

GENERAL INSTRUCTIONS FOR PREPARATION OF

The ~~Bank~~ Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates

For purposes of this report, ~~savings and loan holding companies are subject to the same reporting requirements as bank holding companies, unless otherwise noted in these instructions. All references to "bank holding company(ies)" are inclusive of "savings and loan holding company(ies)" unless otherwise noted.~~

intermediate holding companies (IHCs) and Savings and loan holding companies (SLHCs)

Who Must Report

The ~~Bank~~ Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates (FR Y-8) must be filed by all top-tier bank holding companies (BHCs), ~~including~~ financial holding companies (FHCs), as of the last calendar day of the quarter. The reporting holding company must provide the requested information on this report for each insured depository institution that it controls. A separate FR Y-8 report form should be filed for each insured depository institution ~~regardless of whether the insured depository institution has section 23A transactions with affiliates.~~ All transactions that insured depository institutions have with affiliates (see glossary) are reported at the insured depository institution level.

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For purposes of this report, an insured depository institution includes any state bank, national bank, trust company, or banking association and any institution that takes deposits that are insured by the Federal Deposit Insurance Corporation, including savings associations. An insured depository institution does not include the insured branches and agencies of a foreign bank. For purposes of this report, transactions between a subsidiary of an insured depository institution and an affiliate are included as part of the insured depository institution's FR Y-8 report. The only subsidiaries excluded from this treatment are financial subsidiaries, insured depository institution subsidiaries, and certain ESOPs and joint venture subsidiaries (as defined in the attached glossary)—companies that are deemed affiliates of the insured depository institution. A holding company should only include information for insured depository institutions and their subsidiaries that are part of the holding company's organizational structure as of the last calendar day of the quarter for which the report is being filed.

All qualified foreign banking organizations that own a U.S. subsidiary bank also must file this report. However, in the case of a multi-tiered foreign banking organization, if there is a domestic ~~BHC~~ that is a subsidiary of the foreign banking organization, the domestic ~~BHC~~ must file the FR Y-8 for each insured depository institution that is owned directly or indirectly by the domestic ~~BHC~~. The foreign banking organization must file this report only for a U.S. subsidiary bank that it owns directly.

Where to Submit the Reports

for Holding Companies

The reports are to be submitted for each report date on the report forms provided by the Federal Reserve Bank where the holding company's Consolidated Financial Statements (FR Y-9C) or Parent Company Only Financial Statements (FR Y-9SP) or Annual Report of Foreign Banking Organizations (FR Y-7) is submitted, regardless of the location of the insured depository institution.

for Small Holding Companies

Electronic Submission

All ~~bank~~ holding companies must submit their completed FR Y-8 reports electronically. ~~Bank~~ Holding companies should contact their district Reserve Bank or go to www.frb services.org/centralbank/reportingcentral/index.html for procedures for electronic submission.

When to Submit the Reports

The ~~Bank~~ Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates (FR Y-8) is required to be submitted as of March 31, June 30, September 30 and December 31.

than a pension, profit-sharing, stockholders' voting or business trust) which controls a savings association if such trust by its terms must terminate within 25 years or not later than 21 years and 10 months after the death of individuals living on the effective date of the trust, and (a) was in existence and in control of a savings association on June 26, 1967, or (b) is a testamentary trust. See Section 238.2 of Regulation LL for more information.

1. Savings and loan holding companies do not include any trust (other

Holding companies that own or control insured depository institutions that do not have any section 23A transactions with their affiliates do not have to file the FR Y-8 reports.

General Instructions

The submission date for a ~~bank~~ holding company to file this report for each insured depository institution is 30 calendar days after the report date. Any ~~bank~~ holding company that controls an insured depository institution that has more than one foreign office, other than a “shell” branch or an International Banking Facility, may take an additional fifteen days to submit the report.

The term “submission date” is defined as the date by which the Federal Reserve must receive the ~~bank~~ holding company’s FR Y-8 report.

If the submission deadline falls on a weekend or holiday, the report must be received on the first business day after the Saturday, Sunday, or holiday. Earlier submission aids the Federal Reserve in reviewing and processing the reports and is encouraged. No extensions of time for submitting reports are granted.

The report is due by the end of the reporting day on the submission date (5:00 p.m. at each district Reserve Bank).

How to Prepare the Reports

A. Applicability of GAAP

Holding companies are required to prepare the FR Y-8 in accordance with generally accepted accounting principles (GAAP) and with these instructions. All reports shall be reported in a consistent manner.

