Supporting Statement for
Financial Statements for Bank Holding Companies
(FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9CS and FR Y-9ES; OMB No. 7100-0128)

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to revise, without extension, the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128), for implementation in March 2010. This family of reports also contains the following reports, which are not being revised:

(1) the Parent Company Only Financial Statements for Large Bank Holding Companies (FR Y-9LP; OMB No. 7100-0128),
(2) the Parent Company Only Financial Statements for Small Bank Holding Companies (FR Y-9SP; OMB No. 7100-0128),
(3) the Financial Statements for Employee Stock Ownership Plan Bank Holding Companies (FR Y-9ES; OMB No. 7100-0128), and
(4) the Supplement to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9CS; OMB No. 7100-0128).

The entire family of reports is mandatory.

Pursuant to the Bank Holding Company Act of 1956, as amended, the Federal Reserve requires bank holding companies (BHCs) to provide standardized financial statements to fulfill the Federal Reserve's statutory obligation to supervise these organizations. BHCs 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 the supplement is used.

The Federal Reserve proposes the following revisions and clarifications to the FR Y-9C effective March 31, 2010: (1) new data items and revisions to existing data items on unused commitments and other loans, (2) new data items providing disclosures on other than temporary impairment required under generally accepted accounting principles (GAAP), (3) clarification of the instructions for reporting unused commitments, (4) modification of the instructions for reporting brokered deposits, and (5) reformatting of loan information collected on the quarterly average schedule.

A copy of selected pages of the proposed reporting form, marked to show the revisions, is provided in Attachment 1. The total current annual burden for the FR Y-9 family of reports is estimated to be 245,654 hours. The overall reporting burden is estimated to increase by 2,472 hours with the proposed revisions.

Background and Justification

The FR Y-9C, FR Y-9LP, and FR Y-9SP are standardized financial statements for the consolidated BHC and its parent. The FR Y-9ES is a financial statement for BHCs 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 any additional information deemed to be critical and needed in an expedited manner. The FR Y-9 family of reports historically has been, and continues to be, the primary source of financial information on BHCs between on-site inspections. Financial information from these reports is used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate BHC mergers and acquisitions, and to analyze a BHC's overall financial condition to ensure safe and sound operations.

Description of the Information Collection

FR Y-9C

The FR Y-9C consists of standardized financial statements similar to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036) filed by commercial banks. The FR Y-9C collects consolidated data from BHCs. The FR Y-9C is filed by top-tier BHCs with total consolidated assets of $500 million or more.[1] The Federal Reserve proposes several changes to the FR Y-9C reporting requirements to better support macroeconomic analysis and monetary policy purposes and to collect certain information prescribed by changes in accounting standards.

A. Proposed Revisions Related to Call Report Revisions

The Federal Reserve proposes to make the following revisions to the FR Y-9C to parallel proposed changes to the Call Report. BHCs have commented that changes should be made to the FR Y-9C in a manner consistent with changes to the Call Report to reduce reporting burden.

A.1 Additional Categories of Unused Commitments and Loans

The extent to which banks and other financial intermediaries are reducing the supply of credit during the current financial crisis has been of great interest to the Federal Reserve and to Congress. Also, BHC lending plays a central role in any economic recovery and the Federal Reserve needs data to better determine when credit conditions ease. One way to measure the supply of credit is to analyze the change in total lending commitments by BHCs, considering both the amount of loans outstanding and the volume of unused credit lines. These data are also needed for safety and soundness purposes because draws on commitments during periods when BHCs face significant funding pressures, such as during the fall of 2008, can place significant and unexpected demands on the liquidity and capital positions of BHCs. Therefore, the Federal Reserve proposes breaking out in further detail two categories of unused commitments on Schedule HC-L, Derivatives and Off-Balance-Sheet Items. The Federal Reserve also proposes to breakout in further detail one new loan category on Schedule HC-C, Loans and Lease Financing Receivables. These new data items would improve the Federal Reserve’s ability to get timely and accurate readings on the supply of credit to households and businesses. These data would

[1] Under certain circumstances described in the General Instructions, BHCs with assets under $500 million may be required to file the FR Y-9C.

also be useful in determining the effectiveness of the government's economic stabilization programs.

