

FEDERAL COMMUNICATIONS COMMISSION

[WP Docket No. 07–100; DA 20–1048; FRS 17074]

Public Safety and Homeland Security Bureau and Wireless Telecommunications Bureau Announce Temporary Filing Freeze on the Acceptance and Processing of Certain Applications for the 4940–4990 MHz Band**AGENCY:** Federal Communications Commission.**ACTION:** Notice.

SUMMARY: In this document, the Public Safety and Homeland Security Bureau and the Wireless Telecommunications Bureau (the Bureaus) announce a temporary freeze, effective September 8, 2020, on the acceptance and processing of certain applications related to private land mobile radio services in the 4.9 GHz band (4940–4990 MHz). Pursuant to this freeze, applications for new or modified operations in the 4.9 GHz band will not be accepted and pending applications will not be processed unless they meet limited exceptions.

DATES: Effective September 8, 2020.**ADDRESSES:** Federal Communications Commission, 445 12th Street SW, Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: For additional information regarding this Public Notice, please contact Michael Wilhelm, Chief, Policy and Licensing Division, Public Safety and Homeland Security Bureau, at (202) 418–0870 or Jon Markman, Attorney Advisor, Mobility Division, Wireless Telecommunications Bureau at (202) 418–7090.

SUPPLEMENTARY INFORMATION: In 2018, the Commission issued a Sixth Further Notice of Proposed Rulemaking (83 FR 20011), which sought comment on proposals to stimulate expanded use of and investment in the 4.9 GHz band. In order to stabilize the 4.9 GHz spectrum landscape and to maximize the Commission's flexibility in considering the appropriate rules governing the band, the Bureaus now suspend the acceptance and processing of certain 4.9 GHz band license applications.

Imposition of the freeze is procedural and, therefore, not subject to the notice and comment and effective date requirements of the Administrative Procedure Act. We find good cause for not delaying the effective date of the freeze pending publication of this Public Notice in the **Federal Register**, because delay would undermine the purpose of the freeze, which is to ensure

that new applications do not compromise the Commission's flexibility to modify the rules governing the band to the extent the public interest may warrant.

Federal Communications Commission.

David Furth,*Deputy Bureau Chief.*

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FEDERAL RESERVE SYSTEM**Proposed Agency Information Collection Activities; Comment Request****AGENCY:** Board of Governors of the Federal Reserve System (Board).**ACTION:** Notice and request for comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) invites comment on a proposal to extend for three years, with revision, the Financial Statements for Holding Companies (FR Y–9 reports; OMB Control Number 7100–0128) and the Consolidated Report of Condition and Income for Edge and Agreement Corporations (FR 2886b; OMB Control Number 7100–0086).

DATES: Comments must be submitted on or before December 7, 2020.**ADDRESSES:** You may submit comments, identified by *FR Y–9* or *FR 2886b*, by any of the following methods:

- *Agency website:* <https://www.federalreserve.gov/>. Follow the instructions for submitting comments at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx>.

- *Email:* regs.comments@federalreserve.gov. Include the OMB number in the subject line of the message.

- *Fax:* (202) 452–3819 or (202) 452–3102.

- *Mail:* Ann E. Misback, 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 website at <https://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 146, 1709 New York Avenue NW, Washington, DC 20006, between 9:00 a.m. and 5:00 p.m. on

weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452–3684. 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.

Additionally, commenters may send a copy of their comments to the Office of Management and Budget (OMB) Desk Officer—Alex Goodenough—Office of Information and Regulatory Affairs, 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:

Federal Reserve Board Clearance Officer—Nuha Elmaghrabi—Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452–3829.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the PRA to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. In exercising this delegated authority, the Board is directed to take every reasonable step to solicit comment. In determining whether to approve a collection of information, the Board will consider all comments received from the public and other agencies.

A copy of the Paperwork Reduction Act (PRA) OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be available at <https://www.reginfo.gov/public/do/PRAMain>, if approved. These documents will also be made available on the Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

Request for Comment on Information Collection Proposals

The Board invites public comment on the following information collections, which are being reviewed under authority delegated by the OMB under the PRA. Comments are invited on the following:

- Whether the proposed collections of information are necessary for the proper performance of the Board's functions, including whether the information has practical utility;
- The accuracy of the Board's estimate of the burden of the proposed information collections, 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 collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

At the end of the comment period, the comments and recommendations received will be analyzed to determine the extent to which the Board should modify the proposal.

Proposal To Approve Under OMB Delegated Authority the Extension for Three Years, With Revision, of the Following Information Collections

(1) *Report title:* Financial Statements for Holding Companies.

Agency form numbers: FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9ES, and FR Y-9CS.

OMB control number: 7100-0128.

Frequency: Quarterly, semiannually, and annually.

