



New regulatory reporting changes for 2020

COVID-19 data needs and other upcoming changes

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Introduction

To mitigate the economic effect of COVID-19, US banking regulators¹ have issued several interim final rules (IFRs). The implementation of these IFRs require revisions to several regulatory reports, as outlined below. Therefore, US banking regulators, through the Federal Financial Institution Examination Council (FFIEC),² have issued through emergency processes³ several report changes for the Call Reports⁴ (such as FFIEC 031 and 041), the Report of Assets and Liabilities of US Branches and Agencies of Foreign Banks (FFIEC 002),⁵ and the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101),⁶ effective as of June 30, 2020. Separately, the Federal Reserve has requested weekly data from a select number of US large bank holding companies (BHCs) to monitor emerging risks in the financial system.

Besides the COVID-19–related report changes, June 2020 reporting will include the first reporting of the Systemic Risk Report (FR Y-15)⁷ for combined US operations (CUSO) of foreign banking organizations (FBOs), as referenced in the Federal Reserve's FBO tailoring rules.⁸ The Federal Reserve has also proposed revisions to the Capital Assessment and Stress Testing Reports (FR Y-14A/Q/M) that would be effective beginning September 30, 2020.

June 2020 report changes related to COVID-19–related rulemaking

The FFIEC is revising several reports to implement the data needed as a result of IFRs and a recent FDIC proposed rule. These rules were issued to mitigate the economic effect caused by COVID-19. New items have been 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 been included in the Call Report for savings deposits and loans to executive officers.

New data items for June 2020

Starting with the June Call Report, new data items have been added to capture information on the Federal Reserve Lending Facilities,⁹ the Paycheck Protection Program (PPP),¹⁰ and loan modifications under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).¹¹

PPP loans

Four new data items have been added to the memorandum schedule (RC-M) of the Call Report to capture data on outstanding PPP loans and PPP loans pledged to the Federal Reserve Paycheck Protection Program Liquidity Facility (PPPLF).¹² These are:

- Total number of PPP loans (RC-M, Item 17.a)
- Total PPP loan balances (RC-M, Item 17.b)
- PPP loans pledged to the PPPLF (RC-M, 17.c)
- Average PPP loans pledged to the PPPLF (RC-M, Item 17.e) (Note: This item has also been added to the FFIEC 002)

Loan modifications

Two new items have been added to the loan schedule of the Call Report (RC-C) to capture data on loan modifications made under the CARES Act.¹³ No additional data has been made for other loan modifications or loans where institutions have provided forbearance. The new items include:

- Number of loans with modifications under Section 4013 of the CARES Act (Schedule RC-C, Memo Item 17.a)
- Outstanding balances of loan modification under Section 4013 of the CARES Act (Schedule RC-C 17.b)

These data items have also been added to the loan schedule (Schedule C) of the FFIEC 002 as memorandum items 5.a and 5.b. Virtually all data reported on the Call Report is public; however, given the sensitive nature of these two new items, they will be confidential and not released to the public.

Money Market Mutual Fund Liquidity Facility (MMLF) and regulatory capital

To mitigate the effect of participating in the MMLF,¹⁴ an IFR was issued to exclude assets purchased under the MMLF from the leverage ratio and RWA. Banks will disclose the amount of assets excluded from the leverage ratio calculations of the Call Report Schedule RC-M as follows:

- Amount of assets purchased under the MMLF reported in Schedule RC-R (RC-M, 18.a) of the Call Report
- Average amount of assets purchased under the MMLF excluded from leverage exposures (RC-M, 18.b)

These items would replace the encouraged disclosure to report this data in the narrative section of the Call Report. The quarterly average data will also be added to the memorandum schedule (RC-M) of the FFIEC 002.

