

**Supporting Statement for the  
Consolidated Reports of Condition and Income  
(FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036)**

**Summary**

The Board of Governors of the Federal Reserve System (Board) requests approval from the Office of Management and Budget (OMB) to revise the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041, and FFIEC 051; OMB No. 7100-0036) under the emergency clearance provisions of OMB's regulations. With respect to the Board, these reports are required of state member banks and are filed on a quarterly basis. The revisions to the Call Reports that are the subject of this request have been approved by the FFIEC. The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) (together with the Board, the agencies) have also submitted similar requests for OMB review to request this information from banks under their supervision.

The Board uses the information collected on the Call Reports to fulfill its statutory obligation to supervise state member banks. State member banks are required to file detailed schedules of assets, liabilities, and capital accounts in the form of a condition report and summary statement as well as detailed schedules of operating income and expense, sources and disposition of income, and changes in equity capital.

The agencies propose to revise the Call Reports effective beginning with reports for the June 30, 2020, report date. The proposed revisions are related to a number of interim final rules (IFRs) and an FDIC notice of proposed rulemaking in response to disruptions related to the coronavirus disease 2019 (COVID-19) and provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Sections 1102 and 4013).<sup>1</sup> The current estimated total annual burden for the Call Reports is 134,417 hours, and would increase to 137,199 hours. The proposed revisions would result in an increase of 2,782 hours. The forms and instructions are available on the FFIEC's public website at [https://www.ffiec.gov/ffiec\\_report\\_forms.htm](https://www.ffiec.gov/ffiec_report_forms.htm).

**Background and Justification**

State banks that are members of the Federal Reserve System are required by section 9(6) of the Federal Reserve Act (12 U.S.C. § 324) to file reports of condition with the Board. The Board, acting in concert with the other federal banking supervisory agencies through the FFIEC since 1979, requires state member banks to submit on the quarterly Call Reports such financial data as are needed by the Federal Reserve System to supervise and regulate banks through monitoring of their financial condition, ensuring the continued safety of the public's monies and the overall soundness of the nation's financial structure, and discharging of the Federal Reserve's monetary policy responsibilities. The data, which generally is made publicly available by the agencies, is used not only by the federal government, but also by state and local governments, the banking industry, securities analysts, and the academic community.

---

<sup>1</sup> Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, 134 Stat. 281 (March. 27, 2020).

## Description of Information Collection

The Call Reports, which consist of the Reports of Condition and Income, collect basic financial data from commercial banks in the form of a balance sheet, income statement, and supporting schedules. The Report of Condition contains supporting schedules that provide detail on assets, liabilities, and capital accounts. The Report of Income contains supporting schedules that provide detail on income and expenses.

The Call Reports consist of three reporting forms that apply to different categories of state member banks. Currently, banks that have foreign offices or that have total consolidated assets of \$100 billion or more must file the FFIEC 031, banks with domestic offices only and total consolidated assets of less than \$100 billion but more than \$5 billion file the FFIEC 041, and banks with domestic offices only and total assets less than \$5 billion file the FFIEC 051.

The information collected by the Call Reports is not available from other sources. Although there are other reports that collect information similar to certain items on the Call Reports, the information they collect would be of limited value as a replacement for Call Report data. For example, the Board collects various data in connection with its measurement of monetary aggregates, bank credit, and flow of funds.<sup>2</sup> These reports provide the Board with detailed information relating to balance sheet accounts such as balances due from depository institutions, loans, and deposit liabilities. These collections of information, however, are collected on a weekly basis usually prepared as of dates other than the last business day of each quarter. Moreover, information on bank credit is obtained on a sample basis rather than from all insured banks. Additionally, institutions below a certain size are exempt entirely from some of these reporting requirements.

The Board also collects financial data from bank holding companies on a regular basis. Such data is generally required to be reported for the holding company on a consolidated basis, including its banking and nonbanking subsidiaries, and on a parent-company-only basis. Data collected from bank holding companies on a consolidated basis reflect aggregate amounts for all entities within the organization, including banking and nonbanking subsidiaries, so that the actual dollar amounts applicable to any banking subsidiary would not be determinable from the holding company reporting information. Therefore, reports collected from bank holding companies lack the data necessary to assess the financial condition of individual banks to determine whether there had been any deterioration in their condition.