Unused commitments associated with credit card lines are currently reported in Schedule HC-L, data item 1.b. This data item is not meaningful for monitoring the supply of credit because it mixes consumer credit card lines with credit card lines for businesses and other entities. As a result of this aggregation, it is not possible to fully monitor credit available specifically to households. Furthermore, the Federal Reserve would benefit from the split because the usage patterns, profitability, and evolution of credit quality through the business cycle are likely to differ for consumer credit cards and business credit cards. Therefore, the Federal Reserve proposes to split Schedule HC-L, data item 1.b into unused consumer credit card lines and other unused credit card lines. Draws from these credit lines that have not been sold are already reported on Schedule HC-C. For example, BHCs must report draws on credit cards issued to nonfarm nonfinancial businesses as commercial and industrial (C&I) loans in Schedule HC-C, data item 4, and draws on personal credit cards as consumer loans in Schedule HC-C, data item 6.a.

Schedule HC-L, data item 1.e, aggregates all other unused commitments and includes unused commitments to fund C&I loans (other than credit card lines to commercial and industrial enterprises, which are reported in data item 1.b, and commitments to fund commercial real estate, construction, and land development loans not secured by real estate, which are reported in data item 1.c.(2)). Separating these C&I lending commitments from the other commitments included in other unused commitments would considerably improve the Federal Reserve's ability to analyze business credit conditions. A very large percentage of banks responding to the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices (FR 2018; OMB No. 7100-0058) reported having tightened lending policies for C&I loans and credit lines during 2008; however, C&I loans on banks' balance sheets expanded through the end of October 2008, reportedly as a result of substantial draws on existing credit lines. In contrast, other unused commitments reported on the Call Report contracted. Without the proposed breakouts of such commitments, it was not possible to know how total business borrowing capacity had changed. The FR 2018 data do not suffice because they are qualitative rather than quantitative and are collected only from a sample of institutions up to six times per year. Having the additional unused commitment data reported separately on the FR Y-9C (and Call Report), along with the proposed changes to schedule HC-C described below, would have indicated more clearly whether there was a widespread restriction in new credit available to businesses.

Therefore, the Federal Reserve proposes to split Schedule HC-L, data item 1.e into three categories: unused commitments to fund commercial and industrial loans (which would include only commitments not reported in Schedule HC-L, data items 1.b and 1.c(2), for loans that, when funded, would be reported in Schedule HC-C, data item 4); unused commitments to fund loans to financial institutions (defined to include depository institutions and nondepository institutions such as real estate investment trusts, mortgage companies, holding companies of other depository institutions, insurance companies, finance companies, mortgage finance companies, factors and other financial intermediaries, short-term business credit institutions, personal finance companies, investment banks, bank's own trust department, other domestic and foreign financial intermediaries, and Small Business Investment Companies); and all other unused commitments.

With respect to Schedule HC-C, the Federal Reserve proposes to split data item 9.b for all other loans into loans to nondepository financial institutions (as defined above) and all other loans. BHCs already report data on loans to depository institutions in Schedule HC-C, data item 2. This change to schedule HC-C would allow the Federal Reserve to fully analyze the information gained by splitting data item 1.e on Schedule HC-L. Lending by nondepository financial institutions was a key characteristic of the recent credit cycle and many such institutions failed, but little information existed on the exposure of the banking system to those firms as this information was obscured by the current structure of the FR Y-9C and Call Report loan schedule. The proposed addition of separate data items for unused commitments to financial institutions and loans to nondepository financial institutions, together with the existing data on loans to depository institutions, would allow supervisors and other interested parties to more closely monitor the exposure of individual BHCs to financial institutions and to assess the impact that changes in the credit availability to this sector have on the economy.

