SUMMARY: Notice is hereby given, pursuant to the Government in the Sunshine Act (5 U.S.C. 552b(e)(3)), of the regular meeting of the Farm Credit Administration Board (Board).

DATE AND TIME: The regular meeting of the Board will be held at the offices of the Farm Credit Administration in McLean, Virginia, on November 10, 2010, from 9 a.m. until such time as the Board concludes its business.

FOR FURTHER INFORMATION CONTACT: Roland E. Smith, Secretary to the Farm Credit Administration Board, (703) 883–4009, TTY (703) 883–4056.

ADDRESSES: Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102–5090.

SUPPLEMENTARY INFORMATION: This meeting of the Board will be open to the public (limited space available. In order to increase the accessibility to Board meetings, persons requiring assistance should make arrangements in advance. The matters to be considered at the meeting are:

Open Session

A. Approval of Minutes

- October 14, 2010

B. New Business

- Advance Notice of Proposed Rulemaking—Disclosure to Shareholders and Investors on Senior Officer Compensation

Closed Session*

Reports

- Office of Management Services Quarterly Report

Dated: October 28, 2010.

Roland E. Smith,

Secretary, Farm Credit Administration Board

[FR Doc. 2010–27910 Filed 11–1–10; 4:15 pm]

BILLING CODE 6705–01–P

FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: *Background.* On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), as per 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR Part 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

Request for Comment on Information Collection Proposals

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;

b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;

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

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.

DATES: Comments must be submitted on or before January 3, 2011.

ADDRESSES: You may submit comments, identified by *FR Y–9C, FR Y–9LP, FR Y–11, FR 2314, FR Y–7N, or FR 2886b,* by any of the following methods:

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

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

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

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public Web site at: *http://www.federalreserve.gov/boarddocs/reportforms/review.cfm* or may be requested from the agency clearance officer, whose name appears below.

Cynthia Ayouch, Acting Federal Reserve Board Clearance Officer (202–452–3829), Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may contact (202–263–4869), Board of Governors of the Federal Reserve System, Washington, DC 20551.

Proposal to approve under OMB delegated authority the extension for three years, with revision of the following reports:

1. *Report title:* Financial Statements for Bank Holding Companies.

Agency form number: FR Y–9C, FR Y–9LP.

OMB control number: 7100–0128.

Frequency: Quarterly.

Reporters: Bank holding companies.

Estimated annual reporting hours: FR Y–9C: 189,449; FR Y–9LP: 27,195.

Estimated average hours per response: FR Y–9C: 45.15; FR Y–9LP: 5.25.

Number of respondents: FR Y–9C: 1,049; FR Y–9LP: 1,295.

General description of report: This information collection is mandatory (12 U.S.C. 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4) and (b)(6) of the Freedom of Information Act (5 U.S.C. 522(b)(4), (b)(6)).

Abstract: The FR Y–9C and the FR Y–9LP are standardized financial statements for the consolidated bank holding company (BHC) and its parent. The FR Y–9 family of reports historically has been, and continues to be, the primary source of financial information on BHCs between on-site inspections. Financial information from these reports is used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate BHC mergers and acquisitions, and to analyze a BHC's overall financial condition to ensure safe and sound operations.

The FR Y–9C consists of standardized financial statements similar to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100–0036) filed by commercial banks. The FR Y–9C collects consolidated data from BHCs. The FR Y–9C is filed by top-tier BHCs with total consolidated assets of $500 million or more. (Under certain circumstances defined in the General Instructions, BHCs under $500 million may be required to file the FR Y–9C.)

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

Current actions: The Federal Reserve proposes the following revisions and clarifications to the FR Y–9C: (1) Break out by loan category of other loans and leases that are troubled debt restructurings for those that (a) are past due 30 days or more or in nonaccrual status or (b) are in compliance with their modified terms and clarify reporting of restructured troubled debt consumer loans, (2) break out other consumer loans into automobile loans and all other consumer loans in several schedules, (3) break out commercial mortgage-backed securities issued or guaranteed by U.S. Government agencies and sponsored agencies, (4) create a new Schedule HC–V, Variable Interest Entities, for reporting major categories of assets and liabilities of consolidated variable interest entities (VIEs), (5) break out loans and other real estate owned (OREO) information covered by FDIC loss-sharing agreements by loan and OREO category, (6) break out life insurance assets into data items for general account and separate account life insurance assets, (7) add new data items for the total assets of captive insurance and reinsurance subsidiaries, (8) add new income statement items for credit valuation adjustments and debit valuation adjustments included in trading revenues (for BHCs with total assets of $100 billion or more), (9) revise reporting instructions in the areas of construction lending, 1–4 family residential mortgage banking activities, and maturity and repricing data, and (10) collect expanded information on the quarterly-averages schedule. The proposed changes would be effective as of March 31, 2011.

The Federal Reserve proposes to revise the FR Y–9LP to modify a data item collecting loans and leases of the parent restructured in compliance with modified terms. This data item would be redefined to exclude leases and to explicitly refer to restructured loans in this data item as troubled debt restructurings. The proposed changes would be effective as of March 31, 2011.

For the March 31, 2011, reporting date, BHCs may provide reasonable estimates for any new or revised FR Y–9C or FR Y–9LP data item initially required to be reported as of that date for which the requested information is not readily available. The specific wording of the captions for the new or revised FR Y–9C or FR Y–9LP data items discussed in this proposal and the numbering of these data items should be regarded as preliminary.

Proposed Revisions—FR Y–9C

A. Proposed Revisions Related to Call Report Revisions

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

A.1 Troubled Debt Restructurings

The Federal Reserve proposes that BHCs report additional detail on loans that have undergone troubled debt restructurings in Schedule HC–C, Loans and Lease Financing Receivables, and Schedule HC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets. More specifically, Schedule HC–C, Memorandum item 1.b, Other loans and all leases, restructured and in compliance with modified terms, and Schedule HC–N, Memorandum item 1.b, restructured, Other loans and all leases, included in Schedule HC–N, would be broken out to provide information on restructured troubled loans for many of the loan categories reported in the bodies of Schedule HC–C and Schedule HC–N. The breakout would also include Loans to individuals for household, family, and other personal expenditures, whose terms have been modified in troubled debt restructurings, which are currently excluded from the reporting of troubled debt restructurings.

