SUPPLEMENTARY INFORMATION:

Title: Credit for Contributions to Selected Community Development Corporations.

OMB Number: 1545–1416.

Form Number: Form 8847.

Abstract: Internal Revenue Code section 38 allows a credit for contributions to selected community development corporations as part of the general business credit. Form 8847 is used to compute the amount of the credit for qualified contributions to a selected community development corporation.

Current Actions: There are no changes being made to the form at this time.

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations and individuals.

Estimated Number of Respondents: 22.

Estimated Time per Respondent: 1 hr., 52 min.

Estimated Total Annual Burden Hours: 41.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record.

Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: August 24, 2010.

Gerald Shields,

Supervisory Tax Analyst.

[FR Doc. 2010–24501 Filed 9–29–10; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Joint notice and request for comment.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC (the "agencies") may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, has approved the agencies' publication for public comment of a proposal to extend, with revision, the Consolidated Reports of Condition and Income (Call Report), which are currently approved collections of information. At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the FFIEC and the agencies should modify the proposed revisions prior to giving final approval. The agencies will then submit the revisions to OMB for review and approval.

DATES: Comments must be submitted on or before November 29, 2010.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: You should direct all written comments to: Communications Division, Office of the Comptroller of the Currency, Public Information Room, Mailstop 2–3, Attention: 1557–0081, 250 E Street, SW., Washington, DC 20219. In addition, comments may be sent by fax to (202) 874–5274, or by electronic mail to *regs.comments@occ.treas.gov*. You may personally inspect and photocopy comments at the OCC, 250 E Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 874–4700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

Board: You may submit comments, which should refer to "Consolidated Reports of Condition and Income (FFIEC 031 and 041)," by any of the following methods:

- *Agency Web site: http://www.federalreserve.gov*. Follow the instructions for submitting comments on the http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm.
- *Federal eRulemaking Portal: http://www.regulations.gov*. Follow the instructions for submitting comments.
- *E-mail: regs.comments@federalreserve.gov*. Include reporting form number in the subject line of the message.
- *Fax:* (202) 452–3819 or (202) 452–3102.
- *Mail:* Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board's Web site at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP–500 of the Board's Martin Building (20th and C Streets, NW.) between 9 a.m. and 5 p.m. on weekdays.

FDIC: You may submit comments, which should refer to "Consolidated Reports of Condition and Income, 3064–0052," by any of the following methods:

- *Agency Web site: http://www.fdic.gov/regulations/laws/federal/propose.html*. Follow the instructions for submitting comments on the FDIC Web site.
- *Federal eRulemaking Portal: http://www.regulations.gov*. Follow the instructions for submitting comments.
- *E-mail: comments@FDIC.gov*. Include "Consolidated Reports of

Condition and Income, 3064–0052" in the subject line of the message.

• *Mail:* Gary A. Kuiper, (202) 898–3877, Counsel, Attn: Comments, Room F–1072, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

• *Hand Delivery:* Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

Public Inspection: All comments received will be posted without change to *http://www.fdic.gov/regulations/laws/federal/propose.html* including any personal information provided. Comments may be inspected at the FDIC Public Information Center, Room E–1002, 3501 Fairfax Drive, Arlington, VA 22226, between 9 a.m. and 5 p.m. on business days.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies by mail to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503, or by fax to (202) 395–6974.

FOR FURTHER INFORMATION CONTACT: For further information about the revisions discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, copies of the Call Report forms can be obtained at the FFIEC's Web site (*http://www.ffiec.gov/ffiec_report_forms.htm*).

OCC: Mary Gottlieb, OCC Clearance Officer, (202) 874–5090, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

Board: Michelle E. Shore, Federal Reserve Board Clearance Officer, (202) 452–3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263–4869.

FDIC: Gary A. Kuiper, Counsel, (202) 898–3877, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: The agencies are proposing to revise and extend for three years the Call Report, which is currently an approved collection of information for each agency.

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Number: Call Report: FFIEC 031 (for banks with domestic and foreign offices) and FFIEC 041 (for banks with domestic offices only).

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC

OMB Number: 1557–0081.

Estimated Number of Respondents: 1,491 national banks.

Estimated Time per Response: 53.78 burden hours.

Estimated Total Annual Burden: 320,744 burden hours.

Board

OMB Number: 7100–0036.

Estimated Number of Respondents: 841 state member banks.

Estimated Time per Response: 55.87 burden hours.

Estimated Total Annual Burden: 187,947 burden hours.

FDIC

OMB Number: 3064–0052.

Estimated Number of Respondents: 4,800 insured state nonmember banks.

Estimated Time per Response: 40.83 burden hours.

Estimated Total Annual Burden: 783,936 burden hours.

The estimated time per response for the Call Report is an average that varies by agency because of differences in the composition of the institutions under each agency's supervision (*e.g.,* size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices). The average reporting burden for the Call Report is estimated to range from 17 to 665 hours per quarter, depending on an individual institution's circumstances.

General Description of Reports

These information collections are mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for state member banks), and 12 U.S.C. 1817 (for insured state nonmember commercial and savings banks). At present, except for selected data items, these information collections are not given confidential treatment.

Abstract

Institutions submit Call Report data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data provide the most current statistical data available for evaluating institutions' corporate applications, for identifying areas of focus for both on-site and off-site examinations, and for monetary and other public policy purposes. The agencies use Call Report data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institution would control more than ten percent of the total amount of deposits of insured depository institutions in the United States. Call Report data are also used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' semiannual assessment fees.

