Supporting Statement for the
Financial Statements for Holding Companies
(FR Y-9 family of reports; OMB No. 7100-0128)

Summary

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the mandatory Financial Statements for Holding Companies (FR Y-9; OMB No. 7100-0128). This family of reports is comprised of the following five reports:

- Consolidated Financial Statements for Holding Companies (FR Y-9C)
- Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP)
- Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP)
- Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES)
- Supplement to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9CS)

Pursuant to the Bank Holding Company Act of 1956, as amended (BHC Act), and the Home Owners' Loan Act (HOLA), the Board requires bank holding companies (BHCs), savings and loan holding companies (SLHCs), securities holding companies (SHCs), and U.S. Intermediate Holding Companies (IHCs) (collectively "holding companies" (HCs)) to provide standardized financial statements to fulfill the Board's statutory obligation to supervise these organizations. HCs file the FR Y-9C and FR Y-9LP quarterly, the FR Y-9SP semiannually, the FR Y-9ES annually, and the FR Y-9CS on a schedule that is determined when this supplement is used.

The Board proposes a number of revisions to the FR Y-9C requirements, most of which are consistent with proposed changes to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036).[1] The proposed revisions to the FR Y-9C include deletions of data items, consolidations of existing data items into new data items, reductions in reporting frequency, and new and revised reporting thresholds for certain data items.

The Board also proposes to make changes to the reporting form and instructions on the FR Y-9C, FR Y-9LP, and FR Y-9SP to implement accounting changes pertaining to equity securities under Accounting Standards Update (ASU No. 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities"). These revisions would be effective for reports reflecting the March 31, 2108 report date.

The accounting changes pertaining to equity securities would be effective beginning with the reports reflecting the March 31, 2018, report date and June 30, 2018 for all other changes. No changes are proposed for the FR Y-9ES or FR Y-9CS. A copy of the proposed reporting forms,

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[1] See 82 FR 29147 (June 27, 2017). Certain data items deleted on the FFIEC 031 and FFIEC 041 are not applicable to the FR Y-9C report.

marked to show the revisions, is provided in the attachment. The total annual reporting burden for the proposed FR Y-9 family of reports is estimated to be 189,313 hours, a decrease of 5,432 hours from the current burden of 194,745 hours.

Background and Justification

The FR Y-9C, FR Y-9LP, and FR Y 9SP serve as standardized financial statements for the consolidated HC; the FR Y-9ES is a financial statement for HCs that are Employee Stock Ownership Plans (ESOPs). The Board also has the authority to use the FR Y-9CS (a free-form supplement) to collect additional information deemed to be (1) critical and (2) needed in an expedited manner.

The FR Y-9 family of reporting forms continues to be the primary source of financial data on HCs that examiners rely on between on-site inspections. Financial data from these reporting forms is used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate HC mergers and acquisitions, and to analyze a HC's overall financial condition to ensure the safety and soundness of its operations.

Description of Information Collection

The FR Y-9C consists of standardized financial statements similar to the Call Reports filed by commercial banks. It collects consolidated data from HCs and is filed quarterly by top-tier HCs with total consolidated assets of $1 billion or more.[2]

The FR Y-9LP includes standardized financial statements filed quarterly on a parent company only basis from each HC that files the FR Y-9C. In addition, for tiered HCs, a separate FR Y-9LP must be filed for each lower-tier HC.

The FR Y-9SP is a parent company only financial statement filed semiannually by smaller HCs. Respondents include HCs with total consolidated assets of less than $1 billion. This report is designed to obtain basic balance sheet and income data for the parent company, data on intangible assets, and data on intercompany transactions.

The FR Y-9ES collects financial data annually from ESOPs that are also HCs on their benefit plan activities. It consists of four schedules: a Statement of Changes in Net Assets Available for Benefits, a Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements.

The FR Y-9CS is a supplemental report that the Board may utilize to collect additional data deemed to be critical and needed in an expedited manner from HCs. The data are used to assess and monitor emerging issues related to HCs, and the report is intended to supplement the

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[2] Under certain circumstances described in the General Instructions, HCs with assets under $1 billion may be required to file the FR Y-9C.

other FR Y-9 reports, which are used to monitor HCs between on-site inspections. The data items included on the FR Y-9CS may change as needed.

