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FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

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 paragraph 7 of the Act.

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 January 19, 2021.

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

1. *Timothy Schams, La Crosse, Wisconsin*; to acquire voting shares of River Holding Company, Stoddard, Wisconsin, and thereby indirectly acquire voting shares of River Bank, Stoddard, Wisconsin, and Wisconsin River Bank, Sauk City, Wisconsin.

B. Federal Reserve Bank of Minneapolis (Chris P. Wangen, Assistant Vice President), 90 Hennepin Avenue, Minneapolis, Minnesota 55480-0291:

1. *Angela K. Rassas, Potomac Falls, Virginia; Dianne K. Johnson, as a trustee of the Dianne K. Johnson Trust and the Mignon L. Johnson Trust, all of Forest*

Lake, Minnesota; Scott C. Johnson, individually and as trustee of the Edsel F. Johnson Disclaimer Trust, both of Stillwater, Minnesota; Jill E. King, Arden Hills, Minnesota; and Mackenzie L. Farrill, Hudson, Wisconsin; to join the Johnson Family Group, a group acting in concert, to retain voting shares of Marine Bancshares, Inc., and thereby indirectly retain voting shares of Security State Bank of Marine, both of Marine on St. Croix, Minnesota.

C. Federal Reserve Bank of Dallas (Robert L. Triplett III, Senior Vice President) 2200 North Pearl Street, Dallas, Texas 75201-2272:

1. *William Alexander O'Brien, Amarillo, Texas*; to acquire voting shares of BOC Bank, McLean, Texas.

Board of Governors of the Federal Reserve System, December 28, 2020.

Ann Misback,

Secretary of the Board.

[FR Doc. 2020-29030 Filed 12-31-20; 8:45 am]

BILLING CODE 6210-01-P

FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting 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). The new revisions to these reports are effective as of March 31, 2021. The Board is also finalizing the following revisions that were previously approved on an interim basis: Revisions to the definition of "savings deposits" in the FR Y-9C and FR 2886b instructions associated with the amendments to the Board's Regulation D (Reserve Requirements of Depository Institutions), collection of two new temporary data items on loan modifications consistent with section 4013(d)(2) of the Coronavirus Aid, Relief and Economic Security (CARES) Act, and collection of four new temporary data items related to the an interim final rule implementing the Paycheck Protection Program Liquidity Facility (PPPLF). These changes became effective June 30, 2020.

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.

Office of Management and Budget (OMB) Desk Officer—Will Bestani—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.

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. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. The OMB inventory, as well as copies of the PRA Submission, supporting statements, and approved collection of information instrument(s) are available at <https://www.reginfo.gov/public/do/PRAMain>. These documents are also available on the Federal Reserve 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.

Final Approval Under OMB Delegated Authority of 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, and U.S. intermediate holding companies (IHCs) (collectively, holding companies).¹

Estimated number of respondents:

FR Y-9C (non-advanced approaches holding companies) with less than \$5 billion in total assets—124,

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.

FR Y-9C (non advanced approaches holding companies) with \$5 billion or more in total assets—218,

FR Y-9C (advanced approaches holding companies)—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 advanced approaches holding companies) with less than \$5 billion in total assets—35.72;

FR Y-9C (non advanced approaches holding companies) with \$5 billion or more in total assets—44.92;

FR Y-9C (advanced approaches holding companies)—50.14;
FR Y-9LP—5.27;
FR Y-9SP—5.40;
FR Y-9ES—0.50;
FR Y-9CS—0.50.

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 advanced approaches holding companies) with less than \$5 billion in total assets—17,715;

FR Y-9C (non advanced approaches holding companies) with \$5 billion or more in total assets—39,166;

FR Y-9C (advanced approaches holding companies)—1,805;
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 holding companies that examiners rely on in the intervals between on-site inspections. The Board requires holding companies 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 holding company mergers and

acquisitions, and to analyze a holding company'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 holding companies. The FR Y-9ES is a financial statement for holding companies 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. Holding companies 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 FR 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 and Consumer Protection Act ("Dodd-Frank Act"); for IHCs pursuant to section 5 of the BHC Act, as 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 Memorandum item 7.g,

² 12 U.S.C. 1844.

