans and leases, net of unearned income and allowance for loan losses.**

Subtract Item 1(b) from 1(a).

**Item 1(d) Other claims on nonrelated organizations.**

Report all other claims on nonrelated organizations.

**Item 1(e) Securities.**

Report the value of U.S. government obligations, direct and guaranteed, direct obligations of any entity other than the U.S. government, all other debt securities and the total value of all equity investments other than those in related organizations. In accordance with FASB 115, "held-to-maturity" debt securities should be reported at amortized cost, and "available-for-sale" debt and equity securities should be reported at fair value. Exclude debt and equity securities held in trading accounts and report in Item 1(f).

**Item 1(f) Trading assets.**

Report the value of all assets held in the nonbank subsidiaries' trading accounts. All trading assets are to be reported in accordance with GAAP.

Trading assets include, but are not limited to, the following:

1. U.S. Treasury securities;
2. U.S. government agency and corporation obligations;
3. securities issued by states and political subdivisions in the U.S.;
4. other bonds, notes, and debentures;
5. certificates of deposit;
6. commercial paper; and
7. bankers acceptances.

**Item 2 Claims on related organizations:**

**Item 2(a) Stock and other equity interests in related organizations.**

Report the total value of stock and other equity interests in organizations that are majority-owned, directly or indirectly, by the foreign banking organization. Interests should be shown net of valuation reserves.

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# NFIS Detailed Instructions

## **Item 2(b) Other balances.**

Report all other balances with related organizations.

## **Item 3 Total assets.**

Enter the sum of Item 1.c–f and Item 2, and all other assets not otherwise included in Item 1 and Item 2, including such assets as cash, cash items in process of collection, premises, and furniture and equipment.

## **Item 4 Short-term borrowings from nonrelated organizations (less than one year).**

Report the total amount of money borrowed by the nonbank subsidiary with an original maturity of one year or less, including federal funds purchased, securities sold under agreements to repurchase, and commercial paper.

Borrowings may take the form of:

1. demand notes issued to the U.S. Treasury;
2. promissory notes;
3. notes and bills rediscounted (including commodity drafts rediscounted);
4. loans sold under repurchase agreements and sales of participations in pools of loans that mature in one business day;
5. due bills issued representing the nonbank subsidiary's receipt of payment and similar instruments, whether collateralized or uncollateralized;
6. federal funds purchased;
7. "term federal funds" purchased;
8. securities sold under agreements to repurchase;
9. commercial paper; and
10. any other obligation for the purpose of borrowing money that has an original maturity of one year or less and is not reported elsewhere.

## **Item 5 Long-term borrowings from nonrelated organizations (one year or more).**

Report the total amount of all borrowings of the nonbank

subsidiary with an original maturity of more than one year, including subordinated debt. Borrowings may take the form of:

1. promissory notes;
2. perpetual debt securities that are unsecured and not subordinated;
3. notes and bills rediscounted (including commodity drafts rediscounted);
4. loans sold under repurchase agreements and sales of participations in pools of loans that mature in more than one business day;
5. due bills issued representing the nonbank subsidiary's receipt of payment and similar instruments, whether collateralized or uncollateralized;
6. "term federal funds" purchased;
7. securities sold under agreements to repurchase;
8. notes and debentures issued by the respondent subsidiary;
9. mortgage indebtedness and obligations under capitalized leases; and
10. any other obligation for the purpose of borrowing money with an original maturity of more than one year and not reported elsewhere.

## **Item 6 Other liabilities.**

Report the total of other liabilities including such items as the amount of accrued and unpaid expenses, net deferred income taxes, dividends declared but not yet payable and liability for deferred payment letters of credit.

## **Item 7 Other liabilities to nonrelated organizations.**

Report the total of all other liabilities to nonrelated organizations including interest-bearing deposits, other borrowed money, and liabilities on acceptances executed and outstanding.

## **Item 8 Other liabilities to related organizations.**

Report the total of all other liabilities to related organizations.

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# NFIS Detailed Instructions

## **Item 9 Total equity capital.**

Enter the sum of the nonbanking subsidiary's capital stock, surplus, reserves, and undivided profits.

## **Item 10(a) Total interest income.**

Report total interest income or the amount from Item 1(c) of Schedule D.

## **Item 10(b) Total interest expense.**

Report total interest expense or the amount from Item 2(c) of Schedule D.

## **Item 10(c) Net interest income.**

Report net interest income or the amount from Item 3 of Schedule D.