In the aggregate, troubled debt restructurings for all FR Y–9C respondents have grown from $11.4 billion at year-end 2007 to $106.2 billion as of March 31, 2010. The proposed additional detail on troubled debt restructurings in Schedules HC–C and HC–N would enable the Federal Reserve to better understand the level of restructuring activity at BHCs, the categories of loans involved in this activity, and whether BHCs are working with their borrowers to modify and restructure loans. In particular, to encourage banking organizations to work constructively with their commercial borrowers, the banking agencies recently issued guidance on commercial real estate loan workouts and small business lending.[1] While this guidance has explained the agencies' expectations for prudent workouts, the Federal Reserve and the industry would benefit from additional reliable data outside of the examination process to assess restructuring activity at BHCs for commercial real estate loans and commercial and industrial loans. Further, it is important to separately identify commercial real estate loan restructurings from commercial and industrial loan restructurings given that the value of the real estate collateral is a consideration in a BHC's decision to modify the terms of a commercial real estate loan in a troubled debt restructuring, but such collateral protection would normally be absent from commercial and industrial loans for which a loan modification is being explored because of borrowers' financial difficulties.

It is also anticipated that other loan categories will experience continued workout activity in the coming months given that most asset classes have been

[1] Interagency Statement on Meeting the Credit Needs of Creditworthy Small Business Borrowers, issued February 12, 2010, and Policy Statement on Prudent Commercial Real Estate Loan Workouts, issued October 30, 2009.

adversely affected by the recent recession. This affect is evidenced by the increase in past due and nonaccrual assets across virtually all asset classes over the past two to three years.

Currently, BHCs report loans and leases restructured and in compliance with their modified terms (Schedule HC–C, Memorandum item (1) with separate disclosure of (a) loans secured by 1–4 family residential properties (in domestic offices) and (b) other loans and all leases (excluding loans to individuals for household, family, and other personal expenditures). This same breakout is reflected in Schedule HC–N, Memorandum item 1, for past due and nonaccrual restructured troubled loans. The broad category of other loans in Schedule HC–C, Memorandum item 1.b, and Schedule HC–N, Memorandum item 1.b, does not permit an adequate analysis of troubled debt restructurings. In addition, the disclosure requirements for troubled debt restructurings under generally accepted accounting principles (GAAP) do not exempt restructurings of loans to individuals for household, family, and other personal expenditures. Therefore, if more detail were to be added to match the reporting of loans in Schedule HC–C and Schedule HC–N, the new data would provide the Federal Reserve with the level of information necessary to assess BHCs' troubled debt restructurings to the same extent that other loan quality and performance indicators can be assessed. However, the Federal Reserve notes that, under GAAP, troubled debt restructurings do not include changes in lease agreements [2] and therefore propose to exclude leases from Schedule HC–C, Memorandum item 1, and from Schedule HC–N, Memorandum item 1, and strike the phrase "and all other leases" from the caption of these data items.

Thus, the proposed breakdowns of existing Memorandum item 1.b in both Schedule HC–C and Schedule HC–N would create new Memorandum items in both schedules covering troubled debt restructurings of 1–4 family residential construction loans, Other construction loans and all land development and other land loans, Loans secured by multifamily (5 or more) residential properties, Loans secured by owner-occupied nonfarm nonresidential properties, Loans secured by other nonfarm nonresidential properties, Commercial and industrial loans, and All other loans and all leases (including loans to individuals for household, family, and other personal expenditures). [3] If restructured loans in any category of loans, as defined in Schedule HC–C, included in restructured, All other loans, exceeds 10 percent of the amount of restructured, All other loans, the amount of restructured loans in this category or categories would be itemized and described.

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

A.2 Auto Loans

The Federal Reserve proposes to add a breakdown of the other consumer loans [4] or all other loans loan categories contained in five separate schedules in order to separately collect information on auto loans. The affected schedules would be Schedule HC–C, Loans and Lease Financing Receivables; Schedule HC–K, Quarterly Averages; Schedule HC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets; Schedule HI, Income Statement; and Schedule HI–B, Part I, Charge-offs and Recoveries on Loans and Leases. Auto loans would include loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. This new loan category would exclude loans to finance fleet sales, personal cash loans secured by automobiles already paid for, loans to finance the purchase of commercial vehicles and farm equipment, and lease financing.

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

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

Despite the importance of BHCs to the auto loan market, the Federal Reserve knows less about BHCs' holdings of auto loans than is known about finance company, credit union, and savings association holdings of these loans. All nonbank depository institutions are required to report auto loans on their respective regulatory reports, including savings associations, which originate less than 5 percent of auto loans. On their regulatory reports, credit unions must provide not only the outstanding amount of new and used auto loans, but also the average interest rate and the number of loans. In a monthly survey, the Federal Reserve collects information on the amount of auto loans held by finance companies. As a consequence, during the financial crisis when funds were scarce for finance companies in general and the finance companies affiliated with automakers in particular, a lack of data on auto loans at banks hindered the Federal Reserve's ability to estimate the extent to which BHCs were filling in the gap in auto lending left by the finance companies.

Additional disclosure regarding consolidated auto loans on the FR Y–9C is especially important with the implementation of the amendments to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topics 860, Transfers and Servicing, and 810, Consolidations, resulting from Accounting Standards Update (ASU) No. 2009–16 [5], and ASU No. 2009–17 [6], respectively. Until 2010, Schedule HC–

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

[3] For BHCs with foreign offices, the Memorandum items for restructured real estate loans would cover such loans in domestic offices. In addition, BHCs would also provide a breakdown of restructured commercial and industrial loans between U.S. and non-U.S. addressees.