Holding companies should refer to the glossary of this report, Regulation W, 12 CFR Part 223 and section 23A of the Federal Reserve Act for additional information on the items requested on this report. A copy of the FR Y-8 form and instructions may be found on the Federal Reserve Board’s public website (www.federalreserve.gov/boarddocs/reportforms). Also, a copy of Regulation W may be found on the Federal Reserve Board’s public website (www.federalreserve.gov/regulations).

B. Instructional Detail

Legal Name of the Insured Depository Institution

When specifying the name of the insured depository institution for which the FR Y-8 is being filed, use the legal name as it appears on the papers of incorporation or formation documents. The legal name must be the

same name that is specified on the Report of Changes in Organizational Structure (FR Y-10).

Page 1

Page 1 of the report must include the legal name of the holding company filing the FR Y-8 and the mailing address. The name and telephone number of a contact at the holding company to whom questions about the report(s) may be directed must be indicated.

Report Form Captions

No caption on the report form shall be changed in any way. ~~An insured depository institution that did not engage in any covered or derivative transactions with affiliates and does not control any financial subsidiaries as attested to on page 2, the declaration page, does not need to report any data on this report.~~ For all ~~other~~ respondents, an entry (i.e., an amount or a zero) must be made for items 1 and 2 unless the reporting institution has checked the first box on page 3 indicating that the insured depository institution has covered transactions with financial subsidiaries only. An entry (i.e., an amount or a zero) must be made for items 3 through 7 unless the reporting institution has checked the second box on page 3 indicating that the insured depository institution does not control financial subsidiaries. For all respondents, ~~except those meeting the requirements to submit the declaration page only,~~ an entry (i.e., an amount or a zero) must be made for Memorandum item 1.

C. Rounding

All dollar amounts must be reported in thousands of dollars, with the figures rounded to the nearest thousand. Items less than \$500 should be reported as zero.

D. Confidentiality

The Federal Reserve System regards the individual insured depository institution information provided by each respondent as confidential. If it should be determined subsequently that any information collected on this form must be released, respondents will be notified.

E. Signatures

The FR Y-8 must be signed at the places and in the manner indicated on page 1 by an authorized officer of

General Instructions

constitutes

the holding company. By signing page 1 of this report, the authorized officer acknowledges that any knowing and willful misrepresentation or omission of a material fact ~~constitutes~~ fraud in the inducement and may subject the officer to legal sanctions provided by 18 USC 1001 and 1007. ~~The declaration page must be signed by an officer for the insured depository institution meeting the criteria to be exempt from reporting any data on the report form.~~

~~Bank~~ holding companies must maintain in their files a manually signed and attested printout of the data submitted. ~~Bank holding companies with an insured depository institution that meets the exemption criteria on page 2 of the report form, the declaration page, must maintain in their files a manually signed copy of the declaration page.~~ Page 1 of the Reserve Bank supplied report form should be used to fulfill the signature and attestation requirement

and this page should be attached to the data printout ~~or~~ ~~declaration page~~ placed in the ~~bank~~ holding company's files.

F. Additional Information

The Federal Reserve System reserves the right to require additional information from the insured depository institution through the holding company if the FR Y-8 is not sufficient to determine compliance with applicable laws and regulations.

G. Amended Reports

The Federal Reserve may require the filing of amended ~~Bank~~ Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates if reports as previously submitted contain significant errors.

LINE ITEM INSTRUCTIONS FOR

The ~~Bank~~ Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates

General Instructions

This report collects information on covered transactions between an insured depository institution and its affiliates that are subject to section 23A of the Federal Reserve Act, 12 U.S.C. 371c, including derivative transactions between an insured depository institution and its affiliates. Affiliates and covered transactions are briefly described below. **Please refer to the glossary of this report, Regulation W, 12 CFR Part 223 and section 23A of the Federal Reserve Act for additional information.**

Affiliate

An affiliate of an insured depository institution includes a company that controls the insured depository institution, a company under common control with the insured depository institution, a company with a majority interlocking directorate with the insured depository institution, a company that is sponsored and advised by the insured depository institution, certain other investment companies advised by the insured depository institution, an insured depository institution subsidiary, a financial subsidiary, and certain ESOP and joint venture subsidiaries. An operating subsidiary of an insured depository institution is treated as part of the insured depository institution itself and is not an affiliate. See the glossary for a complete description of entities that are and are **not** considered affiliates.