Banks are required to transmit their Call Report data electronically. Each bank must maintain in its files for three years a signed and attested record of its completed report each quarter.

---

<sup>2</sup> Report of Transaction Accounts, Other Deposits, and Vault Cash (FR 2900; OMB No. 7100-0087) and Weekly Report of Selected Assets and Liabilities of Domestically Chartered Commercial Banks and U.S. Branches and Agencies of Foreign Banks (FR 2644; OMB No. 7100-0075).

## **Respondent Panel**

The respondent panel for the Call Report consists of all state member banks. State member banks that have foreign offices or that have total consolidated assets of \$100 billion or more must file the FFIEC 031, banks with domestic offices only and total consolidated assets of less than \$100 billion but more than \$5 billion file the FFIEC 041, and banks with domestic offices only and total assets less than \$5 billion file the FFIEC 051.

## **Proposed Revisions**

The agencies propose under the emergency clearance provisions of OMB's regulations to revise the Call Reports effective beginning with the June 30, 2020, report date. The agencies have determined that (1) the collection of information within the scope of this request is needed prior to the expiration of time periods established under 5 CFR 1320.10, (2) this collection of information is essential to the mission of the agencies, and (3) the agencies cannot reasonably comply with the normal clearance procedures because an unanticipated event has occurred and the use of normal clearance procedures is reasonably likely to prevent or disrupt the collection of information.

Recent events have suddenly and significantly impacted financial markets. The spread of COVID-19 has disrupted economic activity in many countries. In addition, financial markets have experienced significant volatility. The magnitude and persistence of the overall effects on the economy remain highly uncertain. In light of these developments, banking organizations may realize a sudden, unanticipated drop in capital ratios and liquidity. This could create a strong incentive for these banking organizations to limit their lending and other financial intermediation activities in order to avoid facing abrupt regulatory capital and liquidity limitations. Also, small businesses are facing severe liquidity constraints and a collapse in revenue streams resulting from COVID-19 situation. Lastly, financial disruptions arising in connection with the COVID-19 situation have caused many depositors to have a more urgent need for access to their funds by remote means, particularly in light of the closure of many depository institution branches and other in person facilities.

In March through May 2020, the agencies issued IFRs relating to the Community Bank Leverage Ratio<sup>3</sup>, Paycheck Protection Program Liquidity Facility (PPPLF)<sup>4</sup>, and Supplementary Leverage Ratio (SLR)<sup>5</sup> to make changes to their regulatory capital and liquidity rules and to facilitate banking organizations' use of the Board's emergency facility and support prudent lending by banking organizations. Various provisions of the CARES Act led to the agencies issuing these IFRs. The Board also issued IFRs to amend its Regulation D<sup>6</sup> and provide an exemption under section 22(h) of the Federal Reserve Act and its Regulation O<sup>7</sup> to allow depository institution customers more convenient access to their funds, simplify account

---

<sup>3</sup> 85 FR 22924 (April 23, 2020).

<sup>4</sup> 85 FR 20387 (April 13, 2020).

<sup>5</sup> See <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200515a.htm>.

<sup>6</sup> 85 FR 23445 (April 28, 2020).

<sup>7</sup> 85 FR 22345 (April 22, 2020).

administration for depository institutions, and support prudent lending by banking organizations. Section 4013 of the CARES provided temporary relief from the requirement to classify COVID-19 related loan modifications as Troubled Debt Restructurings. The Paycheck Protection Program (PPP)<sup>8</sup> implemented by the U.S. Small Business Administration (SBA), and the PPPLF and Money Market Mutual Fund Liquidity Facility (MMLF),<sup>9</sup> each established by the Board, were put in place to provide financing to small businesses and liquidity to small business lenders and the broader credit markets, and to help stabilize the financial system in a time of significant economic strain. The FDIC issued a notice of proposed rulemaking (FDIC NPR) related to deposit insurance assessment that aims to mitigate the deposit insurance assessment effects of participating in these programs.<sup>10</sup>