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).

"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, Schedule HC's Memorandum 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 holding companies. 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 regarding loans modified under section 4013 of the CARES Act (Memorandum item 16.a, "Number of Section 4013 loans outstanding", and Memorandum item 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 believes the disclosure of these items at the holding company 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 Holding companies

⁵ 5 U.S.C. 552(b)(4).

⁶ 5 U.S.C. 552(b)(8).

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

may be reluctant to offer modifications under section 4013 if information on these modifications are 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.

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.

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 holding companies. 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).

Estimated annual reporting hours:

Banking: Edge and agreement corporations (quarterly): 586;

Banking: Edge and agreement corporations (annually): 16;

Investment: Edge and agreement corporations (quarterly): 1,034;

Investment: Edge and agreement corporations (annually): 79.

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. For Edge and Agreement corporations engaged in banking, current Schedules RC–M (with the exception of item 3) and RC–V are held confidential pursuant to exemption 4 of FOIA (12 U.S.C. 552(b)(4)). For Edge and Agreement corporations not engaged in banking, only information collected on Schedule RC–M (with the exception of item 3) are given confidential treatment pursuant to exemption 4 of FOIA (12 U.S.C. 552(b)(4)).

Current actions: On July 7, 2020, the Board published a notice¹⁴ to temporarily revise the FR Y–9C to collect four new data items related to Paycheck Protection Program (PPP) loans and the PPPLF. Also, as part of this notice, the Board temporarily revised the FR Y–9C to collect two new data items related to section 4013 of the CARES act.

On October 8, 2020, the Board published a separate notice¹⁵ to propose 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 proposed revisions related to last-of-layer hedging, which were proposed to become effective following the adoption and implementation of a final standard by the Financial Accounting Standards Board (FASB). For holding companies that have adopted Accounting Standards Codification (ASC) Topic 326, Financial Instruments—Credit Losses, the Board proposed in the October 2020 notice to add new Memorandum item 7, “Provisions for credit losses on off-balance sheet credit exposures,” to Schedule HI–B, Part II, Changes in Allowances for Credit Losses. This line item would have enhanced transparency and differentiate between the provisions attributable to on-and off-balance sheet credit exposures reported in item 4, “Provisions for loan and lease losses” on the FR Y–9C income statement. As part of the GAAP-related changes, the Board also proposed new Memorandum item 8 to Schedule HI–B, Part II, “Changes in Allowances for Credit Losses”, to the FR Y–9C report. The description of the memorandum item would have been “Estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment (included in item 7, column A, ‘Balance end of current period,’ above).” In proposing this reporting change, the Board noted that, under ASC Topic 326, holding companies could in some circumstances reduce the amount of the allowance for credit losses that would otherwise be calculated for a pool of assets with similar risk characteristics, which includes charged-off assets, by the estimated amount of expected recoveries of amounts written off on these assets.

In this same October notice, the Board proposed to finalize, on an interim basis, revisions to the definition of “savings deposits” in the FR Y–9C and FR 2886b instructions that are

¹⁴ 85 FR 40646 (July 7, 2020).

¹⁵ 85 FR 63553 (October 8, 2020).

associated with the amendments to the Board's Regulation D (Reserve Requirements of Depository Institutions) published April 28, 2020.¹⁶ The temporarily-approved revisions permit, but do not require, depository institutions to immediately suspend enforcement of the six-transfer limit on convenient transfers for savings deposits and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits. The General Instructions for FR Y-9C Schedule HC-E, Deposit Liabilities, and FR 2886b Schedule RC-E, Deposit Liabilities, were revised to state that if an institution chooses to suspend enforcement of the six-transfer limit on a "savings deposit," the 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.