Current Actions

I. Overview

The agencies are proposing to implement a number of changes to the Call Report requirements effective March 31, 2011. These changes, which are discussed in detail in Sections II.A through II.L of this notice, are intended to provide data needed for reasons of safety and soundness or other public purposes. The proposed revisions would assist the agencies in gaining a better understanding of banks' credit and liquidity risk exposures, primarily through enhanced data on lending and securitization activities and sources of deposits. The banking agencies are also proposing certain revisions to the Call Report instructions. The proposed changes include:

• A breakdown by loan category of the existing Memorandum items for "Other loans and leases" that are troubled debt restructurings and are past due 30 days or more or in nonaccrual status (in Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets) or are in compliance with their modified terms (in Schedule RC–C, part I, Loans and Leases) as well as the elimination of the exclusion from reporting restructured troubled consumer loans in these Memorandum items;

• A breakdown of "Other consumer loans" into automobile loans and all other consumer loans in the Call Report schedules in which loan data are reported: Schedule RC–C, part I, Loans and Leases; Schedule RC–K, Quarterly Averages; Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets; Schedule RI, Income Statement; and Schedule RI–B, part I, Charge-offs and Recoveries on Loans and Leases;

• A breakdown of the existing items for commercial mortgage-backed securities between those issued or guaranteed by U.S. Government agencies and sponsored-agencies and those that are not in Schedule RC–B, Securities, and Schedule RC–D, Trading Assets and Liabilities;

• A new Memorandum item for the estimated amount of nonbrokered deposits obtained through the use of deposit listing service companies in Schedule RC–E, Deposit Liabilities;

• A breakdown of the existing items for deposits of individuals, partnerships, and corporations between deposits of individuals and deposits of partnerships and corporations in Schedule RC–E, Deposit Liabilities;

• A new Schedule RC–V, Variable Interest Entities, for reporting the categories of assets of consolidated variable interest entities (VIEs) that can be used only to settle the VIEs' obligations, the categories of liabilities of consolidated VIEs without recourse to the bank's general credit, and the total assets and total liabilities of other consolidated VIEs included in the bank's total assets and total liabilities, with these data reported separately for securitization trusts, asset-backed commercial paper conduits, and other VIEs;

• Breakdowns of the existing items for loans and other real estate owned (OREO) covered by FDIC loss-sharing agreements by loan and OREO category in Schedule RC–M, Memoranda, along with a breakdown of the existing items in Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets for reporting past due and nonaccrual U.S. Government-guaranteed loans to segregate those covered by FDIC loss-sharing agreements (which would be reported by loan category) from other guaranteed loans;

• A breakdown of the existing item for "Life insurance assets" in Schedule RC–F, Other Assets, into items for general account and separate account life insurance assets;

• New items for the total assets of captive insurance and reinsurance subsidiaries in Schedule RC–M, Memoranda;

• New Memorandum items in Schedule RI, Income Statement, for credit valuation adjustments and debit valuation adjustments included in trading revenues for banks with total assets of $100 billion or more;

• A change in reporting frequency from annual to quarterly for the data reported in Schedule RC–T, Fiduciary and Related Services, on collective investment funds and common trust funds for those banks that currently report fiduciary assets and income quarterly, *i.e.,* banks with fiduciary assets greater than $250 million or gross fiduciary income greater than 10 percent of bank revenue; and

• Instructional revisions addressing the reporting of construction loans following the completion of construction in Schedule RC–C, part I, Loans and Leases, and other schedules that collect loan data; incorporating residential mortgages held for trading within the scope of Schedule RC–P, 1–4 Family Residential Mortgage Banking Activities; and revising the treatment of assets and liabilities whose interest rates have reached contractual ceilings or floors for purposes of reporting maturity and repricing data in Schedule RC–B, Securities, Schedule RC–C, part I, Loans and Leases, Schedule RC–E, Deposit Liabilities, and Schedule RC–M, Memoranda.

For the March 31, 2011, report date, banks may provide reasonable estimates for any new or revised Call Report item initially required to be reported as of that date for which the requested information is not readily available. The specific wording of the captions for the new or revised Call Report data items discussed in this proposal and the numbering of these data items should be regarded as preliminary.

Type of Review: Revision and extension of currently approved collections.

II. Discussion of Proposed Call Report Revisions

A. Troubled Debt Restructurings

The banking agencies are proposing that banks report additional detail on loans that have undergone troubled debt restructurings in Call Report Schedule RC–C, part I, Loans and Leases, and Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets. More specifically, Schedule RC–C, part I, Memorandum item 1.b, "Other loans and all leases" that are restructured and in compliance with modified terms, and Schedule RC–N, Memorandum item 1.b, Restructured "Other loans and all leases" that are past due or in nonaccrual status and included in Schedule RC–N, would be broken out to provide information on restructured troubled loans for many of the loan categories reported in the bodies of Schedule RC–C, part I, and Schedule RC–N. The breakout would also include "Loans to individuals for household, family, and other personal expenditures" whose terms have been modified in troubled debt restructurings, which are currently excluded from the reporting of troubled debt restructurings in the Call Report.

In the aggregate, troubled debt restructurings for all insured institutions have grown from $6.9 billion at year-end 2007, to $24.0 billion at year-end 2008, to $58.1 billion at year-end 2009, with a further increase to $64.0 billion as of March 31, 2010. The proposed additional detail on troubled debt restructurings in Schedules RC–C, part I, and RC–N would enable the agencies to better understand the level of restructuring activity at banks, the categories of loans involved in this activity, and, therefore, whether banks are working with their borrowers to modify and restructure loans. In particular, to encourage banks to work constructively with their commercial borrowers, the agencies recently issued guidance on commercial real estate loan workouts and small business lending. While this guidance has explained the agencies' expectations for prudent workouts, the agencies and the industry would benefit from additional reliable data outside of the examination process to assess restructuring activity for commercial real estate loans and commercial and industrial loans. Further, it is important to separately identify commercial real estate loan restructurings from commercial and industrial loan restructurings given that the value of the real estate collateral is a consideration in a bank's decision to modify the terms of a commercial real estate loan in a troubled debt restructuring, but such collateral protection would normally be absent from commercial and industrial loans for which a loan modification is being explored because of borrowers' financial difficulties.

It is also anticipated that other loan categories will experience continued workout activity in the coming months given that most asset classes have been adversely impacted by the recent recession. This impact is evidenced by the increase in past due and nonaccrual assets across virtually all asset classes over the past two to three years.

Presently, banks report loans and leases restructured and in compliance with their modified terms (Schedule RC–C, part I, Memorandum item 1) with separate disclosure of (a) loans secured by 1–4 family residential properties (in domestic offices) and (b) other loans and all leases (excluding loans to individuals for household, family, and other personal expenditures). This same breakout is reflected in Schedule RC–N, Memorandum item 1, for past due and nonaccrual restructured troubled loans. The broad category of "other loans" in Schedule RC–C, part I, Memorandum item 1.b, and Schedule RC–N, Memorandum item 1.b, does not permit an adequate analysis of troubled debt restructurings. In addition, the disclosure requirements for troubled debt restructurings under generally accepted accounting principles do not exempt restructurings of loans to individuals for household, family, and other personal expenditures. Therefore, if the Call Report added more detail to match the reporting of loans in

Schedule RC–C, part I, and Schedule RC–N, the new data would provide the banking agencies with the level of information necessary to assess banks' troubled debt restructurings to the same extent that other loan quality and performance indicators can be assessed. However, the agencies note that, under generally accepted accounting principles, troubled debt restructurings do not include changes in lease agreements [1] and they therefore propose to exclude leases from Schedule RC–C, part I, Memorandum item 1, and from Schedule RC–N, Memorandum item 1.