The Federal Reserve, in conjunction with the other bank regulatory agencies,[2] has also proposed adding these data items to the commercial bank Call Report. Collection of the data on the FR Y-9C would enhance the Federal Reserve's ability to conduct consolidated supervision by providing a fuller treatment of the channels through which these key sources of credit flow within the BHC. Further, with the heightened focus on the banking sector and its role in the economy, as well as continued evolution in the structure of the banking industry, the BHC increasingly serves as the fundamental unit of analysis rather than the commercial bank. As a result, it is prudent to maintain similar levels of detail on the Call Report and the FR Y-9C, when appropriate. Combining Call Report data for these proposed categories of unused commitments and other loans from subsidiary commercial banks to approximate data items at the holding company level is inadequate because it omits the data of important nonbank subsidiaries[3] and intra-holding-company transactions lead to double-counting and other distortions of these data items.

A.2 Other-than-Temporary Impairment of Debt Securities

On April 9, 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. 115-2 and 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP FAS 115-2).[4] This FSP amended the other-than-temporary impairment guidance in other accounting standards that applies to investments in debt securities. Under FSP FAS 115-2, if a BHC intends to sell a debt security or it is more likely than not that it will be required to sell the debt security before recovery of its amortized cost basis, an other-than-temporary impairment has occurred and the entire difference between the security's amortized

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[2] The Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

[3] Unused commitments associated with credit card lines and the all other unused commitment category at nonbank subsidiaries represents over 15 percent of the aggregate of unused commitments extended in these categories by BHCs. Other loans extended by nonbank subsidiaries represent over 60 percent of the other loans category at BHCs.

[4] Under the FASB Accounting Standards Codification™, see Topic 320, Investments – Debt and Equity Securities.

cost basis and its fair value at the balance sheet date must be recognized in earnings. FSP FAS 115-2 also provides that if the present value of cash flows expected to be collected on a debt security is less than its amortized cost basis, a credit loss exists. In this situation, if a BHC does not intend to sell the security and it is not more likely than not that the BHC will be required to sell the debt security before recovery of its amortized cost basis less any current-period credit loss, an other-than-temporary impairment has occurred. The amount of the total other-than-temporary impairment related to the credit loss must be recognized in earnings, but the amount of the total impairment related to other factors must be recognized in other comprehensive income, net of applicable taxes.

For other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities, BHCs report the amount of the other-than-temporary impairment losses that must be recognized in earnings in Schedule HI, Consolidated Income Statement, data items 6.a, Realized gains (losses) on held-to-maturity securities and 6.b, Realized gains (losses) on available-for-sale securities, respectively. Other-than-temporary impairment losses that are to be recognized in other comprehensive income, net of applicable taxes, are reported in Schedule HI-A, Changes in Bank Holding Company Equity Capital, data item 12, Other comprehensive income. However, because data items 6.a and 6.b of Schedule HI also include other amounts, such as gains (losses) on sales of held-to-maturity and available-for-sale securities, the Federal Reserve currently is not able to determine the effect on the net income of BHCs, individually and in the aggregate, of other-than-temporary impairment losses that must be recognized in earnings. Similarly, because data item 12 of Schedule HI-A includes all of the other components of a BHC's other comprehensive income, the Federal Reserve cannot identify the portion of other comprehensive income attributable to other-than-temporary impairment losses for BHCs individually and in the aggregate.

According to FSP FAS 115-2, in a period in which a BHC determines that a debt security's decline in fair value below its amortized cost basis is other than temporary, the BHC must present the total other-than-temporary impairment loss in the income statement with an offset for the amount of the total loss that is recognized in other comprehensive income. This new presentation provides additional information about the amounts that a BHC does not expect to collect related to its investments in debt securities held for purposes other than trading. Therefore, to enhance the Federal Reserve's ability to evaluate the factors affecting BHC earnings, the Federal Reserve proposes to add three Memoranda items to Schedule HI that would mirror the presentation requirements of FSP FAS 115-2. In these new Memoranda items, BHCs would report total other-than-temporary impairment losses on debt securities for the calendar year-to-date reporting period, the portion of these losses recognized in other comprehensive income, and the net losses recognized in earnings.

