

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Submission for OMB Review; Joint Comment Request

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice of information collection to be submitted to OMB for review and approval under the Paperwork Reduction Act of 1995.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC (the “agencies”) may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. On February 21, 2013, the agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on a proposal to extend, with revision, the Consolidated Reports of Condition and Income (Call Report), which are currently approved collections of information. After considering the comments received on the proposal, the FFIEC and the agencies would proceed with the following proposed revisions effective June 30, 2013: (1) a scope revision to an item in the equity capital reconciliation; and (2) reporting changes for large and highly complex institutions for deposit insurance assessment purposes. Certain modifications have been made to the assessment reporting changes in response to comments received. The FFIEC and the agencies are continuing to evaluate the other Call Report changes proposed in February 2013 in light of the comments received and would not implement these changes as of June 30, 2013 (and, in one case, as of December 31, 2013), as had been proposed. The FFIEC’s and the agencies’ decisions regarding these additional proposed data items would be the subject of a separate Federal Register notice.

DATES: Comments must be submitted on or before [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies on the revisions to the Call Report for June 30, 2013, for which the agencies are requesting approval from OMB. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: Because paper mail in the Washington, DC, area and at the OCC is subject to delay, commenters are encouraged to submit comments by e-mail if possible. Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557- 0081, 400 7th Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to regs.comments@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Board: You may submit comments, which should refer to “Consolidated Reports of Condition and Income (FFIEC 031 and 041),” 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 reporting form number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, 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 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 in Room MP-500 of the Board’s Martin Building (20th and C Streets, NW.) between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, which should refer to “Consolidated Reports of Condition and Income, 3064-0052,” by any of the following methods:

- Agency Web Site: <http://www.fdic.gov/regulations/laws/federal/propose.html>. Follow the instructions for submitting comments on the FDIC Web site.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

- E-mail: comments@FDIC.gov. Include “Consolidated Reports of Condition and Income, 3064-0052” in the subject line of the message.
- Mail: Gary A. Kuiper, Counsel, Attn: Comments, Room NYA-5046, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7 a.m. and 5 p.m.

Public Inspection: All comments received will be posted without change to <http://www.fdic.gov/regulations/laws/federal/propose.html> including any personal information provided. Comments may be inspected at the FDIC Public Information Center, Room E-1002, 3501 Fairfax Drive, Arlington, VA 22226, between 9 a.m. and 5 p.m. on business days.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies 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; by fax to (202) 395-6974; or by e-mail to oir_submission@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: For further information about the revisions discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, copies of the Call Report forms and instructions can be obtained at the FFIEC’s web site (http://www.ffiec.gov/ffiec_report_forms.htm).

OCC: Mary H. Gottlieb and Johnny Vilela, OCC Clearance Officers, (202) 649-6301 and (202) 649-7265, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Washington, DC 20219.

Board: Cynthia Ayouch, Federal Reserve Board Clearance Officer, (202) 452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263-4869.

FDIC: Gary A. Kuiper, Counsel, (202) 898-3877, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: The agencies are proposing to revise and extend for three years the Call Report, which is currently an approved collection of information for each agency.

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Number: Call Report: FFIEC 031 (for banks and savings associations with domestic and foreign offices) and FFIEC 041 (for banks and savings associations with domestic offices only).

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC:

OMB Number: 1557-0081.

Estimated Number of Respondents: 1,810 national banks and federal savings associations.

Estimated Time per Response: 53.81 burden hours per quarter to file.

Estimated Total Annual Burden: 389,570 burden hours to file.

Board:

OMB Number: 7100-0036.

Estimated Number of Respondents: 843 state member banks.

Estimated Time per Response: 55.70 burden hours per quarter to file.

Estimated Total Annual Burden: 187,820 burden hours to file.

FDIC:

OMB Number: 3064-0052.

Estimated Number of Respondents: 4,404 insured state nonmember banks and state savings associations.

Estimated Time per Response: 40.57 burden hours per quarter to file.

Estimated Total Annual Burden: 714,681 burden hours to file.

The estimated time per response for the quarterly filings of the Call Report is an average that varies by agency because of differences in the composition of the institutions under each agency's supervision (e.g., size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices). The average reporting burden for the filing of the Call Report as it is proposed to be revised is estimated to range from 17 to 720 hours per quarter, depending on an individual institution's circumstances.

