

**DEPARTMENT OF TREASURY****Office of the Comptroller of the Currency****12 CFR Part 52**

[Docket ID OCC–2018–0032]

RIN 1557–AE39

**FEDERAL RESERVE SYSTEM****12 CFR Part 208**

[Docket ID R–1618]

RIN 7100–AF12

**FEDERAL DEPOSIT INSURANCE CORPORATION****12 CFR Part 304**

RIN 3065–AE82

**Reduced Reporting for Covered Depository Institutions**

**AGENCY:** 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 proposed rulemaking with request for public comment.

**SUMMARY:** The OCC, the Board, and the FDIC (collectively, the agencies) are inviting comment on a proposed rule that would implement section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act by: Expanding the eligibility to file the agencies' most streamlined report of condition, the FFIEC 051 Call Report, to include certain insured depository institutions with less than \$5 billion in total consolidated assets that meet other criteria; and, establishing reduced reporting on the FFIEC 051 Call Report for the first and third reports of condition for a year. The OCC and Board also are proposing similar reduced reporting for certain uninsured institutions that they supervise with less than \$5 billion in total consolidated assets that otherwise meet the same criteria. This **Federal Register** notice also includes a Paperwork Reduction Act notice to reduce the amount of data required to be reported on the FFIEC 051 Call Report for the first and third calendar quarters, and other related changes.

**DATES:** Comments must be received by January 18, 2019.

**ADDRESSES:** Comments should be directed to:

*OCC:* You may submit comments to the OCC by any of the methods set forth below. Commenters are encouraged to submit comments through the Federal eRulemaking Portal or email, if possible. Please use the title “Reduced Reporting for Covered Depository Institutions” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- Federal eRulemaking Portal—“*Regulations.gov*”: Go to *www.regulations.gov*. Enter “Docket ID OCC–2018–0032” in the Search Box and click “Search.” Click on “Comment Now” to submit public comments.
- Click on the “Help” tab on the *Regulations.gov* home page to get information on using *Regulations.gov*, including instructions for submitting public comments.

- Email: *regs.comments@occ.treas.gov*.

- Mail: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

- Hand Delivery/Courier: 400 7th Street SW, Suite 3E–218, Washington, DC 20219.

*Instructions:* You must include “OCC” as the agency name and “Docket ID OCC–2018–0032” in your comment.

In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information that you provide such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this rulemaking action by any of the following methods:

- *Viewing Comments Electronically:* Go to *www.regulations.gov*. Enter “Docket ID OCC–2018–0032” in the Search box and click “Search.” Click on “Open Docket Folder” on the right side of the screen. Comments and supporting materials can be viewed and filtered by clicking on “View all documents and comments in this docket” and then using the filtering tools on the left side of the screen.

- Click on the “Help” tab on the *Regulations.gov* home page to get information on using *Regulations.gov*.

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

- *Viewing Comments Personally:* You may personally inspect 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 or, for persons who are deaf or hearing impaired, TTY, (202) 649–5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect comments.

*Board:* When submitting comments, please consider submitting your comments by email or fax because paper mail in the Washington, DC area and at the Board may be subject to delay.

You may submit comments, identified by Docket No. R–1618 and RIN 7100–AF12, by any of the following methods:

- Agency Website: *http://www.federalreserve.gov*. Follow the instructions for submitting comments at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm*.

- Email: *regs.comments@federalreserve.gov*. Include docket and RIN numbers in the subject line of the message.

- FAX: (202) 452–3819 or (202) 452–3102.

- Mail: Ann E. Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

All public comments will be made available on the Board's website at *http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm* as submitted, unless modified for technical reasons or to remove personally identifiable information at the commenter's request. Accordingly, comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room 3515, 1801 K Street NW (between 18th and 19th Streets NW), between 9:00 a.m. and 5:00 p.m. on weekdays.

*FDIC:* You may submit comments, identified by FDIC RIN 3064–AE82, by any of the following methods:

- Agency Website: *https://www.fdic.gov/regulations/laws/federal/*. Follow instructions for submitting comments on the Agency website.

- Mail: Robert E. Feldman, Executive Secretary, Attention: Comments/Legal ESS, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

- Hand Delivery/Courier: Comments may be hand-delivered to the guard

station at the rear of the 550 17th Street NW building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

• *Email: comments@FDIC.gov.*

Comments submitted must include “FDIC” and “RIN 3064–AE82” on the subject line of the message.

• *Public Inspection:* All comments received must include “FDIC” and “RIN 3064–AE82” for this rulemaking. All comments received will be posted without change to <http://www.fdic.gov/regulations/laws/federal/>, including any personal information provided. Paper copies of public comments may be ordered from the FDIC Public Information Center, 3501 North Fairfax Drive, Room E–1002, Arlington, VA 22226, or by telephone at (877) 275–3342 or (703) 562–2200.

#### FOR FURTHER INFORMATION CONTACT:

*OCC:* Cady Coddling, Senior Policy Accountant, Office of the Chief Accountant, (202) 649–5764; Kevin Korzeniewski, Counsel, Office of the Chief Counsel, (202) 649–5490; or for persons who are deaf or hearing impaired, TTY, (202) 649–5597.

*Board:* Douglas Carpenter, Senior Supervisory Financial Analyst, Division of Supervision and Regulation, (202) 452–2205; Claudia Von Pervieux, Senior Counsel, (202) 452–2552, or Laura Bain, Senior Attorney, (202) 736–5546, Legal Division, Board of Governors of the Federal Reserve System, 20th and C Streets NW, Washington, DC 20551. For the hearing impaired only, Telecommunication Device for the Deaf (TDD), (202) 263–4869, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.

*FDIC:* Robert Storch, Chief Accountant, Division of Risk Management Supervision, (202) 898–8906, [rstorch@fdic.gov](mailto:rstorch@fdic.gov); or Nefretete Smith, Counsel, Legal Division, (202) 898–6851, [nefsmith@fdic.gov](mailto:nefsmith@fdic.gov); or Kathryn Marks, Counsel, Legal Division, (202) 898–3896, [kmmarks@fdic.gov](mailto:kmmarks@fdic.gov).

#### SUPPLEMENTARY INFORMATION:

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## I. Introduction

### A. Summary of Proposed Rule

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the agencies) are inviting comment on this notice of proposed rulemaking (proposed rule) that would implement reduced reporting on the Consolidated Reports of Condition and Income (Call Report)<sup>1</sup> for eligible small insured depository institutions, consistent with section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRRCPA).<sup>2</sup> The OCC and Board also are proposing to implement reduced reporting for eligible uninsured institutions. The proposed rule would expand the number of institutions that may file the FFIEC 051 Call Report, the most streamlined version of the Call Report, and would provide for reduced reporting in the FFIEC 051 Call Report. Through the included Paperwork Reduction Act (PRA) notice, the agencies are proposing to reduce the amount of data required to be reported on the FFIEC 051 Call Report for the first and third calendar quarters.

The proposed reduced reporting would be available to smaller, non-complex institutions, with domestic offices only, that meet the definition of “covered depository institution.” That term generally is defined in the proposed rule to mean an institution that has less than \$5 billion in total consolidated assets, has no foreign offices, is not required to or has not elected to use Subpart E (Internal Ratings-Based and Advanced Measurement Approaches) of the agencies’ regulatory capital rules to calculate its risk-based capital requirements, and is not a large or highly complex institution for purposes of the FDIC’s assessment regulations.

<sup>1</sup> The “Call Report” is the report of condition and income for most insured depository institutions. There currently are three versions of the Call Reports: The Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031), the Consolidated Report of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), and the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less Than \$1 Billion (FFIEC 051).

<sup>2</sup> Public Law 115–174, 132 Stat. 1296 (2018).

The proposed rule would provide for reduced reporting by allowing covered depository institutions to file the FFIEC 051 Call Report, with fewer data items required in the reports for the first and third calendar quarters. For covered depository institutions, the principal areas of reduced reporting in the first and third calendar quarters generally would include data items related to categories of risk-weighting of various types of assets and other exposures under the agencies’ regulatory capital rules, fiduciary and related services assets and income, and troubled debt restructurings by loan category. In addition, covered depository institutions that previously were ineligible to file the FFIEC 051 Call Report (*i.e.*, those with total assets of \$1 billion or more) would benefit from the FFIEC 051 Call Report’s less detailed quarterly reporting as compared to other versions of the Call Report.<sup>3</sup>

### B. Background

In their statutory roles of chartering, licensing, supervising, or insuring institutions,<sup>4</sup> the agencies principally rely on information obtained through on-site examinations of institutions, off-site supervisory activities between examinations, and information reported on an institution’s report of condition. The report of condition is the Call Report for most insured depository institutions.<sup>5</sup> Call Reports provide the most current financial and statistical data available for identifying areas of focus for supervision and for on-site and off-site examinations. The agencies use Call Report data in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data assist the agencies in their collective missions of promoting the safety and soundness of institutions and the financial system and the protection of consumer financial rights, as well as fulfilling agency-specific missions, such as conducting monetary policy, promoting financial stability, and

<sup>3</sup> As compared with other versions of the Call Report, the FFIEC 051 Call Report requires less detailed reporting for data items related to trading, mortgage banking, and securitization activities, as well as less detail for other lending and derivatives activities.

<sup>4</sup> The OCC charters and supervises national banks and Federal savings associations, and licenses and supervises Federal branches and agencies of foreign banks; the Board supervises state member banks; the FDIC supervises state nonmember banks, state savings associations and state-licensed insured branches, and insures the deposits of all insured depository institutions.

<sup>5</sup> In addition, U.S. branches and agencies of foreign banks file the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002).

administering federal deposit insurance. The agencies also use Call Report data in evaluating institutions' applications, including interstate merger and acquisition applications. In addition, Call Report data are used by the appropriate agencies to calculate institutions' deposit insurance assessments as well as national banks' and federal savings associations' semiannual assessment fees.

The agencies recognize that institutions devote staffing and resources in order to complete and file Call Reports. In December 2014, the Federal Financial Institutions Examination Council (FFIEC), which is responsible for developing uniform reporting systems (including the Call Reports) for federally supervised financial institutions,<sup>6</sup> started an initiative to reduce the reporting burden on small institutions. The FFIEC members developed the following guiding principles to evaluate potential additions and deletions of Call Report data items and other revisions to the Call Reports: (1) Data items serve a long-term regulatory or public policy purpose by assisting the FFIEC members in fulfilling their missions; (2) data items to be collected maximize practical utility and minimize, to the extent practicable and appropriate, burden on financial institutions; and (3) equivalent data items are not readily available through other means.

As part of the FFIEC's Call Report burden-reduction initiative, FFIEC members conducted outreach with community banks and industry representatives to better understand what aspects of the Call Report process are significant sources of reporting burden for financial institutions; accelerated the statutorily mandated review of the Call Report;<sup>7</sup> and evaluated the feasibility and merits of creating a more streamlined Call Report for eligible small institutions.<sup>8</sup> Based on

the response from community banks, trade associations, and public comments, as well as survey results of FFIEC member Call Report data users, in August 2016, the agencies invited public comment on a proposed streamlined version of the Call Report, the FFIEC 051 Call Report.<sup>9</sup>

The FFIEC 051 Call Report first took effect as of March 31, 2017, and contained approximately 40 percent fewer data items than were included in the FFIEC 041 Call Report, which is the Call Report filed by institutions that have \$1 billion or more in total assets, only have domestic offices, and are not branches of foreign banks. In addition, the initial FFIEC 051 Call Report collected approximately 4 percent of data items less frequently than the FFIEC 041 Call Report in effect at that time.

In June and November 2017, the agencies proposed further reductions to the FFIEC 051 Call Report based on public comments and additional feedback from Call Report data users from the FFIEC members.<sup>10</sup> The agencies also reviewed suggestions for streamlining the Call Reports provided in comment letters submitted during the public notice and comment period for the agencies' review of regulations required by the Economic Growth and Regulatory Paperwork Reduction Act.<sup>11</sup> As a result of the further reductions that took effect as of the June 30, 2018, report date, the FFIEC 051 Call Report represents a reduction of approximately 43 percent of the data items and provides for reduced reporting frequency of approximately 6 percent of the data items, as compared to the FFIEC 041 Call Report in use immediately before the implementation of the FFIEC 051 Call Report. Currently, only institutions that have less than \$1 billion in total assets, have only domestic offices, are not branches of foreign banks, and are not required or have not elected to use Subpart E of the agencies' regulatory capital rules (applicable to advanced approaches institutions) to calculate their risk-based capital requirements<sup>12</sup> may use the FFIEC 051 Call Report.

051); 83 FR 939 (January 8, 2018) (burden reduction); 83 FR 15678 (April 11, 2018) (burden reduction).

<sup>9</sup> 81 FR 54190 (August 15, 2016).

<sup>10</sup> See 82 FR 29147 (June 27, 2017), 82 FR 51908 (November 8, 2017). These *Federal Register* notices also contained proposals to reduce data items in the FFIEC 031 and FFIEC 041 Call Reports.

<sup>11</sup> See 12 U.S.C. 3311.

<sup>12</sup> See 12 CFR part 3, subpart E (OCC); 12 CFR part 217, subpart E (Board); 12 CFR part 324, subpart E (FDIC). Generally, an institution is an advanced approaches institution if it has consolidated assets of at least \$250 billion or if it

## II. Description of the Proposed Rule

Section 205 of EGRRCPA amended section 7(a) of the Federal Deposit Insurance Act (FDI Act) and requires the agencies to issue regulations that allow for a reduced reporting requirement for a covered depository institution when the institution makes the first and third report of condition for a calendar year. Section 205 of EGRRCPA defines "covered depository institution" as an insured depository institution "that— (i) has less than \$5 billion in total consolidated assets; and (ii) satisfies such other criteria as the [agencies] determine appropriate."<sup>13</sup>

The proposed rule would implement section 205 of EGRRCPA by expanding the number of insured depository institutions eligible to file the FFIEC 051 Call Report and establishing the reduced reporting in the FFIEC 051 Call Report permissible for such institutions for the first and third reports of condition for a year.<sup>14</sup> The OCC and Board also are proposing to establish reduced reporting for certain uninsured institutions under their supervision that meet the proposed criteria.

As discussed below, the agencies propose to implement reduced reporting by expanding the scope of institutions permitted to file the FFIEC 051 Call Report every quarter through the definition of "covered depository institution." As noted, the FFIEC 051 Call Report is the most streamlined version of the Call Report and is familiar to institutions and their Call Report service providers and, therefore could be readily used by covered depository institutions for reduced reporting in the first and third calendar quarters.<sup>15</sup> In particular, because the FFIEC 051 Call

has consolidated on-balance sheet foreign exposures of at least \$10 billion, or if it is a subsidiary of a depository institution, bank holding company, savings and loan holding company, or intermediate holding company that is an advanced approaches banking organization.

<sup>13</sup> 12 U.S.C. 1817(a)(12)(B).

<sup>14</sup> Under the proposed rule, "report of condition" means the FFIEC 031, FFIEC 041, or FFIEC 051 versions of the Consolidated Reports of Condition and Income (Call Report) or the FFIEC 002 report (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks), as applicable, and as they may be amended or superseded from time to time in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. chapter 35.

<sup>15</sup> Based on June 30, 2018, Call Report data, of the 5,357 institutions with reported total assets below the statutory \$5 billion asset threshold, 4,810 or almost 90 percent of those institutions reported less than \$1 billion in total assets and are currently eligible to file the FFIEC 051 Call Report based on asset size. Approximately 77 percent of the 4,810 institutions with total assets below \$1 billion already file the FFIEC 051 Call Report, and thus would face little to no administrative costs to obtain reduced reporting for the first and third calendar quarters of a year.

<sup>6</sup> See 12 U.S.C. 3305(c). The agencies are members of the FFIEC. The term "financial institution" in this context means a commercial bank, savings bank, trust company, savings association, building and loan association, homestead association, cooperative bank, or credit union. 12 U.S.C. 3302(3).

<sup>7</sup> See 12 U.S.C. 1817(a)(11). The agencies are statutorily mandated to conduct a review of the information and schedules in the Call Reports every five years, and reduce or eliminate any information or schedules for which the agencies determine continued collection is not required by law and no longer necessary or appropriate. [https://www.ffiec.gov/pdf/2017\\_Interagency\\_Review\\_Consolidated\\_Reports\\_Condition\\_Income.pdf](https://www.ffiec.gov/pdf/2017_Interagency_Review_Consolidated_Reports_Condition_Income.pdf).