Thus, the banking agencies' proposed breakdowns of existing Memorandum item 1.b in both Schedule RC–C, part I, and Schedule RC–N would create new Memorandum items in both schedules covering troubled debt restructurings of "1–4 family residential construction loans," "Other construction loans and all land development and other land loans," loans "Secured by multifamily (5 or more) residential properties," "Loans secured by owner-occupied nonfarm nonresidential properties," "Loans secured by other nonfarm nonresidential properties," "Commercial and industrial loans," and "All other loans (including loans to individuals for household, family, and other personal expenditures)." [2] If restructured loans in any category of loans (as defined in Schedule RC–C, part I) included in restructured "All other loans" exceeds 10 percent of the amount of restructured "All other loans," the amount of restructured loans in this category or categories must be itemized and described.

Finally, Schedule RC–C, part I, Memorandum item 1, and Schedule RC–N, Memorandum item 1, are intended to capture data on loans that have undergone troubled debt restructurings as that term is defined in generally accepted accounting principles. However, the captions of these two Memorandum items include only the term "restructured" rather than explicitly mentioning troubled debt restructurings, which has led to questions about the scope of these Memorandum items. Accordingly, the agencies propose to revise the captions so that they clearly indicate that the loans to be reported in Schedule RC–C, part I, Memorandum item 1, and Schedule RC–N, Memorandum item 1, are troubled debt restructurings.

B. Auto Loans

The banking agencies are proposing to add a breakdown of the "other consumer loans" loan category in five Call Report schedules in order to separately collect information on auto loans. The affected schedules would be Schedule RC–C, part I, Loans and Leases; Schedule RC–K, Quarterly Averages; Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets; Schedule RI, Income Statement; and Schedule RI–B, part I, Charge-offs and Recoveries on Loans and Leases. Auto loans would include loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. This new loan category would exclude loans to finance fleet sales, personal cash loans secured by automobiles already paid for, loans to finance the purchase of commercial vehicles and farm equipment, and lease financing.

Automobile loans are a significant consumer business for many large banks. Because of the limited disclosure of auto lending on existing regulatory reports, supervisory oversight of auto lending is presently diminished by the need to rely on the examination process and public information sources that provide overall market information but not data on idiosyncratic risks.

Roughly 65 percent of new vehicle sales and 40 percent of used vehicle sales are funded with auto loans. According to household surveys and data on loan originations, banks are an important source of auto loans. In 2008, this sector originated approximately one-third of all auto loans. Finance companies, both independent and those affiliated with auto manufacturers originated a bit more than one-third, while credit unions originated a bit less than one-quarter. In addition to originating auto loans, some banks purchase auto loans originated by other entities, which suggests that commercial banks could be the largest holder of auto loans.

Despite the importance of banks to the auto loan market, the agencies know less about banks' holdings of auto loans than is known about finance company, credit union, and savings association holdings of these loans. All nonbank depository institutions are required to report auto loans on their respective regulatory reports, including savings associations, which originate less than five percent of auto loans. On their regulatory reports, credit unions must provide not only the outstanding amount of new and used auto loans, but also the average interest rate and the number of loans. In a monthly survey, the Federal Reserve collects information on the amount of auto loans held by finance companies. As a consequence, during the financial crisis when funds were scarce for finance companies in general and the finance companies affiliated with automakers in particular, a lack of data on auto loans at banks hindered the banking agencies' ability to estimate the extent to which banks were filling in the gap in auto lending left by the finance companies.

Additional disclosure regarding auto loans on bank Call Reports is especially important with the implementation of the amendments to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topics 860, Transfers and Servicing, and 810, Consolidations, resulting from Accounting Standards Update (ASU) No. 2009–16 (formerly Statement of Financial Accounting Standards (SFAS) No. 166, *Accounting for Transfers of Financial Assets* (FAS 166)), and ASU No. 2009–17 (formerly SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (FAS 167)), respectively. Until 2010, Call Report Schedule RC–S had provided the best supervisory information on auto lending because it included a separate breakout of securitized auto loans outstanding as well as securitized auto loan delinquencies and charge-offs. The accounting changes brought about by the amendments to ASC Topics 860 and 810, however, mean that if the auto loan securitization vehicle is now required to be consolidated, securitized auto lending previously reported on Schedule RC–S will be grouped as part of "other consumer loans" on Schedules RC–C, part I; RC–K; RC–N; RI; and RI–B, part I, which diminishes supervisors' ability to assess auto loan exposures and performance.

Finally, separating auto lending from other consumer loans will assist the agencies in understanding consumer lending activities at individual institutions. When an institution holds both auto loans and other types of consumer loans (other than credit cards, which are currently reported separately), the current combined reporting of these loans in the Call Report tends to masks any significant differences that may exist in the performance of these portfolios. For example, a bank could have a sizeable auto loan portfolio with low loan losses, but its other consumer lending, which could consist primarily of unsecured loans, could exhibit very high loss rates.

[1] Accounting Standards Codification paragraph 470–60–15–11.

[2] For banks with foreign offices, the Memorandum items for restructured real estate loans would cover such loans in domestic offices. In addition, banks with foreign offices or with $300 million or more in total assets would also provide a breakdown of restructured commercial and industrial loans between U.S. and non-U.S. addressees.

The current blending of these divergent portfolios into a single Call Report loan category makes it difficult to adequately monitor consumer loan performance.