A.3 Clarification of the Instructions for Reporting Unused Commitments

BHCs report unused commitments in data item 1 of Schedule HC-L, Derivatives and Off-Balance-Sheet Items. The instructions for this data item identify various arrangements that should be reported as unused commitments, including but not limited to commitments for which the BHC has charged a commitment fee or other consideration, commitments that are legally binding, loan proceeds that the BHC is obligated to advance, commitments to issue a commitment, and revolving underwriting facilities. However, the Federal Reserve has found that some BHCs have not reported commitments that they have entered into until they have signed the loan agreement for the financing that they have committed to provide. Although the Federal Reserve considers these arrangements to be commitments to issue a commitment and, therefore, within the scope of the existing instructions for reporting commitments in Schedule HC-L, the Federal Reserve believes that these instructions may not be sufficiently clear. Therefore, the Federal Reserve originally proposed to revise the instructions for Schedule HC-L, data item 1, Unused commitments, as one of the proposed changes to the FR Y-9C for implementation as of March 31, 2009.[5] More specifically, with respect to commitments to issue a commitment at some point in the future, the Federal Reserve proposed to add language to the instructions for this data item explicitly stating that such commitments include those that have been entered into even though the related loan agreement has not yet been signed.

In response to the agencies' request for comment on Call Report revisions for 2009 (comments received were also considered for comparable proposed revisions to the FR Y-9C), three commenters specifically addressed the proposed instructional clarification pertaining to unused commitments. One commenter agreed that clarification is needed but recommended that commitments to issue a commitment in the future, including those entered into even though the related loan agreement has not yet been signed, should be removed from the list of types of arrangements that the instructions would direct banks to report as unused commitments. A second commenter expressed concern about reporting "commitments that contain a relatively high level of uncertainty until a loan agreement has been signed or the loan has been funded with a first advance" and the reliability of data on such commitments. The third commenter stated that because some banks do not have systems for tracking such arrangements, the instructions should in effect permit banks to exclude commitment letters with an expiration date of 90 days or less. Finally, the first commenter also recommended that the instructions for reporting unused commitments should state that amounts conveyed or participated to others that the conveying or participating bank is not obligated to fund should not be reported as unused commitments by the conveying or participating bank.

After evaluating these comments, the Federal Reserve has refined their approach to identifying commitments to issue a commitment in a manner that is intended to address the commenters' concerns by focusing on a point in the commitment process when the Federal Reserve believes that BHCs' systems should be tracking their commitments. Thus, the instructions would state that commitments to issue a commitment at some point in the future are those where the BHC has extended terms and the borrower has accepted the offered terms, even though the related loan agreement has not yet been signed. In addition, the Federal Reserve agrees with the commenter's recommendation concerning commitments that have been conveyed or participated to others and is proposing to modify the instructions accordingly. The proposed revised instructions for Schedule HC-L, data item 1, are provided in Attachment 2.

[5] 73 FR 67159, November 13, 2008.

A.4 Modification of the Instructions for Reporting Brokered Deposits

Information reported on Schedule HC-E, Deposit Liabilities, for brokered deposits less than $100,000 is not currently defined consistently with information reported on this schedule for time deposits of less than $100,000. Information on time deposits is reported based on balances of less than $100,000, while information on brokered deposits is reported based on issuances in denominations of less than $100,000. For consistency within Schedule HC-E, and for conformity with comparable instructional changes proposed for the Call Report, brokered deposits would be reported based on their balances rather than the denominations in which they were issued. The proposed revised instructions for Schedule HC-E, memoranda items 1 and 2, are provided in Attachment 2.

A.5 Effect of New Accounting Standards on Schedule HC-S, Servicing, Securitization, and Asset Sale Activities

On June 12, 2009, FASB issued Statements of Financial Accounting Standards Nos. 166 and 167, which revise the existing standards governing the accounting for financial asset transfers and the consolidation of variable interest entities.[6] Statement No. 166 eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures. Statement No. 167 changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. This consolidation determination is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance.[7] In general, the revised standards take effect January 1, 2010. The standards are expected to cause a substantial volume of assets in BHC-sponsored entities associated with securitization and structured finance activities to be brought onto BHC balance sheets.