<sup>8</sup> The FFIEC published a series of *Federal Register* notices pursuant to the Paperwork Reduction Act of 1995. See 80 FR 56539 (September 18, 2015) (principles); 81 FR 45357 (July 13, 2016) (burden reduction); 82 FR 2444 (January 9, 2017) (burden reduction and implementation of FFIEC

Report uses the same definitions for data items as other Call Report versions, as well as the same data item identifiers used by the Call Report preparation software products, the agencies anticipate that newly eligible covered depository institutions would be able to file the FFIEC 051 Call Report without the need to make significant changes to their Call Report preparation processes or incur significant cost.<sup>16</sup> Finally, as discussed below in the PRA section, to implement section 205 of EGRRCPA the agencies are proposing to reduce the number of existing FFIEC 051 Call Report data items required to be reported in the first and third calendar quarters by approximately 37 percent. Accordingly, for all covered depository institutions, filing the FFIEC 051 Call Report would provide an immediate reduction in required reporting without substantial administrative costs.

The agencies expect to propose additional reductions to the FFIEC 051 Call Report in connection with the implementation of section 201 of EGRRCPA. Section 201 of EGRRCPA requires the agencies to adopt a community bank leverage ratio in place of the existing regulatory capital rules for qualifying community banks,<sup>17</sup> which the agencies expect would lead to a reduction in the number of regulatory capital data items that would need to be reported by such institutions. The agencies also will continue to review the data collected on the FFIEC 051 Call Report and seek to reduce the reporting frequency of data items from quarterly to semi-annual where practicable.

#### A. Covered Depository Institution

Section 205 of EGRRCPA defines “covered depository institution” as an insured depository institution “that— (i) has less than \$5 billion in total consolidated assets; and (ii) satisfies such other criteria as the [agencies] determine appropriate.”<sup>18</sup> The proposed rule would define “covered depository institution” as an institution that meets all the following criteria: Has less than \$5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding calendar year;

has no foreign offices; is not required to or has not elected to use Subpart E of the agencies’ regulatory capital rules to calculate its risk-based capital requirements; and is not a large or highly complex institution for purposes of the FDIC’s assessment regulations. The OCC’s definition would also scope out institutions that file the FFIEC 002 report of condition. In addition, the FDIC’s definition would exclude state-licensed insured branches of foreign banks. These other non-asset-size criteria are identical to the current eligibility criteria for institutions with less than \$1 billion in total assets to file the FFIEC 051 Call Report except for the criterion related to whether the institution is large or highly complex under the FDIC’s assessment regulations.

The agencies would allow reduced reporting for “insured depository institutions”, as such term is defined in section 3 of the FDI Act, 12 U.S.C. 1813, and as required by section 205 of EGRRCPA. The OCC and Board also would extend reduced reporting to certain uninsured institutions that they supervise and that would otherwise meet the same criteria.<sup>19</sup> Greater parity in the reporting of insured and uninsured national banks and state member banks would be appropriate in light of the similarities between the information used to review the activities of such insured and uninsured institutions. In addition, some uninsured institutions with total assets of less than \$1 billion currently file the FFIEC 051 Call Report and, therefore, may continue to use this version of the Call Report under the proposed rule.

#### Asset Threshold

The proposed rule would define “total consolidated assets” as total assets as reported in an institution’s report of condition. An institution would determine whether it meets the asset-size criterion and is eligible to file the FFIEC 051 Call Report based on the total assets it reported in its report of condition (Schedule RC, Item 12 in the Call Reports), which is calculated on a consolidated basis, in the institution’s report of condition for the second calendar quarter of the previous

calendar year. This approach is consistent with the current FFIEC 051 Call Report instructions for determining eligibility to file the FFIEC 051 Call Report based on asset size.<sup>20</sup>

This approach should allow an institution sufficient time to address any accounting or reporting systems changes or other preparation process changes that may be needed if the institution wants to take advantage of, or is no longer eligible for, filing the FFIEC 051 Call Report with its reduced reporting in the following calendar year. For example, an institution that meets the asset-size criterion based on its report of condition as of June 30, 2018, may be eligible to file the FFIEC 051 Call Report for the entire 2019 calendar year, even if its assets increase to \$5 billion or more later in 2018 or 2019, provided it also continues to meet the non-asset-size criteria discussed below. If the same institution reports \$5 billion or more in total assets on its Call Report as of June 30, 2019, the institution could continue to file the FFIEC 051 Call Report for report dates through December 31, 2019 (based on its total assets as of June 30, 2018), including reduced reporting in the third calendar quarter of 2019 as long as it continued to meet the non-asset-size criteria. However, because the institution exceeded the asset-size criterion as of June 30, 2019, the institution would be ineligible to file the FFIEC 051 Call Report in the 2020 calendar year.

**Question 1:** What are the advantages and disadvantages of institutions measuring total assets using the approach discussed above? Should the agencies use average total assets over a specified period rather than total assets on a single reporting date? Is another methodology more appropriate to measure total assets for purposes of the asset-size criterion? If so, what methodology is more appropriate and why?

**Question 2:** The agencies are not proposing to immediately disqualify an institution from using reduced reporting if it exceeds \$5 billion in total assets, regardless of how the institution crossed the asset threshold, including through a merger or acquisition. Is this appropriate and why?

#### Other Eligibility Criteria

The agencies are also proposing that an institution satisfy other criteria to be eligible for reduced reporting, consistent with section 205. These other criteria are based on an institution’s

<sup>16</sup> Based on June 30, 2018 Call Report data, 547 institutions that reported total assets of \$1 billion or more, but less than \$5 billion, could be eligible to file the FFIEC 051 Call Report in 2019 under the proposed rule.

<sup>17</sup> A qualifying community bank is defined as a depository institution or depository holding company with total consolidated assets of less than \$10 billion and a risk profile deemed appropriate by the agencies. Under section 201, the agencies may determine whether a community bank qualifies based on consideration of certain risk factors.

<sup>18</sup> 12 U.S.C. 1817(a)(12)(B).

<sup>19</sup> The FDIC only supervises insured state nonmember banks, insured state savings associations, and insured state-licensed branches. Currently, no uninsured Board-regulated institution is eligible to file the FFIEC 051 Call Report, but under the proposal one uninsured Board-regulated institution would meet the proposed criteria for eligibility to file the FFIEC 051 Call Report. The OCC supervises 49 uninsured institutions that currently are eligible to file the FFIEC 051 Call Report, which would increase to 50 under the proposed rule.

<sup>20</sup> See FFIEC 051 instructions, available at [https://www.ffiec.gov/pdf/FFIEC\\_forms/FFIEC051\\_201806\\_i.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_201806_i.pdf).

international activities, its treatment under the agencies' regulatory capital rules, and its treatment under the FDIC's deposit insurance assessment regulations. These non-asset-size criteria are identical to the current eligibility criteria for institutions with less than \$1 billion in total assets to file the FFIEC 051 Call Report with the exception of the criterion related to treatment under the FDIC's assessment regulations. Unlike the asset-size criterion, which is determined as of the report of condition filed for the second calendar quarter (as of June 30) of the prior calendar year, an institution would determine in each calendar quarter whether it meets all of these non-asset-size criteria. If in any calendar quarter an institution no longer meets all of these other criteria, then the institution would become ineligible to file the FFIEC 051 Call Report beginning the quarter in which the institution failed to meet one of the non-asset-size criteria. In contrast to failing the asset-size criterion, failing to meet the non-asset-size criteria often reflects a significant change in the operations of an institution as a result of deliberate planning, such as opening a foreign branch or becoming subject to a different approach under the agencies' regulatory capital rules. Therefore, in contrast to the asset-size criterion, the proposed rule does not include a grace period for non-asset-size criteria.

**International Activities.** The proposal would exclude from the definition of "covered depository institution" an institution that has foreign offices or that is an insured branch of a foreign bank. These criteria are identical to the current eligibility criteria that exclude these institutions from being eligible to file the FFIEC 051 Call Report. Foreign offices would be defined as: Branches or consolidated subsidiaries in foreign countries<sup>21</sup> unless located on a U.S. military facility; international banking facilities as defined under 12 CFR 204.8; majority-owned Edge Act and Agreement<sup>22</sup> subsidiaries; and branches or consolidated subsidiaries in U.S. territories if the bank is chartered or headquartered in a U.S. state or the District of Columbia. Insured branches of foreign banks would be those branches defined in section 3(s) of the FDI Act, 12 U.S.C. 1813(s), which file the FFIEC 002 version of the report of condition. The agencies believe it is appropriate to exclude these institutions

from the proposal because the nature of these international activities requires more comprehensive and detailed financial information to effectively supervise and monitor them.<sup>23</sup> This comprehensive information related to foreign activities is required to be reported in the FFIEC 002 report of condition. For example, institutions that have foreign offices may present risks, such as currency risk and country-specific risks, for which supervisors require additional financial information to ensure appropriate monitoring and supervision. Permitting these institutions to receive reduced reporting on the FFIEC 051 Call Report would impair the agencies' existing supervision of these institutions.

**Advanced Approaches Institutions.** The proposal would exclude from the definition of "covered depository institution" an institution that is required to, or has elected to, use Subpart E of the agencies' regulatory capital rules to calculate its risk-based capital requirements (advanced approaches institution). In general, an advanced approaches institution is an institution that has consolidated total assets equal to \$250 billion or more, has consolidated total on-balance sheet foreign exposure equal to \$10 billion or more, or is a subsidiary of a depository institution or holding company that uses the advanced approaches to calculate its total-risk weighted assets.<sup>24</sup> Advanced approaches institutions currently are precluded from filing the FFIEC 051 Call Report. Advanced approaches institutions generally must calculate their regulatory capital requirements under the advanced approaches, which relies in part on internal models and complex formulas, and are subject to additional requirements such as the supplementary leverage ratio.<sup>25</sup> While advanced approaches holding companies typically have total assets of more than \$250 billion, their depository institution subsidiaries also generally are subject to the advanced approaches, some of which may have total assets of less than \$5 billion. Some of these subsidiaries often engage in specialized or highly complex activities that require more comprehensive and detailed financial

information to ensure effective supervision and monitoring.

**Institutions Assessed as Large or Highly Complex by the FDIC.** Finally, the agencies propose to exclude from the definition of "covered depository institution" an insured depository institution that is assessed as a "large institution" or "highly complex institution," as defined in the FDIC's deposit insurance assessment regulations.<sup>26</sup>

Under the FDIC's assessment regulations, large and highly complex institutions are assessed using combined CAMELS<sup>27</sup> ratings and certain forward-looking financial measures to assess the risks such institutions pose to the Deposit Insurance Fund.<sup>28</sup> The FDIC uses the data reported by a large or highly complex institution on either the FFIEC 031 or FFIEC 041 Call Report, as appropriate, to calculate the institution's assessment rate. For example, the FDIC uses data on Schedule RC-O regarding higher-risk assets, which are not reported on the FFIEC 051 Call Report, to calculate financial ratios used to determine a large or highly complex institution's assessment rate.

Under the FDIC's assessments regulations, an institution that increases or decreases in asset size is reclassified as a small institution, large institution, or highly complex institution generally after such institution reports assets of less than \$10 billion, \$10 billion or more, or more than \$50 billion,

<sup>26</sup> See 12 CFR 327.8(e), (f), (g) and (s). For the purposes of the FDIC's assessment regulations, a "small institution" generally is an insured depository institution with less than \$10 billion in total assets. Generally, a "large institution" is an insured depository institution with more than \$10 billion in total assets or that is treated as a large institution for assessment purposes under section 327.16(f). Generally, a "highly complex institution" is: (i) An insured depository institution (excluding a credit card bank) that has had \$50 billion or more in total assets for at least four consecutive quarters, is controlled by a U.S. parent holding company that has had \$500 billion or more in total assets for four consecutive quarters, or is controlled by one or more intermediate U.S. parent holding companies that are controlled by a U.S. holding company that has had \$500 billion or more in assets for four consecutive quarters; or (ii) a processing bank or trust company. However, an institution with assets between \$5 billion and \$10 billion may request treatment for deposit insurance assessments as a large institution, and few institutions have made this request to date. See 12 CFR 327.16(f).

<sup>27</sup> A financial institution is assigned a "CAMELS" composite rating based on an evaluation and rating of six essential components of an institution's financial condition and operations. These component factors address the: Adequacy of capital (C); quality of assets (A); capability of management (M); quality and level of earnings (E); adequacy of liquidity (L); and sensitivity to market risk (S).

<sup>28</sup> See 12 CFR 327.16(b) and (c); 76 FR 10672, 10688–10698 (February 25, 2011).

<sup>21</sup> The proposed rule would define "foreign country" to refer to one or more foreign nations, and include the overseas territories, dependencies, and insular possessions of those nations and of the United States. This definition also is used in the Board's Regulation K, 12 CFR part 211.

<sup>22</sup> 12 CFR 211.1(c)(2) and (3).

<sup>23</sup> Depository institutions with foreign offices are currently required to file the FFIEC 031 Call Report and thus are not currently eligible to file the FFIEC 051. Branches of foreign banks (both Federally and State-licensed), are required to file the FFIEC 002 version of the report of condition.

<sup>24</sup> See 12 CFR 3.100(b) (OCC); 217.100(b) (Board); 324.100(b) (FDIC).

<sup>25</sup> See 12 CFR part 3, subpart E and 12 CFR 3.10(c)(4) (OCC); 12 CFR part 217, subpart E and 12 CFR 217.10(c)(4) (Board); 12 CFR part 324, subpart E and 12 CFR 324.10(c)(4) (FDIC).

respectively, for four consecutive quarters.<sup>29</sup> Because reclassification requires that the institution report above or below a certain asset-based threshold for four consecutive quarters, there may be a period of time in which an institution would otherwise be eligible for reduced reporting by filing the FFIEC 051 Call Report because it met the asset-size criterion, but is assessed as a large or highly complex institution. Although this situation is likely to be rare, without this criterion such institution would be eligible to file the FFIEC 051 Call Report with its reduced reporting under the proposed rule. For example, an institution that had been reporting more than \$10 billion in assets and was assessed as a “large institution” as of March 31, 2018, could decrease in size such that its total assets, as of June 30, 2018, were below \$5 billion. If that institution met the other non-asset-size criteria discussed above, then that institution could be eligible to file the FFIEC 051 Call Report in the 2019 calendar year, including reduced reporting in the first and third calendar quarters of 2019. However, such an institution would continue to be assessed as a large institution and would not be reclassified as a “small institution” for deposit insurance assessments until it reported total assets below \$10 billion for four consecutive quarters. Therefore, as long as the institution continues to be assessed as a “large institution,” it would be ineligible to file the FFIEC 051 Call Report, including its reduced reporting, until it was reclassified for deposit insurance assessments and assessed as a “small institution” (*i.e.*, beginning with the third calendar quarter in 2019).

This proposed eligibility criterion ensures that an institution that meets the asset-size criterion based on its report of condition for the second calendar quarter of a previous year, but is treated as a large or highly complex institution for assessment purposes, will continue to file the FFIEC 031 or FFIEC 041 Call Report, as appropriate, which contain the data items required by the FDIC to calculate the institution’s assessment rate.

**Question 3:** Do the other criteria proposed by the agencies set an appropriate scope for institutions eligible for reduced reporting? Are there additional institutions or classes of

institutions meeting the asset-size criterion that the agencies should consider making eligible to use reduced reporting and, if so, why? Are there additional institutions or classes of institutions that the agencies should consider making ineligible for reduced reporting and, if so, why?

#### *B. Reduced Reporting*

The agencies propose to implement the reduced reporting required by section 205 of EGRRCPA by first allowing the broader group of covered depository institutions to file the FFIEC 051 Call Report each calendar quarter. The proposed rule would extend eligibility to file the FFIEC 051 Call Report to all covered depository institutions with \$1 billion or more, but less than \$5 billion, in total assets and that meet the non-asset-size criteria. As discussed in the PRA section below, the agencies propose revising the eligibility criteria for filing the FFIEC 051 Call Report to match the criteria to qualify as a covered depository institution under the proposal. As a result, this approach would provide significant relief through reduced reporting to covered depository institutions that currently are required to file the FFIEC 041 Call Report. For example, the current version of the FFIEC 051 Call Report includes 1,147 reportable data items in each of the first and third calendar quarters, compared with 2,029 reportable data items required on the FFIEC 041 Call Report in those calendar quarters, which is the version of the Call Report currently completed by most institutions with total assets of \$1 billion or more, but less than \$5 billion. Under the proposal, covered depository institutions with total assets between \$1 billion and less than \$5 billion would be eligible to file the FFIEC 051 Call Report in each calendar quarter of a calendar year (provided that they continue to meet the non-asset-size eligibility criteria), which would provide substantial reporting relief for these institutions compared to the FFIEC 041 Call Report currently used by most of those institutions.

