

## Data demands continue with revisions to the FR Y-14 and proposed changes to the Call Report

The federal banking agencies<sup>1</sup> continue to identify new data needs to monitor the risks posed by the COVID-19 pandemic to the financial services industry and broader economy. This regulatory approach includes requiring data on a more frequent basis to better understand the impact of the relevant government programs and the rules that have been implemented to mitigate the effects of the pandemic.

To do so, the Board of Governors of the Federal Reserve System (FRB) requested comment on temporary revisions to the Capital Assessment and Stress Testing Reports (FR Y-14A/Q/M) that are effective for reporting in 2020.<sup>2</sup> Separately, the Federal Financial Institutions Examination Council (FFIEC) issued comment for changes to the FFIEC Report Forms and Call Reports (FFIEC 002/031/041/101) that impact reporting in 2020 and 2021.<sup>3</sup> Both reports include COVID-19 related changes that are needed due to US Generally Accepted Accounting Principles (GAAP). The FRB also issued a set of Frequently Asked Questions (FAQs) for the Banking Organization Systemic Risk Report (FR Y-15).<sup>4</sup> These changes are illustrative of the regulatory trend of collecting more high frequency and more granular data for better managing risks.

### FR Y-14 Changes<sup>5</sup>

The revisions to the FR Y-14 reports include temporary changes for understanding the impact of COVID-19 and permanent changes related to accounting and regulatory capital changes. The temporary changes FR Y-14 that are being implemented through the emergency

clearance process include:

- Increasing the frequency of Schedule H (Wholesale Loans) of the FR Y-14Q from quarterly to monthly for those firms that are Category I, Category II, or Category III under the FRB Tailoring Rule<sup>6</sup>;
- Additional forbearance and loss mitigation data to the FR Y-14; and,
- Additional reporting for Paycheck Protection Program (PPP) loans, the Main Street Lending Program (MLSP), and new FRB facilities.

These changes are set to expire after the December 31, 2020 reporting period, unless the FRB determines there is a need to extend these data items and collections further.

### FR Y-14Q Changes to Monthly Data

The collection of selected FR Y-14Q data on a monthly frequency will complement the Emerging Risk information the FRB is collecting using the terms of the data elements collected and the number of firms supplying data. To address concerns in the Federal Register Notice and other industry forums, there will be no Chief Financial Officer (CFO) attestation required for non-quarter end months or any of the temporary items. The first monthly report is as of July 31, 2020. A more permanent impact of the change to the FR Y-14 is

that the FRB will can now change the frequency of data collection as needed (similar to how Complex Institution Liquidity Monitoring (FR 2052a) works for monthly submitters). It is also a reminder of the regulatory trend to collect more high frequency and more granular data.

As a result, firms should consider establishing and maintaining the process, data, and infrastructure capabilities in place for change in frequency of reporting with the same level of quality and controls as used for the quarterly and annual submissions. To do so, firms should consider following the practice of migrating from a report-specific focus to a product focus, which may enable the use of standard data across reports. The data standardization that occurs with a product-based approach allows for the effective use of authorized data sources and makes data lineage a more manageable task. Firms should keep in mind that short implementation and submission timeframes require high data quality at the source along with an agile response.

To date, industry comment on the proposals have focused on concerns with the monthly FR Y-14 Q data collections including, data availability, ability to perform an appropriate level of data validation, cost of implementing temporary data requirements, and the burden of resolving FRB edit checks. There is also substantive industry comment on the temporary data items and definitions.

### **Loss Mitigation Data**

The FRB added data to the FR Y-14 reports to capture loss mitigation programs. The FRB defines loss mitigation for the FR Y-14 as:

“...any program that eases the credit terms to a borrower for purposes of mitigating loan losses. Examples of loss mitigation programs include the deferral of interest or principal, forbearance programs, repayment plans, or modifications. Please include loss mitigation and forbearance measures that were a result of the effects of COVID-19 and not classified as troubled debt restructurings (TDRs) under Section 4013 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act or the April 7, 2020 ‘Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised).’”<sup>7</sup>

The following data attributes were added to the FR Y-14Q and FR Y-14M to capture data on loss mitigation and forbearance programs:

- **FR Y-14Q, Schedule A (Retail)**
  - Added the “\$ Loss mitigation and forbearance” variable to the following six retail schedules
    - Schedule A.1 (International Auto Loan)
    - Schedule A.3 (International Credit Card)
    - Schedule A.4 (International Home Equity)