Type of Review: Revision and extension of currently approved collections.

General Description of Reports

These information collections are mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for state member banks), 12 U.S.C. 1817 (for insured state nonmember commercial and savings banks), and 12 U.S.C. 1464 (for federal and state savings associations). At present, except for selected data items, these information collections are not given confidential treatment.

Abstract

Institutions submit Call Report data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for on-site and off-site examinations, and monetary and other public policy purposes. The

agencies use Call Report data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institution would control more than ten percent of the total amount of deposits of insured depository institutions in the United States. Call Report data also are used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

Current Actions

On February 21, 2013, the agencies requested comment on a number of proposed revisions to the Call Report (78 FR 12141) for implementation as of the June 30, 2013, report date, except for one new data item proposed to be added to the Call Report effective December 31, 2013. These revisions were proposed with the intent to provide data needed for reasons of safety and soundness or other public purposes by the members of the FFIEC that use Call Report data to carry out their missions and responsibilities, including the agencies, the Bureau of Consumer Financial Protection (Bureau), and state supervisors of banks and savings associations.

The proposed Call Report changes included:

- A question that would be added to Schedule RC-E, Deposit Liabilities, asking whether the reporting institution offers separate deposit products (other than time deposits) to consumers compared to businesses, and
 - For those institutions with \$1 billion or more in total assets that offer separate products, new data items on the quarter-end amount of certain types of consumer transaction accounts and nontransaction savings deposit accounts that would be reported in Schedule RC-E, and
 - For all institutions that offer separate products, a new breakdown on the year-to-date amounts of certain types of service charges on consumer deposit accounts reported as noninterest income in Schedule RI, Income Statement;
- A request for information on international remittance transfers in Schedule RC-M, Memoranda, including:
 - Questions about types of international remittance transfers offered, the settlement systems used to process the transfers, and whether the number of remittance transfers provided exceeds or is expected to exceed the Bureau's safe harbor threshold (more than 100 transfers); and
 - New data items to be reported by institutions not qualifying for the safe harbor on the number and dollar amount of international remittance transfers;
- New data items in Schedule RC-M for reporting all trade names that differ from an institution's legal title that the institution uses to identify physical branches and public-facing Internet Web sites;
- Additional data to be reported in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, by large institutions and highly complex institutions (generally, institutions with \$10 billion or more in total assets) to support the FDIC's large bank pricing method for insurance assessments, including a new table of consumer loans by loan type and probability of default band, new data items

providing information on loans secured by real estate at institutions with foreign offices, revisions of existing data items on real estate loan commitments and U.S. government-guaranteed real estate loans to include those in foreign offices, and other revisions to the information collected on assets guaranteed by the U.S. government;

- A new data item in Schedule RC-M applicable only to institutions whose parent depository institution holding company is not a bank or savings and loan holding company in which the institution would report the total consolidated liabilities of its parent depository institution holding company annually as of December 31 to support the Board's administration of the financial sector concentration limit established by the Dodd-Frank Act; and
- A revision of the scope of the existing item in Schedule RI-A, Changes in Bank Equity Capital, for "Other transactions with parent holding company" to include such transactions with all stockholders.

In addition, the agencies invited comments on their plans to continue the collection of two existing items on the amount and number of noninterest-bearing transaction accounts of more than \$250,000 in Schedule RC-O in the March 2013 and future Call Reports, subject to further review and reconsideration of the collection of these data.

Further details concerning the preceding Call Report proposals may be found in Sections II.A through II.F of the agencies' February 2013 Federal Register notice.¹

Comments Received

The comment period on the proposed changes closed on April 22, 2013. The agencies collectively received comments on their February 2013 Federal Register notice from 33 entities: 20 banking organizations, seven bankers' associations, four consumer advocacy organizations, one life insurers' association, and one government agency. Comments received on the proposed changes that will be finalized for the June 30, 2013, report date are discussed in detail below.

