



**FEDERAL RESERVE BANK
OF DALLAS**

ROBERT D. McTEER, JR.
PRESIDENT
AND CHIEF EXECUTIVE OFFICER

December 14, 1995

DALLAS, TEXAS
75265-5906

Notice 95-120

TO: The Chief Executive Officer of each
member bank and others concerned in
the Eleventh Federal Reserve District

SUBJECT

**Interagency Notice and Request
for Public Comment on Proposed Agency
Information Collection Activities**

DETAILS

The Comptroller of the Currency, the Treasury Department, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation are requesting public comment on proposed revisions to currently approved collections of information.

Comments are invited on (a) whether the proposed revisions are necessary for the proper performance of the agencies' functions; (b) the accuracy of the agencies' estimate of the burden of the information collections as they are proposed to be revised; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of information collection on respondents.

The Board must receive comments by January 16, 1996. Please address comments to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. All comments should refer to Office of Management and Budget (OMB) control number(s).

ATTACHMENT

A copy of the Board's notice as it appears on pages 57618-21, Vol. 60, No. 221, of the *Federal Register* dated November 16, 1995, is attached.

MORE INFORMATION

For more information, please contact Dorsey Davis at (214) 922-6051. For additional copies of this Bank's notice, please contact the Public Affairs Department at (214) 922-5254.

Sincerely yours,

Robert D. McTeer, Jr.

FEDERAL RESERVE BANK OF DALLAS

NOTICE 95-120

Request for

Public Comment

on Proposed Agency Information

Collection Activities

received will be analyzed to determine the extent to which the proposed revisions should be modified prior to the agencies' submission of them to OMB for review and approval. Comments are invited on: (a) Whether the proposed revisions to the following collections of information are necessary for the proper performance of the agencies' functions, including whether the information has practical utility; (b) the accuracy of the agencies' estimate of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

DATES: Comments must be submitted on or before January 16, 1996.

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: Written comments should be submitted to the Communications Division, Ninth Floor, Office of the Comptroller of the Currency, 250 E Street, S.W., Washington, D.C. 20219; Attention: Paperwork Docket No. 1557-0081 [FAX number (202) 874-5274; Internet address: reg.comments@occ.treas.gov]. Comments will be available for inspection and photocopying at that address.

Board: Written comments should be addressed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551, or delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mail room and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments received may be inspected in room M-P-500 between 9:00 a.m. and 5:00 p.m., except as provided in section 261.8 of the Board's Rules Regarding Availability of Information, 12 CFR 261.8(a).

FDIC: Written comments should be sent to Jerry L. Langley, Executive Secretary, Attention: Room F-402, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429. Comments may be hand-delivered to Room F-402, 1776 F Street,

N.W., Washington, D.C. 20429, on business days between 8:30 a.m. and 5:00 p.m. [FAX number (202) 898-3838; Internet address: comments@fdic.gov]. Comments will be available for inspection and photocopying in Room 7118, 550 17th Street, N.W., Washington, D.C. 20429, between 9:00 a.m. and 4:30 p.m. on business days.

A copy of the comments may also be submitted to the OMB desk officer for the agencies: Milo Sunderhauf, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, D.C. 20503.

FOR FURTHER INFORMATION CONTACT: A copy of the proposed revisions to the collections of information may be requested from any of the agency clearance officers whose names appear below.

OCC: Jessie Gates, OCC Clearance Officer, (202) 874-5090, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219.

Board: Mary M. McLaughlin, Board Clearance Officer, (202) 452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. For the hearing impaired only, Telecommunications Device for the Deaf (TDD), Dorothea Thompson, (202) 452-3544, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551.

FDIC: Steven F. Hanft, FDIC Clearance Officer, (202) 898-3907, Office of the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: Proposal to revise the following currently approved collections of information:
Title: Consolidated Reports of Condition and Income.

Form Number: FFIEC 031, 032, 033, 034.

For OCC:

OMB Number: 1557-0081.

Frequency of Response: Quarterly.

Affected Public: National Banks.

Estimated Number of Respondents: 2,900 national banks.

Estimated Time per Response: 38.02 burden hours.

Estimated Total Annual Burden: 441,024 burden hours.

For Board:

OMB Number: 7100-0036.

Frequency of Response: Quarterly.