[4] As described later in this notice, the other consumer loans loan category is proposed to be added to Schedule HC–K beginning March 31, 2011.

[5] Formerly Statement of Financial Accounting Standards (SFAS) No. 166, *Accounting for Transfers of Financial Assets* (FAS 166).

[6] Formerly SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (FAS 167).

S, Servicing, Securitization, and Asset Sale Activities, had provided the best supervisory information on auto lending because it included a separate breakout of securitized auto loans outstanding as well as securitized auto loan delinquencies and charge-offs. The accounting changes brought about by the amendments to ASC Topics 860 and 810, however, mean that if the auto loan securitization vehicle is now required to be consolidated, securitized auto lending previously reported on Schedule HC–S will be grouped as part of other consumer loans or all other loans on Schedules HC–C, HC–K, HC–N, HI, and HI–B, Part I, which diminishes supervisors' ability to assess auto loan exposures and performance.

Finally, separating auto lending from other consumer loans will assist the Federal Reserve in understanding consumer lending activities at individual institutions. When an institution holds both auto loans and other types of consumer loans (other than credit cards, which are currently reported separately), the current combined reporting of these loans in the FR Y–9C tends to mask any significant differences that may exist in the performance of these portfolios. For example, a BHC could have a sizeable auto loan portfolio with low loan losses, but its other consumer lending, which could consist primarily of unsecured loans, could exhibit very high loss rates. The current blending of these divergent portfolios into a single loan category makes it difficult to adequately monitor consumer loan performance.

A.3 Commercial Mortgage Backed Securities Issued or Guaranteed by U.S. Government Agencies and Sponsored Agencies

The Federal Reserve proposes to split the existing data items on commercial mortgage-backed securities (CMBS) in Schedule HC–B, Securities, and Schedule HC–D, Trading Assets and Liabilities, to distinguish between CMBS issued or guaranteed by U.S. Government agencies and sponsored agencies (collectively, U.S. Government agencies) and those issued by others. Until June 2009, information reported in the FR Y–9C on mortgage-backed securities (MBS) issued or guaranteed by U.S. Government agencies included both residential MBS and CMBS. However, in June 2009 when BHCs began to report information on CMBS separately from residential MBS, data was collected only for commercial mortgage pass-through securities and for other CMBS without regard to issuer or guarantor. Thus, the Federal Reserve was no longer able to identify all MBS issued or guaranteed by U.S. Government agencies.

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

Thus, in Schedule HC–B, the Federal Reserve proposes to split both data item 4.c.(1), Commercial mortgage pass-through securities, and data item 4.c.(2), Other commercial MBS, into separate data items for those issued or guaranteed by U.S. Government agencies (new data items 4.c.(1)(a) and 4.c.(2)(a)) and all other CMBS (new data items 4.c.(1)(b) and 4.c.(2)(b)). Similarly, in Schedule HC–D, existing data item 4.d, Commercial MBS, would be split into separate data items for CMBS issued or guaranteed by U.S. Government agencies (data item 4.d.(1)) and all other CMBS (data item 4.d.(2)).

A.4 Variable Interest Entities

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

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

For those VIEs that banks must consolidate, the Federal Reserve's FR Y–9C instructional guidance advises institutions to report the assets and liabilities of these VIEs on the balance sheet (Schedule HC) in the category appropriate to the asset or liability. However, ASC paragraph 810–10–45–25 [7] requires a reporting entity to present "separately on the face of the statement of financial position: a. Assets of a consolidated variable interest entity (VIE) that can be used only to settle obligations of the consolidated VIE [and], b. Liabilities of a consolidated VIE for which creditors (or beneficial interest holders) do not have recourse to the general credit of the primary beneficiary." This requirement has been interpreted to mean that "each line item of the consolidated balance sheet should differentiate which portion of those amounts meet the separate presentation conditions." [8] In requiring separate presentation for these assets and liabilities, the FASB agreed with commenters on its proposed accounting standard on consolidation that "separate presentation * * * would provide transparent and useful information about an enterprise's involvement and

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

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

associated risks in a variable interest entity." [9] The Federal Reserve concurs that separate presentation would provide similar benefits to them and other FR Y–9C users, particularly since data on securitized assets that are reconsolidated is no longer reported on Schedule HC–S, Servicing, Securitization, and Asset Sale Activities.

Consistent with the presentation requirements discussed above, the Federal Reserve proposes to add a new Schedule HC–V, Variable Interest Entities, to the FR Y–9C in which BHCs would report a breakdown of the assets of consolidated VIEs that can be used only to settle obligations of the consolidated VIEs and liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting BHC. The following proposed categories for these assets and liabilities would include some of the same categories presented on the balance sheet (Schedule HC): (1) Cash and balances due from depository institutions, (2) Held-to-maturity securities, (3) Available-for-sale securities, (4) Securities purchased under agreements to resell, (5) Loans and leases held for sale, (6) Loans and leases, net of unearned income, (7) Less: Allowance for loan and lease losses, (8) Trading assets (other than derivatives), (9) Derivative assets, (10) Other real estate owned, (11) Other assets, (12) Securities sold under agreements to repurchase, (13) Derivative liabilities, (14) Other borrowed money (other than commercial paper), (15) Commercial paper, and (16) Other liabilities. These assets and liabilities would be presented separately for securitization trusts, asset-backed commercial paper conduits, and other VIEs.

In addition, the Federal Reserve proposes to include two separate data items in new Schedule HC–V in which BHCs would report the total amounts of all other assets and all other liabilities of consolidated VIEs (*i.e.,* all assets of consolidated VIEs that are not dedicated solely to settling obligations of the VIE and all liabilities of consolidated VIEs for which creditors have recourse to the general credit of the reporting BHC). The collection of this information would help the Federal Reserve understand the total magnitude of consolidated VIEs. These assets and liabilities would also be reported separately for securitization trusts, asset-backed commercial paper conduits, and other VIEs. The asset and liability information collected in Schedule HC–V would represent amounts included in the reporting BHC's consolidated assets and liabilities reported on Schedule HC, Balance Sheet, *i.e.,* after eliminating intercompany transactions.