The Federal Reserve currently collects data on BHCs' securitization and structured finance activities in Schedule HC-S, Servicing, Securitization, and Asset Sale Activities. The Federal Reserve will continue to collect Schedule HC-S after the effective date of Statements Nos. 166 and 167 and BHCs should continue to complete this schedule in accordance with its existing instructions, taking into account the changes in accounting brought about by these two FASB statements. In this regard, data items 1 through 8 of Schedule HC-S involve the reporting of information for securitizations that the reporting BHC has accounted for as sales. Therefore,

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[6] Statement of Financial Accounting Standards No. 166, *Accounting for Transfers of Financial Assets*, amends Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Statement of Financial Accounting Standards* No. 167, *Amendments to FASB Interpretation No. 46(R)*, amends FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities.* In general, under the FASB Accounting Standards Codification™, see Topics 860, Transfers and Servicing, and 810, Consolidation.

[7] FASB News Release, June 12, 2009, www.fasb.org/cs/ContentServer?c=FASBContent_C&pagename=FASB/FASBContent_C/NewsPage&cid=1176156240834&pf=true

after the effective date of Statements Nos. 166 and 167, a BHC should report information in data items 1 through 8 only for those securitizations for which the transferred assets qualify for sale accounting or are otherwise not carried as assets on the BHC's consolidated balance sheet. Thus, if a securitization transaction that qualified for sale accounting prior to the effective date of Statements Nos. 166 and 167 must be brought back onto the reporting BHC's consolidated balance sheet upon adoption of these statements, the BHC would no longer report information about the securitization in data items 1 through 8 of Schedule HC-S.

Data items 11 and 12 of Schedule HC-S are applicable to assets that the reporting BHC has sold with recourse or other seller-provided credit enhancements, but has not securitized. In Memorandum item 1 of Schedule HC-S, a BHC reports certain transfers of small business obligations with recourse that qualify for sale accounting. The scope of these data items will continue to be limited to such sold financial assets after the effective date of Statements Nos. 166 and 167. In Memorandum item 2 of Schedule HC-S, a BHC currently reports the outstanding principal balance of loans and other financial assets that it services for others when the servicing has been purchased or when the assets have been originated or purchased and subsequently sold with servicing retained. Thus, after the effective date of Statements Nos. 166 and 167, a BHC should report retained servicing for those assets or portions of assets reported as sold as well as purchased servicing in Memorandum data item 2. Finally, Memorandum item 3 of Schedule HC-S collects data on asset-backed commercial paper conduits regardless of whether the reporting BHC must consolidate the conduit in accordance with FASB Interpretation No. 46(R). This will continue to be the case after the effective date of Statement No. 167, which amended this FASB interpretation.

The Federal Reserve plans to evaluate the disclosure requirements in Statements Nos. 166 and 167 and the disclosure practices that develop in response to these requirements. This evaluation will assist the Federal Reserve in determining the need for revisions to Schedule HC-S that would improve their ability to assess the nature and scope of BHCs' involvement with securitization and structured finance activities, including those accounted for as sales and those accounted for as secured borrowings. Such revisions, which would not be implemented before March 2011, would be incorporated into a formal proposal to the Board.

In addition, should new FR Y-9C data items pertaining to securitization and structured finance transactions be necessary for regulatory capital calculation purposes after the effective date of Statements No. 166 and 167, a proposal to collect these data items would be incorporated into any notice of proposed rulemaking to amend the Federal Reserve's regulatory capital standards that the Federal Reserve would publish for comment in the *Federal Register*.

A.6 Trading Assets that are Past Due or in Nonaccrual Status

In the proposed FR Y-9C revisions for 2009, which were issued for comment on November 13, 2008,[8] the Federal Reserve proposed to replace Schedule HC-N, Past Due and Nonaccrual Loans, Leases, and Other Assets, data item 9, Debt securities and other assets that are past due 30 days or more or in nonaccrual status with two separate data items: data item 9.a,

[8] 73 FR 67159.