Also as part of the October notice, the Board proposed to revise the General Instructions for FR Y-9C Schedule HC-E and FR 2886b Schedule RC-E 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 certain criteria.

The comment period for the July 2020 notice ended on September 8, 2020. The Board did not receive any comments on this proposal, and the revisions will be implemented as proposed, with the new data items being collected through December 31, 2021.

The comment period for the October 2020 notice expired on December 7, 2020. The Board received a comment from a banker's association on this proposal. Comments were also received on a comparable proposal involving the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031, FFIEC 041 and FFIEC 051; OMB Control Number 7100-0036).¹⁷ The Board has taken the comments from the proposed changes to the Call Report into consideration in finalizing the proposed FR Y-9C and FR 2886b changes. The revisions to the FR Y-9C and FR 2886b will be implemented as proposed, with certain modifications described below. The effective date of the proposed revisions to the FR Y-9C and FR 2886b instructions regarding the definition of

"savings deposits" is December 31, 2020. The effective date for all other changes is March 31, 2021.

Comments Received on Provision for Credit Losses on Off-Balance Sheet Credit Exposures

The lone commenter on the October 2020 notice noted the potential impact on other reports beyond the FR Y-9C of the GAAP change related to provision for credit losses on off-balance sheet credit exposures. These other reports include the FR Y-7N (OMB Control Number 7100-0125), FR Y-11 (OMB Control Number 7100-0244), FR 2314 (OMB Control Number 7100-0073), FR 2886b (OMB Control Number 7100-0086), and FR 2644 (OMB Control Number 7100-0075).

The Board will consider conforming changes to the forms and instructions for the FR 2886b, FR Y-7N, FR Y-11, and FR 2314 in the future. Any such changes would be proposed by the Board through a separate **Federal Register** notice pursuant to the Paperwork Reduction Act. The Board does not intend to make conforming changes to the FR 2644 since this report is only comprised of balance sheet items and this GAAP-related change only impacts income statement items.

Comments Received on Final Regulation D Reporting Revisions

The Board did not receive comments on the proposal to finalize the temporarily-approved revisions to the FR Y-9C and FR 2886b instructions regarding the definition of "savings deposits" associated with the amendments to the Board's Regulation D. The changes were effective as of June 30, 2020.

The commenter on the October 2020 notice raised several concerns with the proposed changes related to the definition of "savings deposits" and the assessment criteria to remove certain optional reporting, and requested a clarification on the definition of "retail sweep arrangements." The commenter recommended that the revisions be consistent across reports. Specifically, the commenter recommended that savings deposits be classified consistently as transaction or nontransaction accounts across reports. The commenter stated that the differences in the treatment of savings deposits would require firms to report savings deposits as nontransaction accounts on the Call Reports, FR Y-9C, and FR 2886b, while the same deposits would be classified as a transaction account on the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900; OMB Control Number

7100-0087). The commenter recommended that the Board provide clear and consistent definitions of "savings deposits," "transaction accounts," and "nontransaction accounts." In response to the commenter's recommendation, the Board will continue to maintain the requirement to report "savings deposits" as a component of nontransaction accounts on the FR Y-9C and FR 2886b in order to maintain consistency with the Call Report. The Board will also maintain the definition of "transaction accounts" and "nontransaction accounts" as currently stated in the FR Y-9C and FR 2886b instructions, which is consistent with the Call Report instructions. It is important to note the Call Report and FR Y-9C are principal sources of financial data used for supervision and regulation of the banking industry whereas the primary purpose of the FR 2900 report is to collect data for the construction of the monetary aggregates.