FDIC deposit assessment

The FDIC issued a proposed rule that would mitigate the effect of participation in the PPP, PPPLF, and MMLF.¹⁵ In addition to the data described above, the FDIC needs data on the amount of borrowings from the PPPLF. Therefore, two new items are being added to RC-M:

- Borrowing from the PPPLF with a maturity of one year or less (RC-M , Item 17.d(1))
- Borrowing from the PPPLF with a maturity of more than one year (RC-M, Item 17.d(2))

Instructional and definitional revisions

Capital treatment for PPP loans

The IFRs to mitigate the effect of PPP loans on regulatory capital requires instructional revisions to the Call Report. Therefore, the regulatory capital schedule (RC-R) has been updated to reflect the IFR as follows:

- Including the quarterly average amount of PPP loans pledged to the PPPLF in Schedule RC-R, Part 1, Deductions from Assets for the Leverage Ratio Purposes (Item 29)
- Excluding PPP loans from total risk-based assets of advance approach banks (Schedule RC-R, Part 1, Item 48.b)
- Excluding PPP loans pledged to the PPPLF from Total Leverage Exposure (Schedule RC-R, Part 1, Item 55.a)

The FFIEC 101 has also been revised to reflect the IFR regulatory capital treatment of PPP loans by excluding PPP loans for advance approach banks, Total Risk-Weighted Assets (Schedule A, Item 60). Additionally, banks subject to the SLR will report PPP loans in Schedule A, Table 1, Item 17.c as a deduction from total leverage exposure.

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The Call Report and FR Y-9C¹⁶ (Consolidated Financial Statements of Holding Companies) instructions have also been updated to reflect the IFR that permits the exclusion of US Treasury securities and deposits at the Federal Reserve from the SLR.¹⁷ To do so, these assets are excluded from total leverage exposure and the SLR reported in Schedule RC-R, Part 1, Items 55.a and 55.b, respectively. The instructions for the FFIEC 101 have also been revised to exclude these assets from total leverage exposure reported in Schedule A, Table 1, Item 17.c.

Other instructional changes for June Call Reports

Other instructional changes include revisions to the definition of savings deposits related to the Federal Reserve no longer requiring the enforcement of third-party transfer limitations (see [Bank Regulatory Impact and Considerations Due to COVID-19](#)).¹⁸ Also, instructions for reporting loans to executive officers, directors, and principal shareholders on Schedule RC-M were revised to exclude PPP loans from Regulation O loans.

Firms should expect that the Federal Reserve will make the same changes as the Call Report to bank holding company reporting, including the FR Y-9C and FR Y-14.

Emerging risk data

The Federal Reserve has requested from select US bank holding companies to report select data weekly and monthly to monitor emerging risk in the financial systems from the economic impact of COVID-19. This data covers:

Weekly

- Retail exposures
- Wholesale exposures
- Trading exposures
- Counterparty exposures

Monthly

- Pre-provision net revenue and capital information
- Capital and economic variable information (Note: This data will be collected monthly)

The Federal Reserve is using a combination of definitions from the FR Y-14, FR Y-9C, FFIEC 101, FR Y-15, Market Risk Regulatory Report for Institutions Subject to the Market Risk Capital Rule (FFIEC 102), and Single-Counterparty Credit Limits report (FR 2590) and new definitions for this data. The credit data will include information on balances, originations, payment status, and credit ratings and scores. Trading data will provide information on risks and profit and loss information from trading activity. Counterparty data will capture data for legal entities and sectors largely following the FR Y-14 counterparty schedule. The PPNR and capital information will include revenue, balance sheet, and capital data following the FR Y-14, FR Y-9C, and FFIEC 101 reporting requirements.

Finally, the monthly capital and economic variable data will show data on:

- Common stock repurchases
- Total loss-absorbing capacity (TLAC)
- Eligible long-term debt (LTD) for TLAC

Given the frequency and short lag in the filing schedule, this data may go through institutions' alternative processes versus the reporting controls applied to existing monthly, quarterly, and annual reporting. One key takeaway is that these US BHCs should identify data sourcing, quality, and gaps related to the frequency of data reporting and apply alternative reporting controls. This data will not be publicly available.