C. Commercial Mortgage Backed Securities Issued or Guaranteed by U.S. Government Agencies and Sponsored Agencies

The agencies propose to split the existing items on commercial mortgage-backed securities (CMBS) in Schedule RC–B, Securities, and Schedule RC–D, Trading Assets and Liabilities, to distinguish between CMBS issued or guaranteed by U.S. Government agencies and sponsored agencies (collectively, U.S. Government agencies) and those issued by others. Until June 2009, information reported in the Call Report on mortgage-backed securities (MBS) issued or guaranteed by U.S. Government agencies included both residential MBS and CMBS. However, in June 2009 when banks began to report information on CMBS separately from residential MBS, data was collected only for commercial mortgage pass-through securities and for other CMBS without regard to issuer or guarantor. Thus, the agencies were no longer able to identify all MBS issued or guaranteed by U.S. Government agencies.

U.S. Government agencies issue or guarantee a significant volume of CMBS that are backed by multifamily residential properties. In the fourth quarter of 2009, out of a total of $854 billion in commercial and multifamily loans that were securitized, loan pools issued or guaranteed by U.S. Government agencies accounted for 19 percent or $164 billion. These pools present a substantially different risk profile than privately issued CMBS, but current reporting does not allow for the identification of bank holdings of CMBS issued or guaranteed by U.S. Government agencies. In addition, because CMBS issued or guaranteed by U.S. Government agencies are accorded lower risk weights for regulatory capital purposes than CMBS issued by others, banks generally should have the information necessary to separately report these two categories of CMBS in the proposed new items in Schedules RC–B and RC–D.

Thus, in Schedule RC–B, the banking agencies are proposing to split both item 4.c.(1), "Commercial mortgage pass-through securities," and item 4.c.(2), "Other commercial MBS," into separate items for those issued or guaranteed by U.S. Government agencies (new items 4.c.(1)(a) and 4.c.(2)(a)) and all other CMBS (new items 4.c.(1)(b) and 4.c.(2)(b)). Similarly, in Schedule RC–D, existing item 4.d, "Commercial MBS," would be split into separate items for CMBS issued or guaranteed by U.S. Government agencies (item 4.d.(1)) and all other CMBS (item 4.d.(2)). Less than five percent of banks hold commercial mortgage-backed securities and would be affected by this proposed reporting change.

D. Nonbrokered Deposits Obtained Through the Use of Deposit Listing Service Companies

In its semiannual report to the Congress covering October 1, 2009, through March 31, 2010, the FDIC's Office of Inspector General addressed causes of bank failures and material losses and noted that "[f]ailed institutions often exhibited a growing dependence on volatile, non-core funding sources, such as brokered deposits, Federal Home Loan Bank advances, and Internet certificates of deposit." [3] At present, banks report information on their funding in the form of brokered deposits in Memorandum items 1.b through 1.d of Schedule RC–E, Deposit Liabilities. Data on Federal Home Loan Bank advances are reported in items 5.a.(1) through (3) of Schedule RC–M, Memoranda. These data are an integral component of the banking agencies' analyses of individual institutions' liquidity and funding, including their reliance on non-core sources to fund their activities.

Deposit brokers have traditionally provided intermediary services for financial institutions and investors. However, the Internet, deposit listing services, and other automated services now enable investors who focus on yield to easily identify high-yielding deposit sources. Such customers are highly rate sensitive and can be a less stable source of funding than typical relationship deposit customers. Because they often have no other relationship with the bank, these customers may rapidly transfer funds to other institutions if more attractive returns become available.

The agencies expect each institution to establish and adhere to a sound liquidity and funds management policy. The institution's board of directors, or a committee of the board, should also ensure that senior management takes the necessary steps to monitor and control liquidity risk. This process includes establishing procedures, guidelines, internal controls, and limits for managing and monitoring liquidity and reviewing the institution's liquidity position, including its deposit structure, on a regular basis. A necessary prerequisite to sound liquidity and funds management decisions is a sound management information system, which provides certain basic information including data on non-relationship funding programs, such as brokered deposits, deposits obtained through the Internet or other types of advertising, and other similar rate sensitive deposits. Thus, an institution's management should be aware of the number and magnitude of such deposits.

To improve the banking agencies' ability to monitor potentially volatile funding sources, the agencies are proposing to close a gap in the information currently available to them through the Call Report by adding a new Memorandum item to Schedule RC–E in which banks would report the estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits.

A deposit listing service is a company that compiles information about the interest rates offered on deposits, such as certificates of deposit, by insured depository institutions. A particular company could be a deposit listing service (compiling information about certificates of deposits) as well as a deposit broker (facilitating the placement of certificates of deposit. A deposit listing service is not a deposit broker if all of the following four criteria are met:

(1) The person or entity providing the listing service is compensated solely by means of subscription fees (*i.e.,* the fees paid by subscribers as payment for their opportunity to see the rates gathered by the listing service) and/or listing fees (*i.e.,* the fees paid by depository institutions as payment for their opportunity to list or "post" their rates). The listing service does not require a depository institution to pay for other services offered by the listing service or its affiliates as a condition precedent to being listed.

(2) The fees paid by depository institutions are flat fees: they are not calculated on the basis of the number or dollar amount of deposits accepted by the depository institution as a result of the listing or "posting" of the depository institution's rates.

(3) In exchange for these fees, the listing service performs no services except (A) the gathering and transmission of information concerning the availability of deposits; and/or (B) the transmission of messages between depositors and depository institutions (including purchase orders and trade confirmations). In publishing or displaying information about depository institutions, the listing service must not

[3] *http://www.fdicig.gov/semi-reports/sar2010mar/OIGSar2010.pdf.*

attempt to steer funds toward particular institutions (except that the listing service may rank institutions according to interest rates and also may exclude institutions that do not pay the listing fee). Similarly, in any communications with depositors or potential depositors, the listing service must not attempt to steer funds toward particular institutions.

(4) The listing service is not involved in placing deposits. Any funds to be invested in deposit accounts are remitted directly by the depositor to the insured depository institution and not, directly or indirectly, by or through the listing service.

E. Deposits of Individuals, Partnerships, and Corporations

In Call Report Schedule RC–E, Deposit Liabilities, banks currently report separate breakdowns of their transaction and nontransaction accounts (in domestic offices) by category of depositor. The predominant depositor category is deposits of "Individuals, partnerships, and corporations," which comprises more than 90 percent of total deposits in domestic offices. The recent crisis has demonstrated that business depositors' behavioral characteristics are significantly different than the behavioral characteristics of individuals. Thus, separate reporting of deposits of individuals versus deposits of partnerships and corporations would enable the banking agencies to better assess the liquidity risk profile of institutions given differences in the relative stability of deposits from these two sources.

