



4 REPORTERS

KEEPING FOURTH DISTRICT INSTITUTIONS UP-TO-DATE ON REGULATORY REPORTING



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REGULATORY REFORM?

Click on the link above to see recent developments and proposals available for comment.

Ask the Fed SLHC Session 3: An Introduction on Reporting Requirements — FR Y-6 and FR Y-10

The Federal Reserve is hosting a series of Ask the Fed® SLHC sessions to present timely topics on the new savings and loan holding company phased-in regulatory reporting requirements that began as of March 31, 2012. The third topic in the SLHC series will provide an instructional overview of the organizational structure reporting requirements covering FR Y-6 (Annual Report for Holding Companies) and the FR Y-10, (Report Changes in Organizational Structure). The session will offer information regarding the reporting criteria for each report, types of reportable transactions (FR Y-10), how to report, and the frequency and timeliness of reporting. This session provides an opportunity to gain an understanding of holding company structure reporting and to have your questions answered. You can register for Ask the Fed sessions by clicking [here](#).

**Links to external documents are shown in blue.*

Check Out the Financial Reporting and Data Webpage!

Ever wondered who to contact for IESUB issues, how to sign up for FR Y-10 Online submission, or who to contact for a report series? Well, there is an easy way to find out. Answers to these and many other Fourth District (4D) financial reporting questions can be found on the Financial Reporting and Data webpage located on the Federal Reserve Bank of Cleveland's public website.

The webpage, maintained by the Statistics and Analysis Department, includes three helpful sections. In the Financial Data section, holding company and depository institution data, as well as the entity counts, are available for 4D institutions. The Financial Reporting section provides a wide range of useful reporting information, from DeNovo reporting to individual report series and electronic submission. It even includes reporting guidance, which can be a great resource. Last, but certainly not least, the *4 Reporters Bulletin* section provides an archive of the current and past issues.

The Financial Reporting and Data webpage is geared towards helping 4D institutions. Please venture to the site and explore the vast information available. Please bookmark this [link](#) as a resource for your financial reporting and data needs.

Final Notice of FR Y-6 and FR Y-10 Reporting Requirements for SLHCs

On September 14, 2012, the Federal Reserve has issued the final Federal Register notice for the proposal to extend, with revision, the following mandatory information collections (OMB No. 7100-0297):

- FR Y-10: Report of Changes in Organizational Structure
- FR Y-6: Annual Report of Bank Holding Companies
- FR Y-7: Annual Report of Foreign Banking Organizations

The proposed changes to the FR Y-6 and FR Y-7 reporting forms and instructions will be effective December 31, 2012. The proposed changes to the FR Y-10 reporting form and instructions will be effective December 1, 2012.

For SLHCs, the FR Y-10 will be effective as of **December 1, 2012**, except for data on nonbank subsidiaries. Due to comments received on the initial proposal, a phased-in approach for reporting nonbank subsidiaries on the FR Y-10 has been deemed appropriate. Thusly, SLHCs will file a one-time FR Y-10 verification of information needed to submit nonbank financial data for 2013.

The information required in this verification will be communicated in a transmittal letter shortly. The phased-in schedule is as shown below:

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Regulatory Capital Estimation Tool

The federal banking regulatory agencies announced the availability of a regulatory capital estimation tool to help community banking organizations and other interested parties evaluate recently published regulatory capital proposals. The tool will assist these organizations in estimating the potential effects on their capital ratios of the agencies' Basel III NPR and Standardized Approach NPR. Click [here](#) to access the tool.

FR Y-10 Phased-In Reporting for Nonbank Subsidiaries of SLHCs

As-of Date	Reporting Requirement
June 30, 2013	Nonbank subsidiaries that meet the quarterly financial reporting criteria
September 30, 2013	Nonbank subsidiaries that meet the annual financial reporting criteria
December 31, 2013	Nonbank subsidiaries that do not file financial reports

For SLHCs, the FR Y-6 reporting requirements will remain as required last year. Institutions will begin filing the FR Y-6 as of **December 31, 2012** based on their fiscal year end.

More information and training on reporting the FR Y-6 and FR Y-10 will be forthcoming for SLHCs. To view the final Federal Register notice, please click [here](#). The FR Y-6 and FR Y-10 reporting forms and instructions, as well as the nonbank financial (FR Y-11/S, FR 2314/S, and FR Y-12/A) reporting forms and instructions, can be found [here](#).

Partnership in Reporting Outreach!

We are excited to announce **Partnership in Reporting Outreach!** The FR 2900 Deposits Team is hosting a training session at the Federal Reserve Bank of Cleveland on November 8, 2012.

Topics will include:

- Report Preparation
- Purposes and Uses of FR 2900 Data
- Retail and Investment Sweep Activity
- Commonly Misreported Line Items
- NOW Account Eligibility
- Common Errors Discovered through Interseries Comparisons

To register for the training or to obtain additional information, email us at deposits.unit@clev.frb.org.

Additional training can be accessed through one of our convenient webinars. Visit [FR 2900 Reporting Guidance](#) to access the webinars and other reporting guidance.