Non-COVID-19 report changes for 2020

FR Y-15 Final Instructions

Beginning with the June FR Y-15 report, FBOs will begin reporting the FR Y-15 on a CUSO level.¹⁹ Although FBOs with intermediate holding companies (IHCs), as required by Federal Reserve Regulation YY-Enhanced Prudential Standards, have been reporting, all FBOs with more than \$100 billion in CUSO assets will now start filing the FR Y-15 using a two-column format.²⁰ Column A will include only the IHCs exposures (if applicable), and Column B will include total reportable

exposure of the CUSO. The Federal Reserve has clarified that separate reports will be required for each IHC and the CUSO. The IHC will submit data in Column A, and the CUSO data will be reported in Column B of the report.

The Federal Reserve has issued the final instructions for the June 2020 FR Y-15. These instructions were largely unchanged from the draft instructions. However, FBOs have raised the need for clarity on several reporting issues, such as intercompany reporting, the use of collateral to reduce exposures, and the differences between branch and holding company reporting. The Federal Reserve is committed to addressing these issues through ongoing discussion with the industry.

In addition to the final instructions, FBOs should also be aware that the changes approved, beginning with the December 2019 FR Y-15 for domestic firms, will be applicable for FBOs. These changes included:

- Adding memorandum items for cross-jurisdictional derivative exposure
- Adding data items for the cumulative amount of securities purchased and sold during the quarter

FR Y-14

The Federal Reserve has proposed changes to the FR Y-14A (annual) and FR Y-14Q (quarterly) starting with September 30, 2020, as of date.²¹ These changes generally address rule changes that occurred before COVID-19. The comment period closed for these report changes, and overall there were no substantive comments. The proposed changes include new data items and revisions to existing data items.

Regulatory capital simplification

To align the FR Y-14 with capital simplification rules that were implemented, several changes were made to the reports. On the FR Y-14A, Category III and IV firms, under the

Federal Reserve's tailoring rules, will report the following new items:

- Investments in the capital of unconsolidated financial institutions, net of associated (deferred tax liabilities) DTLs, that exceed 25 percent common equity tier 1 capital deduction threshold
- Aggregate amount of investments in the capital of unconsolidated financial institutions, net of associated DTLs
- 25 percent common equity tier 1 deduction threshold
- Amount to be deducted from common equity tier 1 due to 25 percent deduction threshold

In addition, all reporters' revisions were made to the reporting of mortgage servicing assets, deferred taxes, amounts of investments to unconsolidated subsidiaries, common equity, deductions for common equity, and transition provisions to align with capital simplification. To align with capital simplification.

Total loss-absorbing capacity (TLAC)

To implement recent rules on TLAC, the following new items were added to the FR Y-14A,²² Schedule A.1.d:

- Outstanding eligible long-term debt
- Total loss-absorbing capacity
- LTD and TLAC total risk-weighted assets ratios
- LTD and TLAC leverage ratios
- LTD and TLAC supplementary leverage ratios
- Institution-specific TLAC buffer necessary to avoid limitations on distributions discretionary bonus payments
- TLAC risk-weighted buffer
- TLAC leverage buffer

In addition, the definition of Schedule A.1.d (Capital) of the FR Y 14A was revised to include covered LTD under the TLAC rule.²³

Other changes

Other changes made to the FR Y-14 reports include:

- Aligning Schedule A.1.c.1, Item 45 (Standardized Risk-Weighted Assets) to align with FR Y-9C instructions for Schedule HC-R Part II Memo Item 1 to implement SA-CCR
- Requiring that Category III Firms report FR Y-14A Schedule A.1.d subschedule (Capital-DFAST) biennially as part of the tailoring rules requirements
- Eliminating from FR Y-14A, Schedule A.1.c.2 (Advanced RWA) and Schedule A.7.c (PPNR Metrics)
- On the FR Y-14Q, formalizing two supplemental collections by incorporating them into Schedule F as follows:
 - Report corporate single-name exposures at the obligor level in Schedule F.22 ([Incremental Default Risk] IDR—Corporate Credit), along with corporate index exposures at the series level
 - Report a version of Schedule F that captures fair value option (FVO) loan hedges