As proposed to be revised, Schedule RC–E, item 1, "Individuals, partnerships, and corporations," would be split into item 1.a, "Individuals," and item 1.b, "Partnerships and corporations." Under this proposal, accounts currently reported in item 1 for which the depositor's taxpayer identification number, as maintained on the account in the bank's records, is a Social Security Number (or an Individual Taxpayer Identification Number [4]) should be treated as deposits of individuals. In general, all other accounts currently reported in item 1 should be treated as deposits of partnerships and corporations. However, Schedule RC–E, item 1, also includes all certified and official checks. To limit the reporting burden of this proposed change, official checks in the form of money orders and travelers checks would be reported as deposits of individuals. Certified checks and all other official checks would be reported as deposits of partnerships and corporations. The agencies request comment on this approach to reporting certified and official checks.

F. Variable Interest Entities

In June 2009, the Financial Accounting Standards Board (FASB) issued accounting standards that have changed the way entities account for securitizations and special purpose entities. ASU No. 2009–16 (formerly FAS 166) revised ASC Topic 860, Transfers and Servicing, by eliminating the concept of a "qualifying special-purpose entity" (QSPE) and changing the requirements for derecognizing financial assets. ASU No. 2009–17 (formerly FAS 167) revised ASC Topic 810, Consolidations, by changing how a bank or other company determines when an entity that is insufficiently capitalized or is not controlled through voting or similar rights, *i.e.,* a "variable interest entity" (VIE), should be consolidated. For most banks, ASU Nos. 2009–16 and 2009–17 took effect January 1, 2010.

Under ASC Topic 810, as amended, determining whether a bank is required to consolidate a VIE depends on a qualitative analysis of whether that bank has a "controlling financial interest" in the VIE and is therefore the primary beneficiary of the VIE. The analysis focuses on the bank's power over and interest in the VIE. With the removal of the QSPE concept from generally accepted accounting principles that was brought about in amended ASC Topic 860, a bank that transferred financial assets to an SPE that met the definition of a QSPE before the effective date of these amended accounting standards was required to evaluate whether, pursuant to amended ASC Topic 810, it must begin to consolidate the assets, liabilities, and equity of the SPE as of that effective date. Thus, when implementing amended ASC Topics 860 and 810 at the beginning of 2010, banks began to consolidate certain previously off-balance securitization vehicles, asset-backed commercial paper conduits, and other structures. Going forward, banks with variable interests in new VIEs must evaluate whether they have a controlling financial interest in these entities and, if so, consolidate them. In addition, banks must continually reassess whether they are the primary beneficiary of VIEs in which they have variable interests.

For those VIEs that banks must consolidate, the banking agencies' Call Report instructional guidance advises institutions to report the assets and liabilities of these VIEs on the Call Report balance sheet (Schedule RC) in the balance sheet category appropriate to the asset or liability. However, ASC paragraph 810–10–45–25 [5] requires a reporting entity to present "separately on the face of the statement of financial position: a. Assets of a consolidated variable interest entity (VIE) that can be used only to settle obligations of the consolidated VIE [and] b. Liabilities of a consolidated VIE for which creditors (or beneficial interest holders) do not have recourse to the general credit of the primary beneficiary." This requirement has been interpreted to mean that "each line item of the consolidated balance sheet should differentiate which portion of those amounts meet the separate presentation conditions." [6] In requiring separate presentation for these assets and liabilities, the FASB agreed with commenters on its proposed accounting standard on consolidation that "separate presentation . . . would provide transparent and useful information about an enterprise's involvement and associated risks in a variable interest entity." [7] The banking agencies concur that separate presentation would provide similar benefits to them and other Call Report users, particularly since data on securitized assets that are reconsolidated is no longer reported on Call Report Schedule RC–S, Servicing, Securitization, and Asset Sale Activities.

Consistent with the presentation requirements discussed above, the banking agencies are proposing to add a new Schedule RC–V, Variable Interest Entities, to the Call Report in which banks would report a breakdown of the assets of consolidated VIEs that can be used only to settle obligations of the consolidated VIEs and liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank. The following proposed categories for these assets and liabilities would include some of the same categories presented on the Call Report balance sheet (Schedule RC): Cash and balances due from depository institutions, Held-to-

[4] An Individual Taxpayer Identification Number is a tax processing number only available for certain nonresident and resident aliens, their spouses, and dependents who cannot get a Social Security Number. It is a 9-digit number, beginning with the number "9," formatted like a Social Security Number.

[5] Formerly paragraph 22A of FIN 46(R), as amended by FAS 167.

[6] Deloitte & Touche LLP, "Back on-balance sheet: Observations from the adoption of FAS 167," May 2010, page 4 (*http://www.deloitte.com/view/en_US/us/Services/audit-enterprise-risk-services/Financial-Accounting-Reporting/f3a70ca28d9f8210VgnVCM200000bb42f00aRCRD.htm*).

[7] *See* paragraphs A80 and A81 of FAS 167.

maturity securities; Available-for-sale securities; Securities purchased under agreements to resell, Loans and leases held for sale; Loans and leases, net of unearned income; Allowance for loan and lease losses; Trading assets (other than derivatives); Derivative trading assets; Other real estate owned; Other assets; Securities sold under agreements to repurchase; Derivative trading liabilities; Other borrowed money (other than commercial paper); Commercial paper; and Other liabilities. These assets and liabilities would be presented separately for securitization trusts, asset-backed commercial paper conduits, and other VIEs.

In addition, the agencies propose to include two separate items in new Schedule RC–V in which banks would report the total amounts of all other assets and all other liabilities of consolidated VIEs (*i.e.,* all assets of consolidated VIEs that are not dedicated solely to settling obligations of the VIE and all liabilities of consolidated VIEs for which creditors have recourse to the general credit of the reporting bank). The collection of this information would help the agencies understand the total magnitude of consolidated VIEs. These assets and liabilities would also be reported separately for securitization trusts, asset-backed commercial paper conduits, and other VIEs.

The asset and liability information collected in Schedule RC–V would represent amounts included in the reporting bank's consolidated assets and liabilities reported on Schedule RC, Balance Sheet, *i.e.,* after eliminating intercompany transactions.