Many of the comments received opposed one or more of the proposed changes, although some supported one or more of these changes. Therefore, after considering the comments the agencies received, the FFIEC and the agencies are proceeding at this time only with two of the proposed Call Report revisions: (1) the scope revision affecting the reporting of certain changes in bank equity capital on Schedule RI-A; and (2) the reporting changes for large and highly complex institutions for deposit insurance assessment purposes. As discussed further below, the agencies have made certain modifications to the proposed assessment data changes in response to comments received. The effective date of these reporting changes would be June 30, 2013, as had been proposed. However, for large and highly complex institutions with foreign offices, the reporting of foreign office data in certain existing items in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, that currently capture only domestic office data would be optional as of June 30, 2013, and required effective September 30,

¹ See 78 FR 12141-12154, February 21, 2013.

2013. The agencies also would continue collecting the existing Schedule RC-O items on the amount and number of noninterest-bearing transaction accounts of more than \$250,000 from all institutions through December 31, 2013, after which these items would be eliminated.

As for the other new data items that had been proposed to be added to the Call Report effective June 30, 2013 (and one new item proposed to be collected annually beginning December 31, 2013), the FFIEC and the agencies are continuing to evaluate these proposed new Call Report items in light of the comments received. When the FFIEC and the agencies have decided whether and how to proceed with these other proposed new data items, a separate Federal Register notice would be published and, if applicable, submissions by the agencies would be made to OMB. Because of the additional time necessary for the FFIEC and the agencies to determine the outcome of these additional proposed Call Report revisions and to allow sufficient lead time for affected institutions to prepare for any resulting new reporting requirements, implementation of the following revisions would take effect no earlier than December 31, 2013:

- International remittance transfers (including certain questions about remittance transfer activity and, for institutions not qualifying for the Bureau’s safe harbor, data items on the number and amount of remittance transfers); and
- Trade names other than an institution’s legal title used to identify physical branches and Internet Web sites.

In addition, implementation of the following revisions would take effect no earlier than March 31, 2014:

- Consumer deposit accounts (including the screening question about an institution’s offering of such deposits, consumer transaction and nontransaction savings deposit account balances for institutions with \$1 billion or more in total assets, and data on certain service charges on consumer deposit accounts); and
- Total liabilities of an institution’s parent depository institution holding company that is not a bank or savings and loan holding company.²

Final Call Report Changes

Reporting Certain Transactions with Stockholders – The agencies proposed to revise the scope of Schedule RI-A, item 11, which is currently captioned “Other transactions with parent holding company,” to include capital contributions received from stockholders other than an institution’s parent holding company when stock is not issued, property dividends involving stockholders other than a parent holding company, and return-of-capital transactions with all stockholders, including a parent holding company.

² Total liabilities would be reported annually. The data to be reported would be the amount of total liabilities as of the end of the calendar year preceding the quarter-end collection date of this proposed annual data item; e.g., if the reporting requirement took effect March 31, 2014, the total liabilities as of December 31, 2013, would be reported.

In addition, the agencies proposed to change the caption for this item to read “Other transactions with stockholders (including a parent holding company).” The agencies received no comments on this proposed change, which will be incorporated into the Call Report effective June 30, 2013, as proposed.

Reporting Changes for Large and Highly Complex Institutions – The agencies’ February 2013 Federal Register notice explained that the FDIC Board of Directors had approved a final rule in October 2012 that amended certain aspects of the methodology set forth in the FDIC’s assessment regulations (12 CFR Part 327) for determining the deposit insurance assessment rates for large and highly complex institutions.³ This “large bank pricing rule,” originally adopted by the FDIC Board in February 2011,⁴ uses a scorecard method to determine a large or highly complex institution’s assessment rate. One of the financial ratios used in the scorecard is the ratio of higher-risk assets to Tier 1 capital and reserves. The FDIC’s October 2012 assessments final rule, which took effect April 1, 2013, (1) revises the definitions of certain higher-risk assets in the February 2011 assessments rule, specifically leveraged loans, which are renamed “higher-risk commercial and industrial (C&I) loans and securities,” and subprime consumer loans, which are renamed “higher-risk consumer loans”; (2) clarifies when an asset must be classified as higher risk; (3) clarifies the way securitizations are identified as higher risk; and (4) further defines terms that are used in the large bank pricing rule.

