**FEDERAL RESERVE BANK
OF NEW YORK**

AT-10728(a)
August 18, 1994

POSTPONEMENT OF CERTAIN BANK REGULATORY REPORTING REQUIREMENTS

New Implementation Date -- March 31, 1995

*To All State Member Banks
in the Second Federal Reserve District:*

Printed on the following pages is a statement issued by the Federal Financial Institutions Examination Council (FFIEC) that announces the postponement of certain bank regulatory reporting requirements proposed for the September 30, 1994, Reports of Condition and Income (Call Report) to the March 31, 1995, reports. The FFIEC is deferring the disclosure of additional information about off-balance-sheet derivative financial instruments in response to information received during the public comment period; the FFIEC's request for comment appeared in the *Federal Register* of March 9.

Questions regarding this matter may be directed to Elaine D. Mauriello, Assistant Vice President, Statistics Function (Tel. No. 212-720-5722).

William J. McDonough,
President.

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Federal Financial Institutions **Examination Council**

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Press Release

For immediate release August 8, 1994

The Examination Council announced today that it is deferring the implementation of certain bank regulatory reporting requirements proposed for the September 30, 1994, Reports of Condition and Income (Call Report) to the March 31, 1995, reports. The proposal addresses the disclosure of additional information about off-balance-sheet derivative financial instruments. The Examination Council is deferring implementation in response to information received during the public comment period. The deferral will reduce the reporting burden on banks and allow them to make systems changes to support new reporting requirements in a more orderly, less costly fashion.

The Examination Council published a request for comment on its proposed additional reporting requirements for derivatives on March 9, 1994. The information proposed to be collected in the Call Report from all banks beginning September 30, 1994, involves further breakdowns of notional contract amounts by instrument type (i.e., swaps, options, forwards, and futures), by risk exposure underlying the contract (i.e., interest rate, foreign exchange, equities, and commodities), and by whether the contract is traded on an exchange or over the counter. Under the proposal, banks with total assets of $100 million or more would be required to separately disclose the gross replacement cost of contracts that are marked to market and contracts accounted for under some other basis of accounting. These data also would be broken down according to underlying risk exposures. These larger banks also would report the net credit exposure under all contracts after taking into consideration enforceable bilateral netting arrangements. In addition, the Examination Council proposed to collect certain income-related data on derivatives from larger banks beginning March 31, 1995. The comment period for the Examination Council's proposal closed on May 9, 1994, and thirty-nine letters were received.

On April 15, 1994, the Financial Accounting Standards Board (FASB) published a proposed accounting standard on disclosures about derivative financial instruments. If adopted as an accounting standard, the FASB's proposal would apply to the 1994 calendar year financial statements issued by larger institutions.

In their comments on the Examination Council's proposal, many institutions suggested greater consistency between the Examination Council's and the FASB's final disclosure requirements. They noted that the requested data is available through the examination process and questioned the need to make an exception to the Examination Council's general policy of making changes to the Call Report only once a year. The Examination Council was persuaded that, in this instance, the need for additional data to be gathered on an industry-wide basis as of September 30, 1994, was outweighed by the cost and other burdens that would be imposed by requiring Call Report changes before March 31, 1995. The Examination Council also was persuaded that implementation would be less costly and burdensome to banks if all changes related to derivatives were made at the same time.

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In addition, the Examination Council noted that the deferred effective date will provide sufficient time to more closely coordinate its disclosure efforts with the FASB. Implementation of these Call Report changes as of March 31, 1995, will provide adequate lead time to reporting banks to implement the new reporting requirements, thereby reducing the cost and reporting burden that would be imposed on the industry.

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