Covered Transactions

Only covered transactions between an insured depository institution and its affiliates are subject to section 23A. Covered transactions include the following transactions:

- (1) a loan or extension of credit to an affiliate;
- (2) a purchase of, or investment in, securities issued by an affiliate;

- (3) a purchase of assets from an affiliate, including an asset subject to repurchase;
- (4) the acceptance of securities issued by an affiliate as collateral for an extension of credit to any person or company; and
- (5) the issuance of a guarantee, acceptance, or letter of credit on behalf of an affiliate.

An insured depository institution's purchase of debt securities issued by an affiliate is an extension of credit and, unless purchased from a nonaffiliate in a bona fide secondary market transaction, must be collateralized.

In general, a credit exposure arising from a derivative transaction between an insured depository institution and its affiliates is not subject to the quantitative limits and collateral requirements of section 23A. However, a credit derivative between an insured depository institution and a nonaffiliate in which the insured depository institution protects the nonaffiliate from a default on, or decline in value of, an obligation of an affiliate of the insured depository institution is a guarantee by the insured depository institution on behalf of an affiliate and is covered under section 23A.

In addition, intraday extensions of credit that meet the requirements of 12 CFR 223.42(1) are not subject to the quantitative limits and collateral requirements of section 23A and should not be reported.

Additional information on covered transactions that are exempt from the quantitative limits or collateral requirements of section 23A can be found in the glossary of this report, Regulation W, and section 23A of the Federal Reserve Act. Covered transactions that are exempt should not be included in this report.

Limits on Covered Transactions

Section 23A limits the aggregate amount of covered transactions between an insured depository institution

Line Item Instructions

and any single affiliate (other than a financial subsidiary) to no more than 10 percent of the insured depository institution's capital stock and surplus (as defined in the glossary), and the aggregate amount of covered transactions with all affiliates (including financial subsidiaries) to no more than 20 percent of the insured depository institution's capital stock and surplus. An insured depository institution may engage in covered transactions with a single financial subsidiary up to 20 percent of the insured depository institution's capital stock and surplus (as defined in the glossary).

The maximum aggregate amount for **all** covered transactions on any single day that are subject to 23A limits is reported in Memorandum item 1.

Covered Transactions Subject to Section 23A Collateral Requirements

Section 23A also requires that certain covered transactions between an insured depository institution and its affiliates meet statutorily defined collateral requirements. The types of covered transactions subject to the collateral requirements are the following:

- (1) (1) a loan or extension of credit to an affiliate; and
- (2) a guarantee, acceptance, or letter of credit (including an endorsement or standby letter of credit) issued on behalf of an affiliate (including a credit derivative).

Covered Transactions Not Subject to Section 23A Collateral Requirements

Covered transactions *not* subject to section 23A collateral requirements include the following transactions:

- (1) the purchase of, or investment in, securities issued by an affiliate;
- (2) the purchase of assets, including assets subject to an agreement to repurchase, from an affiliate; and
- (3) the acceptance of securities issued by an affiliate as collateral security for a loan or extension of credit to any person or company.

Note: In general, covered transactions must be reported for as long as the transactions remain on the insured depository institution's books. See Regulation W for additional information on the valuation of different transactions 12 CFR 223.21–223.24.

Declaration Page Instructions

~~An insured depository institution that does not have any covered transactions, did not engage in any derivative transactions with affiliates and does not control any financial subsidiaries (see glossary), should sign the declaration page (page 2 of the report form) attesting to these facts and submit the report each quarter with these facts and submit the report each quarter with page 1. If the insured depository institution meets all of the criteria on the declaration page, it need not enter any data on page 3 or page 4 of the report form.~~

Line Item Instructions for Part I

Part I must be completed by all ~~BHCs~~ ~~(including FHCs)~~ for each insured depository institution that has covered transactions with affiliates or that controls a financial subsidiary.

An insured depository institution that has covered transactions with financial subsidiaries only should check the first box on page 3 of the report form and not complete items 1 and 2.

Line items 1 and 2 below are to be reported by all ~~BHCs~~ for each insured depository institution that has covered transactions with affiliates other than financial subsidiaries.

An insured depository institution that does not control any financial subsidiaries should check the second box on page 3 of the report form and not complete items 3 through 7.