The IFRs were issued with an immediate effective date and the FDIC NPR was issued with a 7-day comment period, in order to allow sufficient time for the FDIC to consider comments and ensure publication of a final rule before June 30, 2020. The changes, as described below, apply to the three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051). The agencies propose to revise the Call Reports to account for the provisions of the IFRs and FDIC NPR. The agencies believe that, in light of current market uncertainty, and the urgent policy matter of these programs and facilities at issue, the public interest is best served by implementing these revisions as soon as possible. The agencies request emergency clearance from OMB to permit these revisions for the June 30, 2020, Call Reports.

#### *Community Bank Leverage Ratio - Interim Final Rules*

Section 4012 of the CARES Act required the appropriate Federal banking agencies to reduce the community bank leverage ratio (CBLR) to 8 percent for a temporary period ending on the earlier of the termination date of the national emergency concerning the coronavirus disease COVID-19 outbreak declared by the President on March 13, 2020, under the National Emergencies Act<sup>11</sup> (National Emergency) or December 31, 2020, which the agencies did through an interim final rule.<sup>12</sup> To provide further clarity around the possible end date of the statutory relief and provide a qualifying community banking organization that is planning to elect to use the community bank leverage ratio framework sufficient time to meet the leverage ratio requirement, the agencies also issued an interim final rule extending relief for the 8 percent community bank leverage ratio through 2020, providing relief through an 8.5 percent community bank leverage ratio in 2021, and resuming the existing 9 percent community bank leverage ratio in 2022.<sup>13</sup> Neither interim final rule changed the methodology for calculating the CBLR, merely the qualifying ratio for an institution to report as a CBLR institution.

There are no substantive reporting revisions associated with the revised CBLR framework. However, it is possible that some additional banking organizations that are now eligible CBLR banks under the lower qualifying ratio may choose to use the less burdensome

---

<sup>8</sup> See 85 FR 20811 (April 15, 2020).

<sup>9</sup> 85 FR 16232 (March 23, 2020).

<sup>10</sup> See <https://www.fdic.gov/news/board/2020/2020-05-12-notational-fr.pdf>.

<sup>11</sup> 50 U.S.C. § 1601 et seq.

<sup>12</sup> 85 FR 22924 (April 23, 2020).

<sup>13</sup> 85 FR 22930 (April 23, 2020).

reporting for regulatory capital on Schedule RC-R. Since the CBLR framework only came into effect for purposes of reporting for the first quarter of 2020, the agencies currently do not have an accurate estimate of the number of banking organizations that elected to use the CBLR reporting for the first quarter of 2020. Similarly, the agencies cannot reliably estimate the number of banking organizations that might use the CBLR reporting in the second quarter of 2020 under the reduced ratio at this time. The agencies plan to revise the burden estimates after more data is available on banking organizations' election to use the CBLR framework.

*Regulatory Capital: Paycheck Protection Program Liquidity Facility (PPPLF) and Paycheck Protection Program (PPP) Loans - Interim Final Rule and CARES Act Section 1102*

Section 1102 of the CARES Act allows for banking organizations to make loans under a program of the Small Business Administration (SBA) in connection with COVID-19 disruptions to small businesses (referred to as PPP loans or PPP covered loans). While the loans are funded by the banking organizations, they receive a guarantee from the SBA. The statute specified that these loans should receive a zero percent risk weight for regulatory capital purposes. The Federal Reserve subsequently established a liquidity facility to permit banking organizations to obtain non-recourse loans, for which PPP loans are pledged to the facility, to provide additional liquidity.