Secondly, regarding the proposed changes to the assessment criteria for "savings deposits," the commenter recommended that a depositor's eligibility to hold a NOW account should not be included in the criteria assessment to determine the reporting treatment for savings deposits for which the numeric limits on transfers and withdrawals have been removed. The commenter noted that "if a firm does not offer NOW accounts, they would be required to report savings deposits as NOW accounts, ATS accounts, or telephone and preauthorized transfer accounts (and as transaction accounts) based on a depositor's eligibility to hold such account" and "for firms that do not offer NOW accounts, the data necessary to determine a depositor's eligibility for NOW accounts would not be readily available." In addition, the commenter noted that this reporting treatment would be inconsistent with the Regulation D definition of savings deposits, as NOW account eligibility is not a component of the definition. The commenter believed that gathering the data necessary to distinguish these depositors from other savings account holders solely for regulatory reporting purposes would create business and systems challenges. The Board agrees with the commenter that the depositor's eligibility to hold a NOW account should not be included in the assessment criteria for classification as a "savings deposit," as such reporting would not be consistent with the Regulation D definition of savings deposits. Therefore, the Board will remove the depositor's eligibility to

¹⁶ 85 FR 23445 (April 28, 2020).

¹⁷ 85 FR 44361 (July 22, 2020).

hold a NOW account from the assessment criteria. The Board and the other federal banking agencies have proposed comparable revisions to the Call Report.

Additionally, the commenter recommended that the effective date of the proposed revisions to the FR Y-9C and the FR 2886b definition of "savings deposits" be delayed from December 31, 2020, until June 30, 2021, to better align with the proposed effective dates of the FR 2900¹⁸ and the Report of Foreign (Non-U.S.) Currency Deposits (FR 2915; OMB Control Number 7100-0087). The commenter noted that aligning the timing of the revisions would give firms additional time to implement any further changes made by the Board and other agencies in light of the comments received. In response to the commenter's recommendation, the Board has deferred the effective date of the proposed revisions that requires a depository institution to report each account as a "savings deposit" or a "transaction account" based on the institution's assessment of account characteristics and removes the optionality in reporting savings deposits as either a "savings deposit" or a "transaction account" if the institution suspended the enforcement of the six-transfer limit until March 31, 2021. Choosing March 31, 2021 as the proposed effective date will align the FR Y-9C and FR 2886b Regulation D revisions with the Call Report and will provide institutions additional time to implement any necessary changes. The timing of the FR Y-9C changes was chosen to match the Call Report to allow for consistent quarterly reporting.

Lastly, the commenter requested clarification on how institutions should report the components of retail sweep arrangements on the FR Y-9C report. Specifically, the commenter asked whether institutions should continue to report the nontransaction components of, or savings deposits in, retail sweep arrangements as nontransaction accounts. If not, the commenter asked whether institutions should strictly follow the proposed assessment criteria for the treatment of accounts where the transfer limit has been removed. In response to the comment, the Board has modified the description of retail sweep arrangements in the FR Y-9C instructions to remove references to transaction and nontransaction components. Further, the instructions will indicate that institutions should not follow the proposed assessment criteria for the treatment of accounts for which the transfer limit has been removed.

Instead, the instructions will note that institutions that offer valid retail sweep programs must report each component of the retail sweep arrangement based on the customer account agreement established by the depository institution. The instructions will also note that two key criteria must be met for a valid retail sweep program. These criteria are: (1) A depository institution must establish by agreement with its customer two distinct, legally separate accounts; and (2) the swept funds must actually be moved between the customer's accounts on the depository institution's official books and records as of the close of business on the day(s) on which the depository institution intends to report the funds as being in separate accounts. These modifications are consistent with modifications to the Call Report instructions made in response to a similar comment.¹⁹

Modifications to Proposed Memorandum Item 8 of Schedule HI-B, Part II, "Changes in Allowances for Credit Losses"

As discussed above, the Board proposed to add a new Memorandum item 8 to Schedule HI-B, Part II, to collect the estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment. The Board did not receive any comments on this aspect of the proposal, and will adopt this revision. However, the Board has decided to collect this new Memorandum item only from holding companies with \$5 billion or more in total consolidated assets. The Board decided to limit this collection to such holding companies in order to minimize burden, consistent with a number of other FR Y-9C items that are not required from holding companies with less than \$5 billion in total assets.