## **Item 10(d) Provision for loan and lease losses.**

Report the provision for loan and lease losses or the amount from Item 2(d) of Schedule B.

## **Item 10(e) Total noninterest income.**

Report total noninterest income or the amount from Item 4(c) of Schedule D.

## **Item 10(f) Net income (loss).**

Report net income (loss) for the fiscal year.

## Off-Balance Sheet Items

Include transactions with non-related organizations in response to Items 11(a) through 11(h). Include transactions with related organizations in Item 11(i).

## **Item 11(a) Commitments to purchase foreign currencies and U.S. dollar exchange (spot, forward and futures).**

Report the gross amount (stated in U.S. dollars) of all futures contracts, forward and spot contracts to purchase foreign (non-U.S.) currencies, and U.S. dollar exchange that are outstanding as of the report date.

A purchase of U.S. dollar exchange is equivalent to a sale of foreign currency. Only one side of a foreign currency transaction is to be reported. In those transactions where foreign (non-U.S.) currencies are bought or sold against

U.S. dollars, report only that side of the transaction that involves the foreign (non-U.S.) currency.

A currency futures contract is a standardized agreement for delayed delivery of a foreign (non-U.S.) currency in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate. Future contracts are traded on organized exchanges that act as the counterparty to each contract.

A forward foreign exchange contract is an agreement for delayed delivery of a foreign (non-U.S.) currency in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified amount at a specified exchange rate. These contracts are not standardized and are traded in an over-the-counter market.

A spot contract is an agreement for the immediate delivery, usually within two days, of a foreign currency at the prevailing spot rate.

Contracts are outstanding (i.e., open) until they have been canceled by acquisition or delivery of the underlying currencies or, for futures contracts, by offset. ("Offset" is the purchase and sale of an equal number of contracts on the same underlying currencies for the same delivery month, executed through the same clearing member on the same exchange.)

All amounts in this item are to be reported in U.S. dollar equivalent values.

## **Item 11(b) All other futures and forward contracts (excluding contracts involving foreign exchange).**

Report in this item all other futures and forward contracts not included in item 11(a). Include in this item futures and forward interest rate contracts (e.g., U.S. Treasury securities futures, forward rate agreements, and forward agreements on U.S. government securities) and futures and forward contracts on other commodities (e.g., stock index and commodity contracts).

Report the aggregate par value of all futures and forward contracts that are related to an interest-bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.

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# NFIS Detailed Instructions

Report futures and forward contracts that commit the nonbank subsidiary to purchase or sell agricultural products (e.g., wheat or coffee), precious metals (e.g., gold or platinum), non-ferrous metals (e.g., copper or zinc), or any other commodity.

Futures and forward contracts are agreements for delayed delivery of financial instruments or other commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument or commodity at a specified price.

Futures contracts are standardized, transferable agreements traded on organized exchanges that act as the counterparty to each contract. Forward contracts are not standardized and are not traded on organized exchanges.

The contract amount to be reported for futures and forward contracts on commodities is the quantity (i.e., number of units) of the commodity or product contracted for purchase or sale multiplied by the contract price of a unit.

## **Item 11(c) Option contracts, written and purchased.**

An option contract conveys either the right or the obligation, depending upon whether the reporting nonbank subsidiary is the purchaser or the writer, respectively, to (1) buy or sell a financial instrument or an interest rate futures contract on a financial instrument at a specified price by a specified future date, (2) exchange two different currencies at a specified exchange rate, or (3) buy or sell stock options, stock index options, or other commodities. Options can be traded on organized exchanges. In addition, options can be written to meet the specialized needs of the counterparties to the transaction. These customized option contracts are known as over the counter (OTC) options and are not generally traded.

Report in this item the amount of all financial instruments (aggregate *par value*), foreign currencies, and other commodities that the reporting nonbank subsidiary has obligated itself, for compensation (such as a fee or premium), to either purchase or sell under option contracts that are outstanding as of the report date.

Also, report in this item the amount of all financial instruments (aggregate *par value*), foreign currencies, and other commodities that the reporting nonbank

subsidiary has purchased, for compensation (such as a fee or premium), the right to either purchase or sell under option contracts that are outstanding as of the report date. In the case of option contracts giving the reporting nonbank subsidiary the right to either purchase or sell a futures contract, report the amount of the financial instrument, foreign currency or other commodity underlying the futures contract.