Line items 3 through 7 below are to be reported by all ~~BHCs~~ with an insured depository institution that controls a financial subsidiary.

All ~~BHCs~~ must complete Memorandum item 1.

Respondents should report in column A the outstanding aggregate amount of covered transactions as of the report date. Respondents should report in column B the maximum aggregate amount during the calendar quarter ending with the report date. Respondents should determine an end of day total (each day) for the category of covered transactions specified in each line item and report in column B only the largest end of day total (i.e., a single day amount) during the quarter.

Line Item Instructions

Line Item 1 Covered transactions subject to section 23A collateral requirements. (Exclude transactions between the insured depository institution and financial subsidiaries.)

Report in column A the outstanding aggregate amount of covered transactions that *are* subject to section 23A collateral requirements that the insured depository institution (as defined in the glossary) had with its affiliates as of the report date. Report in column B the maximum aggregate amount of such transactions *during* the calendar quarter ending with the report date. Exclude transactions between the insured depository institution and its financial subsidiaries or financial subsidiaries of an affiliated insured depository institution.

A line of credit that is extended to an affiliate is an extension of credit. Any portion of the line of credit that is used (drawn down) must be secured and reported in this item. Any portion of a line of credit that is unused (undrawn) is not subject to section 23A collateral requirements if the insured depository institution does not have a legal obligation to advance additional funds until the collateral is provided and is reported in item 2 as a covered transaction.

Line Item 2 Covered transactions not subject to section 23A collateral requirements. (Exclude transactions between the insured depository institution and financial subsidiaries.)

Report in column A the outstanding aggregate amount of covered transactions that *are not* subject to section 23A collateral requirements that the insured depository institution (as defined in the glossary) had with its affiliates as of the report date. Report in column B the maximum aggregate amount of such transactions *during* the calendar quarter ending with the report date. Include in this item the unused (undrawn) portion of an extension of credit that is not subject to section 23A collateral requirements. Exclude transactions between the insured depository institution and its financial subsidiaries or financial subsidiaries of an affiliated insured depository institution.

Line Item 3 Covered transactions between the insured depository institution and financial subsidiaries subject to section 23A collateral requirements.

Report in column A the outstanding aggregate amount of covered transactions that *are* subject to section 23A

collateral requirements that the insured depository institution had with its financial subsidiaries or financial subsidiaries of an affiliated insured depository institution as of the report date. Report in column B the maximum aggregate amount of such transactions *during* the calendar quarter ending with the report date. An extension of credit to a financial subsidiary of an insured depository institution by an affiliate of the insured depository institution is treated as an extension of credit by the insured depository institution if the extension of credit is treated as regulatory capital of the financial subsidiary. Include in this item the used (drawn down) portion of an extension of credit that is subject to section 23A collateral limits. Do not include in this item the unused (undrawn) portion of an extension of credit that is not subject to section 23A collateral requirements. Unused (undrawn) portions should be reported in item 4. Exclude transactions reported in item 1 above and in items 5 and 6 below.

Line Item 4 Covered transactions between the insured depository institution and financial subsidiaries not subject to section 23A collateral requirements.

Report in column A the outstanding aggregate amount of covered transactions that *are not* subject to section 23A collateral requirements that the insured depository institution had with its financial subsidiaries or financial subsidiaries of an affiliated insured depository institution as of the report date. Report in column B the maximum aggregate amount of such transactions *during* the calendar quarter ending with the report date. Include in this item the unused (undrawn) portion of an extension of credit that is not subject to section 23A collateral requirements. Exclude transactions reported in item 2 above and in items 5 and 6 below.

Line Item 5 Purchase of, or investment in, the securities issued by financial subsidiaries of the insured depository institution by the insured depository institution.

Line Item 5(a) Equity securities.

Report in column A the outstanding amount of the purchase of, or investment in, equity securities issued by financial subsidiaries of the insured depository institution or financial subsidiaries of affiliated insured depository institutions by the insured depository institution as of the report date. Certain retained earnings of the financial subsidiaries should be excluded when calculating the

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insured depository institution's investment in or purchase of equity securities issued by financial subsidiaries (Please refer to 12 CFR 223.32(b) for additional information.) Exclude transactions reported in items 1, 2, 3, and 4 above.

Line Item 5(b) Debt securities.

