

supplement the FR Y-9C and FR Y-9SP reports.

The FR Y-9ES is filed annually by BHCs that are Employee Stock Ownership Plans (ESOPs).

Current Actions: A detailed description of the proposed changes follows.

Proposed Revisions Effective March 31, 2004.

Voluntary Advance Collection of Summary FR Y-9C Data from the Largest BHCs.

The Federal Reserve proposes to incorporate into the FR Y-9C information collection the advance collection of key FR Y-9C summary items from selected institutions of up to fifty of the largest BHCs. These data would be collected in advance of the regular FR Y-9C filing deadline on a voluntary, as-needed basis. The Federal Reserve relies primarily on the quarterly earnings press releases published by these institutions to perform analysis of the largest BHCs – individually and in aggregate – weeks before FR Y-9C filings become available. However, pronounced and sustained differences have appeared between aspects of these published results and the FR Y-9C data at many of these institutions. The nature of these differences appears to be specific to each institution, related to the manner in which the institution chooses to present its results. The presence of such differences impairs the Federal Reserve's ability to analyze aggregates and make meaningful comparisons across institutions.

The Federal Reserve has addressed these differences by obtaining preliminary or estimated FR Y-9C information from affected institutions on a voluntary basis through informal dialog after the press releases have been issued. These cases were highly individualized, in which selected institutions were generally asked to provide preliminary information on a variety of FR Y-9C items. However, over the past year a growing range of items with differences has emerged at a significantly larger set of these institutions, and indeed for some items (e.g., earning assets) there have been significant differences for a major share of these largest institutions.

Obtaining these selected, institution-specific preliminary data allows the Federal Reserve to evaluate meaningfully the financial condition and performance of the largest banking institutions, to discern and monitor emerging trends and issues (such as credit quality) in the banking industry, and to analyze these data in a timely manner. The Federal Reserve is willing to accept preliminary or estimated data

from the institution in the interest of minimizing burden. In general, the data requested are supplemental to those published in press releases and are routinely contained in a firm's management information systems.

The items requested are primarily summary items such as total noninterest expense or total loans, and a few individual line items such as total trading revenue. The number of items collected varies from respondent to respondent according to the nature of the item, its relevance to the institution, and the basis of presentation used in the BHC's press release. However, any changes to this information collection would not exceed the estimated average burden of 30 minutes per respondent.

The advance information is collected by the Federal Reserve in the manner most convenient to the institution, mainly through electronic mail, telephone, or facsimile transmission. Reporting instructions would not be required because the requested financial items are defined in the FR Y-9C instructions. The advance information collected would be used only within the Federal Reserve System and would not be made available to the public.

Cover Pages

The Federal Reserve proposes to modify the contact information on the cover page of the FR Y-9C, FR Y-9LP, and FR Y-9SP reports to include the email address of the person to whom questions about this report should be directed. Collection of the email address would enhance communications between the Federal Reserve Bank staff and the respondent.

Schedule HC – Balance Sheet

The Federal Reserve proposes to modify the definition of Schedule HC, Balance Sheet, item 20, "Other liabilities," and Schedule HC-G, Other Liabilities, item 4, "Other," to include information on trust preferred securities. This information would no longer be included in Schedule HC, item 22, "Minority interest in consolidated subsidiaries and similar items." The proposed reporting change would be consistent with the manner in which trust preferred securities are presented for other public reporting purposes. In addition a footnote would be added to the form for item 20 stating that this item "Includes guaranteed preferred beneficial interests in the bank holding company's junior subordinated debt securities (trust preferred securities)." The footnote would clarify that trust preferred securities information included in other liabilities is comparable to information reported under this caption in other public financial reports, such as the Securities

and Exchange Commission (SEC) Form 10-K.

This proposed reporting change does not represent any change to the risk-based capital treatment for trust preferred securities. Consistent with guidance previously provided in Federal Reserve Supervisory Letter SR 03-13 of July 2, 2003, BHCs should continue to include eligible trust preferred securities in their tier 1 capital for regulatory capital purposes. The amounts qualifying for inclusion in tier 1 capital should be reported in Schedule HC-R, item 6, in accordance with the reporting instructions. The Federal Reserve will review the regulatory implications of any accounting treatment changes affecting trust preferred securities and, if necessary or warranted, will provide further appropriate guidance.

Schedule HC—Memoranda

In order to promote public awareness of risk disclosures, and to enhance the ability of the public to readily access this information, the Federal Reserve proposes to add to Schedule HC-M, a new Memorandum item 22, "URL for the reporting bank holding company's web page that displays risk disclosures, including those about credit and market risk." This item would be updated on a quarterly basis, if applicable. The Federal Reserve has long supported greater market discipline and enhanced risk disclosures by banking organizations to achieve that objective. The Federal Reserve Board, in cooperation with the U.S. Securities and Exchange Commission (SEC) and the Office of the Comptroller of the Currency, sponsored the Working Group on Public Disclosure (the Working Group) in April 2000, which was asked to provide recommendations for improved public disclosures. The Working Group issued six recommendations in January 2001 for enhanced disclosure of market and credit risk and the Federal Reserve issued an SR letter that strongly encouraged large banking organizations to adopt these recommendations. Some large banking organizations have since adopted them. Because the Working Group recommendations focus on large banking organizations, the Federal Reserve proposes to collect the URL from large banking organizations with total assets of \$30 billion or more that provide risk disclosures on their web site. The Federal Reserve would provide to the public the web address, which would link directly to the risk disclosure information on the large banking organization's web site or to a table that cross-references to the location of the disclosures. For example,