In addition to expanding the number of institutions eligible to file the FFIEC 051 Call Report, the agencies propose to implement the reduced reporting required by section 205 of EGRRCPA by further reducing the reporting required on the FFIEC 051 Call Report for all covered depository institutions in the first and third calendar quarters. The agencies propose to achieve this by reducing the frequency of reporting in the FFIEC 051 Call Report for approximately 37 percent of the existing data items in this report—from quarterly to semiannual—as described in the PRA

section below. The principal areas of reduced reporting in the first and third quarters include data items related to categories of risk-weighting of various types of assets and other exposures under the agencies’ regulatory capital rules, fiduciary and related services assets and income, and troubled debt restructurings by loan category. This reduction in frequency for certain data items would provide all covered depository institutions, including those with less than \$1 billion in total assets that currently file the FFIEC 051 Call Report, with further reduced reporting in the first and third calendar quarters.

**Question 4:** Is the agencies’ proposal to implement reduced reporting by expanding eligibility to file the FFIEC 051 Call Report appropriate? If not, what would be a more appropriate way to implement Section 205’s reduced reporting requirement, and why?

#### *C. Reservation of Authority*

The proposed rule includes a reservation of authority that would allow the appropriate Federal banking agency, in consultation with the applicable state chartering authority, and on an institution-specific basis, to require a covered depository institution to file the FFIEC 041 Call Report, or any successor thereto, in any calendar quarter or quarters in which the covered depository institution would otherwise be eligible to file the FFIEC 051 Call Report, based on the appropriate Federal banking agency’s determination that such filing is necessary for supervisory purposes. In making such a determination, the appropriate Federal banking agency may consider criteria including whether the institution is significantly engaged in one or more complex, specialized, or other higher-risk activities, such as those for which limited information is reported in the FFIEC 051 Call Report compared to the FFIEC 041 Call Report. For example, if a covered depository institution has a considerable concentration of either trading assets or mortgage banking activities, the appropriate Federal banking agency may seek additional information from that institution by requiring the institution to file the FFIEC 041 Call Report. Generally, a covered depository institution’s safety and soundness, size, complexity, activities, risk profile, and other factors, such as an increase in a covered depository institution’s asset size resulting from a merger or acquisition, also may be taken into consideration.

If, after considering such factors, the appropriate Federal banking agency determines that the covered depository institution should be required to file the

<sup>29</sup> Under the FDIC’s assessment regulations, an insured depository institution can be reclassified as a highly complex institution because they meet the definition of a “processing bank or trust company.” Under that definition, an insured depository institution would need to, among other things, have total assets of \$10 billion or more for at least four consecutive quarters. See 12 CFR 327.8(s).

FFIEC 041 Call Report, the appropriate Federal banking agency would provide written notice to the covered depository institution prior to the filing requirement's becoming effective. Any covered depository institution eligible to file the FFIEC 051 Call Report, but that is required by its appropriate Federal banking agency to file the FFIEC 041 Call Report under the reservation of authority, would be required to continue to file the FFIEC 041 Call Report until the appropriate Federal banking agency provides written notice to the covered depository institution that it is no longer required to file the FFIEC 041 Call Report. The justification for use of the reservation and its terms will also be provided in the notice.

This authority would provide the agencies with the flexibility to require an institution to report and disclose additional Call Report data if warranted by an institution's individual circumstances and risk profile. Consistent with current supervisory practices and experience, the exercise of the reservation of authority generally would be a decision made by a member of the appropriate agency's senior management and would not be at the discretion of examination staff.

### III. Expected Impact of the Proposed Rule

The proposed rule is expected to broaden the number of institutions that may file the FFIEC 051 Call Report and be eligible for reduced reporting in the first and third calendar quarters.<sup>30</sup> Based on June 30, 2018, Call Report data, 5,357 institutions reported total assets of less than \$5 billion. Of these, 547 institutions reported total assets of \$1 billion or more, but less than \$5 billion, and are currently ineligible to file the FFIEC 051 Call Report in 2019, but would meet the definition of "covered depository institution" under the proposed rule. For 533 of these 547 institutions, this would mark the first time such institution is eligible to file the FFIEC 051 Call Report.<sup>31</sup> Overall,

each of the 5,357 institutions that reported less than \$5 billion in total assets in their Call Report as of June 30, 2018, and that would qualify as a "covered depository institution" under the proposed rule, could file the FFIEC 051 Call Report and report approximately 37 percent fewer data items in the first and third calendar quarters than in the current FFIEC 051 Call Report.

The agencies estimate the average quarterly reporting burden hours per institution for the current FFIEC 041 and FFIEC 051 Call Reports are 64.49 hours and 52.31 hours, respectively, for institutions that would become eligible to file the FFIEC 051 Call Report in 2019. Thus, each covered depository institution that switches from filing the current FFIEC 041 Call Report to the FFIEC 051 Call Report (amended as proposed in the PRA section) is expected to save, on average, 12.18 hours per quarter. Assuming that newly eligible covered depository institutions would file the FFIEC 051 Call Report at the same rate as currently eligible institutions file the FFIEC 051 Call Report (77 percent), the agencies estimate a total reporting burden reduction of 5,130 hours per quarter for these institutions.<sup>32</sup>

The proposed rule also provides for reduced reporting in the first and third calendar quarters for covered depository institutions. As discussed below in the PRA section, the agencies are proposing to remove approximately 37 percent of data items from being reported in the FFIEC 051 Call Report for covered depository institutions in the first and third calendar quarters. The principal areas of reduced reporting in the first and third calendar quarters include data items related to categories of risk-weighting of various types of assets and other exposures under the agencies' regulatory capital rules, fiduciary and related service assets and income, and troubled debt restructurings by loan category. These data items are currently collected every calendar quarter on the FFIEC 051 Call Report. Every covered depository institution that files the FFIEC 051 Call Report would experience a reduction in reporting for the first and third calendar quarters as a result of this aspect of the proposed rule. The agencies estimate that the

proposed removal of approximately 37 percent of data items from the reporting requirements of covered depository institutions in the first and third calendar quarters would reduce the average quarterly reporting burden by 1.18 hours for the 3,714 institutions that filed the FFIEC 051 Call Report for the June 30, 2018, report date. This represents a total estimated burden reduction of 4,383 hours per quarter for these institutions.<sup>33</sup>

As also discussed below in the PRA section, the agencies are proposing to add certain data items to the FFIEC 051 Call Report for covered depository institutions with \$1 billion or more, but less than \$5 billion, in total assets. Based on Call Report data as of June 30, 2018, 533 institutions with \$1 billion or more, but less than \$5 billion, currently file the FFIEC 041 Call Report, but would meet the definition of "covered depository institution" under the proposed rule. Because these 533 institutions already report these data items on the FFIEC 041 Call Report, the proposed addition of these data items to the FFIEC 051 Call Report for these institutions would not represent an increase in reporting burden as these institutions would experience an overall net decrease in reporting burden by switching to the FFIEC 051 Call Report. Furthermore, only one of these items would be collected quarterly; the other items would be collected semiannually or annually. In addition, these data items would not be required to be completed by institutions with less than \$1 billion in total assets that file the FFIEC 041 or FFIEC 051 Call Reports, so institutions that are currently eligible to file the FFIEC 051 Call Report would not be affected by the addition of these items.

Based on the agencies' total hourly wage rate for Call Report preparation of \$117 and the reduction in reporting hours resulting from the proposed reduced reporting discussed in the PRA section, it is estimated that reporting costs could be \$600,210 less each quarter, on average, for the 547 eligible institutions that reported \$1 billion or more, but less than \$5 billion, in total assets on their June 30, 2018, Call Report.<sup>34</sup> Also, the agencies estimate that reporting costs could be \$512,811 less each quarter, on average, for the 3,714 institutions that filed the FFIEC 051 Call Report for June 30, 2018.<sup>35</sup> In sum, the proposed changes to the FFIEC 051 Call Report that are discussed below

<sup>30</sup> The proposed rule allows reduced reporting for covered depository institutions, but does not mandate that any institution file the FFIEC 051 Call Report. Based on June 30, 2018, Call Report data, approximately 77 percent of currently eligible institutions that reported total assets of less than \$1 billion elected to file the FFIEC 051 Call Report.

<sup>31</sup> Fourteen institutions currently file the FFIEC 051 Call Report, but reported assets of \$1 billion or more, but less than \$5 billion on their Call Report as of June 30, 2018. Under the current Call Report instructions, these institutions would not be eligible to file the FFIEC 051 Call Report in 2019. However, under the proposed rule, these institutions would meet the definition of "covered depository institution" and, therefore, could continue to file the FFIEC 051 Call Report in 2019 (assuming they continue to meet the non-asset-size criteria).

<sup>32</sup> Calculated as 12.18 burden hours multiplied by 77 percent of 547 institutions that would be eligible under the proposed rule. Covered depository institutions could file the FFIEC 051 Call Report at a higher rate than the current 77 percent participation level, particularly due to the opportunity under the proposed rule to obtain additional reporting relief in the first and third calendar quarters.

<sup>33</sup> 1.18 hours \* 3,714 FFIEC 051 Call Report filers for the report dated June 30, 2018.

<sup>34</sup> \$117 per hour \* 5,130 hours per quarter.

<sup>35</sup> \$117 per hour \* 4,383 hours per quarter.



in the PRA section could reduce annual reporting costs by an estimated \$4,452,084, or 0.008 percent of total annualized non-interest expenses, for institutions that reported total assets of less than \$5 billion on the Call Report as of the June 30, 2018, and either filed the FFIEC 051 Call Report, or filed the FFIEC 041 Call Report but are expected to file the FFIEC 051 Call Report, under the proposed rule beginning in 2019.<sup>36</sup>

Finally, the proposed rule could impose some minor additional regulatory costs, in the first year of implementation, that are associated with changes to internal systems or processes for affected institutions that are not currently eligible for, or do not currently file, the FFIEC 051 Call Report. The agencies expect that these additional costs should be relatively low as the FFIEC 051 Call Report shares defined terms and data item identifiers with the other Call Reports, so institutions that switch to the FFIEC 051 Call Report should not necessitate significant reporting system changes. However, these costs are also difficult to estimate accurately with available information because they depend upon the individual characteristics of each institution, its recordkeeping and reporting systems, and the decisions of its senior management.

*Question 5:* The agencies invite comments on all aspects of the information provided in this Expected Impact section. In particular, would this proposal have any significant effects on institutions that the agencies have not identified?

*Question 6:* Are there other factors or aspects of regulatory reporting that the agencies should consider in assessing the impact of the proposed rule?

#### IV. Alternatives Considered

The agencies recognize that while the statutory mandate is to allow for reduced reporting in the first and third calendar quarters for covered depository institutions, the implementation of section 205 of EGRRCPA presents an additional opportunity to provide broader regulatory relief to smaller, less complex institutions that are currently required to file the FFIEC 041 Call Report because they have \$1 billion or more in total assets. In developing the proposal, the agencies sought to reduce the reporting burden on institutions with total consolidated assets of less than \$5 billion, consistent with the mandate in section 205, while also ensuring that the agencies' data needs

for institutions in the size range would continue to be met.

The agencies considered two alternative approaches to implementing section 205 as part of the development of the proposed rule. In considering these alternatives, the agencies reviewed prior PRA notices in which Call Report changes were discussed and comments were addressed. Additionally, the agencies considered comments received on the Call Report burden reduction initiative announced in December 2014 that resulted in the creation of the FFIEC 051 Call Report. The agencies note that the FFIEC Call Report burden-reduction initiative involved significant outreach to community banks and to users of Call Report data and that the guiding principles developed as part of the initiative informed the development of the approach taken in this proposal.

*Alternative 1: Identify data items for reduced reporting on the FFIEC 041 and FFIEC 051 Call Reports.* The agencies considered reviewing the FFIEC 041 and FFIEC 051 Call Reports to identify data items that could be reported on a less frequent basis by institutions with less than \$5 billion in total assets. A possible advantage to this approach is that it might have been easier to present the various items proposed for reduced reporting. However, the agencies also recognized that the existing FFIEC 051 Call Report in its entirety already requires the reporting of significantly fewer data items than the FFIEC 041 Call Report. Therefore, expanding institutions' eligibility to file the FFIEC 051 Call Report was determined to be the more beneficial approach with respect to institutions with total assets of \$1 billion or more, but less than \$5 billion, because it would provide those institutions with immediate and significant reductions in the overall number of data items reported. In addition, re-reviewing every data item on the FFIEC 041 Call Report would require significantly more time and would delay the implementation of reduced reporting in comparison to proposing to use the existing FFIEC 051 Call Report.

*Alternative 2: Create a new, separate Call Report form for "covered depository institutions."* The agencies also considered creating a new, separate Call Report for covered depository institutions that would provide for reduced reporting in the first and third calendar quarters. The agencies believed that, while such an approach may appear simple to do, creating an entirely separate form only two years after the implementation of the new FFIEC 051 Call Report could lead to confusion about which form to file, especially

because the criteria for filing the form likely would have been very similar to the current eligibility criteria for filing the FFIEC 051 Call Report. Also, this approach could result in institutions having to reorganize their reporting systems and processes to accommodate their use of a new form and incur costs and administrative burden in doing so. Because the proposed rule is intended to reduce burden on smaller, less complex institutions, the agencies determined that producing a new Call Report would not be the most efficient option. Additionally, the agencies recognized that they would require significant time to develop and publish an entirely new Call Report form, which would delay the regulatory reporting relief proposed in the rule.

#### V. Related Agency-Specific Revisions

##### A. Board

The Board does not currently have a rule that sets forth the report of condition filing requirements of state-chartered banks that are members of the Federal Reserve System (state member banks), and instead relies on its statutory authority under section 9 of the Federal Reserve Act (FRA) and section 7(a)(3) of the FDI Act to require state member banks to provide reports of condition. In light of section 205 of EGRRCPA's requirement that the Board issue a rule that allows for reduced reporting by certain eligible Board-supervised insured depository institutions, the Board proposes to add a new subpart to Regulation H, which governs the membership of state banking institutions in the Federal Reserve System. The Board proposes to add new subpart K to Regulation H, which will incorporate the rule text implementing section 205. In addition to insured state member banks, the Board also supervises uninsured state member banks, such as nondepository trust companies. The Board requires such institutions to use the Call Report to submit financial data. The Board's proposed rule also would extend the use of the reduced reporting requirement to uninsured state member banks if they meet the criteria for covered depository institutions identified in the rule.

The Board also proposes to include in new subpart K, pursuant to its statutory authority under section 9 of the FRA and section 7(a)(3) of the FDI Act, subsection 208.122 that will set forth the general requirement that all state member banks file consolidated reports of condition and income in accordance with the instructions for these reports.

*Question 7:* Is the proposed extension of the reduced reporting requirement to

<sup>36</sup> \$117 per hour \* [5,130 hours per quarter + 4,383 hours per quarter] \* 4 quarters per year.



include uninsured state member banks that meet the same eligibility criteria appropriate? Would any of the proposed exclusionary criteria for covered depository institutions be problematic for uninsured state member banks?

#### B. FDIC

The FDIC proposes to amend Part 304 of its Rules and Regulations, by restructuring the regulation and creating a “Subpart A” and “Subpart B.” In Subpart A, the FDIC would put the current text of Part 304, with limited technical, non-substantive changes. The technical, non-substantive changes include: (1) Updating the address and contact information in section 304.2; (2) clarifying that sections 304.3(a) and (b) apply to insured depository institutions; (3) updating references in section 304.3(a) to the various Call Reports to include the recently implemented FFIEC 051 Call Report; and (4) updating the references to FDIC divisions to reflect changes in nomenclature. In Subpart B, the FDIC proposes to include the regulatory text implementing Section 205.

The FDIC believes that the proposed approach to restructuring Part 304 will incorporate the entirety of the new, substantive text of the proposed rule that implements Section 205 of the EGRCPA with minimal effect to the current text. Thus, a state nonmember bank or state savings association that believes it qualifies as a covered depository institution would be able to make that determination based on the regulatory text contained in Subpart B.

*Question 8:* Is the proposed restructuring of Part 304 helpful and clear for users to understand? Why or why not?

