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Supplemental Guidance Resource

Accounting Standards Update (ASU) No. 2011-02 for Troubled Debt Restructuring (TDRs)

Earlier this year, the FASB issued Accounting Standards Update (ASU) No. 2011-02, "A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring". The update provides additional guidance to determine (1) whether a concession has been granted to a borrower and (2) whether a borrower is experiencing financial difficulties. Both conditions must exist in order for a loan modification to be categorized as a TDR. In addition, the guidance is intended to reduce differences in practice in identifying and reporting Troubled Debt Restructurings.

Highlights from the update include using the effective interest rate test included in the TDR guidance for borrowers in ASC Subtopic 470-60, "Debt-Troubled Debt Restructurings by Debtors" when determining whether the creditor has granted a concession as part of a loan modification. New guidance is also provided regarding insignificant delays in payment as part of loan modifications.

ASU No. 2011-02 is effective for public companies for interim and annual periods beginning on or after June 15, 2011 and should be applied retrospectively to the beginning of the annual period of adoption for purposes of identifying TDRs. For most public companies the ASU took effect July 1, 2011 with retrospective application beginning January 1, 2011. Nonpublic companies should apply the new guidance for annual periods ending after December 15, 2012, including interim periods within those annual periods. For most nonpublic companies, the ASU will take effect January 1, 2012. FASB is permitting early adoption of the ASU for both public and nonpublic entities. Nonpublic entities that adopt early are subject to a retrospective identification requirement.

For additional information, please refer to the Supplemental Instructions for June 2011 Call Report | FR Y-9C.

FR Y-12 and FR Y-12A Reportability

Should your institution be reporting the FR Y-12, Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies, or the FR Y-12A, Annual Report of Merchant Banking Investments Held for an Extended Period? Please check below to see if your institution meets the general criteria.

- The **FR Y-12** reporting form must be filed by each top-tier domestic BHC that files an FR Y-9C and has aggregate nonfinancial equity investments that equal or exceed the lesser of \$100 million (on an acquisition cost basis) or 10 percent of the BHC's consolidated Tier 1 capital as of the report date.
- The **FR Y-12** reporting form also must be filed by each top-tier domestic BHC that files an FR Y-9SP and has aggregate nonfinancial equity investments that equal or exceed 10 percent of the BHC's total capital (as reported in item 16(f) of the balance sheet on the FR Y-9SP) as of the report date.

*Links to external documents are shown in blue.

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- An FHC must file an **FR Y-12A** report for a merchant banking investment if, as of December 31st of the relevant calendar year, the FHC has owned, controlled or held such investment under the Merchant Banking Authority for a period that exceeds the “applicable reporting period” for the investment.

To determine what qualifies as an aggregate nonfinancial equity investment for FR Y-12 reporting purposes, please see the [FR Y-12](#) instructions. For more FR Y-12A reporting information, please see the [FR Y-12A](#) instructions.

The Repeal of Regulation Q

For the first time in more than 75 years, banks will be able to offer interest on demand deposit commercial checking accounts.

On July 14, 2011, The Federal Reserve Board announced the approval of a final rule to repeal its Regulation Q, which prohibits the payment of interest on demand deposits by institutions that are member banks of the Federal Reserve System.

The final rule, implemented under of the Dodd-Frank Wall Street Reform and Consumer Protection Act, repealed Regulation Q in its entirety effective July 21, 2011. The repeal on that date eliminates the statutory authority under which the Board established Regulation Q, and removes references to Regulation Q found in the Board’s other regulations, interpretations, and commentary. Click on the [link](#) for additional information regarding the repeal of Regulation Q. There will be no changes to the FR 2900 reporting form or instructions as a result of the repeal of Regulation Q.

Savings and Loan Holding Company Information

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, supervisory and rulemaking authority for SLHCs and their non-depository subsidiaries transferred from the Office of Thrift Supervision (OTS) to the Federal Reserve on July 21, 2011. During this transitional period, rulemaking and reporting information is still being finalized. For up-to-date information on regulatory reporting, please visit the Statistics & Analysis [SLHC website](#).

Contact Information

As a reminder, please ensure your contact information is correct and up-to-date. When changes occur due to retirement, a change in job assignments, new employees, name changes, employees no longer with the institution, etc., please inform us so that we can make the appropriate changes in our system. Please view our [website](#) for a complete list of appropriate contacts to email with changes for your particular report.

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What’s new in mobile payments?

The upcoming issue of the Federal Reserve Bank of Cleveland’s policy magazine, *Forefront*, explains why U.S. consumers have been slow to embrace the new technology, and why that may soon be changing. Check back in October at www.clevelandfed.org/forefront for more.