Proposed Revisions

The Board proposes to implement a number of revisions to the FR Y-9C reporting requirements that are consistent with proposed changes to the Call Report (effective March 31, 2018 and June 30, 2018). Industry has often cited the importance of the alignment of the Call Report and FR Y-9C.

As discussed below, the proposed changes resulted from an extensive analysis of the uses of the data to include a series of nine surveys conducted over a 19-month period that began in mid-July 2015 and ended in mid-February 2017. Based on the results of the user surveys, the Board identified data items to be considered for removal, less frequent collection, and new or revised reporting thresholds to reduce burden. The Board believes that consistent changes should be made to the FR Y-9C to ensure burden reductions are fully realized. Additionally, the Board proposes to implement accounting changes pertaining to equity securities reporting. The proposed changes include:

- Deleting and combining of certain data items pertaining to (1) Goodwill and Other intangible assets from Schedule HC, Balance Sheet; (2) U.S Government agency obligations and structured financial products from Schedule HC-B, Securities; (3) Structured financial products and certain loans and the unpaid principal balance of such loans on Schedule HC-D, Trading Assets; (4) Certain over-the counter derivatives on Schedule HC-L, Derivatives and Off-Balance sheet items, and (5) Purchased credit card relationships and nonmortgage servicing assets from Schedule HC-M, Memoranda;
- Deleting two preprinted captions for other noninterest income on Schedule HI, Income Statement and certain data items on Schedule HC-D, Trading Assets and Liabilities;
- Deleting Column B (Domestic Office) from Schedule HC-D, Trading Assets and Liabilities;
- Reducing the reporting frequency from quarterly to semiannual and from quarterly to annual for certain data items on the FR Y-9C report;
- Increasing and adding reporting thresholds for certain data items in four FR Y-9C schedules;
- Revising the reporting forms and instructions to implement the reporting of equity securities under ASU-2016-01 and
- Moving “Goodwill” from Schedule HC to Schedule HC-M, Memoranda.

Discussion of Revisions

A. Deletions and Combining of Existing Data Items on the FR Y-9C

Based on the agencies’ five-year burden-reduction review of the Call Report and the Board’s review of comparable information that HCs are required to report in the FR Y-9C, the Board no longer needs the current level of detail for this information and proposes to delete and/or combine the following data items as of the March 31, 2018, report date:

Delete data items:

(1) Delete Schedule HI, Memoranda data items 6(f) and 6(h): Delete net change in the fair value of financial instruments under a fair value option 6(f) and gains on bargain purchases 6(h);

(2) Delete Schedule HC-D, column B, for Domestic Offices;

(3) Delete Schedule HC-D, data item 6(a), Column A, Loans secured by real estate. This information will be reported in the appropriate sub-items on Schedule HC-D;

(4) Delete Schedule HC-D, memoranda item 1(a), column A, pertaining to the Unpaid principal balance of loans measured at fair value for loans secured by real estate. This information will be reported in the appropriate sub-items on Schedule HC-D;

(5) Delete Schedule HC-D, memoranda item 6, on retained beneficial interests;

Delete and combine data items:

(6) Delete Schedule HC, data items 10(a) and 10(b) Goodwill and Other intangible Assets: Combine these two items into single item 10, Intangible Assets and include Goodwill as a separate item on Schedule M, Memorandum item 12(b);

(7) Delete Schedule HC-B, data items 2(a) and 2(b), columns A through D, U.S. Government Agency Obligations issued by U.S government agencies and issued by U.S Government sponsored agencies: Combine into new data item 2, U.S Government Agency Obligations;

(8) Delete Schedule HC-B, data items 5(b)(1) through 5(b)(3), columns A through D, Structured financial products (cash, synthetic, and hybrid): Combine into new data item 5(b), Structured financial products;

(9) Schedule HC-D, data items 5(a)(1) through 5(a)(3), Structured financial products (cash, synthetic, and hybrid): Combine into new data item, 5(a), Structured financial products;

(10) Delete Schedule HC-D, 6(a)(1), 6(a)(2), 6(a)(4) and 6(a)(5), on Loans secured by real estate: Combine in new data item 6(a)2, All other loans secured by real estate;

(11) Delete Schedule HC-D, data items 6(a)(3)(a) through 6(a)(3)(b)(ii), on certain residential loans: Combine into new data item 6(a)(1), Loans secured by 1-4 family residential properties;

