Summer 2013

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Regulatory Reporting

Upcoming Due Dates

(Not all reports are applicable to all HCs)

FFIEC 031/041	Due July 30, 2013
FFIEC 002	Due July 30, 2013
FR Y-8	Due July 30, 2013
FR Y-9ES	Due July 31, 2013
FR Y-9C	Due August 9, 2013
FR Y-12a	Due August 14, 2013
FFIEC 019	Due August 14, 2013
FFIEC 030	Due August 14, 2013
FFIEC 030s	Due August 14, 2013
FR Y-9LP	Due August 14, 2013
FR Y-9SP	Due August 14, 2013
FR H-(b)11	Due August 14, 2013
FR Y-11	Due August 29, 2013
FR 2314	Due August 29, 2013
FR Y-7Q	Due September 30, 2013

Structure Reports and SLHCs

As authorized under the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 and pursuant to Regulation LL, the Federal Reserve has implemented a phased-in approach for filing the FR Y-10 for nonbank subsidiaries. This phased-in approach allows SLHCs additional time to acclimate to the Federal Reserve's structure reporting requirements. For many SLHCs, an FR Y-10 report was required for each nonbank subsidiary by June 30, 2013. By September 30, 2013, SLHCs with nonbank subsidiaries that meet the *annual* FR Y-11 or FR 2314 reporting criteria must file the FR Y-10. For all other entities that are reportable on the FR Y-10, that have not been previously submitted, SLHCs must file an FR Y-10 by December 31, 2013. If you have any questions on these reports, please contact Terri Elzner at 214-922-6398.

Have an Article Idea?

The *Regulatory Reporting Newsletter* is brought to you by the Regulatory Reporting Team at the Federal Reserve Bank of Dallas. This newsletter was designed to provide you with information on reporting issues and regulatory report changes. If you have suggestions on topics you would like to have addressed in the *Regulatory Reporting Newsletter*, please send your suggestions to: **BHCReports@dal.frb.org**

FASB's New Impairment Model

On December 20, 2012, FASB issued a new version of an exposure draft outlining a new "Current Expected Credit Loss" model (CECL). Under the current GAAP-supported incurred loss model, a financial institution would not record a loss until it is probable that the asset is impaired or if there has been a triggering event for an incurred loss. This most recent draft moves to assess "expected losses" instead of "incurred losses."

A few key changes suggested by the new guidance include:

- Forward looking analysis – the CECL model requires an institution use future information and supportable forecasts to estimate the allowance.

- Removal of probable threshold – the CECL model requires an institution to forego the worst-case or best-case scenario and instead evaluate the possibility that a loss does or does not exist.

- Loss horizon changes – the incurred loss model estimates losses for loans likely to default in the next 12 months, while CECL model requires an institution to estimate losses over the lifetime of the loan for all loans. This may cause the allowance for non-impaired assets to rise from current levels.

- Time and money – under the proposed guidance, estimates must take into account the time value of money explicitly or implicitly.

- Redefinition of a collateral-dependent asset–the proposed guidance defines this as "a financial asset for which the repayment is expected to be provided primarily or substantially through the operation by the lender or sale of the collateral." The proposed guidance broadens its definition from "solely" to "primarily or substantially" and clarifies that operation should only be considered if it is operated by the lender as opposed to the borrower.

Allowance levels as a whole would likely rise with the implementation of this latest proposal. The amount by which the allowance changes will be determined by an institution's portfolio composition, current methodology, information about past events, reasonable and supportable future forecasts, qualitative and quantitative factors and general economic conditions, etc. Most of the increase could be attributed to the fact that an institution would now need to use future forecasts to estimate losses and it would need to estimate a "lifetime of loan" losses. There is no timeline established yet for when the new guidance will take effect.

Additional information is available online at: **http://www.fasb.org** and **http://www.ifrs.org**

Have You Visited NIC Yet?

The National Information Center (NIC) is a central repository containing information about all U.S. banking organizations and their domestic and foreign affiliates. This website allows you to query public financial data, including peer group information, by either institution name or RSSD number. Institutions have also found this site useful to review their prior period regulatory reports (FR Y-9C, FR Y-9LP and FR Y-9SP) and to verify the organizational structure of their holding company. The NIC website can be found at: **http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx**

If the organizational structure available in NIC is different than the current structure of your holding company, please contact the NIC Unit at 214-922-6398 and/or review the FR Y-10 "Report of Changes in Organizational Structure" instructions at: **http://www.federalreserve.gov/apps/reportforms/default.aspx**

Schedule HI-C

During the March 31, 2013 reporting period, many of you may have noticed a new FR Y-9C schedule—Schedule HI-C, Disaggregated Data on the Allowance for Loan and Lease Losses (ALLL). This new schedule, comparable to the disclosure requirements of ASU 2010-20, is to be filed by institutions with total assets of $1 billion or more as of June 30 of the previous year.

Schedule HI-C collects the ALLL and the related recorded investment amount, by impairment method for six general loan categories, and requests that any unallocated portion be reported as well. Those six loan categories are: Commercial Real Estate, Residential Real Estate, Real Estate Construction, Commercial, Credit Cards and Other Consumer. The schedule only requests loans (and, as applicable, leases) held for investment and excludes loans held for investment that the institution has elected to report at fair value under a fair value option. While the addition of Schedule HI-C may increase the amount of time necessary to complete the FR Y-9C, the availability of this disaggregated data will enable the Federal Reserve to better understand the composition of an institution's ALLL and how practices and allocations differ for particular loan categories, as economic conditions change over time.

Many institutions that filed Schedule HI-C encountered quality edits stating that Column B should be less than Column A for a particular line item and expressed concern when both line items in question reported a zero. If your data fails this edit check and you have verified that the data is correct as a zero, please explain the edit by stating that your institution has verified the data for those two columns and that there is no recorded investment or allowance balance to report for the loan category. The edit was created not only to alert your institution of a possible error, but also to capture this explanatory information. For additional information regarding this schedule, please review the instructions available online at: **http://www.federalreserve.gov/apps/reportforms/default.aspx**

Your Opinion Counts!

It seems that there are so many new rules and regulations that it can be difficult keeping up with the changes. Looming on the regulatory horizon are Dodd–Frank, Basel III, International Financial Reporting Standards (IFRS), not to mention updates and added schedules to existing government regulations.

If you have ever wanted to share your opinions or were just curious about federal regulations, there is a website for you! Regulations.gov is a terrific resource for finding the latest and greatest in regulations and proposals related to everything from fishing and farming to banking and energy. Most proposals have a defined time period during which comments are solicited, and typically all views and opinions are available to the general public. Your opinion counts at **http://www.regulations.gov**

Communication with the Public

The Federal Reserve Board (Board) will be involved in many rulemakings as a result of the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010. During the rulemaking process, meetings will take place between the Board and the public (i.e., representatives of banking organizations, consumer groups, trade associations, researchers and academics) that allow the Board to gather information and provide education opportunities for the public on matters related to agency rulemaking. See a full list of the newest proposals at: **http://www.federalreserve.gov/newsevents/reform_proposals.htm**

Report Analysts

You may also wish to visit our website at **http://dallasfed.org/banking/regulatory** for electronic versions of our *Regulatory Reporting Newsletter* as well as the contact names, phone numbers and email addresses of our staff.

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