Report in column A the outstanding amount of the purchase of, or investment in, debt securities issued by financial subsidiaries of the insured depository institution or financial subsidiaries of affiliated insured depository institutions by the insured depository institution as of the report date. Exclude transactions reported in items 1, 2, 3, 4, and 5(a) above.

Line Item 6 Purchase of, or investment in, the securities issued by financial subsidiaries of the insured depository institution by the affiliates of the insured depository institution.

Line Item 6(a) Equity securities.

Report in column A the outstanding amount of the purchase of, or investment in, equity securities issued by the financial subsidiaries of the insured depository institution or financial subsidiaries of affiliated insured depository institutions by the affiliates of the insured depository institution, including affiliated insured depository institutions, as of the report date. Certain retained earnings of the financial subsidiaries should be excluded when calculating the affiliates' investment in or purchase of equity securities issued by the financial subsidiaries. (Please refer to 12 CFR 223.32(b) for additional information.) Exclude transactions reported in items 1, 2, 3, and 4 above.

Line Item 6(b) Debt securities.

Report in column A the outstanding amount of the purchase of, or investment in, debt securities issued by the financial subsidiaries of the insured depository institution or financial subsidiaries of affiliated insured depository institutions by the affiliates of the insured depository institution, including affiliated insured depository institutions, as of the report date. Exclude transactions reported in items 1, 2, 3, 4, and 6(a) above.

Line Item 7 Loans or other extensions of credit by affiliates of the insured depository institution to financial subsidiaries of the insured depository institution (not subject to section 23A).

Report in column A the outstanding amount of loans or other extensions of credit by affiliates of the insured

depository institution to financial subsidiaries of the insured depository institution that are not subject to section 23A. Report in column B the maximum aggregate amount of such transactions *during* the calendar quarter ending with the report date. These extensions of credit are not included in the insured depository institution's quantitative and collateral limits under section 23A but should be reported. Exclude from this item any extension of credit to a financial subsidiary of an insured depository institution by an affiliate of the insured depository institution that is treated as regulatory capital of the financial subsidiary. Such a transaction is treated as an extension of credit by the insured depository institution to the financial subsidiary and should be reported in item 3 above.

Memorandum

Line Item M1 Maximum aggregate amount of all covered transactions included in items 1 through 6 for any single day during the calendar quarter.

Report the maximum aggregate (largest total end of the day) amount of **all** covered transactions included in items 1 through 6 for any single day during the quarter. Do not include transactions reported in item 7 above. Respondents should determine an end of day total for **all** covered transactions and report only the largest end of day total (i.e., a single day amount) during the quarter.

Line Item Instructions for Part II

Part II must be completed by all ~~BHCs, including FHCs,~~ for each insured depository institution that has engaged in derivative transactions with affiliates, including financial subsidiaries. Amounts reported in Part II are as of the report date. Note: A credit derivative between an insured depository institution and a nonaffiliate in which the insured depository institution protects the nonaffiliate from default on, or decline in value of, an obligation of an affiliate of the insured depository institution is not reported in this part of the report. Such credit derivatives are covered transactions under section 23A and should be reported in Part I.

Line Item 1 Positive fair value of derivative contracts between the insured depository institution and its affiliates.

Report the positive fair value of all derivative contracts held by the insured depository institution where an

Line Item Instructions

affiliate is the counterparty. Derivative contracts executed with the same counterparty that meet the criteria for a valid right of setoff contained in ASC Subtopic 210-20, Balance Sheet—Offsetting (formerly FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*) (e.g., those contracts subject to a qualifying master netting arrangement) may be reported on a net basis. Fair value is the amount at which an asset (liability) could be bought (incurred) or sold (settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale. This value represents the marked-to-market value at the end of each trading day and serves as the reference point for counterparties maintaining the collateral margin held by the party with a positive fair value.

Line Item 2 Amount of collateral pledged to the insured depository institution to secure derivative contracts between the insured depository institution and its affiliates.

Report the market value of collateral pledged to the insured depository institution to secure derivative con-

tracts between the insured depository institution and its affiliates. The collateral, which is typically in the form of liquid assets (e.g., cash or U.S. Treasuries), is typically maintained against the marked-to-market value of the transaction and adjusted, based on other than minor changes in value.

Line Item 3 Notional amount of derivative contracts between the insured depository institution and its affiliates.

Report the total gross notional amount of derivative contracts between the insured depository institution and its affiliates. This should equal the total notional value of those derivative contracts with positive and negative fair values.