The agencies’ February 2013 Federal Register notice also explained that, in response to large and highly complex institutions’ concerns about their ability to identify loans meeting the subprime and leveraged loan definitions in the FDIC’s February 2011 assessments rule, the agencies provided transition guidance for reporting subprime consumer and leveraged loans and securities that took effect with the initial reporting of these data in Schedule RC-O, Other Data for Deposit Insurance and FICO Assessments, as of June 30, 2011. The transition period for identifying and reporting subprime and leveraged loans has been extended over time to April 1, 2013. Because the FDIC’s October 2012 assessments final rule amended the definitions of subprime and leveraged loans and securities and renamed these higher-risk asset categories, the agencies stated in their February 2013 Federal Register notice that they would make corresponding changes to Memorandum items 8 and 9 of Schedule RC-O, recaptioning these items to read “Higher-risk consumer loans’ as defined for assessment purposes only in FDIC regulations” and “Higher-risk commercial and industrial loans and securities’ as defined for assessment purposes only in FDIC regulations,” respectively. The agencies also stated that the instructions for these two Schedule RC-O Memorandum items would be revised to incorporate the revised definitions of these higher-risk asset categories in the FDIC’s October 2012 assessments final rule, including the clarified definitions of higher-risk securitizations.⁵ The effective date for these revisions was scheduled for June 30,

³ See 77 FR 66000, October 31, 2012.

⁴ See 76 FR 10672, February 25, 2011.

⁵ The FDIC’s October 2012 assessments final rule defines “higher-risk consumer loans,” “higher-risk commercial and industrial loans,” and “higher-risk securitizations” in Sections I.A.3, I.A.2, and I.A.5, respectively, of Appendix C to Subpart A to Part 327 of the FDIC’s regulations.

2013, the first report date after the April 1, 2013, effective date of the FDIC's October 2012 assessments final rule.⁶

In addition, as previously mentioned, the FFIEC and the agencies proposed in their February 2013 Federal Register notice to implement several revisions to the data to be reported in Schedule RC-O by large institutions and highly complex institutions to support the FDIC's large bank pricing method for insurance assessments. These revisions, which were proposed to take effect June 30, 2013, included a new table of consumer loans by loan type and probability of default band, new data items providing information on loans secured by real estate in foreign offices, revisions of certain existing data items on real estate loan commitments and U.S. government-guaranteed real estate loans to include those in foreign offices, and revisions to the information collected on government-guaranteed assets to include the portion of non-agency residential mortgage-backed securities and loans covered under FDIC loss-sharing agreements.

In a joint letter, three bankers' associations⁷ commented on several aspects of the Schedule RC-O reporting changes applicable to large and highly complex institutions. These commenters generally supported the proposed revisions, but recommended some modifications as discussed below.

First, these associations recommended clarification of the definition of "higher-risk commercial and industrial loans and securities" in the draft of the revised Call Report instructions for Schedule RC-O, Memorandum item 9, to exclude loans to individuals for commercial, industrial, and professional purposes. The bankers' associations also commented that commercial loans of at least \$5 million to individuals to finance material acquisitions, buyouts, or capital distributions are exceedingly rare, so excluding loans to individuals from being reported as "higher-risk C&I loans and securities" will not have a noticeable impact on the aggregate amount of such higher-risk assets. Adding an exclusion for loans to individuals for commercial, industrial, and professional purposes to the draft revised Memorandum item 9 instructions would be consistent with the existing instructions for reporting leveraged loans and securities in Memorandum item 9. The agencies plan to clarify the draft revised Memorandum item 9.

The bankers' associations also commented that it is unclear how an institution could evaluate loans to proprietorships and partnerships against the definition of "higher-risk C&I loans and securities," asserting that the financial statements of such firms do not include the data needed to calculate the leverage and materiality tests included in the definition. However, because "higher-risk C&I loans and securities," as defined, include certain loans with an original amount of at least \$5 million, the agencies do not agree

⁶ As stated in the agencies' final Paperwork Reduction Act Federal Register notice pertaining to the introduction of the Schedule RC-O reporting requirements for large and highly complex institutions (76 FR 77321, December 12, 2011), when "the definitions of these high-risk asset categories . . . are revised through FDIC rulemaking, the definitions of these asset categories in the agencies' regulatory reporting instructions will be revised in the same manner to maintain conformity with the assessment regulations."