## **Item 11(d) Standby letters of credit and foreign office guarantees.**

Report the amount outstanding and unused as of the report date of all standby letters of credit (and all legally binding commitments to issue standby letters of credit) issued by the nonbank subsidiary.

The originating nonbank subsidiary must report the full outstanding and unused amount of standby letters of credit in which participations have been conveyed to others where (a) the originating and issuing nonbank subsidiary is obligated to pay the full amount of any draft drawn under the terms of the standby letter of credit *and* (b) the participating companies have an obligation to partially or wholly reimburse the originating nonbank subsidiary, either directly in cash or through a participation in a loan to the account party. The originating nonbank subsidiary also must report the amount of standby letters of credit conveyed to others through participations. The nonbank subsidiary participating in such arrangements must report the full amount of their contingent liabilities to participate in such standby letters of credit without deducting any amounts that it may have reparticipated to others. Participating nonbank subsidiaries also must report the amount of interest in transactions that they have reparticipated to others, if any. Also include those standby letters of credit that are collateralized by cash on deposit.

## **Item 11(e) Commercial and similar letters of credit.**

Report the amount outstanding *and* unused as of the report date of issued or confirmed commercial letters of credit, travelers' letters of credit *not issued* for money or its equivalent, and all similar letters of credit, *but excluding standby letters of credit* (which are to be reported in item 11(d) above). Legally binding commitments to issue commercial letters of credit are to be reported in this item.

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# NFIS Detailed Instructions

## **Item 11(f) Notional value of interest rate, cross currency, exchange and other swaps.**

Report the notional value of all outstanding interest rate and basis swaps, whether the swap is undertaken by the reporting nonbank subsidiary to hedge its own interest rate risk, in an intermediary capacity, or to hold in inventory. In those cases where the nonbank subsidiary is acting as an intermediary, both sides of the transaction are to be reported. Include in this item cross-currency interest rate swaps that do not involve the exchange of principal amounts between the counterparties.

An interest rate swap is a transaction in which two parties agree to exchange the interest payment streams on a specified principal amount of assets or liabilities for a certain number of years. The notional value of an interest rate swap is the underlying principal amount upon which the exchange of interest income or expense is based.

Report also the notional principal value (stated in U.S. dollars) of all outstanding cross-currency interest rate swaps, whether the swap is undertaken by the reporting nonbank subsidiary to hedge its own exchange rate risk, in an intermediary capacity, or to hold in inventory. In those cases where the nonbank subsidiary is acting as an intermediary, both sides of the transaction are to be reported.

A cross-currency interest rate swap is a transaction in which two parties agree to exchange principal amounts of different currencies, usually at the prevailing spot rate, at the inception of the agreement, which lasts for a certain number of years. Over the life of the swap, the counterparties exchange payments in the different currencies based on fixed rates of interest. When the agreement matures, the principal amounts will be re-exchanged at the same spot rate. The notional value of a cross-currency interest rate swap is the underlying principal amount upon which the exchange is based.

Report also the notional principal value of all other swap agreements

## **Item 11(g) Unused commitments on securities underwriting, loans and all other.**

Report the unsold portion of the nonbank subsidiary's own takedown in securities underwriting transactions.

Report the unused portion of commitments for which the nonbank subsidiary has charged a commitment fee or

other consideration, or otherwise has a legally binding commitment.

Such commitments are to be reported regardless of whether they contain "material adverse change" clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time.

Include revolving underwriting facilities (RUFs), note issuance facilities (NIFs), and other similar arrangements in this item. These are facilities under which a borrower can issue on a revolving basis short-term paper in its own name, but for which the underwriting banks have a legally binding commitment either to purchase any notes the borrower is unable to sell by the roll-over date or to advance funds to the borrower.

Also report the unused portions of commitments that obligate the reporting nonbank subsidiary to extend credit in the form of loans or participations in loans, lease financing receivables, or similar transactions. Report the unused portion of commitments for which the nonbank subsidiary has charged a commitment fee or other consideration, *or* otherwise has a legally binding commitment. Such commitments are to be reported regardless of whether they contain "material adverse change" clauses or other provisions that are intended to relieve the issuer of its funding obligations under certain conditions and regardless of whether they are unconditionally cancelable at any time. In the case of commitments for syndicated loans, report only the nonbank subsidiary's proportional share of the commitments. Unused commitments are to be reported gross, that is, including any commitments acquired from others and any portions of commitments conveyed to others.