(12) Delete Schedule HC-D, data items 6(c)(1) through 6(c)(4), on certain consumer loans: Combine into new data item 6(c), Loans to individuals for household, family, and other personal expenditures;

(13) Delete Schedule HC-D, memoranda items 1(a)(1), 1(a)(2), 1(a)(4), and 1(a)(5), on the Unpaid Principal balance of loans measured at fair value: Combine into new memo item 1(a)(2), All other loans secured by real estate;

(14) Delete Schedule HC-D, memoranda items 1(a)(3)(a) through 1(a)(3)(b)(ii), on the unpaid principal balance of certain residential loans measured at fair value: Combine into new memo item, 1(a)(1), Loans secured by 1-4 family residential properties;

(15) Delete Schedule HC-D, memoranda items 1(c)(1) through 1(c)4, on certain consumer loans: Combine into new memo item 1(c), Loans to individuals for household, family and other personal expenditures;

(16) Delete Column B on Schedule HC-L, data items 15(a) through 15(b)(8), pertaining to Monoline Financial Guarantors: Consolidate this information into column E, Corporations and all other Counterparties and

(17) Delete Schedule HC-M, data item 12(b), on purchased credit card relationships and nonmortgage servicing assets: Combine in HC-M, data item 12(c), All other identifiable intangible assets.

B. Changes in Existing Reporting Frequency on the FR Y-9C

The Board proposes to reduce the frequency of certain data items from quarterly to semiannual (June 30 and December 31 only) and from quarterly to annual (December only) as the Board no longer needs this data in the FR Y-9C report as frequently. The proposed revisions include the following:

<u>Semi-annual Reporting</u>

(1) Schedule HI, memoranda item 16, on Noncash income from negative amortization on closed-end loans
(2) Schedule HC-B, memoranda item 3, on the amortized cost of held-to maturity securities sold or transferred to available-for-sale or trading securities
(3) Schedule HC-C, memoranda items 5(a) and 5(b), on purchased credit impaired loans
(4) Schedule HC-C, memoranda items 6(a), 6(b), and 6(c), on closed-end loans with negative amortization features
(5) Schedule HC-C memoranda items 12(a), 12(b), 12(c) and 12(d), on loans and leases held for investment that acquired in a business combination
(6) Schedule HC-L, data items 1(b)(1) and 1(b)(2), on certain unused credit lines
(7) Schedule HC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, memoranda items 7 and 8, pertaining to nonaccrual loans, and memoranda items 9(a) and 9(b), on purchased credit-impaired loans

<u>Annual reporting</u>

(8) Schedule HC-M, data items 7(a) and 7(b), on captive insurance and reinsurance.

C. New Reporting Thresholds and Increases in Existing Reporting Threshold on the FR Y-9C

After reviewing the Board's data needs along with industry comments and feedback received on the Call Reports requesting a higher threshold for disclosing components of other noninterest income and other noninterest expense in Schedule HI,[3] the Board proposes to increase the percentage portion of the existing threshold for reporting other noninterest income components in memoranda items 6(a) through 6(j) and other noninterest expense components in memoranda items 7(a) through 7(p). The proposed threshold for disclosing components of other noninterest income and other noninterest expense would be amounts greater than $100,000 that exceed seven percent of Schedule HI, item 5(l) and item 7(d), respectively.[4] This percentage is currently three percent. The Board considered alternative percentage thresholds of five percent and ten percent. Upon evaluating the impact of each percentage threshold, the Board determined

[3] See 82 FR 2444 (January 9, 2017).
[4] The Board increased the dollar portion of this reporting threshold from $25,000 to $100,000 effective September 30, 2016.

that a percentage threshold of seven percent would provide a meaningful reduction in reporting burden without a loss of data that would be necessary for supervisory or other public policy purposes.

The Board proposes to add a reporting threshold of $10 billion or more in total assets before HCs must complete Schedule HC-B, memoranda items 5(a) though 5(f) and 6(a) through 6(g), columns A through D, as the Board no longer needs this information from HCs with under $10 billion in total assets.