⁷ The American Bankers Association, the Financial Services Roundtable, and the Consumer Bankers Association.

with this assertion and would expect that institutions, when lending such an amount to a commercial borrower, including a sole proprietorship or partnership, would regularly obtain financial statements that include the necessary data to determine debt levels and calculate debt-to-EBITDA⁸ ratios. The decision to exclude loans to individuals for commercial, industrial, and professional purposes from “higher-risk C&I loans and securities” was based upon the fact that EBITDA cannot be calculated for an individual;⁹ however, this is not the case for a commercial borrower operating as a sole proprietorship or partnership. Therefore, the definition of higher-risk C&I loans will not exclude loans to sole proprietorships and partnerships.

Second, the three associations recommended that large and highly complex institutions with foreign offices report the proposed breakdown of their “loans secured by real estate” for the consolidated institution (i.e., for both domestic and foreign offices) in Schedule RC-C, Part I, rather than in new Memorandum items in Schedule RC-O as had been proposed. All institutions with foreign offices file the FFIEC 031 version of the Call Report and they currently report a nine-category breakdown of their loans secured by real estate in domestic offices, but at present they report only the total amount of loans secured by real estate for the consolidated institution. The associations asserted that requiring only those institutions with foreign offices that are large or highly complex institutions to include the real estate breakdown in Schedule RC-C, Part I, could be dealt with instructionally and would not cause confusion since special instructions are already in place to explain which subsets of institutions are required to report certain types of loan data in Schedule RC-C, Part I. The agencies agree with the associations’ recommendation. Accordingly, Schedule RC-C, Part I, on the FFIEC 031 version of the Call Report would be revised to include the nine-category breakdown of loans secured by real estate for the consolidated institution. The Call Report instructions and the FFIEC 031 Call Report form would state that this breakdown is to be provided only by large and highly complex institutions.

Third, the three bankers’ associations recommended that the two-year probability of default table in proposed Schedule RC-O, Memorandum item 19,¹⁰ combine Memorandum items 19.d and 19.e for revolving, open-end loans secured by first and junior liens, respectively, on 1-4 family residential properties and extended under lines of credit into a single item, rather than requiring large and highly complex institutions to report these categories of loans separately. The associations stated that because Schedule RC-C, part I, Loans and Leases, does not currently require institutions to

⁸ EBITDA is defined as earnings before interest, taxes, depreciation, and amortization.

⁹ Under U.S. generally accepted accounting principles, personal financial statements prepared for individuals for such purposes as obtaining credit include a statement of financial condition that presents assets at their estimated current values and liabilities at their estimated current amounts. The presentation of a statement of changes in net worth is optional. See Accounting Standards Codification Topic 274, Personal Financial Statements.

¹⁰ As described above, the nine-category breakdown of loans secured by real estate for the consolidated institution, which initially had been designated Memorandum item 18 of Schedule RC-O, would be moved from Schedule RC-O to Schedule RC-C, part I, item 1, column A, on the FFIEC 031 version of the Call Report. As a result, the two-year probability of default table, which initially had been designated Memorandum item 19 of Schedule RC-O, would be renumbered as Memorandum item 18 of Schedule RC-O in the Call Report forms for June 30, 2013.

separately report first and junior lien revolving credits, institutions' reporting systems are not currently designed to separately identify these credits. As a consequence, the associations questioned the merits of imposing such a systems change on institutions given the cost and burden that would be involved. The agencies agree with the associations' recommendation and would revise the two-year probability of default table so that large and highly complex institutions would report the two-year probability of default for all revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit without regard to their lien position.¹¹

Fourth, the three associations' comment letter stated that, based on the provisions of the FDIC's October 2012 assessments final rule, large and highly complex institutions expected that Schedule RC-O would be revised to require them to report higher-risk securitizations separately from nontraditional 1-4 family residential mortgage loans, higher-risk consumer loans, and higher-risk C&I loans. The associations indicated that large and highly complex institutions would prefer to report these higher-risk securitizations separately from the three categories of higher-risk loans. The associations further believe that the separate reporting of higher-risk securitizations would allow the FDIC and the other banking agencies to examine the validity of the associations' previous argument that the structure of a securitization should be considered when determining whether a securitization is truly higher-risk. The agencies agree that reporting higher-risk securitizations separately from higher-risk loans, as recommended by the associations, would be beneficial. Accordingly, the agencies would split Memorandum items 7, 8, and 9 of Schedule RC-O into two items each, which will enable large and highly complex institutions to report the amount of securitizations of (1) nontraditional 1-4 family residential mortgage loans (Memorandum item 7.b), (2) higher-risk consumer loans (Memorandum item 8.b), and (3) higher-risk C&I loans (Memorandum item 9.b) separately from the three categories of higher-risk loans themselves (Memorandum items 7.a, 8.a, and 9.a). Separate reporting of these three categories of higher-risk securitizations would allow the FDIC to better track and analyze the composition of a bank's higher-risk assets.