What's next

As the economic effects from COVID-19 continue to evolve, data requests (formal and ad hoc) from regulators to financial firms, particularly large banking organizations, will likely continue, as market trends will need to be monitored closely by regulators on a more frequent basis than current report filings. The timing for delivery of this data—both in terms of implementation and ongoing submission—is narrowing. In the near term, this will likely present process, controls, and resource challenges for the banking industry as new lines and instructions are analyzed, as data sourcing must be derived under short timetables and data quality measures applied.

The regulators are mitigating some of these challenges by using common data definitions that are already in place. Some of this data will affect public information, while others, although confidential, may be aggregated for the regulator's supervisory needs and other public policy purposes. Banking organizations' investments in data governance frameworks, data quality processes, and overall IT infrastructure over the past several years will be challenged to meet these demands as information requests remain granular and adapt to often rapidly changing economic needs. It is critical that firms have a coordinated response to data requests to provide data to regulators from common sources to avoid unintentional data quality issues.

This is part of an ongoing series of insights from the Center for Regulatory Strategy on bank regulatory reporting. We—like you—are closely monitoring for any developments on financial reporting and data gathering and their implications for financial services.

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. FFIEC, "[FFIEC 031: Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Office](#)," accessed June 15, 2020.
3. US Trade Representative, "[Requests for Emergency Clearance of a Collection of Information by the Office of Management and for Comments](#)," accessed June 15, 2020.
4. FFIEC, "FFIEC 031: Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices," accessed June 15, 2020; "[FFIEC 041: Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only](#)," accessed June 15, 2020.
5. FFIEC, "[FFIEC 002: Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks](#)," accessed June 15, 2020.
6. FFIEC, "[FFIEC 101: Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework](#)," accessed June 15, 2020.
7. FRB, "[FR Y-15: Banking Organization Systemic Risk Report](#)," accessed on June 15, 2020.
8. Fed. Reg. 59032 (November 1, 2019); 84 Fed. Reg. 59230 (November 1, 2019).
9. FRB, "[Funding, Credit, Liquidity, and Loan Facilities](#)," accessed June 15, 2020.
10. US Small Business Administration, "[Paycheck Protection Program](#)," accessed June 15, 2020.
11. US Congress, [H.R. 748 U.S. CARES Act](#), accessed June 15, 2020.
12. FRB, "[Paycheck Protection Program Liquidity Facility \(PPPLF\)](#)," accessed June 15, 2020.
13. US Congress, [H.R. 748 U.S. CARES Act](#).
14. FRB, "[Money Market Mutual Fund Liquidity Facility \(MMLF\)](#)," accessed June 15, 2020.
15. FDIC, "[Proposed Rulemaking to Mitigate the Deposit Insurance Assessment Effects of Participation in the Paycheck Protection Program \(PPP\), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility](#)," accessed June 15, 2020.
16. FRB, "[FR Y-9C: Consolidated Financial Statements for Holding Companies](#)," accessed June 15, 2020.
17. Ibid.
18. Deloitte, "[COVID-19: Regulatory response and compliance impacts](#)," accessed June 15, 2020.
19. FRB, "[FR Y-15: Banking Organization Systemic Risk Report](#)," accessed June 15, 2020.
20. FRB, "[Regulation YY Foreign Banking Organization Requests](#)," accessed June 15, 2020.
21. FRB, "[FR Y-14A: Capital Assessments and Stress Testing](#)," accessed June 15, 2020.
22. Ibid.
23. FRB, "[Regulation YY Foreign Banking Organization Requests](#)," Section 252.63.

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