Respondents: Bank holding companies (BHCs), savings and loan holding companies (SLHCs), securities holding companies (SHCs), and U.S. intermediate holding companies (IHCs) (collectively, holding companies (HCs)).¹

Estimated number of respondents: FR Y-9C (non-advanced approaches (AA) HCs) with less than \$5 billion in total assets—124, FR Y-9C (non AA HCs) with \$5 billion or more in total assets—218, FR Y-9C (AA HCs)—9, FR Y-9LP—416, FR Y-9SP—3,739, FR Y-9ES—78, FR Y-9CS—236.

Estimated average hours per response:

Reporting

FR Y-9C (non AA HCs) with less than \$5 billion in total assets—40.65, FR Y-9C (non AA HCs) with \$5 billion or more in total assets—46.62, FR Y-9C (AA HCs)—48.93, FR Y-9LP—5.27, FR Y-9SP—5.40, FR Y-9ES—0.50, FR Y-9CS—0.50.

¹ An SLHC must file one or more of the FR Y-9 family of reports unless it is: (1) A grandfathered unitary SLHC with primarily commercial assets and thrifts that make up less than five percent of its consolidated assets; or (2) a SLHC that primarily holds insurance-related assets and does not otherwise submit financial reports with the SEC pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934.

Recordkeeping

FR Y-9C—1, FR Y-9LP—1, FR Y-9SP—0.50, FR Y-9ES—0.50, FR Y-9CS—0.50.

Estimated annual burden hours:

Reporting

FR Y-9C (non AA HCs) with less than \$5 billion in total assets—20,162, FR Y-9C (non AA HCs) with \$5 billion or more in total assets—40,653, FR Y-9C (AA HCs)—1,761, FR Y-9LP—8,769, FR Y-9SP—40,381, FR Y-9ES—39, FR Y-9CS—472.

Recordkeeping

FR Y-9C—1,404, FR Y-9LP—1,664, FR Y-9SP—3,739, FR Y-9ES—39, FR Y-9CS—472.

General description of report: The FR Y-9 family of reporting forms continues to be the primary source of financial data on HCs that examiners rely on in the intervals between on-site inspections. The Board requires HCs to provide standardized financial statements to fulfill the Board's statutory obligation to supervise these organizations. Financial data from these reporting forms are used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate HC mergers and acquisitions, and to analyze a HC's overall financial condition to ensure the safety and soundness of its operations. The FR Y-9C, FR Y-9LP, and FR Y-9SP serve as standardized financial statements for the HCs. The FR Y-9ES is a financial statement for HCs that are Employee Stock Ownership Plans. The Board uses the voluntary FR Y-9CS (a free-form supplement) to collect additional information deemed to be critical and needed in an expedited manner. HCs file the FR Y-9C on a quarterly basis, the FR Y-9LP quarterly, the FR Y-9SP semiannually, the FR Y-9ES annually, and the FR Y-9CS on a schedule that is determined when this supplement is used.

Legal authorization and confidentiality: The reporting and recordkeeping requirements associated with the Y-9 series of reports are authorized for BHCs pursuant to section 5 of the Bank Holding Company Act ("BHC Act");² for SLHCs pursuant to section 10(b)(2) and (3) of the Home Owners' Loan Act, 12 U.S.C. 1467a(b)(2) and (3), as amended by sections 369(8) and 604(h)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"); for IHCs pursuant to section 5 of the BHC Act, as

² 12 U.S.C. 1844.

well as pursuant to sections 102(a)(1) and 165 of the Dodd-Frank Act;³ and for securities holding companies pursuant to section 618 of the Dodd-Frank Act.⁴ Except for the FR Y-9CS report, which is expected to be collected on a voluntary basis, the obligation to submit the remaining reports in the FR Y-9 series of reports and to comply with the recordkeeping requirements set forth in the respective instructions to each of the other reports, is mandatory.

With respect to the FR Y-9C report, Schedule HI's Memoranda item 7(g) "FDIC deposit insurance assessments," Schedule HC-P's item 7(a) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to U.S. government agencies and government sponsored agencies," and Schedule HC-P's item 7(b) "Representation and warranty reserves for 1-4 family residential mortgage loans sold to other parties" are considered confidential commercial and financial information. Such treatment is appropriate under exemption 4 of the Freedom of Information Act ("FOIA"),⁵ because these data items reflect commercial and financial information that is both customarily and actually treated as private by the submitter, and which the Board has previously assured submitters will be treated as confidential. It also appears that disclosing these data items may reveal confidential examination and supervisory information, and in such instances, the information also would be withheld pursuant to exemption 8 of the FOIA,⁶ which protects information related to the supervision or examination of a regulated financial institution.