- Schedule A.5 (International First Lien Mortgage)
- Schedule A.6 (International Other Consumer Schedule)
- Schedule A.7 (US Other Consumer)
- Revised the following three retail schedules already collecting this type of data to make these schedules consistent with changes described above
  - Schedule A.2 (US Auto Loan)
  - Schedule A.8 (International Small Business)
  - Schedule A.9 (US Small Business)

- **FR Y-14Q, Schedule H (Wholesale)**
  - Added a “Modifications Flag” item to Schedules H.1 (Corporate) and H.2 (Commercial Real Estate) to capture information on loans in loss mitigation or forbearance programs because of the COVID-19 pandemic
- **FR Y-14Q, Schedule J (Retail Fair Value Option/Held for Sale (FVO/HFS))**
  - Added a Loss Mitigation column (Column J) to Schedule J to capture information on FVO/HFS loans in loss mitigation programs
- **FR Y-14M, Schedule B (Home Equity)**
  - Added an option for forbearance plans to the “Workout Type Completed” variable on Schedule B

### **Other Temporary Items Added to the FR Y-14**

Data concerning the Payment Protection Plan (PPP) loans, the Main Street Loan Program (MSLP), and the additional FRB facilities were also added to the FR Y-14 as follows:

#### **PPP Loans**

##### **FR Y-14Q, Schedule A (Retail)**

- Added a new variable “\$ Under federally guaranteed programs” to Schedule A.9 (US Small Business)

##### **FR Y-14Q, Schedule H (Wholesale)**

- Revised the instructions to exclude PPP loans from this schedule

##### **FR Y-14Q, Schedule M (Balances)**

- Added “PPP loans,” to Schedule M.1 (Quarter-end Balances), to capture the balance of PPP loans, which is consistent with the FR Y-9C reporting

- Revised the instructions for “Graded C&I loans” (Item 2.a) and, “Small business loans” (2.b) to exclude PPP loans

#### **MSLP**

##### **FR Y-14Q, Schedule A (Retail)**

- Added the following items FR Y-14Q, Schedule A.9:
  - “Main Street New Loan Facility (MSNLF)”
  - “Main Street Priority Loan Facility (MSPLF)”
  - “Main Street Expanded Loan Facility (MSELF)”



#### FR Y-14Q, Schedule H (Wholesale)

- Added an “Extended Facility ID” item to Schedules H.1 and H.2
- Added following options to the “Credit Facility Purpose” item on Schedule H.1 (item 25) and the “Loan Purpose” item (item 22) on Schedule H.2 to capture information on MSLP loans.
  - “MSLP New Loan Facility
  - “MSLP Expanded Loan Facility”
  - “MSLP Priority Loan Facility”

#### FR Y-14Q, Schedule K (Supplemental)

- To capture MSLP loans that are not reported on FR Y-14Q, Schedules A and H, added three columns were added to Schedule K:
  - “MSLP New Loan Facility loans under \$1 million in committed balance”
  - “MSLP Expanded Loan Facility loans under \$1 million in committed balance,”
  - “MSLP Priority Loan Facility loans under \$1 million in committed balance.”
- Revised the instructions for column D, “Outstanding Balance of Commercial Real Estate (CRE) and Corporate loans under \$1 million in committed balance” to exclude MSLP loan balances.

#### FRB Facilities

##### FR Y-14Q, Schedule B (Securities)

- Added an item “COVID-19 facility” to Schedule B.1 (Main Schedule) to capture securities that have been pledged under a Federal Reserve facility that supports the flow of credit during the COVID-19 pandemic (e.g., Money Market Mutual Fund Liquidity Facility)

##### FR Y-14Q, Schedule F (Trading)

- Created a new submission types for Schedule F to capture information on trading assets that have been pledged to FRB lending facilities

#### Permanent Changes Proposed

Changes were also included the notice to implement recent rules related to regulatory capital. To reflect the Current Expected Credit Loss (CECL) transition

provision as modified by Interim Final Rule (IFR)<sup>8</sup>, and the CARES Act<sup>9</sup>, instructions to the Supplemental Collection of CECL Information schedule of the FR Y-14A was revised as follows:

- Require the schedule reported one time by firms
- Provided clarification that firms that adopt CECL in the second through fourth quarters of a given year would submit actual data in the reporting year (e.g., if a firm adopts CECL in September of 2020, then it would report actual data for the December 31, 2020, FR Y-14A submission)

Changes to the Capital Schedule was proposed FR Y-14A, Schedule A.1.d (Capital) to Allow the Global Market Shock impact to be reported in FR Y-14A, Schedule A.1.d (Capital) “Permitted offsetting short positions in relation to the specific gross holdings included above” (item 68) Also, and item was added “Aggregate non-significant investments in the capital of unconsolidated financial institutions in the form of common” (item 64.b) to this schedule.