Trading assets, and data item 9.b, All other assets (including available-for-sale and held-to-maturity securities). The Federal Reserve also proposed to expand the scope of Schedule HC-D, Trading Assets and Liabilities, Memorandum item 3, Loans measured at fair value that are past due 90 days or more, to include loans held for trading and measured at fair value that are in nonaccrual status. The Federal Reserve proposed to collect this information to improve their ability to assess the quality of assets held for trading purposes and generally enhance surveillance and examination planning efforts. One commenter on these proposed reporting changes questioned the meaningfulness of delinquency and nonaccrual data for trading assets because they are accounted for at fair value through earnings. After fully considering this commenter's views, the Federal Reserve has decided not to implement the proposed revisions to Schedule HC-N, data item 9, and Schedule HC-D, Memorandum item 3. These data items will remain in their current form.

A.7 Unpaid Premiums on Certain Credit Derivatives

In its proposed 2009 revisions to the FR Y-9C, the Federal Reserve also included the addition of new Memoranda items 3.a and 3.b to Schedule HC-R, Regulatory Capital, to collect the present value of unpaid premiums on credit derivatives for which the BHC is the protection seller that are defined as covered positions under the Federal Reserve's market risk capital guidelines. This present value information was to be reported by remaining maturity and with a breakdown between investment grade and subinvestment grade for the rating of the underlying reference asset. One commenter on this proposed credit derivative data requested clarification of the impact of the reporting requirement on the institution's risk-based capital calculations. The Federal Reserve has reconsidered this proposed reporting change and has decided not to add these new Memoranda items to Schedule HC-R.

Proposed Revision Not Related to Call Report Revisions

The Federal Reserve proposes to make the following revision to the FR Y-9C effective as of March 31, 2010, which is unrelated to the revisions proposed to the Call Report.

B.1 Reformatting of Loan Information Collected on Schedule HC-K, Quarterly Averages

The following categories of loans are collected on Schedule HC-K, Quarterly Averages: data item 3, Loans and leases (consolidated); data item 3.a, Loans secured by 1-4 family residential properties in domestic offices; data item 3.b, All other loans secured by real estate in domestic offices; and data item 3.c, All other loans in domestic offices. The Call Report collects loan information on Schedule RC-K, Quarterly Averages, in a different format starting with total loans in domestic offices with a more expanded number of loan categories in domestic offices, but a category for all other loans in domestic offices is not collected. A data item for total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs and a data item for lease financing receivables are separately collected on Schedule RC-K such that total consolidated loans and leases may be derived.

The Federal Reserve has learned that many BHCs in attempting to incorporate Call Report quarterly average loan information into FR Y-9C quarterly average loan categories are misreporting the FR Y-9C data items. This misreporting is likely due to the difference in format of the loan data items on the two schedules. In order to improve the quality of quarterly average loan information collected on Schedule HC-K, the Federal Reserve proposes to revise data item 3 to collect total loans and leases in domestic offices, and revise data item 3.c to collect total loans in foreign offices, Edge and agreement subsidiaries, and International Banking Facilities (IBFs). Current data items 3, 3.a, 3.b, and 3.c would be renumbered as data items 3.a, 3.a.(1), 3.a.(2) and 3.b, respectively.

FR Y-9LP

The FR Y-9LP includes standardized financial statements filed quarterly on a parent company only basis from each BHC that files the FR Y-9C. In addition, for tiered BHCs, a separate FR Y-9LP must be filed for each lower tier BHC. The Federal Reserve does not propose any revisions to the FR Y-9LP.

FR Y-9SP

The FR Y-9SP is a parent company only financial statement filed by smaller BHCs. Respondents include BHCs with total consolidated assets of less than $500 million. This form is a simplified or abbreviated version of the more extensive parent company only financial statement for large BHCs (FR Y-9LP). This report is designed to obtain basic balance sheet and income information for the parent company, information on intangible assets, and information on intercompany transactions. The Federal Reserve does not propose any revisions to the FR Y-9SP.