## **Item 11(h) All other off-balance-sheet liabilities: nonrelated organizations.**

Report the total of all items for which the nonbanking subsidiary is contingently liable and which cannot be properly reported in Items 11(a) through 11(g).

## **Item 11(i) All other off-balance-sheet liabilities: related organizations.**

Report the total of all items deriving from related organizations for which the nonbanking organization is

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contingently liable and which cannot be properly reported in Items 11(a) through 11(g).

## **Item 11(j) Total off-balance-sheet items.**

Enter the sum of Items 11(a) through 11(i).

## **Item 12 Indicate whether the amounts reported for the nonbank subsidiary consolidate on a line-by-line basis the accounts of the subsidiary.**

Enter in the box provided the appropriate number that designates the level of consolidation.

## **Item 13 Enter the legal name of each nonbank subsidiary, if any, that is consolidated in the NFIS.**

Enter the legal name of each nonbank subsidiary, if any, that is consolidated in the NFIS.

## **Schedule A—Loans and Lease Financing Receivables (Exclude Claims on Related Organizations)**

This schedule is to be completed only by nonbank subsidiaries engaged in credit extending activities. All transactions with related institutions are excluded from this report.

Loans and lease financing receivables are extensions of credit resulting from either direct negotiations between the nonbank subsidiary and its customers or the purchase of such assets from others.

Report the aggregate book value of all loans and leases before deduction of the allowance for loan and lease losses. Each item in this schedule should be reported net of (1) unearned income (to the extent possible) and (2) deposits accumulated for the payment of personal loans (hypothecated deposits).

All loans are classified according to security, borrower, or purpose. Loans covering two or more classifications are sometimes difficult to classify. In such instances, classify the entire loan according to the major criterion.

### **Item 1 Loans secured by real estate.**

Report all loans (other than those to states and political subdivisions in the U.S.), regardless of purpose and

regardless of whether originated by the nonbank subsidiary or purchased from others, that are secured by real estate as evidenced by mortgages, deeds of trust, land contracts, or other instruments, whether first or junior liens (e.g., equity loans or second mortgages) on real estate.

### **Item 2 Loans to depository institutions.**

Report in this item all loans (other than those secured by real estate), including overdrafts, to banks, other depository institutions, and other associations, companies, and financial intermediaries whose primary business is to accept deposits and to extend credit for business or for personal expenditure purposes.

Report in this item the nonbank subsidiary's holdings of all bankers acceptances accepted by unrelated banks (i.e., banks that are *not* direct or indirect subsidiaries of the respondent's bank holding company).

*Exclude* acceptances accepted by related banks (i.e., banks that are direct or indirect subsidiaries of the respondent's bank holding company).

### **Item 3 Commercial and industrial loans.**

Report in this item loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment or installment. These loans may take the form of direct or purchased loans.

*Exclude:*

1. loans secured by real estate (report in item 1 above);
2. loans for the purpose of financing agricultural production, whether made to farmers or to nonagricultural businesses (report in item 5 below);
3. loans to finance companies and insurance companies (report in item 5 below);
4. loans to broker and dealers in securities, investment companies, and mutual funds (report in item 5 below);
5. loans to depository institutions (report in item 3 below);
6. loans to nonprofit organizations (report in item 5 below); and

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7. loans to nondepository financial institutions (report in item 5 below).

## **Item 4 Loans to individuals.**

Report in this item credit card and related plans and other loans to individuals for household, family, and other personal expenditures, whether direct loans or purchased paper.

*Exclude* loans secured by real estate (report in item 1) above and loans to individuals for the purpose of purchasing or carrying securities (report in item 5 below).

## **Item 5 All other loans.**

Report in this item all other loans held by the nonbank subsidiary that are not properly included in items 1 through 4 above.

## **Item 6 Lease financing receivables (net of unearned income).**

Report all outstanding lease financing receivable balances relating to direct financing and leveraged leases on property acquired by the nonbank subsidiary for leasing purposes. These balances should include the estimated residual value of leased property and must be net of unearned income.

Include all lease financing receivables of states and political subdivisions in the U.S.

## **Item 7 Less: any unearned income on loans reflected in Item 1 through Item 5.**

Report the amount of unearned income, if any.

## **Item 8 Total loans and leases (net of unearned income).**

Amount should equal the amount reported on Item 1(a) on NFIS-3.

## Schedule B—Changes in Equity Capital and Reserve Accounts

### **Item 1 Equity capital:**

#### **Item 1(a) Balance at end of previous fiscal year.**

Enter the ending balance as of the previous year-end for total equity capital.