#### C. OCC

Insured depository institutions identified in section 205 include insured Federal branches of foreign banks, as defined under section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)). While these insured Federal branches are included in the statute, they currently file the FFIEC 002 report of condition. The FFIEC 002 is used by insured and uninsured state and Federal branches and agencies of foreign banks and contains a significant amount of information relating to the operations and foreign connections of these entities. As described above in the *International Activities* section, this additional information is necessary for the OCC to supervise insured Federal branches, and a reduced reporting option would not be appropriate given the nature of their activities. Therefore, the OCC’s proposed rule would include

a criterion excluding institutions that file the FFIEC 002 report of condition from being eligible for reduced reporting.

In addition to insured depository institutions, which are specifically identified in section 205, the OCC also supervises a number of uninsured national banks, such as trust banks. The OCC has permitted some of these institutions to use the Call Report to submit financial data and to use the existing FFIEC 051 if they meet the current eligibility requirements for filing that Call Report. Therefore, the OCC’s proposed rule would also extend the use of the reduced reporting requirement to uninsured national banks if they meet the criteria for covered depository institutions identified in the rule.

*Question 9:* Is the proposed extension of the reduced reporting requirement to include uninsured national banks supervised by the OCC appropriate? Would any of the proposed exclusionary criteria for covered depository institutions be problematic for uninsured national banks supervised by the OCC?

### VI. Regulatory Analyses

#### A. Paperwork Reduction Act

Certain provisions of the proposed rule affect “collections of information” within the meaning of the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3521). In accordance with the requirements of the PRA, the agencies may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The agencies reviewed the proposed rule, including the changes to the FFIEC 051 Call Report that are discussed in this PRA section, and determined that it would result in changes to certain reporting requirements that have been previously cleared by the OMB under various control numbers. The proposed rule would expand the eligibility to file the FFIEC 051 Call Report to certain institutions with \$1 billion or more, but less than \$5 billion, in total assets that meet other eligibility criteria. In addition to the expanded eligibility to file this report, the agencies also are proposing other revisions to the FFIEC 051 Call Report, as discussed under Current Actions below. These revisions to the FFIEC 051 Call Report are proposed to take effect as of the March 31, 2019, report date. The agencies are proposing to extend for three years, with revision, these information collections.

#### Current Actions

##### Overview

First, as described above, the agencies are proposing to revise the criteria for determining whether an institution is eligible to file the FFIEC 051 Call Report to match the criteria in the proposed rule. While the proposed rule provides for reduced reporting on reports filed for the first and third calendar quarters, the agencies also propose to revise the eligibility criteria to extend to all eligible institutions with less than \$5 billion in total assets that meet other criteria in the rule the option to file the FFIEC 051 Call Report for all four calendar quarters. Therefore, if an institution is eligible to file the FFIEC 051 Call Report for the first and third calendar quarters pursuant to the rule, the institution also could file the FFIEC 051 Call Report for the second and fourth calendar quarters provided the institution continues to meet the non-asset-size criteria. The revisions to the filing eligibility would be made in the General Instructions section of the Call Report instructions and would include the increase in the asset-size threshold to less than \$5 billion in total assets as well as the addition of a criterion to exclude institutions that are treated as large or highly complex institutions for deposit insurance assessment purposes. The Call Report instructions currently provide that, beginning with the first quarterly report date following the effective date of a business combination, a transaction between entities under common control, or a branch acquisition that is not a business combination involving an institution and one or more other depository institutions, the resulting institution, regardless of its size prior to the transaction, must file the FFIEC 041 Call Report if its consolidated total assets after the consummation of the transaction are \$1 billion or more. The agencies are proposing to remove this provision from the instructions, but the resulting institution may be required to file the FFIEC 041 Call Report consistent with the reservation of authority in the rule. All of the proposed FFIEC 051 Call Report eligibility criteria, along with justifications, are provided above in section II.A. of the Supplementary Information section (“Covered Depository Institution”). Based on June 30, 2018, Call Report data, there were 547 institutions with \$1 billion or more, but less than \$5 billion in total assets that likely would meet the definition of “covered depository institution” in the proposed rule.

Second, the agencies are proposing to revise the reporting frequency and

applicability of certain data items in the FFIEC 051 Call Report. Specifically, the agencies are proposing to reduce the reporting frequency of certain existing data items in the FFIEC 051 Call Report from quarterly to semiannual reporting. This proposal would reduce reporting in the first and third calendar quarters by 502 data items<sup>37</sup> or a reduction of approximately 37 percent of the data items included in the June 30, 2018, FFIEC 051 Call Report.

Third, for covered depository institutions with total assets of \$1 billion or more, but less than \$5 billion, the agencies are proposing to add to the FFIEC 051 Call Report certain data items that these institutions currently report on the FFIEC 041 Call Report, but generally with reduced reporting frequency. The agencies are proposing to add these items to meet the agencies' data needs and assist the agencies in fulfilling their missions of ensuring the safety and soundness of depository institutions and the financial system, as well as the protection of consumer financial rights and providing deposit insurance.

#### Changes to the Frequency of Data Collection in the FFIEC 051 Call Report

The agencies are proposing, for the reasons explained below, to reduce the frequency of the following items on the FFIEC 051 Call Report from quarterly to semiannual (*i.e.*, these items would be reported in the June 30 and December 31 Call Reports only):

- Schedule RI, Income Statement, Memorandum item 14. Institutions currently report the amount of other-than-temporary impairment losses on certain debt securities that are recognized through earnings in this Memorandum item. The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report to continue to provide this amount on a quarterly basis, as most of these institutions are not currently reporting losses in this item given current economic conditions. The agencies note that changes in the accounting for credit losses will eliminate the need for this item for an ever increasing percentage of institutions through year-end 2022. In the interim, the agencies can review other-than-temporary impairment information for the first and third calendar quarters, as necessary, as part of on-site examinations or through other periodic monitoring.

- Schedule RC–C, Part I, Loans and Leases, Memorandum items 1.a through 1.f, and Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets, Memorandum items 1.a through 1.f. Institutions currently report breakdowns of troubled debt restructurings by loan category, separately for those restructurings in compliance with their modified terms in Schedule RC–C and those restructurings that are past due 30 days or more or in nonaccrual status in Schedule RC–N. Institutions would still be required to report the totals for their troubled debt restructurings in Schedule RC–C, Part I, Memorandum item 1.g, and Schedule RC–N, Memorandum item 1.g, on a quarterly basis. The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report to continue to provide the breakdowns of troubled debt restructurings on a quarterly basis. The agencies can review information on troubled debt restructurings by loan category for the first and third quarters as part of on-site examinations or through other periodic monitoring, as necessary.

- Schedule RC–E, Deposit Liabilities, Memorandum item 1.a. Institutions currently report the total amount of Individual Retirement Account and Keogh plan deposits in this Memorandum item. The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report to continue to provide these amounts on a quarterly basis as this item generally does not fluctuate significantly between quarters for most eligible institutions. The agencies can review information on these deposits for the first and third quarters as part of on-site examinations or through other periodic monitoring, as necessary.

- Schedule RC–E, Memorandum item 5. Institutions currently report whether they offer consumer deposit products in this Memorandum item. The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report to continue to provide this information on a quarterly basis, as this item does not change frequently for most eligible institutions.

- Schedule RC–M, Memoranda, items 8.a through 8.c. In these items, institutions currently report their primary internet website address, addresses for other websites used to solicit deposits, and alternate trade names used by the institutions. The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report to continue to provide this information on a quarterly basis as these items do not change frequently for most eligible institutions.

- Schedule RC–R, Part II, Regulatory Capital Risk-Weighted Assets, items 1 through 25, columns A through S. In these items, institutions currently report detailed information about the risk-weighting of various types of assets and other exposures under the agencies' regulatory capital rules. Institutions still would need to calculate risk-weighted assets, maintain appropriate documentation for this calculation, and report items 26 through 31 of Part II, if applicable, on a quarterly basis. The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report to continue to provide the details of their risk-weighting allocations and calculations in Schedule RC–R, Part II, on a quarterly basis as the agencies can adequately review regulatory capital calculations for the first and third calendar quarters as part of on-site examinations or through other types of periodic monitoring, as necessary.

- Schedule RC–R, Part II, Memorandum items 1 through 3, including all subitems and columns. Institutions currently report detailed information in these items about derivative exposures that are elements of the risk-weighting process for these exposures. The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report to continue to report these amounts on a quarterly basis. Generally, institutions eligible to file the FFIEC 051 Call Report do not have a significant amount of derivatives contracts, and the agencies can review information about institutions' risk-weighting calculations for derivative exposures for the first and third calendar quarters, as necessary, as part of on-site examinations or through other periodic monitoring.

- Schedule RC–T, Fiduciary and Related Services, items 4 through 13, columns A through D; items 14 through 22; and Memorandum items 3.a through 3.h, for institutions with total fiduciary assets greater than \$250 million but less than or equal to \$1 billion, and gross fiduciary and related services income less than or equal to 10 percent of total revenue.<sup>38</sup> Items 4 through 13 collect breakdowns for managed and non-managed accounts of the assets and number of accounts by type of fiduciary account. Fiduciary and related services income by type of fiduciary account is reported in items 14 and 22. Memorandum item 3 is used for reporting on the number and market

<sup>37</sup> This number includes 69 data items collected on Schedule RC–T, Fiduciary and Related Services, that are only reported by certain institutions with fiduciary powers that have fiduciary activity to report.

<sup>38</sup> Total fiduciary assets are measured as of the preceding December 31. Gross fiduciary and related services income is measured as a percentage of revenue (net interest income plus noninterest income) for the preceding calendar year.

value of collective investment funds. Currently, institutions with total fiduciary assets greater than \$250 million or with fiduciary income greater than 10 percent of total revenue must report these items on a quarterly basis. The proposed change would reduce the reporting of these items to semiannual for institutions with total fiduciary assets greater than \$250 million but less than or equal to \$1 billion and with fiduciary income less than or equal to 10 percent of total revenue. Institutions with total fiduciary assets less than or equal to \$250 million that do not meet the fiduciary income test already have reduced reporting for these items (either through an exemption or annual reporting). The agencies do not believe it is necessary for institutions eligible to file the FFIEC 051 Call Report with total fiduciary assets greater than \$250 million but less than or equal to \$1 billion that do not meet the fiduciary income test to continue to provide managed and non-managed account data and collective investment fund information on a quarterly basis, as these items generally do not fluctuate significantly between quarters for institutions with fiduciary assets in this size range. In addition, when quarter-to-quarter and year-over-year comparisons of an institution's year-to-date income from fiduciary activities, as reported in the Call Report income statement, raise supervisory concerns, the agencies can review information on the composition of fiduciary income for the first and third calendar quarters as part of on-site examinations or through other periodic monitoring.

Detail for each affected data item described above is shown in Appendix A.

#### Addition of Data Items to the FFIEC 051 Call Report for Institutions With Total Assets of \$1 Billion or More

The agencies are proposing to add certain data items to the FFIEC 051 Call Report that would apply only to covered depository institutions with total assets of \$1 billion or more. These items are currently reported by institutions with total assets of \$1 billion or more that file the FFIEC 031 or FFIEC 041 Call Report, but they are not required to be completed by institutions with less than \$1 billion in total assets that file the FFIEC 031, FFIEC 041, or FFIEC 051 Call Reports. Therefore, the additional data items would not represent new data items for covered depository institutions with total assets of \$1 billion or more, but rather are items carried over from the FFIEC 041 version of the Call Report, generally using the

same definitions and calculations and with reduced reporting frequency.

- Schedule RI, Memorandum items 15.a. through 15.d. These items provide data on the three key categories of service charges on certain deposit accounts: Overdraft-related service charges on consumer accounts, monthly maintenance charges on consumer accounts, and consumer ATM fees. The agencies and the Bureau of Consumer Financial Protection (Bureau) propose to collect these items on an annual reporting frequency as they provide the only comprehensive data source from which supervisors and policymakers can estimate or evaluate the composition of consumer deposit account-related fees and how they affect consumers and a depository institution's earnings stability. The addition of these items to the Call Report in 2015 has supported the agencies and the Bureau in monitoring these types of transactional costs incurred by consumers. The data specific to overdraft-related fees is particularly pertinent for supervisors and policymakers because they compose the majority of consumer deposit service charges (and for many institutions, of total deposit service charges). Continuing to collect these data on an annual basis from covered depository institutions with \$1 billion or more in total assets will support the agencies and the Bureau in monitoring these activities and informing any potential future rulemaking. The agencies are proposing to add these items to the FFIEC 051 on an annual basis (December 31) for covered depository institutions with total assets of \$1 billion or more that respond affirmatively to the screening question (Schedule RC–E, Memorandum item 5, regarding whether an institution offers a consumer deposit account product), while institutions with total assets less than \$1 billion will not need to report these items regardless of their response to the screening question. Institutions with total assets between \$1 billion and less than \$5 billion that file the FFIEC 041 Call Report currently report this information quarterly, so the proposed annual reporting would represent a frequency reduction for institutions filing the FFIEC 051 Call Report, while still meeting the agencies' need for this information.

- Schedule RI–C, Disaggregated Data on the Allowance for Loan and Lease Losses (ALLL). The agencies are proposing to add a condensed version of the existing FFIEC 041 Schedule RI–C to the FFIEC 051 Call Report and reduce the reporting frequency of this condensed schedule from quarterly to

semiannual (*i.e.*, reported in the June 30 and December 31 Call Reports only). The existing six columns in which institutions report the “recorded investment” and “related allowance” by loan category and allowance measurement method in Schedule RI–C in the FFIEC 041 Call Report would be combined into two columns in the FFIEC 051 Call Report, one for total recorded investment by loan category (sum of existing Columns A, C, and E) and the other for the total related allowance by loan category (sum of existing Columns B, D, and F) and any unallocated allowance. Consistent with the agencies' proposed revisions to the Call Report to address the changes in the accounting for credit losses resulting from the Financial Accounting Standards Board's Accounting Standards Update 2016–13,<sup>39</sup> effective for the June 30, 2021, report date, text referencing “recorded investment” and “allowance for loan and lease losses” in the condensed version of the FFIEC 041 Schedule RI–C that would be added to the FFIEC 051 reporting form would be changed to “amortized cost” and “allowance for credit losses” (ACL), respectively.<sup>40</sup> From June 30, 2019, through December 31, 2020, the condensed allowance-related information on the FFIEC 051 Call Report and the related instructions would include guidance stating that institutions that have adopted ASU 2016–13 should report the amortized cost and related ACL by loan category (and any unallocated ACL). For the transition period from June 30, 2021, through December 31, 2022, the reporting form and instructions for this condensed allowance-related information would be updated to include guidance stating that institutions that have not adopted ASU 2016–13 should report the “recorded investment” and the “allowance for loan and lease losses,” as applicable, in these items. In addition, consistent with the proposed revisions to address the changes in accounting for credit losses, the agencies also propose adding data items for institutions to report the disaggregated allowance balances for each category of held-to-maturity (HTM) securities to the FFIEC 051. The agencies believe the condensed semiannual information on the composition of ALLL (allowance for credit losses after adoption of ASU 2016–13) in relation to the total

<sup>39</sup> See 83 FR 49160 (September 28, 2018).

<sup>40</sup> The amortized cost amounts to be reported would exclude any accrued interest receivable that is reported in “Other assets” on the Call Report balance sheet.

recorded investment (amortized cost after adoption of ASU 2016–13) for each loan category, and disaggregated information on HTM securities allowances, is necessary to adequately supervise covered depository institutions with total assets of \$1 billion or more but less than \$5 billion. The information collected in Schedule RI–C as it is proposed to be included in the FFIEC 051 Call Report will support the agencies' analyses of the allowance and credit risk management. The data on allowance allocations by loan category, when reviewed in conjunction with the past due and nonaccrual data reported by loan category in Schedule RC–N, which will continue to be reported on a quarterly basis, assist the agencies in assessing an institution's credit risk exposures and evaluating the appropriateness of the overall level of its ALLL and its allocations by loan category. If changes in the quarterly past due and nonaccrual data by loan category at individual institutions in quarters when the disaggregated allowance data would not be reported in the FFIEC 051 Call Report raise questions about the composition of the allowance, supervisory follow-up can be undertaken on a case-by-case basis. The agencies note that many institutions with \$1 billion or more but less than \$5 billion in total assets do not publicly release quarterly financial statements, which makes the Call Report data the only information regularly available to the agencies on the composition of the allowance. By providing this detail in the FFIEC 051 Call Report, which supports the identification of changes in the ALLL over time, examiners can better perform off-site monitoring of activity within the ALLL in periods between examinations and when planning for examinations.