#### Call Report Changes 2020 and 2021

The FFIEC issued comments revisions to the Call Report (FFIEC 0031/041/51), Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101), and the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002).<sup>10</sup> The changes include the public comment period for the revisions made already through the “emergency clearance” process to implement Interim IFRs, changes to regulations, and for reporting of Section 4013 of the CARES Act.

The changes covered by the Federal Register Notice include:

- Regulation-Related Items
  - Definition of Eligible Retained Income, Money Market Mutual Fund Liquidity Facility, 5-Year 2020 CECL Transition Provision, Community Bank Leverage

Ratio, PPP Loans and Liquidity Facility, Board Regulation D Amendments for Savings Deposits, Loans to Executive Officers, Directors, and Principal Shareholders, and Temporary Exclusions from the Supplementary Leverage Ratio

- Revisions Related to Section 4013 of the CARES Act
- Revisions Related to U.S. GAAP
  - Provisions for Credit Losses on Off Balance-Sheet Credit Exposures, Expected Recoveries of Amounts Previously Charged Off Included within the Allowances for Credit Losses, Nonaccrual Treatment of Purchased Credit-Deteriorated Assets, and Last-of-Layer Hedging
- Revisions Related to International Remittance Transfers

As outlined in the [New Regulatory Report Changes for 2020 – COVID-19 Data Needs and other Bank Regulatory Changes](#),<sup>11</sup> the FFIEC revised several reports to implement the data needed as a result of IFRs and a recent Federal Deposit Insurance Corporation (FDIC) proposed rule. All of these rules were issued to mitigate the economic effect caused by COVID-19. This results in new items being added to the Call Report and FFIEC 002. Instructional changes are also being made to these reports and the FFIEC 101 to address rule changes on the leverage ratio, the supplemental leverage ratio (SLR), risk weighted assets (RWA), and deposit insurance assessments. Definitional changes have also been included in the Call Report for saving deposits and loans to executive officers.

One change since these revisions were made is a proposed change to definition of savings deposits. The IFRs for Regulation D allowed banks the option to choose to report certain deposit accounts as either savings deposits or a transactions account, if certain criteria were met. The FFIEC is now proposing that banks determine the classification of deposits where third party transfers are not enforced as follows:

- If the reporting institution does not retain the reservation of right to require at least seven days' written notice before an intended withdrawal, the account must be reported as a demand deposit
- If the reporting institution retains the reservation of right to require at least seven days' written notice before an intended withdrawal and the depositor is eligible to hold a NOW account, the account must be reported as an Automatic Transfer Service (ATS) account, NOW account, or a telephone and preauthorized transfer account (and as a "transaction account")
- If the reporting institution retains the reservation of right to require at least seven days' written notice before an intended withdrawal and the depositor is ineligible to hold a NOW account, the account must be reported as a savings deposit

### **Revisions Related to Accounting Changes**

The FFIEC proposed new items to adopt recent changes to U.S. GAAP related to loans accounting. For banks that have adopted CECL, the banking agencies have proposed to change the reporting of provisions for credit losses related to off balance credit exposures from "Other Non-Interest Expense" to "Provisions for Credit Losses" (Schedule RI, Item 4). The same reporting treatment would also apply to "Income from Foreign Offices" (Schedule RI-D). In order to understand the components of provision for credit losses, a new item to disclose the amount of provisions for off balance sheet credit exposures will be reported in Schedule RI, Part II.

Prior to the Financial Accounting Standards Board's (FASB) issuance of Accounting Standards Update (ASU) 2016-13<sup>12</sup>, recoveries were only recorded and reported when received. With the adoption of ASU 2016, estimates of expected recoveries can reduce the amount of Allowance for Credit Losses (ACL). Therefore, a new item had been proposed for Schedule RI-B (Changes in Allowance for Credit Losses) "Estimated Amount of Expected Recoveries Previously Written Off and Included in ACL).