Fifth, Schedule RC-O, Memorandum items 10.a and 10.b, provide certain data on unfunded commitments for construction, land development, and other land loans secured by real estate (construction loans) while Memorandum items 13.a through 13.d collect data on the U.S. government-guaranteed or -insured portion of four categories of funded loans secured by real estate. The agencies proposed to revise these existing Schedule RC-O Memorandum items on the FFIEC 031 version of the Call Report by expanding their scope to include commitments and loans in both foreign and domestic offices rather than only domestic offices. The three bankers' associations agreed that this proposed change would enable large and highly complex institutions with foreign offices to "report more accurately the balances needed for Large Bank Pricing," but their letter stated that these institutions would not have sufficient time to be prepared to report as of June 30, 2013, their commitments to fund construction loans in foreign offices, the

¹¹ The combined items would be designated as renumbered Memorandum item 18.d in the Call Report forms for June 30, 2013. As a result of this change, the Schedule RC-O Memorandum items that initially had been numbered 19.f through 19.k would be renumbered as Memorandum items 18.e through 18.j.

portion of such unfunded commitments that are guaranteed or insured by the U.S. government, and the portion of the four categories of funded real estate loans in foreign offices that are guaranteed or insured by the U.S. government. The agencies acknowledge that large and highly complex institutions with foreign offices may need additional time to comply with the expanded scope of Memorandum items 10.a, 10.b, and 13.a through 13.d of Schedule RC-O. Accordingly, the reporting of foreign office data in these Memorandum items would be optional for June 30, 2013, and required beginning September 30, 2013.¹² A large or highly complex institution that opts not to report the foreign office data in Memorandum items 10.a, 10.b, and 13.a through 13.d of Schedule RC-O when it initially files its Call Report for June 30, 2013, would be permitted, but not required, to amend the amounts originally reported in these Schedule RC-O Memorandum items for June 30 after it has the systems in place to gather the necessary foreign office data.

Noninterest-bearing Transaction Accounts of More than \$250,000 – In their February 2013 Federal Register notice, the agencies stated that they would continue to collect Memorandum items 5.a and 5.b of Schedule RC-O on the amount and number of noninterest-bearing transaction accounts of more than \$250,000 for which temporary unlimited deposit insurance coverage ended on December 31, 2012. The agencies' interest in monitoring the behavior of these deposit accounts following the change in insurance coverage could be fulfilled through institutions' continued reporting of these Memorandum items. The agencies stated that they would review the reported information and reconsider its collection when the number of accounts and amount of deposits stabilizes.

In their joint comment letter, the three bankers' associations encouraged the agencies to discontinue collecting Memorandum items 5.a and 5.b because the need to monitor the volume of deposits covered by the temporary unlimited deposit insurance is no longer relevant. The associations also noted the reporting burden associated with these Memorandum items and stated that the agencies can analyze other deposit data collected in the Call Report to monitor significant deposit runoff. The agencies recognize that there is ongoing burden associated with the continued collection of data on the amount and number of noninterest-bearing transaction accounts of more than \$250,000. In this regard, the agencies' burden estimates for the Call Report, which are disclosed earlier in this notice, continue to include the estimated burden of these two Schedule RC-O Memorandum items.