- Schedule RC–E, Memorandum items 6 and 7, including all subitems. Institutions report disaggregated data on balances in consumer and non-consumer deposit accounts in these items. These items are critical to the agencies' and the Bureau's consumer deposit product monitoring and rulemaking mandates for several reasons. As noted in the agencies' 2013 notice<sup>41</sup> proposing the addition of these items to the Call Report, surveys indicate that over 90 percent of U.S. households maintain at least one deposit account. However, there are no other reliable sources from which to calculate the amount of funds held in consumer accounts. The data now reported in these items on the Call Report significantly enhances the ability

of the agencies and the Bureau to monitor how different tiers of banks serve consumers and, specifically, consumer use of deposit accounts as transactional, savings, and investment vehicles. These data also permit the agencies to conduct improved assessments of institutional liquidity risk and significantly enhance the agencies' ability to assess institutional funding stability. The agencies are proposing to add these items to the FFIEC 051 on an annual basis (December 31) for institutions with total assets of \$1 billion or more but less than \$5 billion that respond affirmatively to the screening question (Schedule RC–E, Memorandum item 5, regarding whether an institution offers a consumer deposit account product), while banks with total assets less than \$1 billion will not need to report these items regardless of their response to the screening question. Institutions with total assets of \$1 billion or more but less than \$5 billion that file the FFIEC 041 currently report this information quarterly, so the proposed annual reporting would represent a frequency reduction for institutions filing the FFIEC 051, while still meeting the agencies' need for this information.

- Schedule RC–O, Other Data for Deposit Insurance and FICO Assessments, Memorandum item 2, “Estimated amount of uninsured deposits, including related interest accrued and unpaid.” The agencies are proposing to add this data item on a quarterly basis for institutions with total assets of \$1 billion or more but less than \$5 billion. The FDIC uses this data item for the calculation of estimated insured deposits, which is the denominator of the Deposit Insurance Fund (DIF) reserve ratio. (The numerator is the balance of the DIF.) The DIF reserve ratio is a key measure in assessing the adequacy and viability of the fund and is a driving force behind setting deposit insurance assessment rate schedules. For example, the FDIC evaluates whether assessment rates are likely to be sufficient to meet statutory requirements related to the minimum reserve ratio.<sup>42</sup> The FDIC also has established a long-term DIF management plan that adjusts assessment rate schedules as the reserve ratio reaches certain levels.<sup>43</sup> Given that assessment regulations depend on the DIF reserve ratio, it is important that the best information be used in estimating insured deposits. This item is necessary

for a more accurate calculation of the DIF reserve ratio and to implement related statutory requirements. This information is also important for safety and soundness purposes. Uninsured deposit data are used to monitor liquidity in a stress event. The higher the percentage of uninsured deposits to available liquidity sources, the greater the liquidity risk to an institution as uninsured depositors are more likely to quickly move funds at risk as a result of negative publicity or other adverse information about the institution.

Detail for each affected data item described above is shown in Appendix B.

The revisions to the FFIEC 051 Call Report described above are proposed to take effect as of the March 31, 2019, report date. The less than \$5 billion asset-size test for determining eligibility to file the FFIEC 051 Call Report beginning March 31, 2019, would be based on the total assets reported on an institution's June 30, 2018, Call Report. An institution eligible to file the FFIEC 051 Call Report also has the option to file the FFIEC 041 Call Report. For an institution with less than \$5 billion in total assets that qualifies to use the FFIEC 051 Call Report for the first time as a result of the agencies' proposal to increase the asset reporting threshold for the FFIEC 051 Call Report from less than \$1 billion to less than \$5 billion, and that desires to use that report form but is unable to do so for the March 31, 2019, Call Report date, the institution may begin reporting on the FFIEC 051 Call Report as of the June 30, 2019, report date or in a subsequent calendar quarter of 2019. Alternatively, the institution could wait until March 31, 2020, to begin reporting on the FFIEC 051 Call Report, assuming it meets the asset-size threshold for eligibility as of June 30, 2019, and meets the non-asset-size criteria as of March 31, 2020. Beginning in 2020, an institution should file whichever version of the Call Report it was both eligible and chose to file in the first quarter of that year for the remainder of that year if it continues to meet the non-asset-size criteria.

Proposed Revision, With Extension, of the Following Information Collections

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

*Form Number:* FFIEC 051 (for eligible small institutions).

*Frequency of Response:* Quarterly.

*Affected Public:* Business or other for-profit.

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

<sup>42</sup> See e.g., 12 U.S.C. 1817 note. Generally, the FDIC shall take such steps as may be necessary for the reserve ratio of the DIF to reach 1.35 percent of estimated insured deposits by September 30, 2020.

<sup>43</sup> See 12 CFR 327.10.

<sup>41</sup> 78 FR 12141 (February 21, 2013).

### Timing

The proposed changes in this notice would be effective beginning with the March 31, 2019, Call Report.

#### OCC:

*OMB Control No.:* 1557–0081.

*Estimated Number of Respondents:* 876 national banks and federal savings associations.

*Estimated Average Burden per Response:* 38.29 burden hours per quarter to file.

*Estimated Total Annual Burden:* 134,168 burden hours to file.

#### Board:

*OMB Control No.:* 7100–0036.

*Estimated Number of Respondents:* 563 state member banks.

*Estimated Average Burden per Response:* 41.75 burden hours per quarter to file.

*Estimated Total Annual Burden:* 94,021 burden hours to file.

#### FDIC:

*OMB Control No.:* 3064–0052.

*Estimated Number of Respondents:* 2,685 insured state nonmember banks and state savings associations.

*Estimated Average Burden per Response:* 39.60 burden hours per quarter to file.

*Estimated Total Annual Burden:* 425,304 burden hours to file.

When the estimates are calculated across the agencies considering all expected filers of the FFIEC 051 Call Report under this proposal, the estimated average burden hours per calendar quarter for this report are 39.95. The burden hours for current FFIEC 051 Call Report filers are 39.39. The proposed revisions to the FFIEC 051 Call Report in this notice would represent a reduction in estimated average burden hours per quarter of 1.18 hours to 38.21 hours for the current FFIEC 051 Call Report filers. For newly eligible filers, the average burden hours would decrease from approximately 64.49 hours to 52.31 hours, a reduction of 12.18 hours per quarter. The estimated burden 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).

### Request for Comments

Public comment is requested on all aspects of this joint notice. Comment is specifically invited on:

a. Whether institutions would find the proposal to reduce the reporting frequency of the risk-weighting data for

the various types of assets and other exposures that are reported in Schedule RC–R, Part II, items 1 through 25, columns A through S, to be beneficial in terms of reducing some of the reporting burden associated with the Call Report even though institutions would still need to calculate, maintain appropriate documentation for, and report the total amount of their risk-weighted assets in Schedule RC–R, Part II. How would semiannual reporting of these risk-weighting data in Schedule RC–R, Part II affect an institution's ability to determine its compliance each calendar quarter with the prompt corrective action requirements in 12 CFR part 6 (OCC); 12 CFR part 208 (Board); 12 CFR 324, subpart H (FDIC)?

b. Whether the data items that the agencies propose for reduced reporting for covered depository institutions are appropriate. Why or why not?

c. The agencies are proposing to discontinue the treatment in the current FFIEC 051 Call Report instructions for institutions with less than \$1 billion in total assets that immediately disqualifies the institution from filing the FFIEC 051 Call Report if it exceeds the asset-size criterion due to a merger or acquisition. Is this appropriate and why?

Comments also are invited on:

d. Whether the collection of information is necessary for the proper performance of the agencies' functions, including whether the information has practical utility;

e. The accuracy or the estimate of the burden of the information collections, including the validity of the methodology and assumptions used;

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

g. Ways to minimize the burden of the information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

h. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

### B. Regulatory Flexibility Act Analysis

The Regulatory Flexibility Act<sup>44</sup> (RFA) requires an agency to either provide an initial regulatory flexibility analysis with a proposed rule for which general notice of proposed rulemaking is required or to certify that the proposed rule will not have a significant economic impact on a substantial number of small entities. The U.S. Small Business Administration (SBA)

establishes size standards that define which entities are small businesses for purposes of the RFA.<sup>45</sup> Under regulations issued by the SBA, the size standard to be considered a small business for banking entities subject to the proposed rule is \$550 million or less in consolidated assets.<sup>46</sup>

*OCC:* The RFA requires an agency, in connection with a proposed rule, to prepare an Initial Regulatory Flexibility Analysis describing the impact of the rule on small entities (defined by the SBA for purposes of the RFA to include commercial banks and savings institutions with total assets of \$550 million or less and trust companies with total revenue of \$38.5 million or less) or to certify that the proposed rule would not have a significant economic impact on a substantial number of small entities. As of December 31, 2017, the OCC supervised 886 small entities. The rule would expand eligibility to file the FFIEC 051 version of the Call Report to institutions with total assets of between \$1 billion and less than \$5 billion. None of these newly eligible institutions would be considered small entities as defined by the SBA. Therefore, the OCC certifies that the proposed rule would not have a significant economic impact on a substantial number of OCC-supervised small entities.

*Board:* In accordance with section 603(a) of the RFA, the Board is publishing an initial regulatory flexibility analysis for the proposed rule. The RFA requires an agency to prepare an initial regulatory flexibility analysis, which must contain (1) a description of the reasons why action by the agency is being considered; (2) a succinct statement of the objectives of, and legal basis for, the proposed rule; (3) a description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply; (4) a description of the projected reporting, recordkeeping and other compliance requirements of the proposed rule; (5) an identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap or conflict with the proposed rule; and (6) a description of significant alternatives to the proposed rule which accomplish its stated objectives.<sup>47</sup>

The Board has considered the potential impact of the proposed rule on small entities in accordance with the RFA. Based on its analysis and for the

<sup>45</sup> U.S. SBA, Table of Small Business Size Standards Matched to North American Industry Classification System Codes, available at [https://www.sba.gov/sites/default/files/files/Size\\_Standards\\_Table.pdf](https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf).

<sup>46</sup> See 13 CFR 121.201.

<sup>47</sup> 5 U.S.C. 603.

<sup>44</sup> 5 U.S.C. 601 *et seq.*

reasons stated below, the Board believes that this proposed rule will not have a significant economic impact on a substantial number of small entities. Nevertheless, the Board is publishing and inviting comment on this initial regulatory flexibility analysis. A final regulatory flexibility analysis will be conducted after comments received during the public comment period have been considered.

#### 1. Reasons for the Proposal

As discussed in the Supplementary Information, the agencies are proposing to implement section 205 of EGRRCPA, which requires the agencies to allow for a reduced reporting requirement for a “covered depository institution” when an institution files the first and third Call Reports for a year. The proposal would define “covered depository institution” and establish the reduced reporting permissible for such institutions in the Call Report for the first and third calendar quarters of a year. In connection with the implementation of reduced reporting mandated by section 205, the Board is proposing to set forth the general requirement that all state member banks must file consolidated reports of condition pursuant to its statutory authority under section 9 of the FRA and section 7(a)(3) of the FDIA.

#### 2. Statement of Objectives and Legal Basis

As discussed above, the agencies’ objectives in proposing this rule are to reduce the reporting burden for covered depository institutions by allowing them to file the FFIEC 051 Call Report in the first and third quarters of a calendar year. The Board has explicit authority under section 7 of the FDI Act, 12 U.S.C. 1817(a)(3) and (12), and section 9 of the Federal Reserve Act, 12 U.S.C. 324, to establish reporting requirements and eligibility criteria to file a reduced report of condition for state member banks.

#### 3. Description of Small Entities to Which the Regulation Applies

The Board’s proposal would apply to state member banks. Under regulations issued by the SBA, a small entity includes a state member bank with total assets of \$550 million or less. As of June 30, 2018, there were approximately 533 state member banks that qualified as small entities. The requirement set forth in section 208.122 of the Board’s proposed rule requiring state member banks to file reports of condition would apply to all state member banks, regardless of size. However, proposed section 208.122 does not establish a new

requirement, but only implements in Board regulation a statutory requirement to which state member banks were already subject.

Section 208.123 of the Board’s proposed rule would allow state member banks that qualify as covered depository institutions to file reduced reporting in first and third calendar quarters of the year, which would apply to approximately 533 state member banks that qualify as small entities. However, proposed section 208.123 would allow but not require these small state member banks to file reduced reporting. Accordingly, the proposed rule would not have a significant economic impact on a substantial number of small entities.

#### 4. Projected Reporting, Recordkeeping, and Other Compliance Requirements

The proposed rule would not impose any new reporting, recordkeeping, or other compliance requirements on small state member banks. First, state member banks are already required to file reports of condition each quarter of the calendar year in accordance with the instructions of such reports. Second, the proposed rule would allow small state member banks that qualify as covered depository institutions to reduce their reporting, recordkeeping, and compliance burden by filing the FFIEC 051 Call Report, the shortest version of the Call Report, with further reduced reporting in the first and third calendar quarters. As a result, the Board expects that the proposed rule will reduce the reporting and associated recordkeeping and compliance costs for the majority of small state member banks.

#### 5. Identification of Duplicative, Overlapping, or Conflicting Federal Regulations

The Board has not identified any likely duplication, overlap and/or potential conflict between the proposed rule and any Federal rule.

#### 6. Discussion of Significant Alternatives

The Board believes the proposed rule will not have a significant economic impact on small state member banks and, as discussed in Supplementary Information IV, does not believe there are any significant alternatives to the proposal that would reduce the impact of the proposal.

*FDIC:* The RFA requires that, in connection with a notice of proposed rulemaking, an agency prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of the proposed

rule on small entities.<sup>48</sup> However, a regulatory flexibility analysis is not required if the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities, and publishes its certification and a short explanatory statement in the **Federal Register** together with the rule. The SBA has defined “small entities” to include banking organizations with total assets of less than or equal to \$550 million.<sup>49</sup>

As of June 30, 2018 Call Report data, the FDIC supervises 3,575 insured depository institutions, of which 2,763 are considered small entities for the purposes of RFA. For the reasons described below, the FDIC certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities.

As the agencies discussed in the Supplementary Information section above, the proposed rule would implement section 205 of EGRRCPA by defining “covered depository institution” to, among other things, expand eligibility for filing the FFIEC 051 Call Report to insured depository institutions with \$1 billion or more, but less than \$5 billion in total assets. Through a related PRA notice, the agencies are proposing to reduce the reporting frequency for more than 400 data items on the FFIEC 051 Call Report for the first and third reports of condition for a year, and to add certain data items to the FFIEC 051 Call Report that would apply only to covered depository institutions with total assets of \$1 billion or more. Out of the additional data items, only 1 would be required to be reported every quarter, while the remaining only would be required semiannually or annually (*i.e.*, in the second and fourth quarters, or only the fourth quarter).

The FDIC estimates that under the proposed definition of “covered depository institution,” 295 FDIC-supervised depository institutions that reported total assets of \$1 billion or more, but less than \$5 billion, could be eligible to file the FFIEC 051 Call Report assuming they meet the other non-asset-

<sup>48</sup> 5 U.S.C. 601 *et seq.*

<sup>49</sup> The SBA defines a small banking organization as having \$550 million or less in assets, where “a financial institution’s assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.” See 13 CFR 121.201 (as amended, effective December 2, 2014). “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the FDIC uses a covered entity’s affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the covered entity is “small” for the purposes of RFA.

size criteria under the proposed rule. However, because this aspect of the rule only affects institutions with \$1 billion or more, but less than \$5 billion in total assets, it will not affect any small, FDIC-supervised institutions.

As the agencies discussed in the PRA section, the FDIC is proposing to reduce the reporting frequency of more than 400 data items on the FFIEC 051 Call Report for the first and third calendar quarters. These data items are currently collected every calendar quarter on the FFIEC 051 Call Report. Every covered depository institution with less than \$5 billion in total assets that files the FFIEC 051 Call Report would experience a reduction in reporting for the first and third calendar quarters as a result of this proposal. The FDIC estimates that the proposed reduction in reporting frequency of more than 400 data items for covered depository institutions in the first and third calendar quarters would reduce the average quarterly burden hours by 1.18 hours per institution. For the 2,221 small, FDIC-supervised depository institutions that filed the FFIEC 051 Call Report for the June 30, 2018 report date, this represents a total estimated burden reduction of 2,621 hours per quarter.<sup>50</sup> While the proposed reduced reporting could affect a substantial number of small, FDIC-supervised depository institutions, it would not result in a significant economic impact.