G. Assets Covered by FDIC Loss-Sharing Agreements

In March 2010, the banking agencies added a four-way breakdown of assets covered by loss-sharing agreements with the FDIC to Schedule RC–M, Memoranda. Items 13.a through 13.d collect data on covered loans and leases, other real estate owned, debt securities, and other assets. In a January 22, 2010, comment letter to the banking agencies on the agencies' submission for OMB review of proposed Call Report revisions for implementation in 2010, the American Bankers Association (ABA) stated that while the addition of the covered asset items to Schedule RC–M was:

> a step in the right direction, ABA believes it would be beneficial to regulators, reporting banks, investors, and the public to have additional, more granular information about the various categories of assets subject to the FDIC loss-sharing agreements. While we recognize that this would result in additional reporting burden on banks, on balance our members feel strongly that the benefit of additional disclosure of loss-sharing data would outweigh the burden of providing these detailed data. Thus, we urge the Agencies and the FFIEC to further revise the collection of data from banks on assets covered by FDIC loss-sharing agreements on the Call Report to include the several changes suggested below * * * We believe these changes would provide a more precise and accurate picture of a bank's asset quality.

The changes suggested by the ABA included revising Schedule RC–M by replacing the two items for covered loans and leases and covered other real estate owned with separate breakdowns of these assets by loan category and real estate category. The ABA also suggested revising existing items 10 and 10.a in Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets, which collect data on past due and nonaccrual loans and leases that are wholly or partially guaranteed by the U.S. Government, including the FDIC. The ABA recommended that the reporting of these past due and nonaccrual loans and leases be segregated into separate items for loans and leases covered by FDIC loss-sharing agreements and loans and leases with other U.S. Government guarantees.

After reviewing the ABA's recommendations and discussing them with their staff, the banking agencies are proposing to revise the Call Report along the lines suggested by the ABA. Thus, the banking agencies are proposing to create a breakdown of Schedule RC–M, item 13.a, covered "Loans and leases," that would include each category of "Loans secured by real estate" (in domestic offices) from Schedule RC–C, part I, "Loans to finance agricultural production and other loans to farmers," "Commercial and industrial loans," "Credit cards," "Other consumer loans," and "All other loans and all leases." If any category of loans or leases (as defined in Schedule RC–C, part I) included in covered "All other loans and all leases" exceeds 10 percent of total covered loans and leases, the amount of covered loans or leases in that category or categories must be itemized and described. Similarly, the banking agencies would create a breakdown of Schedule RC–M, item 13.b, covered "Other real estate owned," into the following categories: "Construction, land development, and other land," "Farmland," "1–4 family residential properties," "Multifamily (5 or more) residential properties," and "Nonfarm nonresidential properties." Banks would also report the guaranteed portion of the total amount of covered other real estate owned. In Schedule RC–N, as suggested by the ABA, the banking agencies would remove loans and leases covered by FDIC loss-sharing agreements from the scope of existing items 10 and 10.a on past due and nonaccrual loans wholly or partially guaranteed by the U.S. Government. Past due and nonaccrual covered loans and leases would then be collected in new item 11, which would include a breakdown of these loans and leases using the same categories as in proposed revised item 13.a of Schedule RC–M and also provide for banks to report the guaranteed portion of the total amount of covered loans and leases.

H. Life Insurance Assets

Banks purchase and hold bank-owned life insurance (BOLI) policies as assets, the premiums for which may be used to acquire general account or separate account life insurance policies. Banks currently report the aggregate amount of their life insurance assets in item 5 of Call Report Schedule RC–F, Other Assets, without regard to whether their holdings are general account or separate account policies.

Many banks have BOLI assets, and the distinction between those life insurance policies that represent general account products and those that represent separate account products has meaning with respect to the degree of credit risk involved as well as performance measures for the life insurance assets in a volatile market environment. In a general account policy, the general assets of the insurance company issuing the policy support the policy's cash surrender value. In a separate account policy, the policyholder's cash surrender value is supported by assets segregated from the general assets of the insurance carrier. Under such an arrangement, the policyholder neither owns the underlying separate account created by the insurance carrier on its behalf nor controls investment decisions in the account. Nevertheless, the policyholder assumes all investment and price risk.

A number of banks holding separate account life insurance policies have recorded significant losses in recent years due to the volatility in the markets and the vulnerability to market fluctuations of the instruments that are investment options in separate account life insurance policies. Information distinguishing between the cash surrender values of general account and separate account life insurance policies would allow the banking agencies to track banks' holdings of both types of life insurance policies with their differing risk characteristics and changes in their carrying amounts resulting from their performance over time. Accordingly, the banking agencies are proposing to split item 5 of Schedule RC–F into two items: Item 5.a, "General account life insurance assets," and item 5.b, "Separate account life insurance assets."

I. Captive Insurance and Reinsurance Subsidiaries

Captive insurance companies are utilized by banking organizations to "self insure" or reinsure their own risks pursuant to incidental activities authority. A captive insurance company is a limited purpose insurer that may be licensed as a direct writer of insurance or as a reinsurer. Insurance premiums paid by a bank to its captive insurer, and claims paid back to the bank by the captive, are transacted on an intercompany basis, so there is no evidence of this type of self-insurance activity when a bank prepares consolidated financial statements, including its Call Report. The cash flows for a captive reinsurer's transactions also are not apparent in a bank's consolidated financial statements.

A number of banks own captive insurers or reinsurers, several of which were authorized to operate more than ten years ago. Some of the most common lines of business underwritten by bank captive insurers are credit life, accident, and health; disability insurance; and employee benefits coverage. Additionally, bank captive reinsurance subsidiaries may underwrite private mortgage guaranty reinsurance and terrorism risk reinsurance.

As part of their supervisory processes, the agencies have been following the proliferation of bank captive insurers and reinsurers and the performance trends of these captives for the past several years. Collection of financial information regarding the total assets of captive insurance and reinsurance subsidiaries would assist the agencies in monitoring the insurance activities of banking organizations as well as any safety and soundness risks posed to the parent bank from the activities of these subsidiaries.

The agencies propose to collect two new items in Schedule RC–M, Memoranda, for captive insurance subsidiaries operated by banks: Item 14.a, "Total assets of captive insurance subsidiaries," and item 14.b, "Total assets of captive reinsurance subsidiaries." These new items are not expected to be applicable to the vast majority of banks. When reporting the total assets of these captive subsidiaries in the proposed new items, banks should measure the subsidiaries' total assets before eliminating intercompany transactions between the consolidated subsidiary and other offices or subsidiaries of the consolidated bank.