Basel III: Notice of Proposed Rulemaking

The Federal Reserve Board has proposed three rules intended to help ensure banks maintain strong capital positions, enabling them to continue lending to creditworthy households and businesses even after unforeseen losses and during severe economic downturns. The proposals would establish an integrated regulatory capital framework that addresses shortcomings in regulatory capital requirements that became apparent during the recent financial crisis.

The first notice of proposed rulemaking (NPR), titled *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions*, would apply to all depository institutions, bank holding companies with total consolidated assets of \$500 million or more, and savings and loan holding companies (collectively, banking organizations). Consistent with the international Basel framework, this NPR would:



? Let us know what YOU THINK

Are there topics you would like to see included in future 4Reporters publications?

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Do you have general comments on the content?

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- Increase the quantity and quality of capital required by proposing a new minimum common equity tier 1 ratio of 4.5 percent of risk-weighted assets and a common equity tier 1 capital conservation buffer of 2.5 percent of risk-weighted assets, and raising the minimum tier 1 capital ratio from 4 percent to 6 percent of risk-weighted assets;
- Revise the definition of capital to improve the ability of regulatory capital instruments to absorb losses;
- Establish limitations on capital distributions and certain discretionary bonus payments if additional specified amounts, or “buffers,” of common equity tier 1 capital are not met; and
- Introduce a supplementary leverage ratio for internationally active banking organizations.

The second NPR, titled *Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets; Market Discipline and Disclosure Requirements*, also would apply to all banking organizations. This NPR would revise and harmonize the Board’s rules for calculating risk-weighted assets to enhance risk sensitivity and address weaknesses that have been identified over the past several years. Banks and regulators use risk weighting to assign different levels of risk to different classes of assets--riskier assets require higher capital cushions and less risky assets require smaller capital cushions.

The third NPR, titled *Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rule; Market Risk Capital Rule*, would apply to banking organizations that are subject to the banking agencies’ advanced approaches rule or to their market risk rule. This NPR would enhance the risk sensitivity of the current rule for internationally active firms to better address counterparty credit risk and interconnectedness among financial institutions. It also would apply the advanced approaches rule and market risk capital rule to savings and loan holding companies that meet the relevant size, foreign exposure, or trading activity thresholds.

The comment period for the three proposed Basel III NPR’s described above has been extended until **October 22, 2012**. For additional information pertaining to these proposed rules and/or to post a comment, please view the [Federal Register](#).

The FR Y-8 Report: What is a Covered Transaction?

The FR Y-8 Report (*The Bank Holding Company Report of Insured Depository Institutions’ Section 23A Transactions with Affiliates*) is a quarterly report that collects information on transactions between an Insured Depository Institution and its affiliates that are subject to Section 23A of the Federal Reserve Act. The FR Y-8 Report requires that all Bank Holding Companies with Insured Depository Institutions that have covered transactions report the aggregate amount of such transactions that are subject to Section 23A requirements. Covered transactions subject to Section 23A include:

- A loan or extension of credit to an affiliate
- Purchase of, or investment in, securities issued by an affiliate
- Purchase of assets from an affiliate, including assets subject to an agreement to repurchase, except such purchases that are exempt by Board order or regulation
- Acceptance of securities issued by an affiliate as collateral for a loan or extension of credit to any person or company





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Click here to view reporting dates and deadlines.

- Issuance of a guarantee, acceptance, or letter of credit, including an endorsement or standby letter of credit, on behalf of an affiliate, a confirmation of a letter of credit issued by an affiliate, and a cross-affiliate netting arrangement
- Purchase of, or investment in, securities issued by a financial subsidiary of the insured depository institution by an affiliate of the insured depository institution
- Covered transactions with a third party, if the proceeds of the transaction are used for the benefit of, or transferred to, an affiliate
- Any loan or extension of credit to a financial subsidiary of the insured depository institution by an affiliate of the insured depository institution that the Board determines to be a covered transaction for purposes of Section 23A
- A credit derivative between an Insured Depository Institution and a non-affiliate in which the Insured Depository Institution protects the non-affiliate from a default on, or a decline in value of, an obligation of an affiliate of the Insured Depository Institution, which is a guarantee by the Insured Depository Institution on behalf of an affiliate

For more information on covered transactions, including those that are exempt, and what is considered an affiliate, please review the FR Y-8 instructions [here](#). Details can be found in both the General Instructions and the Glossary.

Hot Economic Topics

In the latest issue of *Forefront*, the Federal Reserve Bank of Cleveland's policy magazine, economist James Thomson explains how researchers are trying to calculate the size of the government's implicit subsidy to too-big-to-fail institutions. Says Thomson: "If institutions were to be charged a premium for the full value of their estimated implicit TBTF guarantee, then I suspect they would respond by shrinking and becoming less complex to some extent (at least the very largest and most complex). How much is the question."

Also, two of the nation's leading housing market experts discuss their views on the near-term future of the sector. I think we are better off now than we were a year ago," says Amir Sufi, Professor of Finance at the Booth School of Business, University of Chicago. "But unfortunately, we still have, in my view, a long way to go before we're at what would be considered healthy or normal levels of building and house prices."

Find these and other articles, plus videos, at www.clevelandfed.org/forefront.