Based on the agencies' total hourly wage rate of \$117 for Call Report preparation, and the reduction in reporting hours resulting from the proposed reduced reporting frequency of certain items in the FFIEC 051 Call Report discussed in the PRA section, it is estimated that annual reporting costs could be \$1,226,628 less for small, FDIC-supervised insured depository institutions that file the FFIEC 051 Call Report, or 0.011 percent of total annualized non-interest expenses.<sup>51</sup>

The proposed rule could pose some additional regulatory costs for small, FDIC-supervised depository institutions that file the FFIEC 051 Call Report that are associated with changes to internal systems or processes. The FDIC anticipates that costs associated with either switching to file the FFIEC 051 Call Report, or reprogramming for reduced reporting in the first and third calendar quarters, would be one-time costs. However, these costs are difficult to estimate accurately with available information because they depend upon

the individual characteristics of each insured depository institution, their recordkeeping and reporting systems, and the decisions of senior management.

Based on the information above, the FDIC certifies that the proposed rule would not have a significant economic impact, although a substantial number of small entities would be affected.

The FDIC invites comments on all aspects of the supporting information provided in this RFA section. In particular, would this rule have any significant effects on small entities that the FDIC has not identified?

### C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The agencies have sought to present the proposed rule in a simple and straightforward manner, and invite comment on the use of plain language. For example:

- Have the agencies organized the material to suit your needs? If not, how could they present the rule more clearly?
- Are the requirements in the rule clearly stated? If not, how could the rule be more clearly stated?
- Do the regulations contain technical language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the regulation easier to understand? If so, what changes would achieve that?
- Is this section format adequate? If not, which of the sections should be changed and how?
- What other changes can the agencies incorporate to make the regulation easier to understand?

### D. Riegle Community Development and Regulatory Improvement Act of 1994

The Riegle Community Development and Regulatory Improvement Act of 1994 (RCDRIA) requires that each Federal banking agency, in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on IDIs, consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition,

new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on IDIs generally must take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form.<sup>52</sup>

Because the proposal would not impose additional reporting, disclosure, or other requirements on IDIs, section 302 of the RCDRIA therefore does not apply. Nevertheless, the requirements of RCDRIA will be considered as part of the overall rulemaking process. In addition, the agencies also invite any other comments that further will inform the agencies' consideration of RCDRIA.

### E. OCC Unfunded Mandates Reform Act of 1995

The OCC analyzed the proposed rule under the factors set forth in the Unfunded Mandates Reform Act of 1995 (UMRA) (2 U.S.C. 1532). Under this analysis, the OCC considered whether the proposed rule includes a Federal mandate that may result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year (adjusted for inflation). There are 123 national banks and Federal savings associations with total assets between \$1 billion and less than \$5 billion that could be eligible for reduced reporting under the proposed rule. The OCC estimates that each of these institutions that switches to the FFIEC 051 could save approximately \$6,000 per year. Savings may be less during the first year of implementation due to costs associated with updating systems and processes, but these costs are not expected to exceed the estimated savings. Therefore, the OCC has determined that this proposed rule would not result in expenditures by State, local, and Tribal governments, or the private sector, of \$100 million or more in any one year. Accordingly, the OCC has not prepared a written statement to accompany this proposal.

### Appendix A: Proposed Reductions in Frequency of Collection for the FFIEC 051

The following data items are currently collected on the FFIEC 051 quarterly. The data items are proposed to be collected semiannually in the June and December reports only.

<sup>50</sup> 1.18 hours \* 2,221 institutions.

<sup>51</sup> \$117 per hour \* 2,621 hours per quarter \* 4 quarters per year. FDIC Call Report Data June 30th, 2018.

<sup>52</sup> 12 U.S.C. 4802.



| Schedule           | Item                | Item name   | MDRM No.(s) |
|--------------------|---------------------|---|-------------|
| RI .....           | M.14 .....          | Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.   | RIADJ321.   |
| RC-C, Part I ..... | M.1.a.(1) .....     | Loans restructured in troubled debt restructurings (TDRs) that are in compliance with their modified terms: 1-4 family residential construction loans.  | RCONK158.   |
| RC-C, Part I ..... | M.1.a.(2) .....     | Loans restructured in TDRs that are in compliance with their modified terms: Other construction loans and all land development and other land loans.  | RCONK159.   |
| RC-C, Part I ..... | M.1.b .....         | Loans restructured in TDRs that are in compliance with their modified terms: Loans secured by 1-4 family residential properties.  | RCONF576.   |
| RC-C, Part I ..... | M.1.c .....         | Loans restructured in TDRs that are in compliance with their modified terms: Secured by multifamily (5 or more) residential properties.   | RCONK160.   |
| RC-C, Part I ..... | M.1.d.(1) .....     | Loans restructured in TDRs that are in compliance with their modified terms: Loans secured by owner-occupied nonfarm nonresidential properties.   | RCONK161.   |
| RC-C, Part I ..... | M.1.d.(2) .....     | Loans restructured in TDRs that are in compliance with their modified terms: Loans secured by other nonfarm nonresidential properties.  | RCONK162.   |
| RC-C, Part I ..... | M.1.e .....         | Loans restructured in TDRs that are in compliance with their modified terms: Commercial and industrial loans.   | RCONK256.   |
| RC-C, Part I ..... | M.1.f .....         | Loans restructured in TDRs that are in compliance with their modified terms: All other loans (include loans to individuals for household, family, and other personal expenditures).   | RCONK165.   |
| RC-C, Part I ..... | M.1.f.(1) .....     | Loans restructured in TDRs that are in compliance with their modified terms: Loans secured by farmland.   | RCONK166.   |
| RC-C, Part I ..... | M.1.f.(4).(a) ..... | Loans restructured in TDRs that are in compliance with their modified terms: Credit cards.  | RCONK098.   |
| RC-C, Part I ..... | M.1.f.(4).(b) ..... | Loans restructured in TDRs that are in compliance with their modified terms: Automobile loans.  | RCONK203.   |
| RC-C, Part I ..... | M.1.f.(4).(c) ..... | Loans restructured in TDRs that are in compliance with their modified terms: Other (includes revolving credit plans other than credit cards and other consumer loans).  | RCONK204.   |
| RC-C, Part I ..... | M.1.f.(5) .....     | Loans restructured in TDRs that are in compliance with their modified terms: Loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, Memorandum item 1.f, above.                     | RCONK168.   |
| RC-E .....         | M.1.a .....         | Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts.  | RCON6835.   |
| RC-E .....         | M.5 .....           | Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?. | RCONP752.   |

| Schedule   | Item               | Item name  | MDRM No.(s)   |
|------------|--------------------|--|---|
| RC-M ..... | 8.a .....          | Uniform Resource Locator (URL) of the reporting institution's primary Internet Web site (home page), if any (Example: <i>www.examplebank.com</i> ).  | TEXT4087.   |
| RC-M ..... | 8.b .....          | URLs of all other public-facing Internet websites that the reporting institution uses to accept or solicit deposits from the public, if any.   | TE01N528, TE02N528, TE03N528, TE04N528, TE05N528, TE06N528, TE07N528, TE08N528, TE09N528, TE10N528. |
| RC-M ..... | 8.c .....          | Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any. | TE01N529, TE02N529, TE03N529, TE04N529, TE05N529, TE06N529.   |
| RC-N ..... | M.1.a.(1) .....    | Loans restructured in troubled debt restructurings (TDRs) included in Schedule RC-N, items 1 through 7, above: 1-4 family residential construction loans.  | RCONK105, RCONK106, RCONK107.   |
| RC-N ..... | M.1.a.(2) .....    | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Other construction loans and all land development and other land loans.  | RCONK108, RCONK109, RCONK110.   |
| RC-N ..... | M.1.b .....        | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Loans secured by 1-4 family residential properties.  | RCONF661, RCONF662, RCONF663.   |
| RC-N ..... | M.1.c .....        | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Secured by multifamily (5 or more) residential properties.   | RCONK111, RCONK112, RCONK113.   |
| RC-N ..... | M.1.d.(1) .....    | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Loans secured by owner-occupied nonfarm non-residential properties.  | RCONK114, RCONK115, RCONK116.   |
| RC-N ..... | M.1.d.(2) .....    | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Loans secured by other nonfarm nonresidential properties.  | RCONK117, RCONK118, RCONK119.   |
| RC-N ..... | M.1.e .....        | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Commercial and industrial loans.   | RCONK257, RCONK258, RCONK259.   |
| RC-N ..... | M.1.f .....        | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: All other loans (include loans to individuals for household, family, and other personal expenditures).                 | RCONK126, RCONK127, RCONK128.   |
| RC-N ..... | M.1.f.(1) .....    | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Loans secured by farmland.   | RCONK130, RCONK131, RCONK132.   |
| RC-N ..... | M.1.f.(4)(a) ..... | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Credit cards.  | RCONK274, RCONK275, RCONK276.   |
| RC-N ..... | M.1.f.(4)(b) ..... | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Automobile loans.  | RCONK277, RCONK278, RCONK279.   |
| RC-N ..... | M.1.f.(4)(c) ..... | Loans restructured in TDRs included in Schedule RC-N, items 1 through 7, above: Other (includes revolving credit plans other than credit cards and other consumer loans).                              | RCONK280, RCONK281, RCONK282.   |

| Schedule            | Item            | Item name  | MDRM No.(s)   |
|---------------------|-----------------|--|---|
| RC–N .....          | M.1.f.(5) ..... | Loans restructured in TDRs included in Schedule RC–N, items 1 through 7, above: Loans to finance agricultural production and other loans to farmers. | RCONK138, RCONK139, RCONK140.   |
| RC–R, Part II ..... | 1 .....         | Cash and balances due from depository institutions.  | RCOND957, RCOND958, RCOND959, RCOND960, RCONS396, RCONS397, RCONS398.   |
| RC–R, Part II ..... | 2.a .....       | Held-to-maturity securities .....  | RCOND961, RCOND962, RCOND963, RCOND964, RCOND965, RCONHJ74, RCONHJ75, RCONS399, RCONS400.   |
| RC–R, Part II ..... | 2.b .....       | Available-for-sale securities .....  | RCOND967, RCOND968, RCOND969, RCOND970, RCONH271, RCONH272, RCONHJ76, RCONHJ77, RCONJA21, RCONS402, RCONS403, RCONS405, RCONS406. |
| RC–R, Part II ..... | 3.a .....       | Federal funds sold .....   | RCOND971, RCOND972, RCOND973, RCOND974, RCONS410, RCONS411.   |
| RC–R, Part II ..... | 3.b .....       | Securities purchased under agreements to resell.   | RCONH171, RCONH172.   |
| RC–R, Part II ..... | 4.a .....       | Loans and leases held for sale: Residential mortgage exposures.  | RCONH173, RCONH273, RCONH274, RCONS413, RCONS414, RCONS415, RCONS416, RCONS417.   |
| RC–R, Part II ..... | 4.b .....       | Loans and leases held for sale: High volatility commercial real estate exposures.  | RCONH174, RCONH175, RCONH176, RCONH177, RCONH275, RCONH276, RCONS419, RCONS420, RCONS421.   |
| RC–R, Part II ..... | 4.c .....       | Loans and leases held for sale: Exposures past due 90 days or more or on nonaccrual.   | RCONH277, RCONH278, RCONHJ78, RCONHJ79, RCONS423, RCONS424, RCONS425, RCONS426, RCONS427, RCONS428, RCONS429.                     |
| RC–R, Part II ..... | 4.d .....       | Loans and leases held for sale: All other exposures.   | RCONH279, RCONH280, RCONHJ80, RCONHJ81, RCONS431, RCONS432, RCONS433, RCONS434, RCONS435, RCONS436, RCONS437.                     |
| RC–R, Part II ..... | 5.a .....       | Loans and leases held for investment: Residential mortgage exposures.  | RCONH178, RCONH281, RCONH282, RCONS439, RCONS440, RCONS441, RCONS442, RCONS443.   |
| RC–R, Part II ..... | 5.b .....       | Loans and leases held for investment: High volatility commercial real estate exposures.  | RCONH179, RCONH180, RCONH181, RCONH182, RCONH283, RCONH284, RCONS445, RCONS446, RCONS447.   |
| RC–R, Part II ..... | 5.c .....       | Loans and leases held for investment: Exposures past due 90 days or more or on nonaccrual.   | RCONH285, RCONH286, RCONHJ82, RCONHJ83, RCONS449, RCONS450, RCONS451, RCONS452, RCONS453, RCONS454, RCONS455.                     |
| RC–R, Part II ..... | 5.d .....       | Loans and leases held for investment: All other exposures.   | RCONH287, RCONH288, RCONHJ84, RCONHJ85, RCONS457, RCONS458, RCONS459, RCONS460, RCONS461, RCONS462, RCONS463.                     |
| RC–R, Part II ..... | 6 .....         | LESS: Allowance for loan and lease losses.   | RCON3123 (column A), RCON3123 (column B).   |

| Schedule            | Item      | Item name   | MDRM No.(s)   |
|---------------------|-----------|---|---|
| RC–R, Part II ..... | 7 .....   | Trading assets .....  | RCOND976, RCOND977,<br>RCOND978, RCOND979,<br>RCOND980, RCONH186,<br>RCONH187, RCONH290,<br>RCONH291, RCONH292,<br>RCONHJ86, RCONHJ87,<br>RCONS466, RCONS467. |
| RC–R, Part II ..... | 8 .....   | All other assets .....  | RCOND981, RCOND982,<br>RCOND983, RCOND984,<br>RCOND985, RCONH185,<br>RCONH188, RCONH294,<br>RCONH295, RCONHJ88,<br>RCONHJ89, RCONS469,<br>RCONS470, RCONS471. |
| RC–R, Part II ..... | 8.a ..... | Separate account bank-owned life insurance.   | RCONH296, RCONH297.   |
| RC–R, Part II ..... | 8.b ..... | Default fund contributions to central counterparties.   | RCONH298, RCONH299.   |
| RC–R, Part II ..... | 9.a ..... | On-balance sheet securitization exposures: Held-to-maturity securities.                         | RCONS475, RCONS476,<br>RCONS477, RCONS478,<br>RCONS479.   |
| RC–R, Part II ..... | 9.b ..... | On-balance sheet securitization exposures: Available-for-sale securities.                       | RCONS480, RCONS481,<br>RCONS482, RCONS483,<br>RCONS484.   |
| RC–R, Part II ..... | 9.c ..... | On-balance sheet securitization exposures: Trading assets.                                      | RCONS485, RCONS486,<br>RCONS487, RCONS488,<br>RCONS489.   |
| RC–R, Part II ..... | 9.d ..... | On-balance sheet securitization exposures: All other on-balance sheet securitization exposures. | RCONS490, RCONS491,<br>RCONS492, RCONS493,<br>RCONS494.   |
| RC–R, Part II ..... | 10 .....  | Off-balance sheet securitization exposures.   | RCONS495, RCONS496,<br>RCONS497, RCONS498,<br>RCONS499.   |
| RC–R, Part II ..... | 11 .....  | Total balance sheet assets .....  | RCON2170, RCOND987,<br>RCOND988, RCOND989,<br>RCOND990, RCONH300,<br>RCONHJ90, RCONHJ91,<br>RCONS500, RCONS503,<br>RCONS505, RCONS506,<br>RCONS507, RCONS510. |
| RC–R, Part II ..... | 12 .....  | Financial standby letters of credit .....   | RCOND991, RCOND992,<br>RCOND993, RCOND994,<br>RCOND995, RCOND996,<br>RCONHJ92, RCONHJ93,<br>RCONS511.   |
| RC–R, Part II ..... | 13 .....  | Performance standby letters of credit and transaction-related contingent items.                 | RCOND997, RCOND998,<br>RCOND999, RCONG603,<br>RCONG604, RCONG605,<br>RCONS512.  |
| RC–R, Part II ..... | 14 .....  | Commercial and similar letters of credit with an original maturity of one year or less.         | RCONG606, RCONG607,<br>RCONG608, RCONG609,<br>RCONG610, RCONG611,<br>RCONHJ94, RCONHJ95,<br>RCONS513.   |
| RC–R, Part II ..... | 15 .....  | Retained recourse on small business obligations sold with recourse.                             | RCONG612, RCONG613,<br>RCONG614, RCONG615,<br>RCONG616, RCONG617,<br>RCONS514.  |
| RC–R, Part II ..... | 16 .....  | Repo-style transactions .....   | RCONH301, RCONH302,<br>RCONS515, RCONS516,<br>RCONS517, RCONS518,<br>RCONS519, RCONS520,<br>RCONS521, RCONS522,<br>RCONS523.                                  |
| RC–R, Part II ..... | 17 .....  | All other off-balance sheet liabilities ..  | RCONG618, RCONG619,<br>RCONG620, RCONG621,<br>RCONG622, RCONG623,<br>RCONS524.  |