Also related to the adoption of ASU 2016-13 are changes to the instructions for reporting on nonaccrual status of Purchased Credit Deteriorated (PCD) assets have been proposed. That is, the instructions will be revised to state that once ASU 2016-13 is adopted, PCD assets that are not reported in nonaccrual status when purchased. The payment status should be determined by contractual terms for reporting these assets in Schedule RC-N (Past Due and Nonperforming Assets).

The FASB also under its hedge accounting project proposed a "last of layer" method for hedge accounting. When the standard becomes effective, a "fair value hedge basis adjustment" (FVHBA) will be created which will be reported in unearned income. Therefore, for loans the amount of the FVHBA will be reported in "Unearned income" on Schedule C (Loans) and for available-for-sale (AFS) securities Item 7, Column C (Investments in Mutual Funds and Other Equity Securities with Determinable Fair Values) will be replaced by "Unallocated Last of Layer FVHBA". The FFIEC will also adopt this reporting for the FFIEC 002 by revising the instructions for Schedule C (Loans), "Unearned Income" (item 10) for loans and Schedule RAL (Balance Sheet) "Amortized Cost of AFS" (Memo Item 3.b) for securities.

### **International Remittance Transfer Data**

The Dodd-Frank Wall Street Reform and Consumer Protection Act required information on International Remittance Transfers to be collected.<sup>13</sup> These data have been collected on Schedule M (Memorandum Schedule) since 2014. The Consumer Financial Protection Bureau (CFPB) implemented a revised rule concerning

these transfers. During the rulemaking process the CFPB identified the need for changes to these data. Therefore, the FFIEC is revising data reported on Schedule RC-M item 16 to the following format:

- Estimated number of International Remittance Transfers for the Calendar Year (item 16.a)
- Estimated Dollar Value of International Remittance Transfers (item 16.b(1))
- Estimated Number of International Remittance Transfers Where the Permeant Exchange Rate Exception is Applied (item 16.b(2))
- Estimated Number of International Remittance Transfers Where the Third-Party Exception is Applied (item 16.b(3))

These exceptions are outlined the CFPB 2020 final rule. Data for item 16.b are only reported if the amount in 16.a exceeds 1501.

**Effective Dates**

The effective dates of these changes span 2020 and 2021:

Topic	Effective date(s)
CARES Act, Rule Changes and IFRs	All in effect no later than September 2020 (most have been implemented with March 2020 and June 2020 Reports)
Definition of Savings Deposits	March 2021
Accounting Changes	March 2021 (however, hedging rule has not been finalized, will be effective with the FASB effective date)
International Remittance Service	March 2021

**FR Y-15 FAQs**

The FRB published several FAQs on FR Y-15 reporting. The FAQs are available in SR 20-2 that covers FAQs on the Federal Reserve Tailoring rules.<sup>14</sup> Questions covered in the FAQs include:

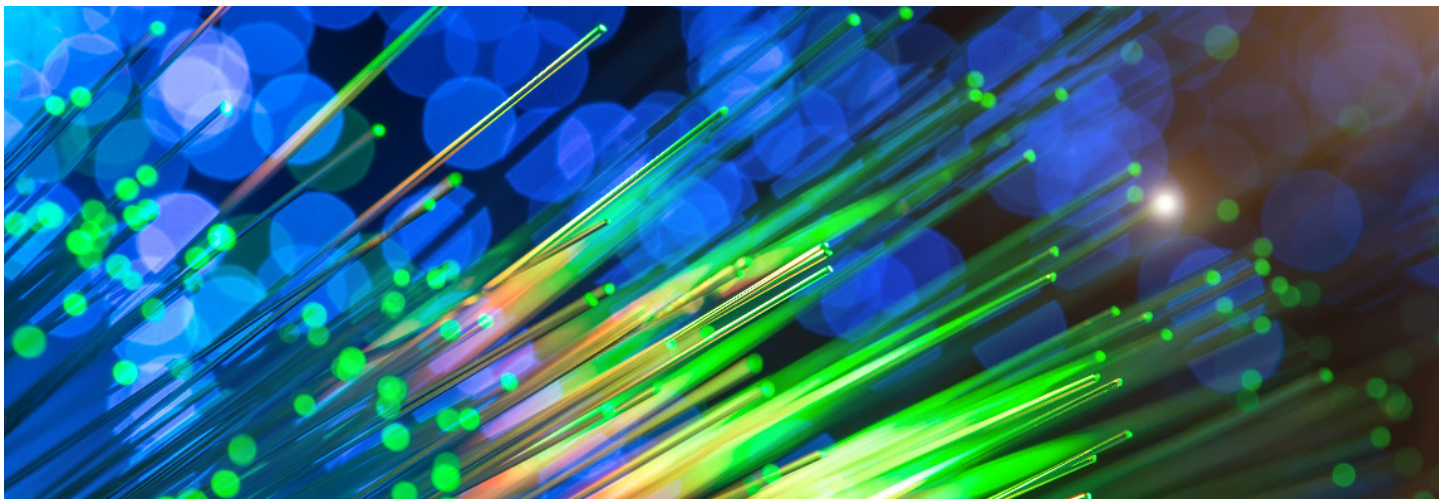
- Calculating quarterly average for first time FR Y-15 reporters
- Determining to using monthly or daily data for calculating the short-term wholesale funding
- Reporting of inter-company transactions
- Determining the scope of combined U.S. operations
- Reporting collateral adjustments for secured financing transactions

Most of these questions were targeted to Foreign Banking Organizations (FBOs) who will begin filing the FR Y 15 for their combined U.S. operations with June 2020 as of date. The FAQs can be found at <https://www.federalreserve.gov/supervisionreg/srletters/SR2002.htm>

**What's Next?**

As the economic impact of the pandemic continues to unfold, it is likely that other data will be needed, requiring other report changes with increased reporting frequency. For reports that have shifted to higher frequency data collection and analysis, firms should focus their efforts on making these activities become sustainable processes since it remains unclear how long the increased data and frequency will be needed.

For more information about the journey to more advanced regulatory reporting, please visit our page on regulatory reporting requirements and implement leading regulatory reporting practices [here](#).<sup>15</sup>



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## Endnotes

1. US banking regulators include the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Consumer Financial Protection Bureau (CFPB), which, together, make recommendations to promote uniformity in the supervision of financial institutions. These US banking regulators comprise the Federal Financial Institutions Examination Council (FFIEC) as referred to throughout the document.
2. FRB, "Instructions for the Capital Assessments and Stress Testing information collection (Reporting Form FR Y-14Q)," accessed September 7, 2020.
3. FDIC, "Proposed Revisions to the Consolidated Reports of Condition and Income (Call Report) and the FFIEC 101 Report," accessed September 7, 2020.
4. FRB, "SR 20-2: Frequently Asked Questions on the Tailoring Rules," accessed September 7, 2020.
5. FRB, "Instructions for the Capital Assessments and Stress Testing information collection (Reporting Form FR Y-14Q)," accessed September 7, 2020.
6. FRB, "Federal Reserve Board finalizes rules that tailor its regulations for domestic and foreign banks to more closely match their risk profiles," accessed September 7, 2020.
7. FRB, "Instructions for the Capital Assessments and Stress Testing information collection (Reporting Form FR Y-14Q)," accessed September 7, 2020.
8. FRB, FDIC, OCC, "Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances," accessed September 7, 2020.
9. US Government Publishing Office, "Coronavirus Aid, Relief, and Economic Security Act," accessed September 7, 2020.
10. FDIC, "Proposed Revisions to the Consolidated Reports of Condition and Income (Call Report) and the FFIEC 101 Report," accessed September 7, 2020.
11. Deloitte, "New Regulatory Report Changes for 2020 – COVID-19 Data Needs and other Bank Regulatory Changes," accessed September 7, 2020.
12. Financial Accounting Standards Board (FASB), "Financial Instruments — Credit Losses (Topic 326) No. 2016-13 June 2016: Measurement of Credit Losses on Financial Instruments," accessed September 7, 2020.
13. US Congress, "H.R.4173 - Dodd-Frank Wall Street Reform and Consumer Protection Act," accessed September 7, 2020.
14. FRB, "SR 20-2: Frequently Asked Questions on the Tailoring Rules," accessed September 7, 2020.
15. Deloitte, "Banking regulatory reporting resources," accessed September 7, 2020.



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