#### **Item 1(b) Net income (loss).**

Report net income (loss) for the fiscal year.

#### **Item 1(c) Sale, conversion, acquisition, or retirement of capital stock, net.**

Enter the net effect on equity capital of changes in the capital account resulting from the sale of preferred or common stock, exercise of stock options, conversion of convertible debt or preferred stock into common stock, redemption of preferred stock, retirement of capital stock, and any other capital stock transactions not relating to business combinations and stock dividends.

#### **Item 1(d) Less: Cash dividends declared.**

Report the amount of cash dividends declared during the year.

#### **Item 1(e) Other adjustments.**

Report all other adjustments to equity capital. Enter the changes in the capital accounts resulting from capital stock transactions not reflected on other items of the schedule. This item should include the net changes incident to mergers and absorptions.

#### **Item 1(f) Balance, end of current period.**

Enter the total of Item 1(a) through Item 1(f). This total amount must equal the amount reported in Item 9, "Equity capital" on NFIS-3.

### **Item 2 Allowance for loan and lease losses:**

#### **Item 2(a) Balance at end of previous fiscal year.**

Report the ending balance as of the prior year-end in the allowance for loan and lease losses account. The amount should correspond to the amount shown on the balance sheet under "Allowance for Loan Losses, as of the previous year-end.



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## **Item 2 (b) Recoveries.**

Report recoveries of amounts previously charged off against the allowance for possible loan and lease losses.

## **Item 2(c) Less: Charge-offs.**

Report the amount of gross charge-offs on loans and leases during the period.

## **Item 2(d) Provision (Item 2.d must equal item 10.d on NFIS-3).**

Nonbanking subsidiaries that show an amount against Asset Item 1(b) should enter the net transfer to or from the reserves during the period. Nonbanking subsidiaries that do not provide for loan losses on a reserve basis should enter actual net loan losses or recoveries.

## **Item 2(e) Other adjustments.**

Report any increase or decrease resulting from foreign currency translation of the allowance for possible loan and lease losses into dollars.

## **Item 2(f) Balance, end of current period.**

Report the total of Item 2(a) through 2(e) minus Item 2(c). This should agree with the amount shown under "Allowance for loan and lease losses" in Asset Item 1(b).

## **Schedule C—Past Due and Nonaccrual Loans and Leases**

Responses to Schedule C will be treated as confidential information by the Federal Reserve System.

The nonbanking subsidiary should report all loans and lease financing receivables booked at the head office and any consolidated offices that are past due or are in nonaccrual status, regardless of whether such credits are secured or unsecured and regardless of whether they are guaranteed by others. Loan amounts should be reported net of unearned income to the extent that the same categories of loans are reported net of unearned income in Schedule A. Report the full outstanding balances of loans that are past due or in nonaccrual status, not simply the delinquent payments.

## **Item 1 Past due 30–89 days and still accruing.**

Report loans and lease financing receivables that are contractually past due 30 through 89 days as to principal

or interest payments, and still accruing. This item should include restructured loans and leases past due 30 through 89 days and still accruing.

## **Item 2 Past due 90 days or more and still accruing.**

Report loans and lease financing receivables that are contractually past due 90 days or more as to principal or interest payments, and still accruing. This item should include restructured loans and leases past due 90 days or more and still accruing.

## **Item 3 Nonaccrual.**

Report loans and leases accounted for on a nonaccrual status. This item should include restructured loans and leases that are in nonaccrual status. For purposes of this report, assets are to be reported as being in nonaccrual status if: (a) they are maintained on a cash basis because of deterioration in the financial position of the borrower, (b) payment in full of interest or principal is not expected, or (c) principal or interest has been in default for a period of 90 days or more unless the obligation is both well-secured and in the process of collection.

A debt is "well-secured" if it is secured (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have a realizable value sufficient to discharge the debt (including accrued interest) in full, or (2) by the guaranty of a financially responsible party. A debt is "in the process of collection" if collection of the debt is proceeding in due course either through legal action, including judgment enforcement procedures, or, in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status.

NOTE: Loans to individuals for household, family, and other personal expenditures and loans secured by 1–4 family residential properties on which principal or interest is due and unpaid for 90 days or more are not required to be reported as nonaccrual loans. Nevertheless, such loans should be subject to other alternative methods of evaluation to assure that the nonbank subsidiary's net income is not materially overstated. To the extent that the nonbank subsidiary has elected to carry any loans in nonaccrual status on its books, such loans must be reported as nonaccrual in this item.