In addition, for both the FR Y-9C report and the FR Y-9SP report,

³ 12 U.S.C. 5311(a)(1) and 5365; Section 165(b)(2) of Title I of the Dodd-Frank Act, 12 U.S.C. 5365(b)(2), refers to "foreign-based bank holding company." Section 102(a)(1) of the Dodd-Frank Act, 12 U.S.C. 5311(a)(1), defines "bank holding company" for purposes of Title I of the Dodd-Frank Act to include foreign banking organizations that are treated as bank holding companies under section 8(a) of the International Banking Act, 12 U.S.C. 3106(a). The Board has required, pursuant to section 165(b)(1)(B)(iv) of the Dodd-Frank Act, 12 U.S.C. 5365(b)(1)(B)(iv), certain foreign banking organizations subject to section 165 of the Dodd-Frank Act to form U.S. intermediate holding companies. Accordingly, the parent foreign-based organization of a U.S. IHC is treated as a BHC for purposes of the BHC Act and section 165 of the Dodd-Frank Act. Because Section 5(c) of the BHC Act authorizes the Board to require reports from subsidiaries of BHCs, section 5(c) provides additional authority to require U.S. IHCs to report the information contained in the FR Y-9 series of reports.

⁴ 12 U.S.C. 1850a(c)(1)(A).

⁵ U.S.C. 552(b)(4).

⁶ U.S.C. 552(b)(8).

Schedule HC's Memoranda item 2.b., the name and email address of the external auditing firm's engagement partner, is considered confidential commercial information and protected by exemption 4 of the FOIA,⁷ if the identity of the engagement partner is treated as private information by HCs. The Board has assured respondents that this information will be treated as confidential since the collection of this data item was proposed in 2004.

Additionally, items on the FR Y-9C, Schedule HC-C for loans modified under Section 4013, data items Memorandum items 16.a, "Number of Section 4013 loans outstanding"; and Memorandum items 16.b, "Outstanding balance of Section 4013 loans" are considered confidential. While the Board generally makes institution-level FR Y-9C report data publicly available, the Board is collecting Section 4013 loan information as part of condition reports for the impacted HCs and the Board considers disclosure of these items at the HC level would not be in the public interest.⁸ Such information is permitted to be collected on a confidential basis, consistent with 5 U.S.C. 552(b)(8).⁹ In addition, holding companies may be reluctant to offer modifications under Section 4013 if information on these modifications made by each holding company is publicly available, as analysts, investors, and other users of public FR Y-9C report information may penalize an institution for using the relief provided by the CARES Act. The Board may disclose Section 4013 loan data on an aggregated basis, consistent with confidentiality or as otherwise required by law.

Aside from the data items described above, the remaining data items collected on the FR Y-9C report and the FR Y-9SP report are generally not accorded confidential treatment. The data items collected on FR Y-9LP, FR Y-9ES, and FR Y-9CS¹⁰ reports, are also generally not accorded confidential treatment. As provided in the Board's

Rules Regarding Availability of Information,¹¹ however, a respondent may request confidential treatment for any data items the respondent believes should be withheld pursuant to a FOIA exemption. The Board will review any such request to determine if confidential treatment is appropriate, and will inform the respondent if the request for confidential treatment has been granted or denied.

To the extent the instructions to the FR Y-9C, FR Y-9LP, FR Y-9SP, and FR Y-9ES reports each respectively direct the financial institution to retain the workpapers and related materials used in preparation of each report, such material would only be obtained by the Board as part of the examination or supervision of the financial institution. Accordingly, such information is considered confidential pursuant to exemption 8 of the FOIA.¹² In addition, the workpapers and related materials may also be protected by exemption 4 of the FOIA, to the extent such financial information is treated as confidential by the respondent.¹³

(2) *Report title:* Consolidated Report of Condition and Income for Edge and Agreement Corporations.

Agency form number: FR 2886b.

OMB control number: 7100-0086.

Frequency: Quarterly and annually.

Reporters: Edge and agreement corporations.

Estimated annual reporting hours:

Banking: Edge and agreement corporations (quarterly): 568; Banking: Edge and agreement corporations (annually): 16; Investment: Edge and agreement corporations (quarterly): 992; Investment: Edge and agreement corporations (annually): 76.

Estimated average hours per response:

Banking: Edge and agreement corporations (quarterly): 15.77; Banking: Edge and agreement corporations (annually): 15.87; Investment: Edge and agreement corporations (quarterly): 11.81; Investment: Edge and agreement corporations (annually): 10.82.

Number of respondents: Banking:

Edge and agreement corporations (quarterly): 9; Banking: Edge and agreement corporations (annually): 1; Investment: Edge and agreement corporations (quarterly): 21; Investment: Edge and agreement corporations (annually): 7.

General description of report: The FR 2886b reporting form is filed quarterly and annually by banking Edge and agreement corporations and investment (nonbanking) Edge and agreement

corporations (collectively, "Edges or Edge corporations"). The mandatory FR 2886b comprises a balance sheet, an income statement, two schedules reconciling changes in capital and reserve accounts, and 11 supporting schedules. The Board uses the FR 2886b data to help plan and target the scope of examinations of Edges and to evaluate applications from Edge corporations. Data from the FR 2886b are also used to monitor aggregate institutional trends, such as growth in assets and the number of offices, changes in leverage, and the types and locations of customers and to monitor and identify present and potential problems with Edge corporations.