A.5 Assets Covered by FDIC Loss-Sharing Agreements

In March 2010, the banking agencies added a four-way breakdown of assets covered by loss-sharing agreements with the FDIC to Call Report Schedule RC–M, Memoranda (and a comparable four-way breakdown was added to FR Y–9C Schedule HC–M, Memoranda). FR Y–9C data items 6.a through 6.d collect data on covered loans and leases, other real estate owned, debt securities, and other assets. In a January 22, 2010, comment letter to the banking agencies on the agencies' submission for OMB review of proposed Call Report revisions for implementation in 2010, the American Bankers Association (ABA) stated that while the addition of the covered asset data items to Schedule RC–M was:

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

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

After reviewing the ABA's recommendations, the Federal Reserve proposes to make substantively similar revisions to the FR Y–9C. Thus, the Federal Reserve proposes to create a breakdown of Schedule HC–M, data item 6.a, covered Loans and leases, that would include each category of Loans secured by real estate (in domestic offices) from Schedule HC–C, Loans to finance agricultural production and other loans to farmers, Commercial and industrial loans, Credit cards, Other consumer loans, and All other loans and all leases. If any category of loans or leases, as defined in Schedule HC–C, included in covered All other loans and all leases exceeds 10 percent of total covered loans and leases, the amount of covered loans or leases in that category or categories must be itemized and described. Similarly, the Federal Reserve proposes to create a breakdown of Schedule HC–M, data item 6.b, covered Other real estate owned, into the following categories: Construction, land development, and other land, Farmland, 1–4 family residential properties, Multifamily (5 or more) residential properties, and Nonfarm nonresidential properties. BHCs would also report the guaranteed portion of the total amount of covered other real estate owned. In Schedule HC–N, as suggested by the ABA for the Call Report, the Federal Reserve proposes to remove loans and leases covered by FDIC loss-sharing agreements from the scope of existing data items 11 and 11.a on past due and nonaccrual loans wholly or partially guaranteed by the U.S. Government. Past due and nonaccrual covered loans and leases would then be collected in new data item 12, which would include a breakdown of these loans and leases using the same categories as in proposed revised data item 6.a of Schedule HC–M.

A.6 Life Insurance Assets

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

Many BHCs have BOLI assets, and the distinction between those life insurance policies that represent general account products and those that represent separate account products has meaning with respect to the degree of credit risk involved as well as performance measures for the life insurance assets in a volatile market environment. In a general account policy, the general assets of the insurance company issuing

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

the policy support the policy's cash surrender value. In a separate account policy, the policyholder's cash surrender value is supported by assets segregated from the general assets of the insurance carrier. Under such an arrangement, the policyholder neither owns the underlying separate account created by the insurance carrier on its behalf nor controls investment decisions in the account. Nevertheless, the policyholder assumes all investment and price risk.

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

A.7 Captive Insurance and Reinsurance Subsidiaries

Captive insurance companies are utilized by banking organizations to "self insure" or reinsure their own risks pursuant to incidental activities authority. A captive insurance company is a limited purpose insurer that may be licensed as a direct writer of insurance or as a reinsurer. Insurance premiums paid by a BHC to its captive insurer, and claims paid back to the BHC by the captive, are transacted on an intercompany basis, so there is no evidence of this type of self-insurance activity when a BHC prepares consolidated financial statements, including its FR Y–9C. The cash flows for a captive reinsurer's transactions also are not transparent in a BHC's consolidated financial statements.

A number of BHCs own captive insurers or reinsurers, several of which were authorized to operate more than 10 years ago. Some of the most common lines of business underwritten by BHC captive insurers are credit life, accident and health, and disability insurance and employee benefits coverage. Additionally, BHC captive reinsurance subsidiaries may underwrite private mortgage guaranty reinsurance or terrorism risk reinsurance.

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

The Federal Reserve proposes to collect two new data items in Schedule HC–M, Memoranda, for captive insurance subsidiaries operated by BHCs: Data item 7.a, Total assets of captive insurance subsidiaries, and data item 7.b, Total assets of captive reinsurance subsidiaries. These new data items are not expected to be applicable to the vast majority of BHCs. When reporting the total assets of these captive subsidiaries in the proposed new data items, BHCs should measure the subsidiaries' total assets before eliminating intercompany transactions between the consolidated subsidiary and other offices or subsidiaries of the consolidated BHC.

A.8 Credit and Debit Valuation Adjustments Included in Trading Revenues

BHCs that reported average trading assets of $2 million or more for any quarter of the preceding calendar year provide a breakdown of trading revenue by type of exposure in Memorandum items 9.a through 9.e of Schedule HI, Income Statement. These revenue data items are reported net of credit adjustments made to the fair value of BHCs' derivative assets and liabilities that are reported as trading assets and liabilities.

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

The Federal Reserve therefore proposes to add two new Memorandum items to the existing Schedule HI Memorandum items for trading revenue. In new Memorandum item 9.f, BHCs would report the Impact on trading revenue of changes in the creditworthiness of the bank holding company's derivatives counterparties on the bank holding company's derivative assets (included in Memorandum items 9.a through 9.e above). In new Memorandum item 9.g., BHCs would report the Impact on trading revenue of changes in the creditworthiness of the bank holding company on the bank holding company's derivative liabilities (included in Memorandum items 9.a through 9.e above). Because derivatives held for trading are heavily concentrated in the very largest BHCs, these new data items would be reported only by BHCs with $100 billion or more in total assets.

A.9 Instructional Revisions

1. Construction Loans:

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

The instructions for Schedule HC–C, data item 1.a, state that:

> Loans written as combination construction-permanent loans secured by real estate should be reported in this item until construction is completed or principal amortization payments begin, whichever comes first. When the first of these events occurs, the loans should begin to be reported

in the real estate loan category in Schedule HC–C, data item 1, appropriate to the real estate collateral. All other construction loans secured by real estate should continue to be reported in this item after construction is completed unless and until (1) the loan is refinanced into a new permanent loan by the reporting bank holding company or is otherwise repaid, (2) the bank holding company acquires or otherwise obtains physical possession of the underlying collateral in full satisfaction of the debt, or (3) the loan is charged off.