On Schedule HC-D, the Board proposes to change the reporting threshold for the overall Schedule so that the Schedule would be applicable to HCs with total trading assets of $10 million or more in any of the four preceding calendar quarters from the current threshold of $2 million in average trading assets over this same period. The Board is proposing this reporting threshold change because it no longer needs to collect this detailed data from HCs with a lesser amount of trading assets. In addition, the Board proposes to add a reporting threshold of $10 billion or more in total trading assets before an institution would be required to complete Memorandum items 2(a) though 5(f) and 7(a) through 10, as the Board no longer needs this level of detail report from HCs with a lesser amount of trading assets.

On Schedule HC-K, Quarterly Averages, the Board proposes to add a reporting threshold for data item 4(a) on average trading assets. This item would only need to be completed by HCs with $10 million or more in total trading assets in any of the four preceding calendar quarters. This proposed new reporting threshold is consistent with the proposed revised threshold for completing Schedule HC-D discussed above. The Board no longer needs this information each quarter from HCs with less than $10 million in trading assets.

On Schedule HC-L, the Board proposes to add a reporting threshold for data item 8, Spot Foreign Exchange contracts. This item would only need to be completed by HCs with $100 billion or more in total assets because the Board no longer needs this information from HCs with total assets less than $100 billion. Spot foreign exchange contracts are also reported as part of an HC’s all other off-balance sheet liabilities in item 9 of Schedule HC-L, if the amount of such contracts exceeds 10 percent of the HC’s total equity capital. Spot foreign exchange contracts are disclosed as a component of the HC’s all other off-balance sheet liabilities if the amount exceeds 25 percent of total equity capital.

D. Revised Data Items and Instructions

1. Reporting Revisions to Address Changes in Accounting for Equity Investments on the FR Y-9C, FR Y-9LP, and FR Y-9SP.

In January 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities.” In its summary of this ASU, the FASB described how one of the main provisions of the ASU differs from current U.S. generally accepted accounting principles (GAAP) as follows:

> The amendments in this Update supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities (including other ownership interests, such as partnerships, unincorporated joint ventures, and limited liability companies) to be measured at fair value with changes in the fair value recognized through net income. A holding company's equity investments that are accounted for under the equity method of accounting or result in consolidation of an investee are not included within the scope of this Update.

The FASB further stated in the summary that "an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer."

Holding companies must apply ASU 2016-01 for FR Y-9C purposes in accordance with the effective dates set forth in the ASU. For HCs that are public business entities, as defined in U.S. GAAP, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For example, an HC with a calendar year fiscal year that is a public business entity must begin to apply ASU 2016-01 in its FR Y-9C for the March 31, 2018, report date. For all other HCs, the ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For example, an HC with a calendar year fiscal year that is not a public business entity must begin to apply ASU 2016-01 in its FR Y-9C Report for December 31, 2019.

One outcome of the change in accounting for equity investments under ASU 2016-01 is the elimination of the concept of available-for-sale (AFS) equity securities, which are measured at fair value on the balance sheet with changes in fair value recognized through other comprehensive income. At present, the historical cost and fair value of AFS equity securities, i.e., investments in mutual funds and other equity securities with readily determinable fair values that are not held for trading, are reported in FR Y-9C Schedule HC-B, item 7, columns C and D, respectively. The total fair value of AFS securities, which includes both debt and equity securities, is then carried forward to the FR Y-9C Report balance sheet and reported in Schedule HC, item 2(b). In the FR Y-9C report, the total fair value of AFS securities reported in Schedule HC, item 2(b), also is reported in item 1, column A, of Schedule HC-Q, Assets and Liabilities Measured at Fair Value on a Recurring Basis. These HCs then report in columns C, D, and E of item 1 a breakdown of their AFS debt securities by the level in the fair value hierarchy within which the fair value amounts of these securities fall (Level 1, 2, or 3). Any balance sheet netting adjustments to these fair value amounts are reported in column B of item 1.

In addition, the total fair value of AFS securities is reported in Schedule HC-R, Part II, for risk-weighting purposes under the regulatory capital rules. This fair value amount is reported in Schedule HC-R, Part II, item 2(b), column A, except for the fair value of those AFS securities that qualify as securitization exposures, which is reported in Schedule HC-R, Part II, item 9(b), column A. To the extent appropriate under the regulatory capital rules, adjustments to the fair values reported in column A of items 2(b) and 9(b) are reported in column B. The adjusted amount in item 2(b) is then allocated to the appropriate risk-weight category in columns C through N. The adjusted amount of AFS securitization exposures in item 9(b) is reported by risk-weight category in column Q or by risk-weighted asset amount in column T or U based on the risk-weighting approach or approaches applied by an institution.