Affected Public: State Member Banks.

Estimated Number of Respondents: 1,002 state member banks.

Estimated Time per Response: 44.01 burden hours.

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

Proposed Agency Information Collection Activities; Comment

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

ACTION: Notice and request for comment.

BACKGROUND: In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC (the "agencies") may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid Office of Management and Budget (OMB) control number. Proposed revisions to the following currently approved collections of information have received approval from the Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, and are hereby published for comment. At the end of the comment period, the comments and recommendations

Estimated Total Annual Burden:

176,392 burden hours.

For FDIC:

OMB Number: 3064-0052.

Frequency of Response: Quarterly.

Affected Public: Insured State

Nonmember Commercial and Savings Banks.

Estimated Number of Respondents:

7,011 insured state nonmember commercial and savings banks.

Estimated Time per Response: 27.87 burden hours.**Estimated Total Annual Burden:**

781,473 burden hours.

The estimated time per response varies by agency because of differences in the composition of the banks under each agency's supervision (e.g., size distribution of banks, types of activities in which they are engaged, and number of banks with foreign offices).

General Description of Report: This information collection is mandatory: 12 U.S.C. 161 (for national banks), 12 U.S.C. 324 (for state member banks), and 12 U.S.C. 1817 (for insured state nonmember commercial and savings banks). Except for select sensitive items, this information collection is not given confidential treatment. Small businesses (i.e., small banks) are affected.

Abstract: Consolidated Reports of Condition and Income are filed quarterly with the agencies for their use in monitoring the condition and performance of reporting banks and the industry as a whole. The reports are also used by the FDIC to calculate banks' deposit insurance assessments.

Current Actions: The new items that would be added to the Call Report are necessary to enhance the supervisory process for monitoring regulatory capital ratios, liquidity ratios, sales of assets, off-balance sheet derivative contracts, and managed credit card receivables. A number of items would be consolidated or deleted.

Type of Review: Revisitation.

The proposed revisions to the Consolidated Reports of Condition and Income (Call Report) that are the subject of this notice have been approved by the FFIEC for implementation as of the March 31, 1996, report date. The proposed changes affect several existing Call Report schedules. Unless otherwise indicated, the Call Report changes apply to all four sets of report forms (FFIEC 031, 032, 033, and 034). Nonetheless, as is customary for Call Report changes, banks are advised that, for the March 31, 1996, report date, reasonable estimates may be provided for any new or revised item for which the requested information is not readily available.

On August 2, 1995, the agencies jointly published for a 60-day public

comment period a proposed Supervisory Policy Statement Concerning A Supervisory Framework for Measuring and Assessing Banks' Interest Rate Risk Exposure (60 FR 39495, August 2, 1995). That proposal included proposed Call Report schedules and draft instructions that would be implemented beginning with the March 31, 1996, report date, except by small banks that meet certain exemption criteria. Because comments were invited regarding the proposed Call Report interest rate risk reporting requirements and their paperwork implications, the proposed interest rate risk schedules are not covered by this notice.

The proposed revisions are summarized as follows:

Deletions and Reductions in Detail

The level of detail would be reduced in two areas for banks that file the FFIEC 031, 032, and 033 report forms (i.e., banks with \$100 million or more in assets or with foreign offices). (Smaller banks that file the FFIEC 034 report forms do not provide these detailed data.) First, the breakdown of nontransaction accounts by type of depositor in the deposit schedule (Schedule RC-E) would contain fewer categories. The separate items for nontransaction accounts of "U.S. branches and agencies of foreign banks" and "Other commercial banks in the U.S." would be combined into a single item. Similarly, the separate items for nontransaction accounts of "Foreign branches of other U.S. banks" and "Other banks in foreign countries" would be combined.

Second, a single income statement item for trading revenue would replace the separate items for foreign exchange trading gains (losses) and other trading gains (losses). The memorandum items providing a four-way breakdown of trading revenue by risk exposure (interest rate, foreign exchange, equity, and commodity and other), which were added in March 1995, would continue to be collected. The sum of the memorandum items would equal the new single income statement item.

Call Report items in the four following areas would be deleted:

(1) Memorandum items for total deposits, total demand deposits, and total time and savings deposits (in domestic offices) that have been collected in the deposit schedule for deposit insurance assessment purposes (Schedule RC-E, Memorandum items 4, 4.a, and 4.b).