FR Y-9CS

The FR Y-9CS is a supplemental report that may be utilized to collect additional information deemed to be critical and needed in an expedited manner from BHCs. The information is used to assess and monitor emerging issues related to BHCs. It is intended to supplement the FR Y-9 reports, which are used to monitor BHCs between on-site inspections. The data items of information included on the supplement may change as needed. The Federal Reserve does not propose any revisions to the FR Y-9CS.

FR Y-9ES

The FR Y-9ES collects financial information from ESOPs that are also BHCs on their benefit plan activities. It consists of four schedules: Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements. The Federal Reserve does not propose any revisions to the FR Y-9ES.

Frequency

There are no changes proposed to the reporting frequency of the FR Y-9 family of reports. The current reporting frequencies provide adequate timely data to meet the analytical and supervisory needs of the Federal Reserve.

Time Schedule for Information Collection

The FR Y-9C and FR Y-9LP are filed quarterly as of the end 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 end 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) and through the National Technical Information Service.

Legal Status

The Board's Legal Division has determined that the FR Y-9 family of reports are authorized by Section 5(c) of the Bank Holding Company Act [12 U.S.C. 1844(c)]. Overall, the Board does not consider the financial data in these reports to be confidential. However, a respondent may request confidential treatment pursuant to section (b)(4) of the Freedom of Information Act [5 U.S.C. 552(b)(4)].

Consultation Outside the Agency and Discussion of Public Comment

On September 25, 2009, the Federal Reserve published a notice in the *Federal Register* (74 FR 48960) requesting public comment for 60 days on the revision, without extension, of the FR Y-9C report. The comment period for this notice expires on November 24, 2009.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimates of Respondent Burden

The current annual reporting burden for the FR Y-9 family of reports is estimated to be 245,654 hours and would increase to 248,126 hours as shown in the following table. The average estimated hours per response for FR Y-9C filers would increase from 41.65 hours to 42.25 hours resulting from an increase of 0.6 hours for proposed new data items. The Federal Reserve anticipates that nearly all respondents would be required to report the proposed breakdown of other unused commitments. The Federal Reserve estimates that about half of the respondents would be required to provide new information on loans to nondepository financial institutions and information related to other than temporary impairment, and estimate that less than half of respondents would be required to report the proposed breakdown of credit card lines. The revised total burden for the FR Y-9 family of reports would represent less than 4 percent of total Federal Reserve System annual burden.

	Number of respondents	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
<u>*Current*</u>				
FR Y-9C	1,030	4	41.65	171,598
FR Y-9LP	1,283	4	5.25	26,943
FR Y-9SP	4,321	2	5.40	46,667
FR Y-9ES	92	1	0.50	46
FR Y-9CS	200	4	0.50	400
Total				245,654
<u>*Proposed*</u>				
FR Y-9C	1,030	4	42.25	174,070
FR Y-9LP	1,283	4	5.25	26,943
FR Y-9SP	4,321	2	5.40	46,667
FR Y-9ES	92	1	0.50	46
FR Y-9CS	200	4	0.50	400
Total				248,126
Change				+2,472

The total cost to the public is estimated to increase from the current level of $15,144,570 to $15,296,968 for the revised BHC reports.[9]

Estimate of Cost to the Federal Reserve System

Current costs to the Federal Reserve System for collecting and processing these reports are estimated to be $1,924,981 per year. The one-time cost to implement the revised report is estimated to be $41,220.

Attachments

[9] Total cost to the public was estimated using the following formula. Percent of staff time, multiplied by annual burden hours, multiplied by hourly rate: 30% Clerical @ $25, 45% Managerial or Technical @ $55, 15% Senior Management @ $100, and 10% Legal Counsel @ $144. Hourly rate estimates for each occupational group are averages using data from the Bureau of Labor and Statistics, *Occupational Employment and Wages*, news release.

Attachment 2

Instructions for Reporting Unused Commitments

Report in the appropriate subitem the unused portions of commitments. Unused commitments are to be reported gross, i.e., include in the appropriate subitem the unused amount of commitments acquired from and conveyed or participated to others. However, exclude commitments conveyed or participated to others that the bank holding company is not legally obligated to fund even if the party to whom the commitment has been conveyed or participated fails to perform in accordance with the terms of the commitment.