Legal authorization and confidentiality: Sections 25 and 25A of the Federal Reserve Act authorize the Federal Reserve to collect the FR 2886b (12 U.S.C. 602, 625). The obligation to report this information is mandatory. The information collected on the FR 2886b is generally not considered confidential, but certain data may be exempt from disclosure pursuant to exemptions (b)(4) and (b)(7)(C) of FOIA, (5 U.S.C. 552(b)(4) and (b)(7)(C)). The information exempt from disclosure pursuant to (b)(4) consists of information provided on Schedule RC-M (with the exception for item 3) and on Schedule RC-V, both of which pertain to claims on and liabilities to related organizations.

I. Proposed Revisions

A. Revisions Related to Regulation D

In response to recent economic disruptions and volatility in U.S. financial markets caused by the spread of Coronavirus Disease 2019 (COVID-19), the Board adopted the Regulation D interim final rule. The interim final rule amended the "savings deposit" definition in Regulation D by deleting the six-transfer-limit provisions in this definition that required depository institutions either to prevent transfers and withdrawals in excess of the limit or to monitor savings deposits ex post for violations of the limit. The interim final rule also made conforming changes to other definitions in Regulation D that refer to "savings deposit" as necessary.

The interim final rule permits, but does not require, depository institutions to immediately suspend enforcement of the six-transfer limit and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits. The interim final rule did not amend the Regulation D provisions regarding the reporting of deposits by depository institutions.

⁷ 5 U.S.C. 552(b)(4).

⁸ See 12 U.S.C. 1464(v)(2).

⁹ Exemption 8 of the Freedom of Information Act (FOIA) specifically exempts from disclosure information "contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions."

¹⁰ The FR Y-9CS is a supplemental report that may be utilized by the Board to collect additional information that is needed in an expedited manner from HCs. The information collected on this supplemental report is subject to change as needed. Generally, the FR Y-9CS report is treated as public. However, where appropriate, data items on the FR Y-9CS report may be withheld under exemptions 4 or 8 of the FOIA, 5 U.S.C. 552(b)(4) and (8).

¹¹ 12 CFR part 261.

¹² 5 U.S.C. 552(b)(8).

¹³ 5 U.S.C. 552(b)(4).

In connection with the interim final rule, the Board published supplemental instructions to the FR Y-9C, which included temporary revisions to the General Instructions for FR Y-9C Schedule HC-E, as well as the Glossary entries for “Deposits,” to remove references to the six-transfer limit. In addition, the supplemental instructions included temporary revisions to the General Instructions for FR Y-9C Schedule HC-E to state that if a depository institution chooses to suspend enforcement of the six-transfer limit on a “savings deposit,” the depository institution may continue to report that account as a “savings deposit” or may instead choose to report that account as a “transaction account” based on an assessment of certain characteristics of the account. Similar temporary revisions were applied to the General Instructions of FR 2886b Schedule RC-E to remove references of the six-transfer limit and to state that if a depository institution chooses to suspend enforcement of the six-transfer limit on a “savings deposit,” the depository institution may continue to report that account as a “savings deposit” or may instead choose to report that account as a “transaction account” based on an assessment of certain characteristics of the account. The temporarily revised instructions are published on the FR 2886b report form and instructions website.

However, the Board recognizes that the adopted temporary revisions to the instructions for the FR Y-9C and FR 2886b created a reporting option that could result in the collection of ambiguous data by allowing a depository institution to report a savings deposit as either a “savings deposit” or a “transaction account” if the institution suspends enforcement of the six-transfer limit. To resolve this potential issue, the Board proposes to revise the General Instructions for FR Y-9C Schedule HC-E and FR 2886b Schedule RC-E, effective beginning with reports as of December 31, 2020, to state that where the reporting institution has suspended the enforcement of the six-transfer limit rule on an account that otherwise meets the definition of a savings deposit, the institution must report such deposits as a “savings deposit” (and as a “nontransaction account”) or a “transaction account” based on an assessment of the following characteristics:

(i) If the reporting institution does not retain the reservation of right to require at least seven days’ written notice before an intended withdrawal, the account must be reported as a demand deposit (and as a “transaction account”).

(ii) If the reporting institution retains the reservation of right to require at least seven days’ written notice before an intended withdrawal and the depositor is eligible to hold a Negotiable Order of Withdrawal (NOW) account, the account must be reported as an Automatic Transfer Service (ATS) account, NOW account, or a telephone and preauthorized transfer account (and as a “transaction account”).

(iii) If the reporting institution retains the reservation of right to require at least seven days’ written notice before an intended withdrawal and the depositor is ineligible to hold a NOW account, the account must be reported as a savings deposit (and as a “nontransaction account”).

