

Board of Governors of the Federal Reserve System

Supplemental Instructions

March 2025 FR Y-9C Materials

There are no new changes to the FR Y-9C forms and instructions this quarter. For March 2025, a new topic, “U.S. Securities and Exchange Commission Staff Accounting Bulletin No. 122 (SAB 122),” has been added to the Supplemental Instructions. SAB 122 rescinds the interpretive guidance in SAB 121. Therefore, the topic on SAB 121 has been removed from the Supplemental Instructions this quarter. In addition, since financial institutions are no longer permitted to apply Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) Topic 848, “Reference Rate Reform,” after December 31, 2024, the topic “Reference Rate Reform” has also been removed.

U.S. Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 122 (SAB 122)

On January 23, 2025, the SEC issued SAB 122, effective as of January 30, 2025,¹ which rescinds the interpretive guidance included in SAB 121 on accounting for obligations to safeguard crypto-assets.

Upon application of SAB 122, an institution that has an obligation to safeguard crypto-assets for others should determine whether to recognize a liability related to the risk of loss under such an obligation, and if so, the measurement of such a liability, by applying the recognition and measurement requirements for liabilities arising from contingencies in FASB ASC Subtopic 450-20, “Contingencies – Loss Contingencies,” under U.S. GAAP.

Institutions should apply SAB 122 on a fully retrospective basis in annual periods beginning after December 15, 2024. For further guidance, institutions may refer to [SAB 122](#).

Non-Recurring Expenses

In the FR Y-9C, non-recurring expenses associated with the impairment of other intangible assets are reported in the same line item, Schedule HI, Line Item 7(c)(2), “Amortization expense and impairment losses for other intangible assets,” as amortization expenses for such assets, which are recurring. The FR Y-9C contains a section titled “Notes to Income Statement (Other),” which allows holding companies to explain the content of specific items in the income statement. In this section, a holding company may identify the amount of the expenses reported in Schedule HI, Line Item 7(c)(2) that are related to non-recurring expenses associated with the impairment of other intangible assets.

¹90 FR 8492 (January 30, 2025).

In the FR Y-9C, certain non-recurring expenses are reported in Schedule HI, Line Item 7(d), “Other noninterest expense.” In Schedule HI, Memoranda Items M7(a) through 7(p), holding companies must disclose each component of Schedule HI, item 7(d), and the dollar amount of such component, that is greater than \$100,000 and exceeds 7 percent of the “Other noninterest expense.” Particular components that meet these criteria, are non-recurring, and are not reported in memoranda items 7(a) through 7(m), may be identified as a component of Other noninterest expense and briefly described in memoranda items 7(n), 7(o), or 7(p). The text description for such an entry may note that such expenses are non-recurring.

Debt Securities Transferred from Available-for-Sale to Held-to-Maturity

ASC Topic 320, “Investments—Debt Securities,” provides relevant guidance on accounting for debt securities. In accordance with ASC Topic 320, holding companies should categorize an investment in a debt security at acquisition as trading, available-for-sale (AFS), or held-to-maturity (HTM) and retain proper documentation as to its classification. At each reporting date, the appropriateness of a holding company’s classification of the investments in debt securities shall be reassessed.² In general, the reassessment of the classification of debt securities should align with the quarterly FR Y-9C dates.

In accordance with ASC Topic 320, any transfers of debt securities between categories are reported on the date of transfer at fair value. As with the initial classification of debt securities, any transfers of debt securities between categories should be well documented. A holding company’s financial records shall be maintained in such a manner as to ensure that the FR Y-9C is prepared in accordance with U.S. GAAP and FR Y-9C instructions and reflect a fair presentation of the holding company’s financial condition and results of operations. Amending a previously submitted FR-Y9C to retroactively report a debt security in another category when such transfer was not documented with evidence supporting the actual date of transfer is inappropriate. Holding companies are responsible for ensuring that FR Y-9C are accurate when initially filed for a quarterly reporting period.

For additional information, refer to ASC Topic 320, and the FR Y-9C General Instructions and Glossary entries for “Allowance for Credit Losses” and “Securities Activities.”

² ASC paragraph 320-10-35-5