At present, the accumulated balance of the unrealized gains (losses) on AFS equity securities, net of applicable income taxes, that have been recognized through other comprehensive income is included in accumulated other comprehensive income (AOCI), which is reported in the equity capital section of the FR Y-9C report balance sheet in Schedule HC, item 26(b). With the elimination of AFS equity securities on the effective date of ASU 2016-01, the net unrealized gains (losses) on these securities that had been included in AOCI will be reclassified (transferred) from AOCI into the retained earnings component of equity capital, which is reported on the FR Y-9C balance sheet in Schedule HC, item 26(a). After the effective date, changes in the fair value of (i.e., the unrealized gains and losses on) a HC's equity securities that would have been classified as AFS had the previously applicable accounting standards remained in effect will be recognized through net income rather than other comprehensive income.

The effect of the elimination of AFS equity securities as a distinct asset category upon a HC's implementation of ASU 2016-01 carries over to the regulatory capital rules. Under these rules, HCs that are eligible to and have elected to make the AOCI opt-out election deduct net unrealized losses on AFS equity securities from common equity tier 1 capital and include 45 percent of pretax net unrealized gains on AFS equity securities in tier 2 capital. For purposes of reporting regulatory capital components and ratios in the FR Y-9C, the deduction of these net unrealized losses is currently effected through the combination of Schedule HC-R, Part I, items 9(a), "LESS: Net unrealized gains (losses) on available-for-sale securities," and 9(b), "LESS: Net unrealized loss on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures." The inclusion of 45 percent of pretax net unrealized gains in tier 2 capital currently occurs through the reporting of this percentage of an HC's gains in Schedule HC-R, Part I, item 31, "Unrealized gains on available-for-sale preferred stock classified as an equity security under GAAP and available-for-sale equity exposures includable in tier 2 capital." When ASU 2016-01 takes effect and the classification of equity securities as AFS is eliminated for accounting and reporting purposes under U.S. GAAP, the concept of unrealized gains and losses on AFS equity securities will likewise cease to exist.

Another outcome of the change in accounting for equity investments under ASU 2016-01 is that equity securities and other equity investments without readily determinable fair values that are within the scope of ASU 2016-01 and are not held for trading must be measured at fair value through net income, rather than at cost (less impairment, if any), unless the measurement election described above is applied to individual equity investments. In general, HCs currently report their holdings of such equity securities without readily determinable fair values as a category of other assets in the FR Y-9C report, Schedule HC-F, item 4. The total amount of an HC's other assets is reported on the FR Y-9C report balance sheet in Schedule HC, item 11.

At present, AFS equity securities and equity investments without readily determinable fair values are included in the quarterly averages reported in Schedule HC-K. Holding companies report the quarterly average for "All other securities" in item 4 of this schedule and this average reflects AFS equity securities at historical cost. A quarterly average for total consolidated assets is reported in item 5 of Schedule HC-K. Among its uses, average total consolidated assets serves as the starting point for determining the denominator for the tier 1 leverage ratio under the regulatory capital rules. The quarterly average for total consolidated assets currently reflects AFS equity securities at the lower of cost or fair value and equity securities without readily determinable fair values at historical cost.

The Board has considered the changes to the accounting for equity investments under ASU 2016-01 and the effect of these changes on the manner in which data on equity securities and other equity investments is currently reported in the FR Y-9C report. The Board also notes that, because of the different effective dates for ASU 2016-01 for public business entities and all other entities, as well as the varying fiscal years across the population of HCs that file FR Y-9C report, the period over which HCs will be implementing this ASU ranges from the first quarter of 2018 through the fourth quarter of 2020. December 31, 2020, will be the first quarter-end FR Y-9C report date as of which all HCs would be required to prepare their FR Y-9C reports in accordance with ASU 2016-01. As a result, the Board is proposing revisions to the reporting of information on equity securities and other equity investments in response to the ASU that would be introduced in the FR Y-9C report effective March 31, 2018, but would not be fully phased in until the FR Y-9C reflecting the December 31, 2020, report date. Board staff has sought to use footnotes to instruct institutions about the reporting for equity securities during the extended transition period instead of adding a number of data items.