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

- Is expected to be the owner-occupant of the property upon completion of construction and in receipt of a certificate of occupancy (if applicable), for example, where the financing is being provided to the original borrower for the construction and permanent financing of the borrower's residence or place of business or
- Is not expected to be the owner-occupant of the property, but repayment of the permanent loan will be derived from rental income associated with the property being constructed after receipt of a certificate of occupancy (if applicable) rather than from the sale of the property being constructed.

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

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

2. Revisions Related to 1–4 Family Residential Mortgages Held for Trading in Schedule HC–P

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

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

BHCs report maturity and repricing data for debt securities (not held for trading) in Schedule HC–B, Securities. The Federal Reserve uses these data to assess, at a broad level, a BHC's exposure to interest rate risk. The instructions for reporting the maturity and repricing data currently require that when the interest rate on a floating rate instrument has reached a contractual floor or ceiling level, which is a form of embedded option, the instrument is to be treated as fixed rate rather than floating rate until the rate is again free to float. As a result, a floating rate instrument whose interest rate has fallen to its floor or risen to its ceiling is reported based on the time remaining until its contractual maturity date rather than the time remaining until the next interest rate adjustment date (or the contractual maturity date, if earlier). This reporting treatment is designed to capture the potential effect of the embedded option under particular interest rate scenarios.

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

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

Accordingly, the Federal Reserve proposes to revise the instructions for reporting maturity and repricing data in Schedule HC–B. As revised, the instructions would indicate that a floating rate asset that has reached its contractual ceiling and a floating rate liability that has reached its contractual floor would be treated as a fixed rate instrument and reported based on the time remaining until its contractual maturity date. In contrast, the instructions would state that a floating rate asset that has reached its contractual floor and a floating rate liability that has reached its contractual ceiling would be treated as a floating rate instrument and reported based on the time remaining until the next interest rate adjustment date (or the contractual maturity date, if earlier).

B. Proposed Revisions Not Related to Call Report Revisions

The Federal Reserve proposes to make the following revisions to the FR Y–9C effective as of March 31, 2011. These proposed revisions are not related to the revisions proposed to the Call Report.

B.1 Expanding Information Collected on Schedule HC–K, Quarterly Averages

The Federal Reserve proposes to expand the information collected on Schedule HC–K, Quarterly Averages, to collect more detailed breakdowns on securities and loan portfolios, consistent with information currently reported by commercial banks on Call Report Schedule RC–K, Quarterly Averages. Specifically, Schedule HC–K, data item 2, Securities, would be broken out to provide information on (1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities), (2) Mortgage-backed securities, and (3) All other securities. Also, new loan categories would be added to Schedule HC–K, data item 6, Loans, to provide information on (1) Loans to finance agricultural production and other loans to farmers, (2) Commercial and industrial loans, and (3) Loans to individuals for household, family, and other personal expenditures, with a breakdown of (a) Credit cards, (b) Auto loans, and (c) Other.

A more granular breakdown on securities and loan portfolios would facilitate analysis when the value or size of a firm's assets has changed or fluctuated over a quarter, particularly when used to calculate net charge-off, growth, and return on average asset rates. Disclosure of this information would also be consistent with firms' public Securities and Exchange Commission (SEC) filings, where net charge-off rates by product type are calculated using quarterly average balances.

Proposed Revisions—FR Y–9LP

The Federal Reserve proposes to make the following revision to the FR Y–9LP effective as of March 31, 2011.

Troubled Debt Restructurings

To be consistent with revisions proposed for the FR Y–9C, the Federal Reserve proposes to modify the instructions for Schedule PC–B—Memoranda item 8, Loans and leases of the parent restructured in compliance with modified terms, to clearly indicate that the loans to be reported in this data item should be troubled debt restructurings and to exclude leases. Also the phrase "and leases" would be stricken from the caption of this data item. Under GAAP, troubled debt restructurings do not include changes in lease agreements. Also consistent with the proposed change to the FR Y–9C, the Federal Reserve proposes to revise the instructions for this data item to include (currently excluded) loans to individuals for household, family, and other personal expenditures and all loans secured by 1–4 family residential properties whose terms have been modified in troubled debt restructurings.

2. *Report title:* Financial Statements for Nonbank Subsidiaries of U.S. Bank Holding Companies.

Agency form number: FR Y–11.

OMB control number: 7100–0244.

Frequency: Quarterly and annually.

Reporters: Bank holding companies.

Annual reporting hours: FR Y–11 (quarterly): 15,966; FR Y–11 (annual): 2,768.

Estimated average hours per response: FR Y–11 (quarterly): 6.80; FR Y–11 (annual): 6.80.

Number of respondents: FR Y–11 (quarterly): 587; FR Y–11 (annual): 407.

General description of report: This information collection is mandatory (12 U.S.C. 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act [5 U.S.C. 522(b)(4), (b)(6) and (b)(8)].

Abstract: The FR Y–11 reports collect financial information for individual non-functionally regulated U.S. nonbank subsidiaries of domestic bank holding companies (BHCs). BHCs file the FR Y–11 on a quarterly or annual basis according to filing criteria. The FR Y–11 data are used with other BHC data to assess the condition of BHCs that are heavily engaged in nonbanking activities and to monitor the volume, nature, and condition of their nonbanking operations.

Current Actions: The Federal Reserve proposes to revise the FR Y–11 reporting form and instructions to clarify the reporting of the net change in fair values of financial instruments accounted for under a fair value option. The Federal Reserve proposes to revise the item caption for Schedule IS, Income Statement, Memorandum item 2, Net change in fair values of financial instruments accounted for under a fair value option, by adding the parenthetical (included in items 5.a.(3), 5.a.(6), 5.a.(10) and 5.b. above). Schedule IS, Memoranda item 2 instructions currently state that respondents only include net change in fair value included in noninterest income from nonrelated organizations. However, respondents should also include the net change in fair value included in trading revenue, net servicing fees, and other noninterest income from nonrelated and related organizations. The Federal Reserve would also make the corresponding instructional revision.