The March 2013 Call Report data on noninterest-bearing transaction accounts of more than \$250,000 have recently become available, which will allow the agencies to track any initial movements of these funds and accounts since year-end 2012. Nevertheless, whether migrations of these balances and accounts among individual insured institutions and within the entire depository institution system will begin or continue to occur, including monitoring whether any initial declines in noninterest-

¹² Large and highly complex institutions with foreign offices would continue to be required to report domestic office data in Memorandum items 10.a, 10.b, and 13.a through 13.d of Schedule RC-O in their Call Reports for June 30, 2013.

bearing transaction accounts of more than \$250,000 are temporary, remains to be seen. The behavior of these deposit accounts following their reduction in deposit insurance coverage also will inform any future deliberations about temporary increases in deposit insurance and their subsequent effects. Nevertheless, to provide certainty to institutions about the extent to which they will need to continue supplying data on the amount and number on noninterest-bearing transaction accounts of more than \$250,000, the agencies have agreed to terminate the collection of Memorandum items 5.a and 5.b after the December 31, 2013, report date.¹³

Other Matters – In November 2009, the FDIC Board of Directors approved a final rule requiring insured depository institutions to prepay 13 quarters of estimated risk-based deposit insurance assessments to strengthen the cash position of the Deposit Insurance Fund.¹⁴ These assessments were prepaid on December 30, 2009. As required by the final rule, the FDIC will be returning each institution’s remaining prepaid assessment, if any, on June 28, 2013. As a consequence, as of June 30, 2013, each institution will have a zero balance for prepaid deposit insurance assessments. Thus, item 6.f, “Prepaid deposit insurance assessments,” of Call Report Schedule RC-F, Other Assets,¹⁵ would no longer be necessary as of the June 30, 2013, report date and would be removed from the schedule as of that date. The caption for item 6.f would be revised to read “Not applicable.”

In August 2012, the agencies published a joint final rule revising their market risk capital rules effective January 1, 2013.¹⁶ The joint final rule modified the definition of a covered position, revised the calculation of the measure for market risk, and eliminated Tier 3 capital. Thus, Schedule RC-R, Regulatory Capital, item 19, “Tier 3 capital allocated for market risk,” is no longer necessary and would be removed from the schedule effective June 30, 2013. The caption for item 19 would be revised to read “Not applicable.”¹⁷

Request for Comment

Public comment is requested on all aspects of this joint notice. Comments are invited on:

¹³ Similarly, the agencies would also terminate the collection of the corresponding Memorandum items 5.a and 5.b of Schedule O on the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002; OMB No. 7100–0032) after the December 31, 2013, report date.

¹⁴ 74 FR 59056, November 17, 2009.

¹⁵ An institution completes item 6.f of Schedule RC-F if the remaining amount of its prepaid assessments is greater than \$25,000 and exceeds 25 percent of the amount the institution reports for “All other assets” in Schedule RC-F, item 6.

¹⁶ 77 FR 53060, August 30, 2012.

¹⁷ Similarly, corresponding Schedule A, item 20, “Tier 3 capital allocated for market risk,” on the Risk-Based Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101; OMB Nos. 1557-0239, 7100-0319, and 3064-0159) is no longer necessary and the item would be removed from the schedule effective June 30, 2013. The caption for item 20 also would be revised to read “Not applicable.”

- (a) Whether the proposed revisions to the collections of information that are the subject of this notice are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;
- (b) The accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and
- (e) Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this joint notice will be shared among the agencies. All comments will become a matter of public record.

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, "AGENCY INFORMATION COLLECTION ACTIVITIES: SUBMISSION FOR OMB REVIEW; JOINT COMMENT REQUEST," FOR THE CONSOLIDATED REPORTS OF CONDITION AND INCOME]

Dated:

Michele Meyer,
Assistant Director, Legislative and Regulatory Activities Division,
Office of the Comptroller of the Currency.

[THIS SIGNATURE PAGE PERTAINS TO THE JOINT NOTICE AND REQUEST FOR COMMENT, “AGENCY INFORMATION COLLECTION ACTIVITIES: SUBMISSION FOR OMB REVIEW; JOINT COMMENT REQUEST,” FOR THE CONSOLIDATED REPORTS OF CONDITION AND INCOME]

Board of Governors of the Federal Reserve System, _____, 2013.

Robert deV. Frierson, Secretary of the Board.

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Dated at Washington, D.C., this day of , 2013.

FEDERAL DEPOSIT INSURANCE CORPORATION

Robert E. Feldman
Executive Secretary

Billing Codes

OCC: 4810-33-P 1/3
Board: 6210-01-P 1/3
FDIC: 6714-01-P 1/3