The proposed FR Y-9C revisions related to equity securities are as follows:

(1) To provide transparency to the effect of unrealized gains and losses on equity securities not held for trading on an institution's net income during the year-to-date reporting period in Schedule HI, Income Statement, and to clearly distinguish these gains and losses from the rest of an HC's income (loss) from its continuing operations, Schedule HI, item 8, would be revised effective March 31, 2018, by creating new items 8(a), "Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations," and 8(b), "Unrealized holding gains (losses) on equity securities not held for trading." In addition to unrealized holding gains (losses) during the year-to-date reporting period on such equity securities with readily determinable fair values, HCs also would report in proposed new item 8(b) the year-to-date changes in the carrying amounts of equity investments without readily determinable fair values not held for trading (i.e., unrealized holding gains (losses) for those measured at fair value through earnings; impairment, if any, plus or minus changes resulting from observable price changes for those equity investments for which this measurement election is made). Existing Schedule HI, item 8, "Income (loss) before applicable income taxes and discontinued operations," would be renumbered as item 8(c), and would be the sum of items 8(a) and 8(b). From March 31, 2018, through September 30, 2020, the instructions for item 8(b) and the reporting form for Schedule HI would include guidance stating that item 8(b) is to be completed only by HCs that have adopted ASU 2016-01. Institutions that have not adopted ASU 2016-01 would leave item 8(b) blank when completing Schedule HI. Finally, from March 31, 2018, through September 30, 2020, the instructions for Schedule HI, item 6(b), "Realized gains (losses) on available-for-sale securities," and the reporting form for Schedule HI would include guidance stating that, for institutions that have

adopted ASU 2016-01, item 6(b) includes realized gains (losses) only on AFS debt securities. Effective December 31, 2020, the caption for item 6(b) would be revised to “Realized gains (losses) on available-for-sale debt securities.”

(2) In Schedule HC, Balance Sheet, a new item 2(c), “Equity securities with readily determinable fair values not held for trading,” would be added effective March 31, 2018. From March 31, 2018, through September 30, 2020, the instructions for item 2(c) and the reporting form for Schedule HC would include guidance stating that item 2(c) is to be completed only by HCs that have adopted ASU 2016-01. Holding companies that have not adopted ASU 2016-01 would leave item 2(c) blank. During this period, the instructions for Schedule HC, item 2(b), “Available-for-sale securities,” would explain that HCs that have adopted ASU 2016 01 should include only debt securities in item 2(b). Effective December 31, 2020, the caption for item 2(b) would be revised to “Available-for-sale debt securities” and all HCs would report their holdings of equity securities with readily determinable fair values not held for trading in item 2(c).

(3) In Schedule HC-B, Securities, item 7, “Investments in mutual funds and other equity securities with readily determinable fair values,” would be removed effective December 31, 2020. From March 31, 2018, through September 30, 2020, the instructions for item 7 and the reporting form for Schedule HC-B would include guidance stating that item 7 is to be completed only by institutions that have not adopted ASU 2016-01. Holding companies that have adopted ASU 2016-01 would leave item 2(c) blank.

(4) In Schedule HC-F, Other Assets, the caption for item 4 would be changed from “Equity securities that DO NOT have readily determinable fair values” to “Equity investments without readily determinable fair values” effective March 31, 2018. The types of equity securities and other equity investments currently reported in item 4 would continue to be reported in this item. However, after the effective date of ASU 2016-01 for an HC, the securities the HC reports in item 4 would be measured in accordance with the ASU.