For purposes of this data item, commitments include:

(1) Commitments to make or purchase extensions of credit in the form of loans or participations in loans, lease financing receivables, or similar transactions.
(2) Commitments for which the bank holding company has charged a commitment fee or other consideration.
(3) Commitments that are legally binding.
(4) Loan proceeds that the bank holding company is obligated to advance, such as:
  (a) Loan draws;
  (b) Construction progress payments; and
  (c) Seasonal or living advances to farmers under prearranged lines of credit.
(5) Rotating, revolving, and open-end credit arrangements, including, but not limited to, retail credit card lines and home equity lines of credit.
(6) Commitments to issue a commitment at some point in the future, where the bank holding company has extended terms and the borrower has accepted the offered terms, even though the related loan agreement has not yet been signed.
(7) Overdraft protection on depositors' accounts offered under a program where the bank holding company advises account holders of the available amount of overdraft protection, for example, when accounts are opened or on depositors' account statements or ATM receipts.
(8) The bank holding company's own takedown in securities underwriting transactions.
(9) Revolving underwriting facilities (RUFs), note issuance facilities (NIFs), and other similar arrangements, which are facilities under which a borrower can issue on a revolving basis short-term paper in its own name, but for which the underwriting bank holding companies have a legally binding commitment either to purchase any notes the borrower is unable to sell by the rollover date or to advance funds to the borrower.

Exclude forward contracts and other commitments that meet the definition of a derivative and must be accounted for in accordance with FASB Statement No. 133, which should be reported in Schedule HC-L, data item 11. Include the amount (not the fair value) of the unused portions of loan commitments that do not meet the definition of a derivative that the bank holding company has elected to report at fair value under a fair value option. Also include forward contracts that do not meet the definition of a derivative.

The unused portions of commitments are to be reported in the appropriate subitem 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 bank holding company’s proportional share of the commitment.

For purposes of reporting the unused portions of revolving asset-based lending commitments, the commitment is defined as the amount a bank holding company is obligated to fund – as of the report date – based on the contractually agreed upon terms. In the case of revolving asset-based lending, the unused portions of such commitments should be measured as the difference between (a) the lesser of the contractual borrowing base (i.e., eligible collateral times the advance rate) or the note commitment limit, and (b) the sum of outstanding loans and letters of credit under the commitment. The note commitment limit is the overall maximum loan amount beyond which the bank holding company will not advance funds regardless of the amount of collateral posted. This definition of “commitment” is applicable only to revolving asset-based lending, which is a specialized form of secured lending in which a borrower uses current assets (e.g., accounts receivable and inventory) as collateral for a loan. The loan is structured so that the amount of credit is limited by the value of the collateral.

Instructions for Reporting Brokered Deposits

Memoranda

Line Item M1 Brokered deposits less than $100,000 with a remaining maturity of one year or less.

Report in this item those brokered time deposits included in items 1 or 2 above with balances of less than $100,000 with a remaining maturity of one year or less and are held in domestic offices of commercial banks or other depository institutions that are subsidiaries of the reporting bank holding company. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Include in this item time deposits issued to deposit brokers in the form of large ($100,000 or more) certificates of deposit that have been participated out by the broker in shares with balances of less than $100,000. Also report in this item all brokered demand and savings deposits with balances of less than $100,000. See the Glossary entries for “Brokered deposits” and “Brokered retail deposits” for additional information.

Line Item M2 Brokered deposits less than $100,000 with a remaining maturity of more than one year.

Report in this item those brokered time deposits included in items 1 or 2 above with balances of less than $100,000 with a remaining maturity of more than one year and are held in domestic offices of commercial banks or other depository institutions that are subsidiaries of the reporting bank holding company. Remaining maturity is the amount of time remaining from the report date until the final contractual maturity of a brokered deposit. Include in this item time deposits issued to deposit brokers in the form of large ($100,000 or more) certificates of deposit that have been participated out by the broker in shares with balances of less than $100,000. See the Glossary entries for “Brokered deposits” and “Brokered retail deposits” for additional information.