On April 13, 2020, the agencies published an interim final rule with an immediate effective date, which permits banking organizations to exclude from regulatory capital requirements PPP loans pledged to the PPPLF.<sup>14</sup> The interim final rule modifies the agencies' capital rule to allow banking organizations to neutralize the effects on their risk-based and leverage capital ratios of making PPP loans that are pledged to the PPPLF. Specifically, a banking organization may exclude from its total leverage exposure, average total consolidated assets, standardized total risk-weighted assets, and advanced approaches total risk-weighted assets, as applicable, any exposure from a PPP loan pledged to the PPPLF. The interim final rule also codified the statutory zero percent risk weight for PPP loans; however, the PPP loans already received a zero percent risk weight under the agencies' existing capital rules as an exposure directly and unconditionally guaranteed by an agency of the U.S. government.

The agencies need to collect information on the number and outstanding balance of PPP loans, as well as the amount of PPP loans pledged to the liquidity facility, for their use in supervising banking organizations. Therefore, the agencies are proposing to add four new data items to collect this information, with the collection of these items expected to be time-limited. The agencies would expect to propose to discontinue the collection of a specific item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

Starting with the June 30, 2020, reporting period, a banking organization would report the total number of PPP loans outstanding, the outstanding balance of PPP loans, the outstanding balance of PPP loans pledged to the Federal Reserve's liquidity facility, and the quarterly average amount of PPP loans pledged to the Federal Reserve's liquidity facility and excluded

---

<sup>14</sup> 85 FR 20387 (April 13, 2020).

from average total assets in the calculation of the leverage ratio. These items would tentatively be added to Schedule RC-M, as items 17.a, 17.b, 17.c, and 17.e.

Also starting with the June 30, 2020, reporting period, the quarterly average amount of PPP loans pledged to the liquidity facility and reported in 17.e would be reported as a deduction in Schedule RC-R, part I, item 29, “LESS: Other deductions from (additions to) assets for leverage ratio purposes,” and thus excluded from Schedule RC-R, Part I, item 30, “Total assets for the leverage ratio.”

Since PPP loans, regardless of whether they are pledged to the liquidity facility, receive a zero percent risk weight, they are effectively not included in the standardized total risk-weighted assets. Similarly, advanced approaches banking organizations would not reflect PPP loans in “Total risk-weighted assets” reported on Schedule RC-R, Part I, item 48.b.

Banking organizations subject to the supplementary leverage ratio requirement would report their adjusted “Total leverage exposure” and “Supplementary leverage ratio” in Schedule RC-R, Part I, items 55.a and 55.b, respectively. These organizations would adjust their existing calculations of “Total leverage exposure” by excluding PPP loans pledged to the Federal Reserve’s liquidity facility. The instructions for item 55.a would be revised to state that institutions should measure their total leverage exposure in accordance with section 10(c)(4) of the regulatory capital rules and the applicable section of these rules for exposures related to the Paycheck Protection Program Liquidity facility (section 305 for institutions supervised by the OCC and the Board; section 304 for institutions supervised by the FDIC).

*Temporary Exclusion of U.S. Treasury Securities and Deposits at Federal Reserve Banks from the Supplementary Leverage Ratio - Interim Final Rule*

On April 14, 2020, the Board published in the *Federal Register* an interim final rule (Holding Company SLR IFR)<sup>15</sup> to temporarily exclude U.S. Treasury Securities (Treasuries) and deposits in their accounts at Federal Reserve Banks (deposits at Federal Reserve Banks) from total leverage exposure for bank holding companies, savings and loan holding companies, and intermediate holding companies subject to the supplementary leverage ratio through March 31, 2021.

On May 15, 2020, the agencies issued an interim final rule (Depository Institution SLR IFR)<sup>16</sup> to provide depository institutions subject to the supplementary leverage ratio the ability to temporarily exclude Treasuries and deposits at Federal Reserve Banks from total leverage exposure. An electing depository institution must notify its primary Federal banking regulator of its election within 30 days after the interim final rule is effective. The interim final rule will terminate after March 31, 2021.

Depository institutions subject to the supplementary leverage ratio report Treasuries not held for trading in Schedule RC-B, item 1, “U.S. Treasury securities,” and those held for trading in Schedule RC, item 5, “Trading assets” (and, if applicable, in Schedule RC-D, item 1, “U.S.