(5) In Schedule HC-K, Quarterly Averages, the caption for item 1(c), “All other securities,” would be changed to “All other debt securities and equity securities with readily determinable fair values not held for trading purposes” effective March 31, 2018. From March 31, 2018, through September 30, 2020, the instructions for item 4 and the reporting form for Schedule HC-K would include guidance indicating that, for HCs that have adopted ASU 2016-01, the quarterly average for equity securities with readily determinable fair values should be based on fair value and, for HCs that have not adopted ASU 2016-01, the quarterly average for such equity securities (i.e., AFS equity securities) should be based on historical cost. Effective December 31, 2020, this guidance would indicate that the quarterly average for equity securities with readily determinable fair values not held for trading should be based on fair value, which would apply to all HCs. In addition, for Schedule HC-K, item 5, “Total consolidated assets,” the instructions for this item and the Schedule HC-K reporting form would include guidance from March 31, 2018, through September 30, 2020, stating that, for purposes of reporting the quarterly average for total assets:

- Holding companies that have adopted ASU 2016-01 should reflect the quarterly average for equity securities with readily determinable fair values at fair value and the quarterly average for equity securities without readily determinable fair values at their balance sheet carrying amounts (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes)

- Holding companies that have not adopted ASU 2016-01 should reflect the quarterly average for equity securities with readily determinable fair values at the lower of cost or fair value and the quarterly average for equity securities without readily determinable fair values at historical cost.

Then, effective December 31, 2020, the instructions for item 5 and the Schedule HC-K reporting form would indicate that, for equity securities not held for trading, the quarterly average for total assets should reflect such securities with readily determinable fair values at fair value and those without readily determinable fair values at their balance sheet carrying amounts.

(6) In Schedule HC-Q, the caption for item 1, "Available-for-sale securities," would be changed to "Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading purposes" effective March 31, 2018. From March 31, 2018, through September 30, 2020, the instructions for item 1 and the reporting form for Schedule HC-Q would include guidance stating that, for HCs that have adopted ASU 2016-01, the amount reported in item 1, column A, must equal the sum of Schedule HC, items 2(b) and 2(c), and for HCs that have not adopted ASU 2016-01, the amount reported in item 1, column A, must equal Schedule HC, item 2(b). Effective December 31, 2020, this guidance would indicate that the amount reported in item 1, column A, must equal the sum of Schedule HC, items 2(b) and 2(c).

(7) In Schedule HC-R, Part I, Regulatory Capital Components and Ratios, the instructions for item 9(a) and the Schedule HC-R reporting form would include guidance from March 31, 2018, through September 30, 2020, stating that, for HCs that have not adopted ASU 2016-01, item 9(a) should include net unrealized gains (losses) on AFS debt and equity securities and, for HCs that have adopted the ASU, item 9(a) should include net unrealized gains (losses) on AFS debt securities. During this same period, the instructions for item 9(b) and the Schedule HC-R reporting form would include guidance indicating that item 9(b) is to be completed only by HCs that have not adopted ASU 2016-01. Effective December 31, 2020, item 9(b) would be removed and the caption for item 9(a) would be revised to "LESS: Net unrealized gains (losses) on available-for-sale debt securities." In addition, from March 31, 2018, through September 30, 2020, the instructions for Schedule HC-R, Part I, item 31, and the Schedule HC-R reporting form would include guidance indicating that item 31 is to be completed only by HCs that have not adopted ASU 2016-01. During this period, HCs that have adopted the ASU would leave item 31 blank. Then, effective December 31, 2020, item 31 would be removed from Schedule HC-R, Part I.

(8) In Schedule HC-R, Part II, Risk-Weighted Assets, revisions would be made to change the caption for item 2(b) to "Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading," effective March 31, 2018.

The Board proposes to make changes to the FR Y-9LP and FR Y-9SP to mirror the FR Y-9C reporting revisions related to the accounting for equity investments under ASU 2016-01. The income statement for these reports will be revised to clearly distinguish between unrealized gains and losses on equity securities not held for trading from the rest of a HC's income (loss) from its continuing operations. Additionally, the balance sheet and supplemental schedules for these reports will also be revised where applicable to distinguish reporting for those HCs that have adopted the provisions of ASU 2016-01 and those HCs who have not adopted this ASU.

2. Reporting of Goodwill and Intangible assets.

The Board proposes to move the reporting of goodwill from Schedule HC, item 10(a), to Schedule HC-M, item 12(b), and combine existing items 10(a) and 10(b) on Schedule HC into new data item 10, Intangibles Assets. This proposed revision to Schedule HC was requested by a commenter on the August 2016 Call Report proposal to facilitate institutions' reporting by making their Call Report processes more efficient and better focused.[5] While the Board believes the reporting and disclosure of an HC's goodwill detail is important, the Board is indifferent as to the location of the information in the FR Y-9C report.