To be consistent with revisions proposed to the FR Y–9C, the Federal Reserve also proposes to clarify the caption for Schedule BS–A, Loans and Lease Financing Receivables, data item 7.d, Restructured loans and leases, to clearly indicate that the loans to be reported in this item should be troubled debt restructurings and to exclude leases. Under generally accepted accounting principles, troubled debt restructurings do not include changes in lease agreements. Also consistent with the proposed change to the FR Y–9C, The Federal Reserve proposes to revise the instructions for this item to include (currently excluded) loans to individuals for household, family, and other personal expenditures, and all loans secured by 1–4 family residential properties whose terms have been modified in troubled debt restructurings. These revisions would be effective as of March 31, 2011.

3. *Report title:* Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations.

Agency form number: FR 2314.

OMB control number: 7100–0073.

Frequency: Quarterly and annually.

Reporters: Foreign subsidiaries of U.S. state member banks, bank holding companies, and Edge or agreement corporations.

Annual reporting hours: FR 2314 (quarterly): 16,394; FR 2314 (annual): 3,379.

Estimated average hours per response: FR 2314 (quarterly): 6.60; FR 2314 (annual): 6.60.

Number of respondents: FR 2314 (quarterly): 621; FR 2314 (annual): 512.

General description of report: This information collection is mandatory (12 U.S.C. 324, 602, 625, and 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act [5 U.S.C. 522(b)(4) (b)(6) and (b)(8)].

Abstract: The FR 2314 reports collect financial information for non-functionally regulated direct or indirect foreign subsidiaries of U.S. state member banks (SMBs), Edge and agreement corporations, and BHCs. Parent organizations (SMBs, Edge and agreement corporations, or BHCs) file the FR 2314 on a quarterly or annual basis according to filing criteria. The FR 2314 data are used to identify current and potential problems at the foreign subsidiaries of U.S. parent companies, to monitor the activities of U.S. banking organizations in specific countries, and to develop a better understanding of activities within the industry, in general, and of individual institutions, in particular.

Current actions: The Federal Reserve proposes to revise the FR 2314 reporting form and instructions to clarify the reporting of the net change in fair values of financial instruments accounted for under a fair value option. The Federal Reserve proposes to revise the item caption for Schedule IS, Income Statement, Memorandum item 2, Net change in fair values of financial instruments accounted for under a fair value option, by adding the parenthetical (included in items 5.a.(3), 5.a.(6), 5.a.(10) and 5.b. above). Schedule IS, Memoranda item 2 instructions currently state that respondents only include net change in fair value included in noninterest income from nonrelated organizations. However, respondents should also include the net change in fair value included in trading revenue, net servicing fees, and other noninterest income from nonrelated and related organizations. The Federal Reserve would also make the corresponding instructional revision.

To be consistent with revisions proposed to the FR Y–9C, the Federal Reserve also proposes to clarify the caption for Schedule BS–A, Loans and Lease Financing Receivables, data item 7.d, Restructured loans and leases, to clearly indicate that the loans to be reported in this item should be troubled debt restructurings and to exclude leases. Under generally accepted accounting principles, troubled debt restructurings do not include changes in lease agreements. Also consistent with the proposed change to the FR Y–9C, The Federal Reserve proposes to revise the instructions for this item to include (currently excluded) loans to individuals for household, family, and other personal expenditures, and all loans secured by 1–4 family residential properties whose terms have been modified in troubled debt restructurings. These revisions would be effective as of March 31, 2011.

4. *Report title:* Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations.

Agency form number: FR Y–7N.

OMB control number: 7100–0125.

Frequency: Quarterly and annually.

Reporters: Foreign banking organizations (FBOs).

Annual reporting hours: FR Y–7N (quarterly): 4,978; FR Y–7N (annual): 1,299.

Estimated average hours per response: FR Y–7N (quarterly): 6.80; FR Y–7N (annual): 6.80.

Number of respondents: FR Y–7N (quarterly): 183; FR Y–7N (annual): 191.

General description of report: This information collection is mandatory (12 U.S.C. 1844(c), 3106(c), and 3108). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for information, in whole or in part, on any of the reporting forms can be requested in accordance with the instructions to the form, pursuant to sections (b)(4) and (b)(6) of the Freedom of Information Act [5 U.S.C. 522(b)(4) and (b)(6)].

Abstract: The FR Y–7N collects financial information for non-functionally regulated U.S. nonbank subsidiaries held by FBOs other than through a U.S. bank holding company (BHC), U.S. financial holding company (FHC) or U.S. bank. FBOs file the FR Y–7N on a quarterly or annual basis.

Current actions: The Federal Reserve proposes to revise the FR Y–7N reporting form and instructions to clarify the reporting of the net change in fair values of financial instruments accounted for under a fair value option. The Federal Reserve proposes to revise the item caption for Schedule IS, Income Statement, Memoranda item 1, Net change in fair values of financial instruments accounted for under a fair value option, by adding the parenthetical (included in items 5.a.(3), 5.a.(6), 5.a.(10) and 5.b. above). Schedule IS, Memoranda item 1, instructions currently state that respondents only include net change in fair value included in noninterest income from nonrelated organizations. However, respondents should include the net change in fair value included in trading revenue, net servicing fees, and other noninterest income from nonrelated and related organizations. The Federal Reserve would also make the corresponding instructional revision.