The proposed revisions to the FR Y-9C and FR 2886b would be consistent with corresponding proposed revisions, related to the Regulation D amendments, to the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041 and FFIEC 051; OMB No. 7100-0036) and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB Control Number: 7100-0032).

The proposed FR Y-9C and FR 2886b revisions related to Regulation D would be effective as of the December 31, 2020, report date. The Board may consider further modifying the treatment of “savings deposits” and “transaction accounts” in the instructions for the FR Y-9C and FR 2886b after a review of the reported data. Any such changes would be proposed by the Board through a separate **Federal Register** notice pursuant to the Paperwork Reduction Act.

B. Proposed Revisions Related to U.S. GAAP

The Board proposes to make a number of revisions to the FR Y-9C, FR Y-9LP and FR Y-9SP related to U.S. GAAP effective for reports with a March 31, 2021, as-of date, except for last-of-layer hedging, which would be implemented following the Financial Accounting Standards Board (FASB)’s adoption of a final standard.

1. Provisions for Credit Losses on Off-Balance-Sheet Credit Exposures

On June 16, 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, Topic 326, Financial Instruments—Credit Losses (ASU 2016-13). Within Topic 326, paragraph 326-20-30-11 states: “An entity shall report in net income (as a credit loss expense) the amount necessary to adjust the liability for credit losses for management’s current estimate of

expected credit losses on off-balance-sheet credit exposures.” Off-balance-sheet credit exposures include unfunded loan commitments, financial standby letters of credit, and financial guarantees not accounted for as insurance, and other similar instruments except for those within the scope of Accounting Standards Codification (ASC) Topic 815 on derivatives and hedging.

Throughout Topic 326, the FASB refers to provisions for credit losses as “credit loss expense.” For example, paragraph 326-20-30-1 states: “An entity shall report in net income (as a credit loss expense) the amount necessary to adjust the allowance for credit losses (ACL) for management’s current estimate of expected credit losses on financial assets(s).” Thus, Topic 326 does not prohibit recording the adjustment to the liability for expected credit losses on off-balance-sheet credit exposures within the provisions for credit losses reported in the income statement.

The FR Y-9C income statement instructions currently direct HCs that have adopted Topic 326 to report provisions for expected credit losses on off-balance-sheet credit exposures in Schedule HI, item 7.d, “Other noninterest expense,” and prohibit its inclusion in Schedule HI, item 4, “Provision for loan and lease losses.”¹⁴ Therefore, to align regulatory reporting to the guidance within Topic 326, the Board proposes to change the FR Y-9C instructions to direct HCs that have adopted Topic 326 to report provisions for expected credit losses on off-balance-sheet credit exposures as part of the total amount of HCs’ provisions for credit losses in Schedule HI, item 4.¹⁵ These instructional changes would apply only to HCs that have adopted Topic 326.

The inclusion of provisions for expected credit losses on off-balance-sheet credit exposures in the provisions for credit losses presented in item 4 of the FR Y-9C income statement will cause a loss of transparency within the overall reported amount of provisions for credit losses between provisions attributable to on- and off-balance-sheet credit exposures. To enhance transparency and differentiate these provisions, the Board proposes adding a new Memorandum item 7, “Provisions for credit losses on off-balance-sheet

¹⁴ A footnote to Schedule HI, item 4, on the FR Y-9C forms currently states, “Institutions that have adopted ASU 2016-13 should report in item 4 the provisions for credit losses on all financial assets that fall within the scope of the standard.”

¹⁵ The existing footnote to Schedule HI, item 4, also would be revised in the same manner.

credit exposures,” to Schedule HI–B, Part II, Changes in Allowances for Credit Losses, which would identify the portion of the overall amount of the provisions for credit losses reported in Schedule HI, item 4, attributable to the provisions for expected credit losses on off-balance-sheet credit exposures. Adding the new memorandum item to Schedule HI–B, Part II, would enable the Board to monitor the underlying components of the total amount of a HC’s provisions for credit losses (*i.e.*, the separate provisions for expected credit losses attributable to loans and leases held for investment, held-to-maturity debt securities, available-for-sale (AFS) debt securities, other financial assets measured at amortized cost, and off-balance-sheet credit exposures) and how these components change over time in relation to the amounts of the various categories of financial assets and off-balance-sheet credit exposures within the scope of ASC Topic 326.

In addition, footnote 5 on Schedule HI–B, Part II, item 5, “Provisions for credit losses,” would be updated to reflect that “For institutions that have adopted ASU 2016–13, the sum of item 5, Column A through Column C, plus Schedule HI–B, Part II, Memorandum items 5 and 7 below, must equal Schedule HI, item 4.”