---

<sup>15</sup> 85 FR 20578 (April 14, 2020).

<sup>16</sup> See <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200515a.htm>.

Treasury securities”). Such depository institutions report deposits at Federal Reserve Banks in Schedule RC-A, item 4, “Balances due from Federal Reserve Banks.”

The agencies propose certain revisions to the Call Report to implement various provisions of the Holding Company SLR IFR and Depository Institution SLR IFR. Advanced approaches and Category III electing depository institutions would exclude Treasuries and deposits at Federal Reserve Banks reported in the items identified above from Schedule RC-R, Part I, item 55.a, “Total leverage exposure.” Custodial banking organizations will also be able to exclude from total leverage exposure deposits with qualifying foreign central banks reported as a part of Schedule RC-A, item 3, “Balances due from banks in foreign countries and foreign central banks,” subject to the limits in a recent rule implementing section 402 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA),<sup>17</sup> in addition to the deductions under this interim final rule. For purposes of reporting the supplementary leverage ratio as of June 30, 2020, depository institutions may reflect the exclusion of Treasuries and deposits at Federal Reserve Banks from total leverage exposure as if this interim final rule had been in effect for the entire second quarter of 2020. The temporary exclusions from total leverage exposure are available through the March 31, 2021, report date.

#### *Regulation D Amendments - Interim Final Rule*

The Board published in the Federal Register on April 28, 2020, an interim final rule that amends the Board’s Regulation D (Reserve Requirements of Depository Institutions).<sup>18</sup> The interim final rule amends the six per month transfer limit in the “savings deposit” definition in Regulation D. This interim final rule deleted a provision in the “savings deposit” definition that required depository institutions either to prevent transfers and withdrawals in excess of the limit or to monitor savings deposits ex post for violations of the limit. The interim final rule also makes conforming changes to other definitions in Regulation D that refer to “savings deposit,” as necessary.

The interim final rule allows depository institutions to immediately suspend enforcement of the six transfer limit and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits. The interim final rule permits, but does not require, depository institutions to suspend enforcement of the six transfer limit. The interim final rule also does not require any changes to the deposit reporting practices of depository institutions.

The agencies are revising the instructions to the Call Report to reflect the revised definition of “savings deposits” in accordance with the amendments to Regulation D in the interim final rule. Specifically, the agencies are revising the General Instructions for Schedule RC-E, Deposit Liabilities, and the Glossary entry for “Deposits” in the Call Report instructions to remove references to the six transfer limit. As a result of the amendments to Regulation D, if a

---

<sup>17</sup> The agencies recently issued a final rule, effective April 1, 2020, which implements section 402 of EGRRCPA by amending the capital rule to allow a banking organization that qualifies as a custodial banking organization to exclude from total leverage exposure deposits at qualifying central banks, subject to limits (402 rule). 85 FR 4569 (January 27, 2020). OMB approved the reporting changes associated with the 402 rule in March 2020.

<sup>18</sup> 85 FR 23445 (April 28, 2020).

depository institution chooses to suspend enforcement of the six transfer limit on a “savings deposit” the depository institution may continue to report that account as a “savings deposit” or may instead choose to report that account as a “transaction account.”

In addition, certain reporting items on Schedule RC-E differentiate between transaction accounts and nontransaction accounts, in part based on the definitions in Regulation D (including the previous six transfer limit distinction). Specifically, the revised definition would apply to the classification of deposits in Schedule RC-E, items 1 through 7; and Memorandum items 2, 6, and 7 (including subcomponent items). Nevertheless, the agencies anticipate there will be no material change in burden resulting from these revisions to the reporting of deposit accounts.

*Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks - Interim Final Rule*

Under section 22(h) of the Federal Reserve Act and Regulation O, extensions of credit to insiders of a banking institution are subject to quantitative limits, prior approval requirements by an institution’s board, and qualitative requirements concerning loan terms. On April 22, 2020, the Board issued an interim final rule<sup>19</sup> that excepts certain loans that are guaranteed under the Small Business Administration’s Paycheck Protection Program (PPP) from the requirements of section 22(h) of the Federal Reserve Act and the corresponding provisions of the Board’s Regulation O. The interim final rule states that the Board has determined that PPP loans pose minimal risk because the SBA guarantees PPP loans at 100 percent of principal and interest and that PPP loans have fixed terms prescribed by the SBA. Accordingly, the IFR states that PPP loans will not be subject to section 22(h) or the corresponding provisions of Regulation O provided that they are not prohibited by the SBA lending restrictions.

The agencies currently collect data on the number and outstanding balance of all “extensions of credit” to the reporting institution’s executive officers, directors, principal shareholders, and their related interests that meet the definition of this term in Regulation O. This information is collected in Call Report Schedule RC-M, items 1.a and 1.b. Call Report instructions refer to Regulation O for guidance in reporting extensions of credit to insiders in these items. Accordingly, the agencies are proposing to revise Call Report instructions to clarify that PPP loans as described above should *not* be reported in these line items. The agencies do not believe that revising the instructions for this exception would change burden because the PPP loans did not exist in prior quarters and thus banking organizations would not need to revise the existing amounts subject to reporting in these items in response to this change.

*CARES Act Section 4013 - Temporary Relief from Troubled Debt Restructurings (TDR)*

Section 4013 of the CARES Act suspends the requirements under United States generally accepted accounting principles for eligible loan modifications related to the COVID-19 pandemic that would otherwise be categorized as troubled debt restructurings (TDRs). The CARES Act defines an eligible loan under section 4013 (section 4013 loan) as a loan modification that is (1) related to COVID-19, (2) executed on a loan that was not more than 30 days past due as of December 31, 2019, and (3) executed between March 1, 2020, and the earlier

---

<sup>19</sup> 85 FR 22345 (April 22, 2020).



of (A) 60 days after the date of termination of the National Emergency concerning the COVID-19 outbreak or (B) December 31, 2020.

Consistent with the CARES Act, the agencies seek to collect information about the volume of loans modified under section 4013. The agencies are proposing to add two new data items to the Call Report, which would be collected quarterly beginning with the June 30, 2020, report date. These new items, Memorandum item 17.a, “Number of Section 4013 loans outstanding,” and Memorandum item 17.b, “Outstanding balance of Section 4013 loans” (for which emergency clearance was previously requested and received), would be added to Schedule RC-C, Part I, Loans and Leases. Financial institutions would be instructed to report the total number of loans outstanding that have been modified under section 4013 and the outstanding balance of these loans in the Consolidated Reports of Condition and Income (commonly referred to as the Call Report) on Schedule RC-C, Loans and Lease Financing Receivables, Part I, Loans and Leases, Memorandum items 17.a and 17.b, respectively, beginning as of the June 30, 2020, report date, with the collection of these items expected to be time-limited. The agencies would expect to propose to discontinue the collection of a specific item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

The agencies would collect institution-level information on a confidential basis. While the agencies generally make institution-level Call Report data publicly available, the agencies are collecting section 4013 loan information as part of condition reports for the impacted entities, and the agencies believe disclosure of these items at the institution level would not be in the public interest.<sup>20</sup> Such information is permitted to be collected on a confidential basis, consistent with 5 U.S.C. § 552(b)(8).<sup>21</sup>

The public disclosure of supervisory information on section 4013 loans could have a detrimental impact on financial institutions offering modifications under this provision to borrowers that need relief due to COVID-19. Financial institutions may be reluctant to offer modifications under section 4013 if information on these modifications made by each institution is publicly available, as analysts, investors, and other users of public Call Report information may penalize an institution for using the relief provided by the CARES Act. The agencies have encouraged financial institutions to work with their borrowers during the National Emergency related to COVID-19, including use of the relief under section 4013.<sup>22</sup>

The agencies may disclose data on an aggregated basis, consistent with confidentiality.

---

<sup>20</sup> See 12 U.S.C. § 1464(v)(2).

<sup>21</sup> Exemption 8 of the Freedom of Information Act (FOIA), specifically exempts from disclosure information “contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions”.