(2) A deposit schedule memorandum item for total deposits (in domestic offices) denominated in foreign

currencies (Schedule RC-E, Memorandum item 1.d).

(3) An income statement memorandum item for foreign tax credits (Schedule RI, Memorandum item 3). (This item has been completed only by banks that file the FFIEC 031, 032, and 033 report forms, i.e., banks with \$100 million or more in assets or with foreign offices.)

(4) An income statement memorandum item for the taxable equivalent adjustment to pretax income (Schedule RI, Memorandum item 4). (This item has been applicable only to banks with foreign offices and \$1 billion or more in assets that file the FFIEC 031 report forms.)

New Items

Call Report items in the following areas would be added:

(1) Capital and Asset Amounts Used in Calculating Regulatory Capital Ratios

At present, the Call Report includes a variety of items in several schedules which the agencies use to calculate the leverage and risk-based capital ratios for individual banks. However, a comparison of the agencies' regulatory capital standards to the information currently reported in the Call Report reveals that the Call Report does not collect all of the information that the agencies need to calculate each bank's Tier 1, Tier 2, and total capital in strict accordance with the definitions in the agencies' capital standards. Nevertheless, according to informal input received from bankers, banks routinely calculate their regulatory capital ratios at least quarterly for internal management purposes.

Thus, rather than introducing new Call Report items for specific elements of the regulatory capital ratio calculations that are not currently reported so that further refinements can be made to the banking agencies' formulas for calculating capital ratios, banks would begin to report the end results of their own internal regulatory capital analyses. Six new items would cover Tier 1 capital, Tier 2 capital, total risk-based capital, total risk-weighted assets (the denominator of the risk-based capital ratio, i.e., net of deductions), the excess amount of the allowance for loan and lease losses (if any), and "average total assets" (the denominator of the leverage capital ratio, i.e., net of deductions).

Banks would not be required to go to greater lengths to identify and determine the amounts to be reported in the six new capital-related items than they are currently doing when they calculate their capital ratios for internal

management purposes. Beginning to collect the six regulatory capital items in 1996 may provide a basis for eliminating at a later date some items now reported in the Call Report solely for risk-based capital calculation purposes. To assist banks in accurately reporting these capital items, an optional regulatory capital worksheet would be developed, provided regularly to banks, and updated as necessary.

In addition, the agencies understand that bankers and other interested parties have found it difficult and time-consuming to calculate the regulatory capital ratios for other banks using existing Call Report data. Consequently, the addition of these six items should simplify bankers' calculations of other banks' capital ratios as well as calculations made by other public users of bank Call Reports.

(2) Short-Term Liabilities and Assets

The staffs of the agencies plan to revise the liquidity ratios in the Uniform Bank Performance Report (UBPR) to focus on short-term and total non-core liabilities (instead of so-called "volatile liabilities") as well as short-term assets and liabilities. As a result, changes would be made to the reporting of maturity and repricing data for certain categories of liabilities and assets.

Accordingly, the following changes would be implemented:

(a) Other borrowed money—On the Call Report balance sheet, the two-way breakdown of "Other borrowed money" based on the original maturity of the borrowing would be changed to a two-way breakdown based on remaining maturity (Schedule RC, item 16).

(b) Time deposits—A number of changes would be made in the reporting of these data.

First, the maturity and repricing data for open-account time deposits of \$100,000 or more, which are currently included with the maturity and repricing data for time deposits of less than \$100,000 (in Schedule RC-E, Memorandum item 5), would be switched so that these data are included with the maturity and repricing data for time certificates of deposit of \$100,000 or more (in Schedule RC-E, Memorandum item 6). (Schedule RC-E, Memorandum items 5 and 6 are not applicable to FDIC-supervised savings banks that must complete the Call Report's supplemental Schedule RC-J.)

Second, the maturity and repricing data for fixed rate and floating rate time deposits of less than \$100,000, which are currently reported on a combined basis (in Schedule RC-E, Memorandum item 5), would be split so that the remaining maturity of fixed rate time

deposits of less than \$100,000 would be reported separately from the repricing frequency of floating rate time deposits of less than \$100,000. A new time interval would also be added for these time deposits. Fixed rate time deposits less than \$100,000 would contain a maturity category of over 12 months and floating rate time deposits of less than \$100,000 would include a repricing interval of less frequently than annually. (Schedule RC-E, Memorandum item 5 is not applicable to FDIC-supervised savings banks that must complete the Call Report's supplemental Schedule RC-J.)