Lastly, footnote 2 on Schedule SI of the FR Y–9SP report form for item 7, “Other expenses” and footnote 1 on Schedule PI of the FR Y–9LP, report form for item 2.c., “Provision for loan and lease losses” would be updated to direct HCs that have adopted ASU 2016–13 to report provisions for expected credit losses on off-balance-sheet credit exposures as part of their total amount of provisions for credit losses.

2. Expected Recoveries of Amounts Previously Charged Off Included Within the Allowances for Credit Losses

As noted above, the FASB issued ASU 2016–13 on June 16, 2016, and it has been amended by subsequent FASB ASUs. Within Topic 326, paragraph 326–20–30–1 states, “The ACL is a valuation account that is deducted from, or added to, the amortized cost basis of the financial asset(s) to present the net amount expected to be collected on the financial asset. Expected recoveries of amounts previously written off and expected to be written off shall be included in the valuation account and shall not exceed the aggregate of amounts previously written off and expected to be written off by an entity.” The terms “written off” as used in Topic 326 and “charged off” as used in FR Y–

9C instructions are used interchangeably in this discussion.

Under GAAP, before an institution’s adoption of Topic 326, expected recoveries of amounts previously written off would not be included in the measurement of the allowance for loan and lease losses; recoveries would be recorded only when received. Under Topic 326, including expected recoveries of amounts previously written off within ACL reduces the overall amount of these allowances. Amounts related to an individual asset are written off or charged off when deemed uncollectible. However, under ASC Topic 326, institutions can, in some circumstances, reduce the amount of the ACL that would otherwise be calculated for a pool of assets with similar risk characteristics that includes charged-off assets on the same day the charge-offs were taken by the estimated amount of expected recoveries of amounts written off on these assets. Reducing the ACL by amounts of expected recoveries prior to collection effectively “reverses” a charge-off. Therefore, to provide transparency for expected recoveries of amounts with inherently higher risk that, before an HC’s adoption of ASC Topic 326, were not allowed to be recorded until they were received, the Board proposes to add new Memorandum item 8 to Schedule HI–B, Part II, Changes in Allowances for Credit Losses, to capture the “Estimated amount of expected recoveries of amounts previously written off included within the ACL on loans and leases held for investment (included in item 7, column A, ‘Balance end of current period,’ above).” This new item would be applicable to HCs only after they have adopted Topic 326.

Not including the proposed memorandum item for expected recoveries of amounts previously written off within the ACL on loans and leases would cause a loss of transparency within the reported amount of this allowance between the portions of the allowance attributable to (1) expected credit losses on the amortized cost basis of loans and leases held for investment net of expected recoveries of amounts expected to be charged off in the future and (2) expected recoveries of loan and lease amounts previously charged off. Proposed new Memorandum item 8 would enhance transparency and differentiate these amounts within the period-end balance of the ACL on loans and leases by separately identifying the estimated amount within this allowance attributable to expected recoveries of amounts previously written off. This proposed new memorandum item

would enable Board data users, including its examiners, and the public to better understand key components underlying HCs’ ACL on loans and leases (*i.e.*, amounts for expected credit losses on the amortized cost basis of loans and leases held for investment and amounts for expected recoveries of amounts previously written off on such loans and leases) and how these components change over time. This information would assist Board data users in monitoring amounts with inherently higher credit risk and changes therein that contribute to reductions in the overall amount of the ACL on loans and leases. This proposed new memorandum item would apply to loans and leases held for investment because this is the FR Y–9C category of financial assets that is expected to have the greatest amount of estimated expected recoveries of amounts previously written off.

3. Nonaccrual Treatment of Purchased Credit-Deteriorated Assets

ASU 2016–13 introduced the concept of purchased credit-deteriorated (PCD) assets. PCD assets are acquired financial assets that, at acquisition, have experienced more-than-insignificant deterioration in credit quality since origination. When recording the acquisition of PCD assets, the amount of expected credit losses as of the acquisition date is recorded as an allowance and added to the purchase price of the assets rather than recording these acquisition date expected credit losses through provisions for credit losses. The sum of the purchase price and the initial ACL establishes the amortized cost basis of the PCD assets at acquisition. Any difference between the unpaid principal balance of the PCD assets and the amortized cost basis of the assets as of the acquisition date is a noncredit discount or premium. The initial ACL and any noncredit discount or premium determined on a collective basis at the acquisition date are allocated to the individual PCD assets.

After acquisition, any noncredit discount or premium is accreted or amortized into interest income, as appropriate, over the remaining lives of the PCD assets on a level-yield basis. However, if a PCD asset is placed in nonaccrual status, institutions must cease accreting the noncredit discount or amortizing the noncredit premium into interest income consistent with the guidance in ASC paragraph 310–20–35–17.