Proposed Revisions Related to Last-of-Layer Hedging

In the October 2020 notice, the Board proposed to make certain revisions to the FR Y-9C related to the last-of-layer method of hedge accounting standards. This proposal would have implemented in the FR Y-9C revisions related to a project added to the FASB 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. The Board proposed for these revisions to become effective following the adoption and

implementation of a final standard on this matter by FASB.

Because FASB has not yet adopted a final standard regarding last-of-layer hedging, the Board has not adopted the proposed FR Y-9C revisions associated with this topic at this time. The Board will consider whether to finalize the proposed revisions related to last-of-layer hedging when FASB adopts a final standard.

Additional Instructional Matters

The agencies addressed several additional instructional matters in the final Call Report notice. The Board will make comparable clarifying changes to the FR Y-9 reports for consistency purposes as discussed in detail below.

1. Uncollectible Accrued Interest Receivable Under ASC Topic 326

In April 2019, the Financial Accounting Standards Board (FASB) issued ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments," which amended ASC Topic 326 to allow an institution to make certain accounting policy elections for accrued interest receivable balances, including a separate policy election, at the class of financing receivable or major security-type level, to charge off any uncollectible accrued interest receivable by reversing interest income, recognizing credit loss expense (*i.e.*, provision expense), or a combination of both. The Glossary entry for "Accrued Interest Receivable" in the FR Y-9C report instructions currently references the following accounting policy elections in ASU 2019-04:

- Holding companies may elect to separately present accrued interest receivable from the associated financial asset, and the accrued interest receivable is presented net of an allowance for credit losses (ACL), if any; and

- Holding companies that charge off uncollectible accrued interest receivable in a timely manner, *i.e.*, in accordance with the Glossary entry for "Nonaccrual Status," may elect, at the class of financing receivable or the major security-type level, not to measure an ACL for accrued interest receivable.

Although this Glossary entry does not currently provide for the ASU's separate accounting policy election for the charge-off of uncollectible accrued interest receivable at the class of financing receivable or major security-type level, this election is specifically addressed in the Interagency Policy Statement on Allowances for Credit

¹⁸ 85 FR 54577 (Nov. 2, 2020).

¹⁹ 85 FR 74784.

Losses issued in May 2020.²⁰

Accordingly, as provided in the FR Y–9C Supplemental Instructions for the September 30, 2020, report date,²¹ a holding company that has adopted ASC Topic 326 may make the charge-off election for accrued interest receivable balances in ASU 2019–04 separately from the other elections for these balances in the ASU for FR Y–9C reporting purposes. A holding company may also charge off uncollectible accrued interest receivable against an ACL for FR Y–9C reporting purposes.

The Board plans to update the FR Y–9C Glossary entry for “Accrued Interest Receivable” to align the instructions in this entry with the elections permitted under U.S. GAAP for institutions that have adopted ASC 326, which also would achieve consistency with the discussion of accrued interest receivable in the Interagency Policy Statement on Allowances for Credit Losses.

2. Shared Fees and Commissions From Securities-Related and Insurance Activities

Holding companies with \$5 billion or more in total assets report income from certain securities-related and insurance activities in FR Y–9C report Schedule HI, Income Statement, items 5.d.(1) through (7), while holding companies with less than \$5 billion in total assets report only items 5.d.(6) and 5.d.(7). When an institution partners with, or otherwise joins with, a third party to conduct these securities-related or insurance activities, and any fees and commissions generated by these activities are shared with the third party, the Schedule HI instructions do not currently address the reporting treatment for these sharing arrangements. Consequently, holding companies may have reported the gross fees and commissions from these activities in the appropriate subitem of Schedule HI, item 5, “Other noninterest income,” and the third party’s share of the fees and commissions separately as expenses in Schedule HI, item 7.d, “Other noninterest expense.”

Alternatively, holding companies may have reported only their net share of the fees or commissions in the appropriate subitem of Schedule HI, item 5.