<sup>22</sup> See “Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised)” (April 7, 2020), available at: <https://www.occ.gov/news-issuances/news-releases/2020/nr-ia-2020-50a.pdf>.

*Assessments: Paycheck Protection Program (PPP), PPP Liquidity Facility (PPPLF), and Money Market Liquidity Facility (MMLF) - Notice of Proposed Rulemaking*

On May 12, 2020, the FDIC proposed a rule that would modify its deposit insurance assessment rules to mitigate the effects of participation in the PPP, PPPLF, and MMLF on insured depository institutions.<sup>23</sup>

To effect these modifications, the FDIC would need information on the outstanding balance of PPP loans, the amount of PPP loans pledged to the liquidity facility, the quarterly average amount of PPP loans pledged to the liquidity facility, short- and long-term borrowings from the Federal Reserve Banks under the PPPLF, the outstanding balance of assets purchased under the MMLF program, and the quarterly average amount of assets purchased under the MMLF. Five of these items – the outstanding balance of PPP loans, the amount and average balance of PPP loans pledged to the PPPLF, and the amount and average balance of assets purchased under the MMLF – are proposed as new Call Report data items arising from Regulatory Capital IFRs related to the PPPLF and MMLF, described elsewhere in this memo. Therefore, in addition to these five items, the agencies are proposing the following two additional new data items to collect this information for assessment purposes.

Starting with the June 30, 2020, reporting period, the outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of one year or less and the outstanding balance of borrowings from the Federal Reserve Banks under the PPPLF with a remaining maturity of more than one year would be reported in new items 17.d.(1), and 17.d.(2) of Schedule RC-M, respectively. The collection of these items is expected to be time-limited. The agencies would expect to propose to discontinue the collection of a specific item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

*Money Market Mutual Fund Liquidity Facility (MMLF) - Interim Final Rule (Revised)*

In the emergency clearance request for the Call Report submitted on April 1, which was subsequently approved by OMB, the agencies proposed to revise the Call Report to encourage banking organizations to separately disclose in a “Narrative Statement Concerning the Amounts Reported in the Reports of Condition and Income,” the amount of assets purchased under the MMLF included in Schedule RC-R, Part II, item 2.a or item 2.b. Proposed Schedule RC-M, item 18.a, would collect the same information in a standardized format, and therefore the agencies would discontinue collecting the previously approved information in the Narrative Statement starting with the June 30, 2020, report date. The collection of this new item is expected to be time-limited. The agencies would expect to propose to discontinue the collection of the specific item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

In addition, in connection with the emergency clearance request submitted on April 1, the agencies encouraged banking organizations to separately disclose, in a similar narrative, the average amount of assets purchased under the MMLF that were excluded from Schedule RC-R,

---

<sup>23</sup> See FDIC Press Release PR-59-2020 (May 12, 2020), <https://www.fdic.gov/news/news/press/2020/pr20059.html>.

Part I, item 30, “Total assets for the leverage ratio.” The agencies would discontinue the previously approved encouraged reporting of similar information in the Narrative Statement starting with the June 30, 2020, report date. The agencies now are proposing to add this item to Schedule RC-M as item 18.b to collect this average amount in a standardized format. The collection of this new item is expected to be time-limited. The agencies would expect to propose to discontinue the collection of the specific item once the aggregate industry activity has diminished to a point where the individual information is of limited practical utility.

### **Time Schedule for Information Collection**

The Call Reports are collected quarterly as of the end of the last calendar day of March, June, September, and December, although certain information is collected on a semiannual or annual basis, as described in the Call Report instructions. Less frequent collection of Call Reports would reduce the Federal Reserve’s ability to identify on a timely basis those banks that are experiencing adverse changes in their condition so that appropriate corrective measures can be implemented to restore their safety and soundness. State member banks generally must submit the Call Reports to the appropriate Federal Reserve Bank within 30 calendar days following the as of date, except that banks with more than one foreign office must submit the call Reports within 35 calendar days following the as of date.