To be consistent with revisions proposed to the FR Y–9C, the Federal Reserve also proposes to clarify the caption for Schedule BS–A, Loans and Lease Financing Receivables, data item 7.d, Restructured loans and leases, to clearly indicate that the loans to be reported in this data item should be troubled debt restructurings and to exclude leases. Under generally accepted accounting principles, troubled debt restructurings do not include changes in lease agreements. Also consistent with the proposed change to the FR Y–9C, The Federal Reserve proposes to revise the instructions for this item to include (currently excluded) loans to individuals for household, family, and other personal expenditures, and all loans secured by 1–4 family residential properties whose terms have been modified in troubled debt restructurings. These revisions would be effective as of March 31, 2011.

5. *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.

Reporters: Edge and agreement corporations.

Annual reporting hours: 1,679.

Estimated average hours per response: 15.15 banking corporations, 9.60 investment corporations.

Number of respondents: 13 banking corporations, 42 investment corporations.

General description of report: This information collection is mandatory (12 U.S.C. 602 and 625). Schedules RC–M (with the exception of item 3) and RC–V are held as confidential pursuant to section (b)(4) of the Freedom of Information Act (5 U.S.C. 552 (b)(4)).

Abstract: The mandatory FR 2886b comprises a balance sheet, income statement, two schedules reconciling changes in capital and reserve accounts, and 11 supporting schedules and it parallels the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031 and FFIEC 041; OMB No. 7100–0036) that commercial banks file. The Federal Reserve uses the data collected on the FR 2886b to supervise Edge corporations, identify present and potential problems, and monitor and develop a better understanding of activities within the industry.

Current actions: The Federal Reserve proposes to revise the FR 2886b reporting form and instructions to clarify the reporting of the net change in fair values of financial instruments accounted for under a fair value option. The Federal Reserve proposes to revise the item caption for Schedule RI, Income Statement, Memoranda item 1, Net change in fair values of financial instruments accounted for under a fair value option, by changing the parenthetical from (included in item 5.a.(6) above) to (included in items 5.a.(6) and 5.b. above). Schedule RI, Memoranda item 1 currently states that respondents only include net change in fair value included in noninterest income from nonrelated organizations. However, respondents may elect to apply the fair value option to instruments with nonrelated and related organizations. The Federal Reserve would also make the corresponding instructional revision.

To be consistent with revisions proposed for the FR Y–9C, the Federal Reserve also proposes to revise the caption for Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets, Memorandum item 1, Restructured loans and leases, to clearly indicate that the loans to be reported in this item should be troubled debt restructurings and to exclude leases. Under generally accepted accounting principles, troubled debt restructurings do not include changes in lease agreements. Also consistent with the proposed change to the FR Y–9C, the Federal Reserve proposes to revise the instructions for this item to include (currently excluded) loans to individuals for household, family, and other personal expenditures, and all loans secured by 1–4 family residential properties whose terms have been modified in troubled debt restructurings. These revisions would be effective as of March 31, 2011.

Proposal to approve under OMB delegated authority the extension for three years, without revision of the following reports:

1. *Report title:* Financial Statements for Bank Holding Companies.

Agency form number: FR Y–9SP, FR Y–9ES, and FR Y–9CS.

OMB control number: 7100–0128.

Frequency: Quarterly and annually.

Reporters: Bank holding companies.

Annual reporting hours: FR Y–9SP: 45,209; FR Y–9ES: 44; FR Y–9CS: 400.

Estimated average hours per response: FR Y–9SP: 5.40; FR Y–9ES: 30 minutes; FR Y–9CS: 30 minutes.

Number of respondents: FR Y–9SP: 4,186; FR Y–9ES: 87; FR Y–9CS: 200.

General description of report: This information collection is mandatory (12 U.S.C. 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4) and (b)(6) of the Freedom of Information Act (5 U.S.C. 522(b)(4), (b)(6)).

Abstract: The FR Y–9SP is a parent company only financial statement filed by smaller BHCs. Respondents include BHCs with total consolidated assets of less than $500 million. This form is a simplified or abbreviated version of the more extensive parent company only financial statement for large BHCs (FR Y–9LP). This report is designed to obtain basic balance sheet and income information for the parent company, information on intangible assets, and information on intercompany transactions.

The FR Y–9ES collects financial information from ESOPs that are also BHCs on their benefit plan activities. It consists of four schedules: Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements. The FR Y–9CS is a supplemental report that may be utilized to collect additional information deemed to be critical and needed in an expedited manner from BHCs. The information is used to assess and monitor emerging issues related to BHCs. It is intended to supplement the FR Y–9 reports, which are used to monitor BHCs between on-site inspections. The data items of information included on the supplement may change as needed.

2. *Report title:* Abbreviated Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies.

Agency form number: FR Y–11S.

OMB control number: 7100–0244.

Frequency: Annually.

Reporters: Bank holding companies.

Annual reporting hours: 774.

Estimated average hours per response: 1.0.

Number of respondents: 774.

General description of report: This information collection is mandatory (12 U.S.C. 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act [5 U.S.C. 522(b)(4)].

Abstract: The FR Y–11S is an abbreviated reporting form that collects four data items: Net income, total assets, equity capital, and total off-balance-sheet data items. The FR Y–11S is filed annually, as of December 31, by top-tier BHCs for each individual nonbank subsidiary (that does not meet the criteria for filing the detailed report) with total assets of at least $50 million, but less than $250 million, or with total assets greater than 1 percent of the total consolidated assets of the top-tier organization.

3. *Report title:* Abbreviated Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations.

Agency form number: FR 2314S.

OMB control number: 7100–0073.

Frequency: Annually.

Reporters: U.S. state member banks, bank holding companies, and Edge or agreement corporations.

Annual reporting hours: 787.

Estimated average hours per response: 1.0.

Number of respondents: 787.

General description of report: This information collection is mandatory (12 U.S.C. 324, 602, 625, and 1844(c)). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act [5 U.S.C. 522(b)(4), (b)(6) and (b)(8)].

Abstract: The FR 2314S is an abbreviated reporting form that collects four data items: Net income, total assets, equity capital, and total off-balance-sheet data items. The FR 2314S is filed annually, as of December 31, for each individual subsidiary (that does not meet the criteria for filing the detailed report) with assets of at least $50 million but less than $250 million, or with total assets greater than 1 percent of the total consolidated assets of the top-tier organization.