J. Credit and Debit Valuation Adjustments Included in Trading Revenues

Banks that reported average trading assets of $2 million or more for any quarter of the preceding calendar year provide a breakdown of trading revenue by type of exposure in Memorandum items 8.a through 8.e of Schedule RI, Income Statement. These revenue items are reported net of credit adjustments made to the fair value of banks' derivative assets and liabilities that are reported as trading assets and liabilities.

There are two forms of credit adjustments that affect the valuation of derivatives held for trading and trading revenue. The first is the credit valuation adjustment (CVA), which is the discounted value of expected losses on a bank's derivative assets due to changes in the creditworthiness of the bank's derivative counterparties and future exposures to those counterparties. In contrast, the debit valuation adjustment (DVA) reflects the effect of changes in the bank's own creditworthiness on its derivative liabilities. During the financial crisis, the recognition of both the CVA and the DVA had a material impact on overall trading revenues. Because of their potential materiality, information on these two adjustments is needed in order for the agencies to better understand the level and trend of banks' trading revenues.

The banking agencies are therefore proposing to add two new Memorandum items to the existing Schedule RI Memorandum items for trading revenue. In new Memorandum item 8.f, banks would report the "Impact on trading revenue of changes in the creditworthiness of the bank's derivatives counterparties on the bank's derivative assets (included in Memorandum items 8.a through 8.e above)." In new Memorandum item 8.g, banks would report the "Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities (included in Memorandum items 8.a through 8.e above)." Because derivatives held for trading are heavily concentrated in the very largest banks, these new items would be reported by banks with $100 billion or more in total assets.

K. Quarterly Reporting for Collective Investment Funds

For banks that provide fiduciary and related services, the volume of assets under management is an important metric for understanding risk at these institutions and in the banking system. A bank's assets under management may include such pooled investment vehicles as collective investment funds and common trust funds (hereafter, collectively, CIFs) that it offers to investors. When considering how and where to place funds in pooled investment vehicles, which also include registered investment funds (mutual funds), investors' decisions are highly influenced by risk and return factors. While registered investment funds regularly disclose an array of fund-related data to the U.S. Securities and Exchange Commission and the investing public, the banking agencies' collection and public disclosure of summary data on CIFs is limited to annual data reported in Memorandum items 3.a through 3.h of Call Report Schedule RC–T, Fiduciary and Related Services, as of each December 31.

Like other investment vehicles, CIFs were affected by market disruptions during the recent financial crisis. However, annual reporting on CIFs limited the agencies' ability to detect changes in investor behavior and bank investment management strategies at an early stage in this $2.5 trillion line of business. Thus, the agencies believe it would be beneficial to change the reporting frequency for the Schedule RC–T data on CIFs from annually to quarterly for those institutions that currently report their fiduciary assets and fiduciary income quarterly. Quarterly filing of these Schedule RC–T data is required of institutions with total fiduciary assets greater than $250 million (as of the preceding December 31) or with gross fiduciary and related services income greater than 10 percent of revenue for the preceding calendar year. This proposed reporting change would affect fewer than 100 banks.

L. Call Report Instructional Revisions

1. Construction Loans

Banks report the amount of their "Construction, land development, and other land loans" in the appropriate loan subcategory of Call Report Schedule RC–C, part I, item 1.a. Questions have arisen about the reporting treatment for a "Construction, land development, and other land loan" that was not originated as a "combination construction-permanent loan," but was originated with the expectation that repayment would come from the sale of the real estate, when the bank changes the loan's terms so that principal amortization is required. This may occur after completion of construction when the bank renews or refinances the existing loan or enters into a new real estate loan with the original borrower. The agencies believe that as long as the repayment of a loan that was originally categorized as a "Construction, land development, and other land loan" remains dependent on the sale of the real property, the loan should continue to be reported in the appropriate subcategory of item 1.a of Schedule RC–C, part I, because it continues to exhibit the risk characteristics of a construction loan.

The instructions for Schedule RC–C, part I, item 1.a, state that:

Loans written as combination construction-permanent loans secured by real estate should be reported in this item until construction is completed or principal amortization payments begin, whichever comes first. When the first of these events occurs, the loans should begin to be reported in the real estate loan category in Schedule RC–C, part I, item 1, appropriate to the real estate collateral. All other construction loans secured by real estate should continue to be reported in this item after construction is completed unless and until (1) the loan is refinanced into a new permanent loan by the reporting bank or is otherwise repaid, (2) the bank acquires or otherwise obtains physical possession of the underlying collateral in full satisfaction of the debt, or (3) the loan is charged off.

A combination construction-permanent loan results when the lender enters into a contractual agreement with the original borrower at the time the construction loan is originated to also provide the original borrower with permanent financing that amortizes principal after construction is completed and a certificate of occupancy is obtained (if applicable). This construction-permanent loan structure is intended to apply to situations where, at the time the construction loan is originated, the original borrower:

• Is expected to be the owner-occupant of the property upon completion of construction and receipt of a certificate of occupancy (if applicable), for example, where the financing is being provided to the original borrower for the construction and permanent financing of the borrower's residence or place of business, or

• Is not expected to be the owner-occupant of the property, but repayment of the permanent loan will be derived from rental income associated with the property being constructed after receipt of a certificate of occupancy (if applicable) rather than from the sale of the property being constructed.

For a loan not written as a combination construction-permanent loan at the time the construction loan was originated, the agencies propose to clarify the instructional language quoted above stating that "[a]ll other construction loans secured by real estate should continue to be reported in this item after construction is completed unless and until * * * the loan is refinanced into a new permanent loan by the reporting bank." This clarification is intended to ensure the appropriate categorization of such a loan in Schedule RC–C, part I. Thus, the agencies are proposing to revise the instructions for Schedule RC–C, part I, item 1.a, to explain that the phrase "the loan is refinanced into a new permanent loan" refers to:

• An amortizing permanent loan to a new borrower (unrelated to the original borrower) who has purchased the real property, or

• A prudently underwritten new amortizing permanent loan at market terms to the original borrower—including an appropriate interest rate, maturity, and loan-to-value ratio—that is no longer dependent on the sale of the property for repayment. The loan should have a clearly identified ongoing source of repayment sufficient to service the required principal and interest payments over a reasonable and customary period relative to the type of property securing the new loan. A new loan to the original borrower not meeting these criteria (including a new loan on interest-only terms or a new loan with a short-term balloon maturity that is inconsistent with the ongoing source of repayment criterion) should continue to be reported as a "Construction, land development, and other land loan" in the appropriate subcategory of Schedule RC–C, part I, item 1.a.