| Schedule            | Item        | Item name  | MDRM No.(s)   |
|---------------------|-------------|--|---|
| RC–R, Part II ..... | 18.a .....  | Unused commitments: Original maturity of one year or less.   | RCONH303, RCONH304, RCONHJ96, RCONHJ97, RCONS525, RCONS526, RCONS527, RCONS528, RCONS529, RCONS530, RCONS531.                               |
| RC–R, Part II ..... | 18.b .....  | Unused commitments: Original maturity exceeding one year.  | RCONG624, RCONG625, RCONG626, RCONG627, RCONG628, RCONG629, RCONH307, RCONH308, RCONHJ98, RCONHJ99, RCONS539.                               |
| RC–R, Part II ..... | 19 .....    | Unconditionally cancelable commitments.  | RCONS540, RCONS541.   |
| RC–R, Part II ..... | 20 .....    | Over-the-counter derivatives .....   | RCONH309, RCONH310, RCONHK00, RCONHK01, RCONS542, RCONS543, RCONS544, RCONS545, RCONS546, RCONS547, RCONS548.                               |
| RC–R, Part II ..... | 21 .....    | Centrally cleared derivatives .....  | RCONS549, RCONS550, RCONS551, RCONS552, RCONS554, RCONS555, RCONS556, RCONS557.   |
| RC–R, Part II ..... | 22 .....    | Unsettled transactions (failed trades)   | RCONH191, RCONH193, RCONH194, RCONH195, RCONK196, RCONH197, RCONH198, RCONH199, RCONH200.   |
| RC–R, Part II ..... | 23 .....    | Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category. | RCONG630, RCONG631, RCONG632, RCONG633, RCONS558, RCONS559, RCONS560, RCONS561, RCONS563, RCONS564, RCONS565, RCONS566, RCONS567, RCONS568. |
| RC–R, Part II ..... | 25 .....    | Risk-weighted assets by risk-weight category.  | RCONG634, RCONG635, RCONG636, RCONG637, RCONS569, RCONS570, RCONS571, RCONS572, RCONS574, RCONS575, RCONS576, RCONS577, RCONS578, RCONS579. |
| RC–R, Part II ..... | M.1 .....   | Current credit exposure across all derivative contracts covered by the regulatory capital rules.                       | RCONG642.   |
| RC–R, Part II ..... | M.2.a ..... | Notional principal amounts of over-the-counter derivative contracts: Interest rate.                                    | RCONS582, RCONS583, RCONS584.   |
| RC–R, Part II ..... | M.2.b ..... | Notional principal amounts of over-the-counter derivative contracts: Foreign exchange rate and gold.                   | RCONS585, RCONS586, RCONS587.   |
| RC–R, Part II ..... | M.2.c ..... | Notional principal amounts of over-the-counter derivative contracts: Credit (investment grade reference asset).        | RCONS588, RCONS589, RCONS590.   |
| RC–R, Part II ..... | M.2.d ..... | Notional principal amounts of over-the-counter derivative contracts: Credit (non-investment grade reference asset).    | RCONS591, RCONS592, RCONS593.   |
| RC–R, Part II ..... | M.2.e ..... | Notional principal amounts of over-the-counter derivative contracts: Equity.   | RCONS594, RCONS595, RCONS596.   |
| RC–R, Part II ..... | M.2.f ..... | Notional principal amounts of over-the-counter derivative contracts: Precious metals (except gold).                    | RCONS597, RCONS598, RCONS599.   |
| RC–R, Part II ..... | M.2.g ..... | Notional principal amounts of over-the-counter derivative contracts:..   | RCONS600, RCONS601, RCONS602.   |
| RC–R, Part II ..... | M.3.a ..... | Notional principal amounts of centrally cleared derivative contracts: Interest rate.                                   | RCONS603, RCONS604, RCONS605.   |

| Schedule      | Item  | Item name  | MDRM No.(s)                   |
|---------------|-------|--|-------------------------------|
| RC-R, Part II | M.3.b | Notional principal amounts of centrally cleared derivative contracts: Foreign exchange rate and gold.                | RCONS606, RCONS607, RCONS608. |
| RC-R, Part II | M.3.c | Notional principal amounts of centrally cleared derivative contracts: Credit (investment grade reference asset).     | RCONS609, RCONS610, RCONS611. |
| RC-R, Part II | M.3.d | Notional principal amounts of centrally cleared derivative contracts: Credit (non-investment grade reference asset). | RCONS612, RCONS613, RCONS614. |
| RC-R, Part II | M.3.e | Notional principal amounts of centrally cleared derivative contracts: Equity.  | RCONS615, RCONS616, RCONS617. |
| RC-R, Part II | M.3.f | Notional principal amounts of centrally cleared derivative contracts: Precious metals (except gold).                 | RCONS618, RCONS619, RCONS620. |
| RC-R, Part II | M.3.g | Notional principal amounts of centrally cleared derivative contracts: Other.   | RCONS621, RCONS622, RCONS623. |

The following data items on Schedule RC-T are currently collected on the FFIEC 051 quarterly for institutions with total fiduciary assets greater than \$250 million (as of the preceding December 31) or with gross fiduciary and related services income greater

than 10 percent of revenue (net interest income plus noninterest income) for the preceding calendar year.

The data items are proposed to be collected semiannually in the June and December reports only for institutions with total

fiduciary assets greater than \$250 million but less than or equal to \$1 billion (as of the preceding December 31) that do not meet the fiduciary income test for quarterly reporting.

| Schedule | Item | Item name   | MDRM No.(s)                             |
|----------|------|---|---|
| RC-T     | 4    | Fiduciary and Related Assets: Personal trust and agency accounts.   | RCONB868, RCONB869, RCONB870, RCONB871. |
| RC-T     | 5.a  | Fiduciary and Related Assets: Employee benefit—defined contribution.  | RCONB872, RCONB873, RCONB874, RCONB875. |
| RC-T     | 5.b  | Fiduciary and Related Assets: Employee benefit—defined benefit.   | RCONB876, RCONB877, RCONB878, RCONB879. |
| RC-T     | 5.c  | Fiduciary and Related Assets: Other employee benefit and retirement-related accounts.   | RCONB880, RCONB881, RCONB882, RCONB883. |
| RC-T     | 6    | Fiduciary and Related Assets: Corporate trust and agency accounts.  | RCONB884, RCONB885, RCONC001, RCONC002. |
| RC-T     | 7    | Fiduciary and Related Assets: Investment management and investment advisory agency accounts.  | RCONB886, RCONB888, RCONJ253, RCONJ254. |
| RC-T     | 8    | Fiduciary and Related Assets: Foundation and endowment trust and agency accounts.   | RCONJ255, RCONJ256, RCONJ257, RCONJ258. |
| RC-T     | 9    | Fiduciary and Related Assets: Other fiduciary accounts.   | RCONB890, RCONB891, RCONB892, RCONB893. |
| RC-T     | 10   | Fiduciary and Related Assets: Total fiduciary accounts.   | RCONB894, RCONB895, RCONB896, RCONB897. |
| RC-T     | 11   | Fiduciary and Related Assets: Custody and safekeeping accounts.   | RCONB898, RCONB899.                     |
| RC-T     | 13   | Fiduciary and Related Assets: Individual Retirement Accounts, Health Savings Accounts, and other similar accounts (included in items 5.c and 11). | RCONJ259, RCONJ260, RCONJ261, RCONJ262. |
| RC-T     | 14   | Fiduciary and Related Services Income: Personal trust and agency accounts.  | RIADB904.                               |
| RC-T     | 15.a | Fiduciary and Related Services Income: Employee benefit—defined contribution.   | RIADB905.                               |
| RC-T     | 15.b | Fiduciary and Related Services Income: Employee benefit—defined benefit.  | RIADB906.                               |
| RC-T     | 15.c | Fiduciary and Related Services Income: Other employee benefit and retirement-related accounts.  | RIADB907.                               |

| Schedule   | Item        | Item name   | MDRM No.(s)         |
|------------|-------------|---|---------------------|
| RC-T ..... | 16 .....    | Fiduciary and Related Services Income: Corporate trust and agency accounts.                           | RIADA479.           |
| RC-T ..... | 17 .....    | Fiduciary and Related Services Income: Investment management and investment advisory agency accounts. | RIADJ315.           |
| RC-T ..... | 18 .....    | Fiduciary and Related Services Income: Foundation and endowment trust and agency accounts.            | RIADJ316.           |
| RC-T ..... | 19 .....    | Fiduciary and Related Services Income: Other fiduciary accounts.                                      | RIADA480.           |
| RC-T ..... | 20 .....    | Fiduciary and Related Services Income: Custody and safekeeping accounts.                              | RIADB909.           |
| RC-T ..... | 21 .....    | Fiduciary and Related Services Income: Other fiduciary and related services income.                   | RIADB910.           |
| RC-T ..... | 22 .....    | Fiduciary and Related Services Income: Total gross fiduciary and related services income.             | RIAD4070.           |
| RC-T ..... | M.3.a ..... | Collective investment funds and common trust funds: Domestic equity.                                  | RCONB931, RCONB932. |
| RC-T ..... | M.3.b ..... | Collective investment funds and common trust funds: International/Global equity.                      | RCONB933, RCONB934. |
| RC-T ..... | M.3.c ..... | Collective investment funds and common trust funds: Stock/Bond blend.                                 | RCONB935, RCONB936. |
| RC-T ..... | M.3.d ..... | Collective investment funds and common trust funds: Taxable bond.                                     | RCONB937, RCONB938. |
| RC-T ..... | M.3.e ..... | Collective investment funds and common trust funds: Municipal bond.                                   | RCONB939, RCONB940. |
| RC-T ..... | M.3.f ..... | Collective investment funds and common trust funds: Short-term investments/Money market.              | RCONB941, RCONB942. |
| RC-T ..... | M.3.g ..... | Collective investment funds and common trust funds: Specialty/Other.                                  | RCONB943, RCONB944. |
| RC-T ..... | M.3.h ..... | Collective investment funds and common trust funds: Total collective investment funds.                | RCONB945, RCONB946. |

**Appendix B: Data Items To Be Collected From Institutions With \$1 Billion or More in Total Assets on the FFIEC 051.**

The following data item is currently collected on the FFIEC 041 from institutions

with \$1 billion or more in total assets. The data item is proposed to be reported quarterly by institutions with \$1 billion or more in total assets on the FFIEC 051.

| Schedule   | Item      | Item name  | MDRM No.  |
|------------|-----------|--|-----------|
| RC-O ..... | M.2 ..... | Estimated amount of uninsured deposits, including related interest accrued and unpaid. | RCON5597. |

The following data items are currently collected quarterly on the FFIEC 041 from institutions with \$1 billion or more in total assets. The data items are proposed to be

reported on the FFIEC 051 by institutions with \$1 billion or more in total assets with a reduction in the frequency of collection.

*Semiannual Reporting (June and December only)*

| Schedule     | Item      | Item name                           | MDRM No.(s)              |
|--------------|-----------|-------------------------------------|--------------------------|
| RI-C * ..... | 1.a ..... | Construction loans .....            | TBD (2 New MDRM Numbers) |
| RI-C * ..... | 1.b ..... | Commercial real estate loans .....  | TBD (2 New MDRM Numbers) |
| RI-C * ..... | 1.c ..... | Residential real estate loans ..... | TBD (2 New MDRM Numbers) |
| RI-C * ..... | 2 .....   | Commercial loans .....              | TBD (2 New MDRM Numbers) |
| RI-C * ..... | 3 .....   | Credit cards .....                  | TBD (2 New MDRM Numbers) |
| RI-C * ..... | 4 .....   | Other consumer loans .....          | TBD (2 New MDRM Numbers) |
| RI-C * ..... | 5 .....   | Unallocated, if any .....           | TBD (1 New MDRM Number)  |



| Schedule | Item | Item name | MDRM No.(s)              |
|----------|------|-----------|--------------------------|
| RI-C *   | 6    | Total     | TBD (2 New MDRM Numbers) |

\*The FFIEC 041 Schedule RI-C collects disaggregated data on the allowance for loan and lease losses by loan category and the related recorded investment based on whether the reported allowance relates to loans that are individually impaired, purchased credit-impaired, or collectively evaluated for impairment in six columns. The proposed Schedule RI-C for the FFIEC 051 will consolidate the disaggregated data into two columns: "Recorded Investment" (column A) and "Allowance Balance" (column B).

Effective June 30, 2021, the column captions would be changed to "Amortized Cost" (column A) and "Allowance for Credit Losses" (ACL) (column B). From June 30, 2019, through December 31, 2020, institutions that have adopted Accounting Standards Update No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13) would report the amortized cost and related ACL by loan category in columns A and B, respectively. From June 30, 2021, through December 31, 2022, institutions that have not adopted ASU 2016-13 would report the recorded investment and related allowance balance by loan category in columns A and B, respectively.

*Annual Reporting (December only)*

| Schedule | Item      | Item name  | MDRM No.(s) |
|----------|-----------|--|-------------|
| RI **    | M.15.a    | Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.            | RIADH032.   |
| RI **    | M.15.b    | Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use.         | RIADH033.   |
| RI **    | M.15.c    | Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use. | RIADH034.   |
| RI **    | M.15.d    | All other service charges on deposit accounts.   | RIADH035.   |
| RC-E **  | M.6.a     | Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use.  | RCONP753.   |
| RC-E **  | M.6.b     | Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use.   | RCONP754.   |
| RC-E **  | M.7.a.(1) | Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use.   | RCONP756.   |
| RC-E **  | M.7.a.(2) | Deposits in all other MMDAs of individuals, partnerships, and corporations.  | RCONP757.   |
| RC-E **  | M.7.b.(1) | Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use.  | RCONP758.   |
| RC-E **  | M.7.b.(2) | Deposits in all other savings deposit accounts of individuals, partnerships, and corporations.   | RCONP759.   |

\*\* Items are to be completed by institutions with \$1 billion or more in total assets that answered "Yes" to Schedule RC-E, Memorandum item 5.

The following data items are currently being proposed to be collected quarterly on the FFIEC 041 by those institutions with \$1

billion or more in total assets that have adopted ASU 2016-13.<sup>53</sup>

For this proposal, the data items are proposed to be reported on the FFIEC 051 by

institutions with \$1 billion or more in total assets that have adopted ASU 2016-13 with a reduction in the frequency of collection.

*Semiannual Reporting (June and December only)*

<sup>53</sup> See 83 FR 49160 (September 28, 2018).

| Schedule   | Item      | Item name  | MDRM No.(s)              |
|------------|-----------|--|--------------------------|
| RI-C ..... | 7 .....   | Held-to-Maturity: Securities issued by states and political subdivisions in the U.S..                                | TBD (1 New MDRM Number). |
| RI-C ..... | 8.a ..... | Held-to-Maturity: Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored agencies. | TBD (1 New MDRM Number). |
| RI-C ..... | 8.b ..... | Held-to-Maturity: Other mortgage-backed securities.  | TBD (1 New MDRM Number). |
| RI-C ..... | 9 .....   | Held-to-Maturity: Asset-backed securities and structured financial products.   | TBD (1 New MDRM Number). |
| RI-C ..... | 10 .....  | Held-to-Maturity: Other debt securities.   | TBD (1 New MDRM Number). |
| RI-C ..... | 11 .....  | Held-to-Maturity: Total .....  | TBD (1 New MDRM Number). |

## List of Subjects

### 12 CFR Part 52

Banks, banking, Reporting and recordkeeping requirements.

### 12 CFR Part 208

Accounting, Agriculture, Banks, banking, Confidential business information, Consumer protection, Currency, Insurance, Investments, Mortgages, Reporting and recordkeeping requirements, Securities

### 12 CFR Part 304

Bank deposit insurance, Banks, banking, Freedom of information, Reporting and recordkeeping requirements.