The current instructions for FR Y–9C Schedule HC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets, provide an exception to the

general rule for placing financial assets in nonaccrual status set forth in the FR Y-9C Glossary entry for “Nonaccrual status” for purchased credit-impaired (PCI) assets. Topic 326 replaces the concept of PCI assets in previous GAAP with the concept of PCD assets.¹⁶ Although there is some similarity between the concepts of PCI and PCD assets, these two concepts are not identical. Nevertheless, ASU 2016-13 provides that, upon adoption of Topic 326, all PCI assets will be deemed to be, and accounted for prospectively as, PCD assets. However, the Schedule HC-N instructions indicate that the nonaccrual exception for PCI assets was not extended to PCD assets by stating that “For purchased credit-deteriorated loans, debt securities, and other financial assets that fall within the scope of ASU 2016-13, nonaccrual status should be determined and subsequent nonaccrual treatment, if appropriate, should be applied in the same manner as for other financial assets held by an institution.”

As described in the FR Y-9C Supplemental Instructions for March 2020, if an HC has adopted ASU 2016-13 and has a PCD asset, including a PCD asset that was previously a PCI asset or part of a pool of PCI assets, that would otherwise be required to be placed in nonaccrual status (see the Glossary entry for “Nonaccrual status”), the HC may elect to continue accruing interest income and not report the PCD asset as being in nonaccrual status if the following criteria are met:

(1) The HC reasonably estimates the timing and amounts of cash flows expected to be collected, and

(2) the HC did not acquire the asset primarily for the rewards of ownership of the underlying collateral, such as use of collateral in operations of the institution or improving the collateral for resale.

Additionally, these FR Y-9C Supplemental Instructions state that when a PCD asset that meets the criteria above is not placed in nonaccrual status, the asset should be subject to other alternative methods of evaluation to ensure that the HC’s net income is not materially overstated. Further, an HC is not permitted to accrete the credit-related discount embedded in the purchase price of a PCD asset that is attributable to the acquirer’s assessment of expected credit losses as of the date

of acquisition (*i.e.*, the contractual cash flows the acquirer did not expect to collect at acquisition). Interest income should no longer be recognized on a PCD asset to the extent that the net investment in the asset would increase to an amount greater than the payoff amount. If an HC is required or has elected to carry a PCD asset in nonaccrual status, the asset must be reported as a nonaccrual asset at its amortized cost basis in FR Y-9C Schedule HC-N, column C.¹⁷ For PCD assets for which the HC has made a policy election to maintain a previously existing pool of PCI assets as a unit of account for accounting purposes upon adoption of ASU 2016-13, the determination of nonaccrual or accrual status should be made at the pool level, not at the individual asset level.

For a PCD asset that is not reported in nonaccrual status, the delinquency status of the PCD asset should be determined in accordance with its contractual repayment terms for purposes of reporting the amortized cost basis of the asset as past due in Schedule HC-N, column A or B, as appropriate. If the PCD asset that is not reported in nonaccrual status consists of a pool of loans that were previously PCI assets that is being maintained as a unit of account after the adoption of ASU 2016-13, delinquency status should be determined individually for each loan in the pool in accordance with the individual loan’s contractual repayment terms.

The Board is proposing to update the FR Y-9C instructions to revise the nonaccrual treatment for PCD assets to provide HCs the option to not report PCD assets in nonaccrual status if they meet the criteria described above. The instructions also would incorporate the other reporting guidance for PCD assets in the FR Y-9C Supplemental Instructions for March 2020 described above.

4. Last-of-Layer Hedging

In ASU No. 2017-12, Derivatives and Hedging (Topic 815)—Targeted Improvements to Accounting for Hedging Activities, the FASB added the last-of-layer method to its hedge accounting standards to lessen the difficulties institutions encountered under existing accounting rules when seeking to enter into a fair value hedge of the interest rate risk of a closed portfolio of prepayable financial assets or one or more beneficial interests secured by a portfolio of prepayable

financial instruments. Typically, prepayable financial assets would be loans and available-for-sale debt securities.¹⁸ Under ASU 2017-12, there are no limitations on the types of qualifying assets that could be grouped together in a last-of-layer hedge other than meeting the following two criteria: (1) They must be prepayable financial assets that have a contractual maturity date beyond the period being hedged and (2) they must be eligible for fair value hedge accounting of interest rate risk (for example, fixed-rate instruments). For example, fixed-rate residential mortgages, auto loans, and collateralized mortgage obligations could all be grouped and hedged together in a single last-of-layer closed portfolio. For a last-of-layer hedge, ASC paragraph 815-10-50-5B states that an institution may need to allocate the related fair value hedge basis adjustment (FVHBA) “to meet the objectives of disclosure requirements in other Topics.” This ASC paragraph then explains that the institution “may allocate the basis adjustment on an individual asset basis or on a portfolio basis using a systematic and rational method.” Due to the aggregation of assets in a last-of-layer closed portfolio, institutions may find it challenging to allocate the related FVHBA to the individual loan or AFS debt security level when necessary for financial reporting purposes.