4. *Report title:* Financial Reports of Foreign Banking Organizations.

Agency form number: FR Y–7NS, FR Y–7Q.

OMB control number: 7100–0125.

Frequency: Annually and quarterly.

Reporters: Foreign banking organizations (FBOs).

Annual reporting hours: FR Y–7NS: 237; FR Y–7Q (quarterly): 340; FR Y–7Q (annual): 111.

Estimated average hours per response: FR Y–7NS: 1.0; FR Y–7Q (quarterly): 1.25; FR Y–7Q (annual): 1.0.

Number of respondents: FR Y–7NS: 237; FR Y–7Q (quarterly): 68; FR Y–7Q (annual): 111.

General description of report: This information collection is mandatory (12 U.S.C. 1844(c), 3106(c), and 3108). Confidential treatment is not routinely given to the data in these reports. However, confidential treatment for information, in whole or in part, on any of the reporting forms can be requested in accordance with the instructions to the form, pursuant to sections (b)(4) and (b)(6) of the Freedom of Information Act [5 U.S.C. 522(b)(4) and (b)(6)].

Abstract: The FR Y–7NS collect financial information for non-functionally regulated U.S. nonbank subsidiaries held by foreign banking organizations (FBOs) other than through a U.S. bank holding company (BHC), U.S. financial holding company (FHC), or U.S. bank. The FR Y–7NS is filed annually, as of December 31, by top-tier FBOs for each individual nonbank subsidiary (that does not meet the filing criteria for filing the detailed report) with total assets of at least $50 million, but less than $250 million. The FR Y–7Q collects consolidated regulatory capital information from all FBOs either quarterly or annually. FBOs that have effectively elected to become FHCs file the FR Y–7Q quarterly. All other FBOs (those that have not elected to become FHCs) file the FR Y–7Q annually.

Board of Governors of the Federal Reserve System, October 29, 2010.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 2010–27698 Filed 11–2–10; 8:45 am]

BILLING CODE 6210–01–P

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 (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 notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than November 16, 2010.

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

1. Robert John Dentel, Victor, Iowa, and Mary P. Howell, Ames, Iowa; each to control 25 percent or more of the voting shares of Dentel Bancorporation, and thereby indirectly control of Victor State Bank, both of Victor, Iowa; Corydon State Bank, Corydon, Iowa; First State Bank of Colfax, Colfax, Iowa; Maxwell State Bank, Maxwell, Iowa; Pocahontas State Bank, Pocahontas, Iowa; and Panora State Bank, Panora, Iowa.

Board of Governors of the Federal Reserve System, October 28, 2010.

Robert deV. Frierson,

Deputy Secretary of the Board.

[FR Doc. 2010–27683 Filed 11–2–10; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL RESERVE SYSTEM

[Docket No. OP 1396]

Federal Reserve Bank Services

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has approved the private sector adjustment factor (PSAF) for 2011 of $39.5 million and the 2011 fee schedules for Federal Reserve priced services and electronic access. These actions were taken in accordance with the requirements of the Monetary Control Act of 1980, which requires that, over the long run, fees for Federal Reserve priced services be established on the basis of all direct and indirect costs, including the PSAF. The Board has also approved maintaining the current earnings credit rate on clearing balances.

DATES: The new fee schedules and earnings credit rate become effective January 3, 2011.

FOR FURTHER INFORMATION CONTACT: For questions regarding the fee schedules: Jeffrey C. Marquardt, Deputy Director, (202/452–2360); Jeffrey S.H. Yeganeh, Manager, Retail Payments, (202/728–5801); Linda S. Healey, Senior Financial Services Analyst, (202/452–5274), Division of Reserve Bank Operations and Payment Systems. For questions regarding the PSAF and earnings credits on clearing balances: Gregory L. Evans, Deputy Associate Director, (202/452–3945); Brenda L. Richards, Manager, Financial Accounting, (202/452–2753); or Jonathan C. Mueller, Senior Financial Analyst, (202/530–6291), Division of Reserve Bank Operations and Payment Systems. For users of Telecommunications Device for the Deaf (TDD) only, please call 202/263–4869. Copies of the 2011 fee schedules for the check service are available from the Board, the Federal Reserve Banks, or the Reserve Banks' financial services web site at *http://www.frbservices.org.*

SUPPLEMENTARY INFORMATION:

I. Private Sector Adjustment Factor And Priced Services

A. *Overview*—Each year, as required by the Monetary Control Act of 1980, the Reserve Banks set fees for priced services provided to depository institutions. These fees are set to recover, over the long run, all direct and indirect costs and imputed costs, including financing costs, taxes, and certain other expenses, as well as the return on equity (profit) that would have been earned if a private business firm provided the services. The imputed costs and imputed profit are collectively referred to as the PSAF. Similarly, investment income is imputed and netted with related direct costs associated with clearing balances to estimate net income on clearing balances (NICB). From 2000 through 2009, the Reserve Banks recovered 97.8 percent of their total expenses (including imputed costs) and targeted after-tax profits or return on equity (ROE) for providing priced services.[1]

Table 1 summarizes 2009, 2010 estimated, and 2011 budgeted cost-recovery rates for all priced services. Cost recovery is estimated to be 102.9 percent in 2010 and budgeted to be 102.0 percent in 2011. The check service accounts for slightly over half of the total cost of priced services and thus

[1] The ten-year recovery rate is based on the pro forma income statement for Federal Reserve priced services published in the Board's *Annual Report.*

Effective December 31, 2006, the Reserve Banks implemented Statement of Financial Accounting Standards (SFAS) No. 158: *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans [Accounting Standards Codification (ASC) 715 Compensation—Retirement Benefits*], which resulted in recognizing a reduction in equity related to the priced services' benefit plans. Including this reduction in equity results in cost recovery of 93.0 percent for the ten-year period. This measure of long-run cost recovery is also published in the Board's *Annual Report.*