### **Public Availability of Data**

Aggregate data are published in the *Federal Reserve Bulletin* and the *Annual Statistical Digest*. Additionally, data are used in the *Uniform Bank Performance Report (UBPR)* and the *Annual Report of the FFIEC*. Individual respondent data, excluding confidential information, are available to the public from the National Technical Information Service in Springfield, Virginia, upon request approximately twelve weeks after the report date. Data are also available from the FFIEC Central Data Repository Public Data Distribution (CDR PDD) website (<https://cdr.ffiec.gov/public/>). Data for the current quarter are made available, shortly after a bank’s submission, beginning the first calendar day after the report date. Updated or revised data may replace data already posted at any time thereafter.

### **Legal Status**

The Board is authorized to collect information on the Call Reports from state member banks pursuant to section 9 of the Federal Reserve Act, which requires state member banks to file reports of condition and of the payment of dividends with the Federal Reserve (12 U.S.C. § 324). The obligation for state member banks to respond is mandatory.

Most of the information provided on the Call Reports is made public. However, the following items are confidential: (1) the FDIC deposit insurance assessment information reported in response to item 2.g on schedule RI-E, (2) the prepaid deposit insurance assessments information reported in response to item 6.f on schedule RC-F, and (3) the information regarding other data for deposit insurance and FICO assessments reported in response to memorandum items 6-9, 14-15, and 18 on schedule RC-O. Board staff have determined that it is possible to reverse engineer an institution’s Capital, Asset Quality, Management, Earnings, Liquidity, and

Sensitivity (CAMELS) rating based on the data reported under the FDIC deposit insurance assessment data item and the prepaid deposit insurance assessments data item. If this information were publicly available, it would be possible to determine the state member bank's CAMELS rating. Therefore, this information can be kept confidential under exemption 8 of the Freedom of Information Act (FOIA), which specifically exempts from disclosure information "contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions" (5 U.S.C. § 552(b)(8)). Board staff have also advised that the release of this information and information regarding other data for deposit insurance and FICO assessments reported in response to memorandum items 6-9, 14-15, and 18 on schedule RC-O would likely cause substantial harm to the competitive position of the institution from whom the information was obtained if it was released. Therefore, this information can be kept confidential also under exemption 4 of FOIA, which exempts "trade secrets and commercial or financial information obtained from a person and privileged or confidential" (5 U.S.C. § 552(b)(4)).

### **Consultation Outside the Agency**

The Board coordinated and consulted with the FDIC and OCC in proposing these revisions. The agencies will follow this request for emergency processing with a request under normal clearance procedures, during which comments will be solicited for the typical 60-day and 30-day periods. All comments received on paperwork burden, whether during the 60-day or 30-day comment periods, will be considered in finalizing the collection.

### **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the Call Reports is 134,417 hours, and would increase to 137,199 hours with the proposed revisions. The estimated average hours per response for the quarterly filings of the Call Report is a weighted average of the three versions of the Call Report (FFIEC 031, FFIEC 041, and FFIEC 051). Both the weighted average Call Report burden estimate and the three separate versions of the Call Report vary by agency because of differences in the composition of the institutions under each agency's supervision (e.g., size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices). These reporting requirements represent 1.5 percent of the Board's total paperwork burden.

<b>FFIEC 031, FFIEC 041, and FFIEC 051</b>	<i>Estimated number of respondents<sup>24</sup></i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current	756	4	44.45	134,417
Proposed	756	4	45.37	137,199
				<i>Change</i>
				2,782

The estimated total annual cost to the public for the Call Reports is \$7,762,582 and would increase to \$7,923,242 with the proposed revisions.<sup>25</sup>

### **Sensitive Questions**

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

### **Estimate of Cost to the Federal Reserve System**

The estimated cost to the Federal Reserve System for collecting and processing the FFIEC 031, FFIEC 041, and FFIEC 051 is \$1,871,500 per year.

<sup>24</sup> Of these respondents, 507 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

<sup>25</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2018*, published March 29, 2019, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Occupational Classification System, <https://www.bls.gov/soc/>.