## Office of the Comptroller of the Currency

■ For the reasons set out in the joint preamble, the OCC proposes to add 12 CFR part 52 as follows:

## PART 52—REGULATORY REPORTING

### Sec.

52.1 Authority and purpose.

52.2 Definitions.

52.3 Reduced reporting.

52.4 Reservation of authority.

**Authority:** 12 U.S.C. 93a, 161, 1463(a), 1464(v), and 1817(a)(12).

### § 52.1 Authority and purpose.

(a) *Authority.* This part is issued pursuant to 12 U.S.C. 93a, 161, 1463(a), 1464(v), and 1817(a)(12).

(b) *Purpose.* This part establishes a reduced reporting requirement for a covered depository institution making its reports of condition for the first and third calendar quarters of a year.

### § 52.2 Definitions.

*Covered depository institution* means:

A national bank, Federal savings association, or insured Federal branch that meets the following criteria:

(1) Has less than \$5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding year;

(2) Has no foreign offices, as defined in this subpart;

(3) Is not required to or has not elected to use 12 CFR part 3, subpart E (for advanced approaches banks) to calculate its risk-based capital requirements;

(4) Is not a large institution or highly complex institution, as such terms are defined in 12 CFR 327.8, or treated as a large institution, as requested under 12 CFR 327.16(f); and

(5) Is not subject to the filing requirements for the FFIEC 002 report of condition.

*Foreign country* refers to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States.

*Foreign office* means:

(1) A branch or consolidated subsidiary in a foreign country, unless the branch is located on a U.S. military facility;

(2) An international banking facility as such term is defined in 12 CFR 204.8;

(3) A majority-owned Edge Act or Agreement subsidiary as defined in 12 CFR 28.2, including both its U.S. and its foreign offices; and

(4) For an institution chartered or headquartered in any U.S. state or the District of Columbia, a branch or consolidated subsidiary located in a U.S. territory or possession.

*Report of condition* means the FFIEC 031, FFIEC 041, or FFIEC 051 versions of the Consolidated Report of Condition and Income (Call Report) or the FFIEC 002 (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks), as applicable, and as they may be amended or superseded from time to time in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. chapter 35.

*Total consolidated assets* means total assets as reported in an institution's report of condition.

### § 52.3 Reduced reporting.

A covered depository institution may file the FFIEC 051 version of the Call Report, or any successor thereto, to satisfy its requirement to file a report of condition for the first and third calendar quarters of a year.

### § 52.4 Reservation of authority.

The OCC may determine that a covered depository institution shall not use the reduced reporting in § 52.3. In making this determination, the OCC will consider whether the institution is significantly engaged in complex, specialized, or higher risk activities, for which a reduced reporting requirement would not provide sufficient information. The institution has 30 days following notification from the OCC to inform the OCC, in writing, of why it should continue to be eligible to use reduced reporting or cannot cease using reduced reporting in the OCC's proposed timeframe. The OCC will make a final decision after reviewing any response. Nothing in this part shall be construed to limit the OCC's authority to obtain information from a covered depository institution.

## FEDERAL RESERVE SYSTEM

### Authority and Issuance

For the reasons set forth in the joint preamble, the Board proposes to amend 12 CFR part 208 as follows:

## PART 208—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (REGULATION H)

■ 1. The authority citation of part 208 is amended to read as follows:

**Authority:** 12 U.S.C. 24, 36, 92a, 93a, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1816, 1817(a)(3), 1817(a)(12),

1818, 1820(d)(9), 1833(j), 1828(o), 1831, 1831o, 1831p–1, 1831r–1, 1831w, 1831x, 1835a, 1882, 2901–2907, 3105, 3310, 3331–3351, 3905–3909, and 5371; 15 U.S.C. 78b, 78l(b), 78l(i), 780–4(c)(5), 78q, 78q–1, and 78w, 1681s, 1681w, 6801, and 6805; 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104a, 4104b, 4106 and 4128.

■ 2. Add new subpart K to part 208 to read as follows:

#### **Subpart K—Forms, Instructions and Reports**

Sec.

- § 208.120 Authority, Purpose, and Scope
- § 208.121 Definitions
- § 208.122 Reporting
- § 208.123 Reduced Reporting
- § 208.124 Reservation of Authority

#### **Subpart K—Forms, Instructions and Reports**

##### **§ 208.120 Authority, Purpose, and Scope**

(a) *Authority.* Subpart K of Regulation H (12 CFR part 208, subpart K) is issued by the Board under section 7 of the Federal Deposit Insurance Act, 12 U.S.C. 1817(a)(3) and (12), and section 9 of the Federal Reserve Act, 12 U.S.C. 324.

(b) *Purpose and scope.* This subpart informs a state member bank where it may obtain forms and instructions for reports of conditions and implements 12 U.S.C. 1817(a)(12) to allow reduced reporting for a covered depository institution when such institution makes its reports of condition for the first and third calendar quarters of a year.

##### **§ 208.121 Definitions**

*Covered depository institution* means: a state member bank that meets all of the following criteria:

- (1) Has less than \$5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding year;
- (2) Has no foreign offices, as defined in this subpart;
- (3) Is not required to or has not elected to use 12 CFR part 217, subpart E to calculate its risk-based capital requirements; and
- (4) Is not a large institution or highly complex institution, as such terms are defined in 12 CFR 327.8, or treated as a large institution, as requested under 12 CFR 327.16(f).

*Foreign country* refers to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States.

*Foreign office* means:

- (1) A branch or consolidated subsidiary in a foreign country, unless the branch is located on a U.S. military facility;
- (2) An international banking facility as such term is defined in 12 CFR 204.8;

(3) A majority-owned Edge Act or Agreement subsidiary including both its U.S. and its foreign offices; and

(4) For an institution chartered or headquartered in any U.S. state or the District of Columbia, a branch or consolidated subsidiary located in a U.S. territory or possession.

*Report of condition* means the FFIEC 031, FFIEC 041, or FFIEC 051 versions of the Consolidated Report of Condition and Income (Call Report) or the FFIEC 002 (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks), as applicable, and as they may be amended or superseded from time to time in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. chapter 35.

*Total consolidated assets* means total assets as reported in a state member bank's report of condition.

##### **§ 208.122 Reporting**

(a) A state member bank is required to file the report of condition (Call Report) in accordance with the instructions for these reports. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of, the Call Report. The Board uses Call Report data to monitor the condition, performance, and risk profile of individual state member banks and the banking industry. Reporting state member banks must also submit annually such information on small business and small farm lending as the Board may need to assess the availability of credit to these sectors of the economy. The report forms and instructions can be obtained from Federal Reserve District Banks or through the website of the Federal Financial Institutions Examination Council, <http://www.ffiec.gov/>.

(b) Every insured U.S. branch of a foreign bank is required to file the FFIEC 002 version of the report of condition (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks) in accordance with the instructions for the report. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of the report. The Board uses the reported data to monitor the condition, performance, and risk profile of individual insured branches and the banking industry. Insured branches must also submit annually such information on small business and small farm lending as the Board may need to assess the availability of credit to these sectors of the economy. The report forms and instructions can be obtained

from Federal Reserve District Banks or through the website of the Federal Financial Institutions Examination Council, <http://www.ffiec.gov/>.

##### **§ 208.123 Reduced Reporting**

A covered depository institution may file the FFIEC 051 version of the report of condition, or any successor thereto, which shall provide for reduced reporting for the reports of condition for the first and third calendar quarters for a year.

##### **§ 208.124 Reservation of Authority**

(a) Notwithstanding § 208.123, the Board in consultation with the applicable state chartering authority may require an otherwise eligible covered depository institution to file the FFIEC 041 version of the report of condition, or any successor thereto, based on an institution-specific determination. In making this determination, the Board may consider criteria including, but not limited to, whether the institution is significantly engaged in one or more complex, specialized, or other higher risk activities, such as those for which limited information is reported in the FFIEC 051 version of the report of condition compared to the FFIEC 041 version of the report of condition. Nothing in this part shall be construed to limit the Board's authority to obtain information from a state member bank.

(b) Nothing in this subpart limits the authority of the Board under any other provision of law or regulation to take supervisory or enforcement action, including action to address unsafe or unsound practices or conditions or violations of law.

#### **Federal Deposit Insurance Corporation**

##### **12 CFR CHAPTER III**

##### **Authority and Issuance**

■ For the reasons set forth in the preamble, the Federal Deposit Insurance Corporation proposes to amend 12 CFR part 304 to read as follows:

#### **PART 304—FORMS, INSTRUCTIONS, AND REPORTS**

##### **Contents**

##### **Subpart A—In General**

- § 304.1 Purpose.
- § 304.2 Where to obtain forms and instructions.
- § 304.3 Reports.
- § 304.4–304.10 [Reserved].

##### **Subpart B—Implementation of Reduced Reporting Requirement**

- § 304.11 Authority, purpose and scope.
- § 304.12 Definitions.
- § 304.13 Reduced reporting.

§ 304.14 Reservation of authority.

**Authority:** 5 U.S.C. 552; 12 U.S.C. 1464, 1817, 1831, 1867.

## Subpart A—In General

### § 304.1 Purpose.

Part 304 informs the public where it may obtain forms and instructions for reports, applications, and other submittals used by the FDIC, and also describes certain forms that are not described elsewhere in FDIC regulations.

### § 304.2 Where to obtain forms and instructions.

Forms and instructions used in connection with applications, reports, and other submittals used by the FDIC can be obtained by contacting the FDIC Public Information Center (550 17th Street NW, Washington, DC 20429; telephone: (877) 275-3342 or (703) 562-2200), except as noted below in § 304.3. In addition, many forms and instructions can be obtained from FDIC regional offices. A list of FDIC regional offices can be obtained from the FDIC Public Information Center, or found at the FDIC's website at <http://www.fdic.gov>, or in the directory of FDIC Law, Regulations, Related Acts published by the FDIC.

### § 304.3 Reports.

(a) Consolidated Reports of Condition and Income, Forms FFIEC 031, 041, and 051. Pursuant to section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) and other applicable law, every insured depository institution is required to file Consolidated Reports of Condition and Income (also known as the Call Report) in accordance with the instructions for these reports. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of, the Call Report. The FDIC uses Call Report data from all insured depository institutions to calculate deposit insurance assessments and monitor the condition, performance, and risk profile of individual banks and the banking industry. Reporting banks must also submit annually such information on small business and small farm lending as the FDIC may need to assess the availability of credit to these sectors of the economy. The report forms and instructions can be obtained from the Division of Insurance and Research (DIR), FDIC, 550 17th Street NW, Washington, DC 20429 or through the website of the Federal Financial

Institutions Examination Council, <http://www.ffiec.gov/>.

(Approved by the Office of Management and Budget under control number 3064-0052)

(b) Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks, Form FFIEC 002. Pursuant to section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) and other applicable law, every insured U.S. branch of a foreign bank is required to file a Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks in accordance with the instructions for the report. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of the report. The FDIC uses the reported data to calculate deposit insurance assessments and monitor the condition, performance, and risk profile of individual insured branches and the banking industry. Insured branches must also submit annually such information on small business and small farm lending as the FDIC may need to assess the availability of credit to these sectors of the economy. Because the Board of Governors of the Federal Reserve System collects and processes this report on behalf of the FDIC, the report forms and instructions can be obtained from Federal Reserve District Banks or through the website of the Federal Financial Institutions Examination Council, <http://www.ffiec.gov/>.

(Approved by the Office of Management and Budget under control number 7100-0032)

(c) Summary of Deposits, Form FDIC 8020/05. Form 8020/05 is a report on the amount of deposits for each authorized office of an insured depository institution with branches; institutions with only a main office are exempt from reporting. Reports as of June 30 of each year must be submitted no later than the immediately succeeding July 31. The report forms and the instructions for completing the reports will be furnished to all such banks by, or may be obtained upon request from, the Division of Insurance and Research (DIR), FDIC, 550 17th Street NW, Washington, DC 20429.

(Approved by the Office of Management and Budget under control number 3064-0061)

(d) Notification of Performance of Bank Services, Form FDIC 6120/06. Pursuant to Section 7 of the Bank Service Company Act (12 U.S.C. 1867), as amended, FDIC-supervised banks must notify the agency about the existence of a service relationship within thirty days after the making of

the contract or the performance of the service, whichever occurs first. Form FDIC 6120/06 may be used to satisfy the notice requirement. The form contains identification, location and contact information for the bank, the servicer, and a description of the services provided. In lieu of the form, notification may be provided by letter. Either the form or the letter containing the notice information must be submitted to the regional director—Division of Risk Management Supervision (RMS) of the region in which the bank's main office is located.

(Approved by the Office of Management and Budget under control number 3064-0029)

## Subpart B—Implementation of Reduced Reporting Requirement

**Authority:** 12 U.S.C. 1464(v), 1817(a), and 1819 Tenth.

### § 304.11 Authority, purpose, and scope.

(a) *Authority.* This subpart is issued pursuant to 12 U.S.C. 1464(v), and sections 7 (12 U.S.C. 1817(a)(12)) and section 9 (12 U.S.C. 1819 Tenth) of the Federal Deposit Insurance Act.

(b) *Purpose.* This subpart implements 12 U.S.C. 1817(a)(12) to allow reduced reporting for a covered depository institution when such institution makes its reports of condition for the first and third calendar quarters of a year.

(c) *Scope.* This subpart applies to an insured depository institution, as that term is defined in section 3(c) of the Federal Deposit Insurance Act, 12 U.S.C. 1813(c), that meets the definition of a covered depository institution under section 304.12.

(d) *Preservation of authority.* Nothing in this subpart in any way limits the authority of the Corporation under other provisions of applicable law and regulation.

### § 304.12 Definitions.

(a) *Covered depository institution* means an insured depository institution, as such term is defined in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. 1813, for which the Corporation is the appropriate Federal banking agency and that meets all of the following criteria:

- (1) Has less than \$5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding year;
- (2) Has no foreign offices, as defined in this subpart;
- (3) Is not required to or has not elected to use 12 CFR part 324, subpart E to calculate its risk-based capital requirements;
- (4) Is not a large institution or highly complex institution, as such terms are

defined in 12 CFR 327.8, or treated as a large institution, as requested under 12 CFR 327.16(f); and

(5) Is not a state-licensed insured branch of a foreign bank, as such terms are defined in section 3(s) of the Federal Deposit Insurance Act, 12 U.S.C. 1813(s).

(b) *Foreign country* refers to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States.

(c) *Foreign office* means:

(1) A branch or consolidated subsidiary in a foreign country, unless the branch is located on a U.S. military facility;

(2) An international banking facility as such term is defined in 12 CFR 204.8;

(3) A majority-owned Edge Act or Agreement subsidiary including both its U.S. and its foreign offices; and

(4) For an institution chartered or headquartered in any U.S. state or the District of Columbia, a branch or consolidated subsidiary located in a U.S. territory or possession.

(d) *Report of condition* means the FFIEC 031, FFIEC 041, or FFIEC 051 versions of the Consolidated Report of Condition and Income (Call Report) or the FFIEC 002 (Report of Assets and

Liabilities of U.S. Branches and Agencies of Foreign Banks), as applicable, and as they may be amended or superseded from time to time in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. chapter 35.

(e) *Total consolidated assets* means total assets as reported in an insured depository institution's report of condition.

#### **§ 304.13 Reduced reporting.**

A covered depository institution may file the FFIEC 051 version of the report of condition, or any successor thereto, which shall provide for reduced reporting for the reports of condition for the first and third calendar quarters for a year.

#### **§ 304.14 Reservation of authority.**

Notwithstanding § 304.13, the Corporation, in consultation with the applicable state chartering authority, may require an otherwise eligible covered depository institution to file the FFIEC 041 version of the report of condition, or any successor thereto, based on an institution-specific determination. In making this determination, the Corporation may consider criteria including, but not

limited to, whether the institution is significantly engaged in one or more complex, specialized, or other higher-risk activities, such as those for which limited information is reported in the FFIEC 051 version of the report of condition compared to the FFIEC 041 version of the report of condition. Nothing in this part shall be construed to limit the Corporation's authority to obtain information from insured depository institutions.

Dated: November 5, 2018.

**Joseph M. Otting,**  
*Comptroller of the Currency.*

By order of the Board of Governors of the Federal Reserve System, October 30, 2018.

**Ann E. Misback,**  
*Secretary of the Board.*

Dated at Washington, DC, on October 17, 2018.

By order of the Board of Directors.  
Federal Deposit Insurance Corporation.

**Robert E. Feldman,**  
*Executive Secretary.*

[FR Doc. 2018-24587 Filed 11-16-18; 8:45 am]

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