Third, two new Memorandum items would be collected in the deposit schedule for floating rate time deposits of \$100,000 or more with a remaining maturity of one year or less and for floating rate time deposits of less than \$100,000 with a remaining maturity of one year or less. These items would be collected from commercial banks. For FDIC-supervised savings banks, two new Memorandum items would be collected in supplemental Schedule RC-J for time deposits of \$100,000 or more with a remaining maturity of one year or less and for time deposits of less than \$100,000 with a remaining maturity of one year or less.

(c) Brokered deposits and deposits in foreign offices—New Memorandum items would be created for (i) Brokered deposits issued in denominations of less than \$100,000 with a remaining maturity of one year or less, (ii) brokered deposits issued in denominations of \$100,000 or more with a remaining maturity of one year or less, and (iii) for banks that file the FFIEC 031 version of the Call Report, time deposits in foreign offices with a remaining maturity of one year or less.

(d) Loans—For commercial banks, a single Memorandum item for floating rate loans with a remaining maturity of one year or less would be added to the loan schedule (Schedule RC-C). For FDIC-supervised savings banks, a single Memorandum item for loans with a remaining maturity of one year or less would be added to supplemental Schedule RC-J.

(e) Debt securities—For FDIC-supervised savings banks, a single Memorandum item for debt securities with a remaining maturity of one year or less would be added to supplemental Schedule RC-J. Savings banks would begin to complete this new item instead of an existing Memorandum item in the securities schedule on floating rate debt securities with a remaining maturity of one year or less (Schedule RC-B, Memorandum item 6). Commercial banks would continue to complete

existing Memorandum item 6 in Schedule RC-B. In the new Memorandum item for savings banks, held-to-maturity securities would be reported at amortized cost and available-for-sale securities would be reported at fair value, consistent with the method of reporting these two categories of securities in the Schedule RC-B Memorandum item.

(3) Small Business Obligations Sold With Recourse

The agencies have issued rules to implement section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994. (For OCC: 60 FR 47455, September 13, 1995. For Board: 60 FR 45612, August 31, 1995. For FDIC: 60 FR 45606, August 31, 1995.) Section 208 provides that a qualifying insured depository institution that sells small business loans and leases on personal property with recourse is required to include only the amount of retained recourse in its risk-weighted assets when calculating its risk-based capital ratios, provided certain conditions are met. Section 208 also states that qualifying institutions should report these transactions in accordance with generally accepted accounting principles (GAAP) in the Call Report.

To be a qualifying institution, a bank must be well capitalized based on capital ratio calculations made without regard to the preferential capital treatment that Section 208 authorizes for these transactions. In addition, in general, for purposes of determining a bank's capital category under the prompt corrective action rules, the capital ratio calculations must be made without regard to the preferential Section 208 treatment.

The Call Report instructions for "sales of assets" will be revised to incorporate the GAAP reporting treatment for sales of small business obligations with recourse by qualifying institutions. Additionally, to enable the agencies to determine the capital ratios of institutions that have engaged in transactions covered by Section 208 on the "without regard to" basis mentioned above, Call Report items would be added for (i) the outstanding amount of small business obligations sold with recourse and (ii) the amount of retained recourse on such obligations.

(4) Credit Losses on Off-Balance Sheet Derivative Contracts

Banks that file the FFIEC 031 and 032 report forms (i.e., banks with \$300 million or more in assets or with foreign offices) began to report information about past due derivatives in the Call

Report in 1994. However, some banks have incurred credit losses on their derivative contracts, but the agencies cannot track these losses for individual institutions or for the industry as a whole. Therefore, a new item would be added in which those banks that are required to report past due derivative data would also report their year-to-date credit losses on derivatives.

On a related matter, the Call Report instructions for reporting amounts associated with derivatives that are past due 90 days or more would be revised so that banks would begin to also include information about derivatives that, while not technically past due, are with counterparties that are not expected to pay the full amounts owed to the institution under the derivative contracts.

