

Date: April 28, 2022

Background: In July 2020, the banking agencies published a 60-day *Federal Register* notice that requested comments on proposed revisions to the Call Report and the FFIEC 002.¹ This notice included a section for revisions related to U.S. Generally Accepted Accounting Principles (GAAP) proposed by the Financial Accounting Standards Board (FASB), including proposed GAAP changes related to Accounting Standards Update No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities (ASU 2017-12) that added the last-of-layer method. The “Last-of-Layer Hedging” entry from this 60-day *Federal Register* notice proposed revisions to the FFIEC 002 instructions, which would be updated “following the FASB’s adoption of a final last-of-layer hedge accounting standard”. The comment period closed on September 21, 2020, with two comment letters received, neither of which objected to the proposed revisions related to the last-of-layer method.

On November 23, 2020, the agencies published a 30-day *Federal Register* notice² giving notice of their plan to submit to Office of Management and Budget (OMB) a request to approve the revision and extension of these information collections, and again invited comment on the renewal. The notice indicated that the revisions for last-of-layer method, would be “implemented following the FASB’s adoption of a final last-of-layer hedge accounting standard.” The comment period closed on December 23, 2020, and the OMB approved the revisions on December 31, 2020.

On March 28, 2022, the FASB issued the final update to the derivatives and hedging accounting standard, in which the last-of-layer method was renamed the portfolio layer method. See [ASU 2022-01: Derivatives and Hedging \(Topic 815\): Fair Value Hedging—Portfolio Layer Method](#).

Current Action: The banking agencies are updating the previously approved revisions to the FFIEC 002 instructions for the hedge accounting method to align with the final accounting standard, as communicated in the prior 60-day and 30-day *Federal Register* notices. FASB adjusted the instructions for implementing the standard; therefore, the agencies are making similar targeted adjustments to the instructions to align with the final GAAP standard, as communicated in the earlier *Federal Register* notices.

Attachments:

Appendix A – Text of 60-day FRN describing revisions to the instructions

Appendix B – Revisions to FFIEC 002 instructions to align with final FASB standard

¹ 85 FR 44361 (July 22, 2020).

² 85 FR 74784 (November 22, 2020).