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## **Item 4 Total.**

Report the total of Item 1 through Item 3.

## **Item 5 Restructured loans and leases included in Item 4 above.**

Report in this item loans and leases that, under their modified terms, are past due 30 days or more and still accruing or are in nonaccrual status as of the report date. Such loans and leases should be included in items 1, 2, or 3 above.

Restructured debt includes those loans and lease financing receivables that have been restructured or renegotiated to provide a reduction of either interest or principal because of a deterioration in the financial position of the borrower. A loan extended or renewed at a stated interest rate equal to the current interest rate for new debt with similar risk is not considered restructured debt.

*Exclude* from this item all loans to individuals for household, family, and other personal expenditures, and all loans secured by 1–4 family residential properties. (However, restructured loans of these two types that subsequently become past due 90 days or more or are placed in nonaccrual status should be reported accordingly.)

## **Item 6 Restructured loans and leases not included in Item 4 above.**

Report in this item loans and leases not included in item 5 that are in compliance with their modified terms, that is, restructured loans and leases (1) on which no contractual payments of principal or interest scheduled under the modified terms are due and unpaid or (2) on which contractual payments of both principal and interest scheduled under the modified repayment terms are less than 30 days past due.

## Schedule D—Income and Expenses

This schedule is structured to highlight net interest and noninterest income and to separate revenues and expenses relating to transactions with related organizations from those relating to nonrelated organizations. The sections of the schedule that deal with nonrelated organizations should reflect the full contribution of the

reporting nonbank subsidiary organization to the revenues and expenses of the nonbank subsidiary organization's parent foreign banking organization (if applicable).

## **Item 1 Interest income.**

### **Item 1(a) Interest and fee income from nonrelated organizations.**

Report interest and fee income from nonrelated organizations, interest and fees on loans and lease financing receivables, interest on balances due from depository institutions, interest and dividends on bonds, loans, debentures and equities, and interest income and dividends from assets held in trading accounts.

### **Item 1(b) Interest and fee income from related organizations.**

Report interest and other income on balances due from related organizations, including dividends received on investments in such companies.

### **Item 1(c) Total interest income.**

Enter the sum of Items 1(a) and 1(b). Item 1(c) must equal Item 10(a) on NFIS-3.

## **Item 2 Interest expense.**

### **Item 2(a) Interest expense pertaining to nonrelated organizations.**

Report all interest expenses pertaining to nonrelated organizations, interest paid or accrued on noninterest bearing deposits, premiums paid or discounts received on foreign exchange contracts related to financial swap transactions that involve deposits, interest paid on other borrowed money, and interest and discounts on bills payable, rediscounts, and interest paid on any subordinated notes and debentures.

### **Item 2(b) Interest expense pertaining to related organizations.**

Report interest expenses paid or due to related organizations.

### **Item 2(c) Total interest expense.**

Enter the sum of Items 2(a) and 2(b). Item 2(c) must equal Item 10(b) on NFIS-3.

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**Item 3 Net interest income.**

Subtract Item 2(c), "Total Interest Expense" from Item 1(c), "Total Interest Income." If the amount is negative, enclose it in parentheses. Item 3 must equal Item 10(c).

**Item 4 Noninterest income:****Item 4(a) From nonrelated organizations:****Item 4(a)(1)**

Report net gain (loss) on foreign exchange transactions.

**Item 4(a)(2)**

Report income from fiduciary activities.

**Item 4(a)(3)**

Report income from underwriting activities.

**Item 4(a)(4)**

Report other commissions, fees, etc.

**Item 4(a)(5)**

Report all other income including equity in undistributed earnings of nonrelated organizations and other commissions and fees derived from nonrelated organizations.

**Item 4(b) From related organizations.**

Report the nonbanking subsidiary's noninterest income from related organizations, share of any undistributed earnings of affiliated companies, and any other income derived from related organizations.

**Item 4(c) Total noninterest income.**

Enter the sum of Items 4(a)(1) through 4(a)(5) and Item 4(b). If the result is negative, enclose it in parentheses. Item 4.c must equal Item 10(e) on NFIS-3.

**Item 5 Noninterest expenses.**

Report noninterest expenses including provision for loan and lease losses, officer and employee compensation, premises and fixed assets, depreciation, rent, federal, state and local taxes, and all other noninterest expenses.