Frequency

The Board recommends no changes to the reporting frequency for the FR Y-9 family of reports. The current reporting frequencies provide adequate timely data to meet the analytical and supervisory needs of the Board.

Time Schedule for Information Collection and Publication

The FR Y-9C and FR Y-9LP are filed quarterly as of the last calendar day of March, June, September, and December. The filing deadline for the FR Y-9C is 40 calendar days after the March 31, June 30, and September 30 as-of dates and 45 calendar days after the December 31 as-of date. The filing deadline for the FR Y-9LP is 45 calendar days after the quarter-end as-of date. The FR Y-9SP is filed semiannually as of the last calendar day of June and December. The filing deadline for the FR Y-9SP is 45 calendar days after the as-of date. The annual FR Y-9ES is collected as of December 31 and the filing deadline is July 31, unless an extension is granted for filing by October 15.

The data from the FR Y-9 family of reports that are not given confidential treatment are available to the public on the FFIEC website: www.ffiec.gov/nicpubweb/nicweb/NicHome.aspx.

Legal Status

The Board has determined that the FR Y-9 family of reports is authorized by section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)), section 10 of Home Owners' Loan Act (12 U.S.C.§ 1467a(b)), 12 U.S.C. § 1850a(c)(1), section 165 of the Dodd-Frank Act (12 U.S.C. § 5365), and section 252.153(b)(2) of Regulation YY (12 CFR 252.153(b)(2)). These reports are mandatory. In general, the Board does not consider the financial data in these reports to be confidential. However, a respondent may request confidential treatment pursuant to

[5] See 82 FR 2444 (January 9, 2017) for discussion of the comments received on the August 2016 Call Report.

sections (b)(4), (b)(6), and (b)(8) of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), and (b)(8)). The applicability of these exemptions would need to be reviewed on a case by case basis.

Consultation Outside the Agency

There has been consultation with the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency regarding the FR Y-9 proposed changes.

Estimate of Respondent Burden

The current annual reporting burden for the FR Y-9 family of reports is estimated to be 194,745 hours and would decrease to 189,313 hours as shown in the following table. The average estimated hours per response for non-advanced approaches FR Y-9C filers would decrease from 50.17 hours to 48.14 hours, a decrease of 2.03 hours associated with the proposed revisions to the FR Y-9C requirements. The average estimated hours per response for advanced approaches FR Y-9C filers would decrease from 51.42 hours to 49.39 hours, a decrease of 2.03 hours associated with the proposed revisions to the FR Y-9C requirements. These reporting requirements represent less than 3 percent of total Federal Reserve System's paperwork burden.

	Number of respondents[6]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
FR Y-9C – non AA HCs	651	4	50.17	130,643
FR Y-9C – AA HCs	18	4	51.42	3,702
FR Y-9LP	805	4	5.27	16,969
FR Y-9SP	3,974	2	5.40	42,919
FR Y-9ES	80	1	0.50	40
FR Y-9CS	236	4	0.50	472
Total				194,745
Proposed				
FR Y-9C – non AA HCs	651	4	48.14	125,357
FR Y-9C – AA HCs	18	4	49.39	3,556
FR Y-9LP	805	4	5.27	16,969
FR Y-9SP	3,974	2	5.40	42,919
FR Y-9ES	80	1	0.50	40
FR Y-9CS	236	4	0.50	472
Total				189,313
Change				(5,432)

The total cost to the public is estimated to decrease from the current level of $10,691,501 to $10,393,284 for the revised FR Y-9.[7]

Sensitive Questions

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

Estimates of cost to the Federal Reserve System for collecting and processing the FR Y-9 series will be obtained.

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[6] Of these respondents, 4,132 are considered a small entity (5 FR Y-9C, 562 FR Y-9LP, 3,485 FR Y-9SP, and 80 FR Y-9ES) as defined by the Small Business Administration (i.e., entities with $550 million or less in total assets). www.sba.gov/content/small-business-size-standards. Respondent count is as of 3/31/2017 for the FR Y-9C and FR Y-9LP and 12/31/2016 for the FR Y-9SP. The FR Y-9ES is an estimate based on current NIC structure. The FR Y-9CS is based on the last use of the report.

[7] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at $18, 45% Financial Managers at $67, 15% Lawyers at $67, and 10% Chief Executives at $93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2016*, published March 31, 2017, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.