(5) Change in Frequency of Reporting on Securitized Credit Card Receivables

In order to evaluate the financial performance of credit card banks and other banks with credit card operations that have securitized and sold credit card receivables, the volume of receivables on all of the credit card accounts managed or serviced by a bank, both on and off of the books, must be known. Banks that file the FFIEC 031 and 032 report forms (i.e., banks with \$300 million or more in assets or with foreign offices) report annually as of September 30 the outstanding amount of "Credit cards and related plans" that have been securitized and sold without recourse with servicing retained. In contrast, these banks report the amount of "Credit cards and related plans" on their books each quarter. Given the growth in the volume of bank credit card securitizations, these banks would begin to report the outstanding amount of securitized credit card receivables that they service on a quarterly rather than annual basis.

Instructional Changes

The following changes, which may affect how some banks report certain information in the Call Report, would be made to the instructions.

(1) Reporting of low level recourse for risk-based capital purposes—The three banking agencies amended their risk-based capital standards earlier this year to incorporate the low level recourse rule. (For OCC: 60 FR 17986, April 10, 1995. For Board: 60 FR 8177, February 13, 1995. For FDIC: 60 FR 15858, March 28, 1995.) Under this rule, when a bank has transferred assets with recourse, the amount of risk-based capital that must be maintained is limited to the bank's maximum contractual exposure under the recourse agreement if this is less

than the amount of capital that would have to be held against the outstanding amount of the transferred assets.

In the Call Report materials distributed to banks for the first three quarters of this year, interim guidance has been provided on how low level recourse transactions should be reported in the risk-based capital schedule (Schedule RC-R). Under this interim guidance, a bank's maximum contractual exposure in a low level recourse transaction is multiplied by a factor that is a function of the risk weight category applicable to the transferred assets. The resulting amount is then reported in the Schedule RC-R item for the applicable risk weight and would thereby be included in the bank's risk-weighted assets. This interim guidance would now be formally incorporated into the Call Report instructions.

(2) Reporting of quarterly averages in a quarter when push down accounting has been applied—The instructions for the quarterly average calculations in Schedule RC-K would be clarified to indicate that banks acquired in push down transactions should calculate quarterly averages using only amounts for the days since the acquisition in the numerator and the number of days since the acquisition in the denominator.

(3) Instructions for Schedule RC-R, item 8, "On-balance sheet asset values excluded from the calculation of the risk-based capital ratio"—Schedule RC-R, item 8, includes any positive fair values carried on the balance sheet for interest rate, foreign exchange, equity derivative, and commodity and other contracts that are treated as off-balance sheet instruments for risk-based capital purposes. Because the fair values of such contracts, if positive, are included in the calculation of their credit equivalent amounts for risk-based capital purposes, the reporting of these amounts in item 8 ensures that they are not "double counted" when the agencies calculate a bank's risk-weighted assets.

In contrast, the existing instructions indicate that accrued receivables associated with off-balance sheet derivative contracts are to be excluded from item 8 and assigned to the appropriate risk weight category in the same manner as other on-balance sheet items. However, consistent with GAAP, institutions may include accrued receivables related to derivative contracts in the fair value of such contracts. Thus, the instructions would be revised to permit institutions to report accrued receivables in item 8 when these amounts are included in a

bank's credit equivalent amount calculations.

(4) Other—Instructions for mortgage servicing rights and trading accounts would be revised to bring them into conformity with GAAP. Clarifications or other conforming changes would also be made to several other instructions.

Request for Comment

Comments submitted in response to this Notice will be shared among the agencies and will be summarized or included in the agencies' requests for OMB approval. All comments will become a matter of public record. Written comments should address the accuracy of the burden estimates and ways to minimize burden including the use of automated collection techniques or the use of other forms of information technology as well as other relevant aspects of the information collection request.

Dated: November 8, 1995.

James F.E. Gillespie,
Director, Legislative and Regulatory Activities
Division, Office of the Comptroller of the
Currency.

Board of Governors of the Federal Reserve
System, November 7, 1995.

William W. Wiles,
Secretary of the Board.

Dated at Washington, DC, this 9th day of
November 1995.

Federal Deposit Insurance Corporation.

Jerry L. Langley,
Executive Secretary.

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