The Board believes that reporting shared fees and commissions on a net basis is preferable to gross reporting and is analogous to how income from certain other income-generating activities is reported on the FR Y–9C income

statement, including securitization income and servicing fee income, which are currently reported net of specified expenses and costs.

This net approach better represents an institution’s income from a securities-related or insurance activity engaged in jointly with a third party than when the third party’s share of the fees and commissions is separately reported as a noninterest expense in another income statement data item. As a result, the Board has clarified the existing Schedule HI instructions to ensure consistent reporting on a net basis of fees and commissions from securities-related and insurance activities that are shared with third parties. Furthermore, to avoid including repetitive language in the instructions for the multiple noninterest income items for income from securities-related and insurance activities in Schedule HI, a new non-reportable item 5.d captioned “Income from securities-related and insurance activities” has been added before the existing 5.d subitems on the FR Y–9C report. The reporting treatment for arrangements involving the sharing of fees and commissions with third parties arising from an institution’s securities brokerage, investment banking, investment advisory, securities underwriting, insurance and annuity sales, insurance underwriting, or any other securities-related and insurance activities is explained once in the new item 5.d instructions.

3. Pledged Equity Securities

In January 2016, the FASB issued ASU 2016–01, “Recognition and Measurement of Financial Assets and Financial Liabilities.” As one of its main provisions, the ASU requires investments in equity securities, except those accounted for under the equity method and those that result in consolidation, to be measured at fair value, with changes in fair value recognized in net income. Thus, the ASU eliminates the existing concept of available-for-sale (AFS) equity securities, which are measured at fair value with changes in fair value generally recognized in other comprehensive income. As of December 31, 2020, all holding companies will have been required to adopt ASU 2016–01 and, as a consequence, must report equity securities with readily determinable fair values not held for trading in Schedule HC, Balance Sheet, item 2.c, “Equity securities with readily determinable fair values not held for trading,” instead of Schedule HC–B, Securities, item 7, “Investments in mutual funds and other equity securities with readily determinable fair values.”

Accordingly, Schedule HC–B, item 7, will be removed effective December 31, 2020.

Holding companies report held-to-maturity and AFS securities in Schedule HC–B, items 1 through 7, and have long reported in Schedule HC–B, Memorandum item 1, “Pledged securities” the amount of such securities that are pledged to secure deposits and for other purposes. Considering that all institutions that previously reported their AFS equity securities in Schedule HC–B, item 7, now report these securities in Schedule HC, item 2.c, the Board is updating the instructions for Schedule HC–B, Memorandum item 1, and Schedule HC, item 2.c, to indicate that holding companies should include in Memorandum item 1 the fair value of pledged equity securities with readily determinable fair values not held for trading that are now reported in Schedule HC, item 2.c. The wording of existing footnote 1 to Memorandum item 1 of Schedule HC–B on the FR Y–9C forms will be similarly updated. These instructional clarifications would ensure that pledged equity securities formerly reportable as AFS equity securities would continue to be reported in Memorandum item 1 notwithstanding the change in accounting for equity securities under U.S. GAAP. Information on pledged securities is an important element of the agencies’ analysis of an institution’s liquidity risk. The existing footnote 1 to Memorandum item 1, Schedule HC–B on the FR Y–9C forms and the instructions for PC–B Memoranda line item 10, “Pledged securities”, of the FR Y–9LP and related footnote 1 reference of this line item on the FR Y–9LP forms will be similarly updated.

The FR Y–9C instructional clarifications to the Glossary entry for “Accrued Interest Receivable” and Schedule HC–B for pledged equity securities will take effect December 31, 2020, while the instructional clarifications to Schedule HI for shared fees and commissions from securities-related and insurance activities will take effect March 31, 2021.

Board of Governors of the Federal Reserve System, December 28, 2020.

Ann Misback,

Secretary of the Board.

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²⁰ 85 FR 32991 (June 1, 2020).

²¹ <https://www.federalreserve.gov/reportforms/supplemental/Final%20FR%20Y-9C%20September%202020%20Supplemental%20Instructions.pdf>.