In March 2018, the FASB added a project to its agenda to expand last-of-layer hedging to multiple layers, thereby providing more flexibility to entities when applying hedge accounting to a closed portfolio of prepayable assets. In connection with this project, the FASB anticipated that there would be diversity in practice if entities were required to allocate portfolio-level, last-of-layer FVHBAs to more granular levels, which in turn could potentially hamper data quality and comparability. In addition, the allocation would increase operational burden on institutions with little, if any, added value to risk management or to users of the financial statements. Therefore, for financial reporting purposes, the FASB Board has tentatively decided that it would require these FVHBAs to be presented as a reconciling item, *i.e.*, in the aggregate for loans and AFS debt securities, in disclosures required by other areas of GAAP.¹⁹

¹⁸ Prepayable held-to-maturity debt securities do not qualify for last-of-layer hedging.

¹⁹ The tentative decision was made at the FASB Board meeting on October 16, 2019. The FASB Board meeting minutes are available at https://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176173617941. Currently, no

¹⁶ According to ASC paragraph 310-30-15-2, PCI assets, in general, are loans and debt securities with evidence of deterioration of credit quality since origination acquired by completion of a transfer for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivable.

¹⁷ Similarly, in the FFIEC 002, any PCD loans in nonaccrual status would be reported in Schedule N, column C.

For regulatory reporting purposes, the Board is proposing similar treatment for last-of-layer FVHBAs on FR Y-9C Schedule HC-C, Loans and Lease Financing Receivables, and Schedule HC-B, Securities. As such, following the FASB's adoption of a final last-of-layer hedge accounting standard, the instructions for Schedule HC-C, item 11, "LESS: Any unearned income on loans reflected in items 1-9 above," would be revised to explicitly state that last-of-layer FVHBAs associated with the loans reported in Schedule HC-C, should be included in this item.

In addition, the Board is proposing on Schedule HC-B, Securities, to rename existing item 7, "Investments in mutual funds and other equity securities with readily determinable fair values," as "Unallocated last-of-layer fair value hedge basis adjustments." HCs would report amounts for last-of-layer FVHBAs on AFS debt securities only in item 7, column C, "Available-for-sale: Amortized Cost." Only a small number of HCs that have not yet adopted ASU 2016-01, which includes provisions governing the accounting for investments in equity securities, continue to report amounts in item 7. Because all institutions are required to adopt ASU 2016-01 for FR Y-9C purposes by the December 31, 2020, report date, the Board had previously determined that existing item 7 in Schedule HC-B would no longer be applicable to institutions for reporting purposes and could be removed as of that report date.²⁰ For these reasons, the Board is proposing to redesignate existing item 7, column C, on Schedule HC-B, as a new item for reporting unallocated FVHBAs applicable to AFS debt securities following the FASB's adoption of a final last-of-layer hedge accounting standard.

Board of Governors of the Federal Reserve System, October 2, 2020.

Michele Taylor Fennell,

Assistant Secretary of the Board.

[FR Doc. 2020-22275 Filed 10-7-20; 8:45 am]

BILLING CODE 6210-01-P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part

exposure draft or ASU associated with this project has been issued.

²⁰ See 83 FR 945-946 (January 8, 2018).

225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)).

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Ann E. Misback, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than November 9, 2020.

A. Federal Reserve Bank of Chicago (Colette A. Fried, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690-1414:

1. *Northwood Financial Services Corporation, Northwood, Iowa*; to acquire Titonka Savings Bank, Titonka, Iowa.

Board of Governors of the Federal Reserve System, October 5, 2020.

Yao-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2020-22324 Filed 10-7-20; 8:45 am]

BILLING CODE P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA-2020-D-1553]

Premenopausal Women With Breast Cancer: Developing Drugs for Treatment; Draft Guidance for Industry; Availability

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice of availability.

SUMMARY: The Food and Drug Administration (FDA or Agency) is announcing the availability of a draft

guidance for industry entitled "Premenopausal Women with Breast Cancer: Developing Drugs for Treatment." This draft guidance provides recommendations regarding the inclusion of premenopausal women in breast cancer clinical trials. The guidance is intended to assist stakeholders, including sponsors and institutional review boards, responsible for the development and oversight of clinical trials for breast cancer drugs.

DATES: Submit either electronic or written comments on the draft guidance by December 7, 2020 to ensure that the Agency considers your comment on this draft guidance before it begins work on the final version of the guidance.

ADDRESSES: You may submit comments on any guidance at any time as follows:

Electronic Submissions

Submit electronic comments in the following way:

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to <https://www.regulations.gov> will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on <https://www.regulations.gov>.

- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see "Written/Paper Submissions" and "Instructions").

Written/Paper Submissions

Submit written/paper submissions as follows:

- **Mail/Hand delivery/Courier (for written/paper submissions):** Dockets Management Staff (HFA-305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in "Instructions."