2. Reporting of 1–4 Family Residential Mortgages Held for Trading in Schedule RC–P

The banking agencies began collecting information in Schedule RC–P, 1–4 Family Residential Mortgage Banking Activities in Domestic Offices, in September 2006. At that time, the instructions for Schedule RC–C, part I, Loans and Leases, indicated that loans generally could not be classified as held for trading. Therefore, all 1–4 family residential mortgage loans designated as held for sale were reportable in Schedule RC–P. In March 2008, the banking agencies provided instructional guidance establishing conditions under which banks were permitted to classify certain assets (*e.g.,* loans) as trading, and specified that loans classified as trading assets should be excluded from Schedule RC–C, part I, Loans and Leases, and reported instead in Schedule RC–D, Trading Assets and Liabilities (if the reporting threshold for this schedule were met). However, the agencies neglected to address the reporting treatment on Schedule RC–P of 1–4 family residential loans that met the conditions for classification as trading assets. Therefore, the agencies are proposing to correct this by providing explicit instructional guidance that all 1–4 family residential mortgage banking activities, whether held for sale or trading purposes, are reportable on Schedule RC–P.

3. Maturity and Repricing Data for Assets and Liabilities at Contractual Ceilings and Floors

Banks report maturity and repricing data for debt securities (not held for trading), loans and leases (not held for trading), time deposits, and other borrowed money in Call Report Schedule RC–B, Securities; Schedule RC–C, part I, Loans and Leases; Schedule RC–E, Deposit Liabilities; and Schedule RC–M, Memoranda, respectively. The agencies use these data to assess, at a broad level, a bank's exposure to interest rate risk. The instructions for reporting the maturity and repricing data currently require that when the interest rate on a floating rate instrument has reached a contractual floor or ceiling level, which is a form of embedded option, the instrument is to be treated as "fixed rate" rather than "floating rate" until the rate is again free to float. As a result, a floating rate instrument whose interest rate has fallen to its floor or risen to its ceiling is reported based on the time remaining until its contractual maturity date rather than the time remaining until the next interest rate adjustment date (or the contractual maturity date, if earlier). This reporting treatment is designed to capture the potential effect of the embedded option under particular interest rate scenarios.

The ABA has requested that the agencies reconsider the reporting treatment for floating rate instruments with contractual floors and ceilings. More specifically, the ABA has recommended that the instructions be revised so that floating rate instruments would always be reporting based on the time remaining until the next interest rate adjustment date without regard to whether the rate on the instrument has reached a contractual floor or ceiling.

The agencies have considered this request and have concluded that an instruction revision is warranted, but the extent of the revision should be narrower than recommended by the ABA. The agencies believe that when a floating rate instrument is at its contractual floor or ceiling and the embedded option has intrinsic value to the bank, the floor or ceiling should be ignored and the instrument should be treated as a floating rate instrument. However, if the embedded option has intrinsic value to the bank's counterparty, the contractual floor or ceiling should continue to be taken into account and the instrument should be treated as a fixed rate instrument. For example, when the interest rate on a floating rate loan reaches its contractual ceiling, the embedded option represented by the ceiling has intrinsic value to the borrower and is a detriment to the bank because the loan's yield to the bank is lower than what it would have been without the ceiling. When the interest rate on a floating rate loan reaches its contractual floor, the embedded option represented by the floor has intrinsic value to the bank and is a benefit to the bank because the loan's yield to the bank is higher than what it would have been without the floor.

Accordingly, the agencies are proposing to revise the instructions for reporting maturity and repricing data in the four Call Report schedules identified above. As revised, the instructions would indicate that a floating rate asset that has reached its contractual ceiling and a floating rate liability that has reached its contractual floor would be treated as a fixed rate instrument and reported based on the time remaining until its contractual maturity date. In contrast, the instructions would state that a floating rate asset that has reached its contractual floor and a floating rate liability that has reached its contractual ceiling would be treated as a floating rate instrument and reported based on the time remaining until the next interest rate adjustment date (or the contractual maturity date, if earlier).

Request for Comment

Public comment is requested on all aspects of this joint notice. Comments are invited on:

(a) Whether the proposed revisions to the collections of information that are the subject of this notice are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;

(b) The accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this joint notice will be shared among the agencies. All comments will become a matter of public record.

Dated: September 23, 2010.

Michele Meyer,

Assistant Director, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, September 24, 2010.

Jennifer J. Johnson

Secretary of the Board.

Dated at Washington, DC, this 23rd day of September, 2010.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 2010–24476 Filed 9–29–10; 8:45 am]

BILLING CODE 6210–01–P; 4810–33–P; 6714–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Revenue Procedure 2004–46

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104–13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning Revenue Procedure 2004–45, Relief from Late GST Allocation.

DATES: Written comments should be received on or before November 29, 2010 to be assured of consideration.

ADDRESSES: Direct all written comments to Gerald Shields, Internal Revenue Service, Room 6129, 1111 Constitution Avenue, NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the revenue procedure should be directed to Allan Hopkins at Internal Revenue Service, Room 6129, 1111 Constitution Avenue, NW., Washington, DC 20224, or at (202) 622–6665, or through the Internet at *Allan.M.Hopkins@irs.gov*.

SUPPLEMENTARY INFORMATION:

Title: Relief from Late GST Allocation.

OMB Number: 1545–1895.

Revenue Procedure Number: Revenue Procedure 2004–46.

Abstract: Revenue Procedure 2004–45 provides guidance to certain taxpayers in order to obtain an automatic extension of time to make an allocation of the generation-skipping transfer tax exemption. Rather than requesting a private letter ruling, the taxpayer may file certain documents directly with the Cincinnati Service Center to obtain relief.

Current Actions: There are no changes being made to the revenue procedure at this time.

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations.

Estimated Number of Respondents: 50.

Estimated Annual Average Time per Respondent: 7 hours.

Estimated Total Annual Hours: 350.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c)ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation,