DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 52

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FEDERAL RESERVE SYSTEM

12 CFR Part 208

[Docket ID R–1618]

RIN 7100–AF12

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 304

RIN 3064–AE82

Reduced Reporting for Covered Depository Institutions

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Final rule.

SUMMARY: The OCC, the Board, and the FDIC (collectively, the agencies) are issuing a final rule to implement section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act by expanding the eligibility to file the agencies' most streamlined report of condition, the FFIEC 051 Call Report, to include certain insured depository institutions with less than $5 billion in total consolidated assets that meet other criteria, and establishing reduced reporting on the FFIEC 051 Call Report for the first and third reports of condition for a year. The OCC and Board also are finalizing similar reduced reporting for certain uninsured institutions that they supervise with less than $5 billion in total consolidated assets that otherwise meet the same criteria. This document also includes a Paperwork Reduction Act notice to further reduce the amount of data required to be reported on the FFIEC 051 Call Report for the first and third calendar quarters, and other related changes. The agencies are committed to exploring further burden reduction and are actively evaluating further revisions to the FFIEC 051 Call Report, consistent with guiding principles developed by the FFIEC. The agencies also are considering ways to simplify the Call Report forms and instructions.

DATES: This rule is effective July 22, 2019.

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SUPPLEMENTARY INFORMATION:

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I. Background and Overview of the Proposed Rule

On November 19, 2018, the agencies published a notice of proposed rulemaking (proposal or proposed rule) and associated Paperwork Reduction Act (PRA) notice that would provide reduced reporting on the Consolidated Reports of Condition and Income (Call Reports)[1] for eligible smaller depository institutions for the first and third calendar quarters, to implement section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRRCPA).[2] Section 205 of EGRRCPA (section 205) requires the agencies to issue regulations that allow for a reduced reporting requirement for a covered depository institution when the institution makes the first and third report of condition for a calendar year. Section 205 defines ''covered depository institution'' as an insured depository institution ''that— (i) has less than $5,000,000,000 in total consolidated assets; and (ii) satisfies such other criteria as the [agencies] determine appropriate.''[3]

Under the proposal, the agencies would have made reduced reporting available to small, non-complex institutions, with domestic offices only, that meet the definition of ''covered depository institution.'' The proposed rule generally would have defined ''covered depository institution'' to mean an institution that has less than $5 billion in total consolidated assets, has no foreign offices, is not required to or has not elected to use subpart E (Internal Ratings-Based and Advanced Measurement Approaches) of the agencies' regulatory capital rules to calculate its risk-based capital requirements (*i.e.,* is not an advanced approaches institution), and is not a large or highly complex institution for purposes of the FDIC's deposit insurance assessment regulations. The proposed rule would have provided reduced reporting by offering covered depository institutions the option to file a more streamlined FFIEC 051 Call Report, which is already the most streamlined version of the Call Report, with fewer data items required for the first and third calendar quarters compared to the current FFIEC 031, FFIEC 041, or FFIEC 051 Call Reports.

The proposed rule also would have included a reservation of authority, consistent with the current General Instructions to the FFIEC 051 Call Report, which would permit an agency, in consultation with the applicable state chartering authority, for supervisory purposes and on an institution-specific basis, to require an institution to file a different version of the Call Report in any calendar quarter(s) in which it otherwise would be eligible to file the FFIEC 051 Call Report, based on the agency's determination that more

[1] The ''Call Report'' is the report of condition and income for most insured depository institutions. There currently are three versions of the Call Reports: The Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (FFIEC 031), the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only (FFIEC 041), and the Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only and Total Assets Less Than $1 Billion (FFIEC 051).

[2] 83 FR 58432. The EGRRCPA was enacted on May 24, 2018. Public Law 115–174, 132 Stat. 1296 (2018).

[3] 12 U.S.C. 1817(a)(12)(B).

information is needed for supervisory purposes.

II. Comments Received

The comment period on the proposal closed on January 18, 2019. The agencies collectively received 1,018 comments, including 21 unique comments and 997 nearly identical comments using one of two templates. Commenters included individuals, banks and bank personnel, industry trade associations, industry analysts, and members of Congress.

Commenters generally expressed the view that the reductions proposed by the agencies did not go far enough in providing reduced reporting in the first and third calendar quarters to eligible institutions. Many commenters questioned the agencies' selection of the FFIEC 051 Call Report to provide reporting burden reduction and criticized the sufficiency of the proposed burden-reducing revisions to the FFIEC 051 Call Report. Other commenters expressed concerns that the proposal would reduce the amount of publicly-available information on eligible institutions and increase burden on analysts and other members of the public who would have to obtain information directly from banks. These comments and the agencies' responses are discussed in the summary and section-by-section analysis of the final rule that follows.

In addition, a few commenters suggested technical revisions to the FFIEC 051 Call Report schedules. Comments related to the associated Call Report collection, including the additional revisions proposed to the existing FFIEC 051 Call Report to further streamline it for reduced reporting, are discussed in the PRA section of the **SUPPLEMENTARY INFORMATION**.

III. Summary of the Final Rule

After carefully considering the comments received, the agencies are adopting the final rule as proposed.

The final rule implements section 205 by prescribing the criteria that the agencies have determined to be appropriate for insured depository institutions to qualify as covered depository institutions, offering the expanded group of covered depository institutions the option to file the FFIEC 051 Call Report each calendar quarter, and establishing the reduced reporting in the FFIEC 051 Call Report permissible for such institutions for the first and third reports of condition for a year. The OCC's and Board's final rules also permit certain uninsured institutions under their supervision that otherwise meet the same criteria to qualify as covered depository institutions. The agencies' final rule includes a reservation of authority that allows the appropriate Federal banking agency of an institution, in connection with the state chartering authority, if applicable, to prohibit an otherwise eligible institution from using the FFIEC 051 Call Report.

Through the related PRA notice, the agencies are further reducing the items required to be reported by all covered depository institutions eligible to file the FFIEC 051 Call Report, as defined in the final rule, for the first and third reports of condition for a year beyond the existing level of reduced reporting in these two quarters.

As discussed further in Section IV.B. of the **SUPPLEMENTARY INFORMATION** section, the agencies anticipate further reductions to the Call Report. In particular, the agencies recently proposed additional reductions to the FFIEC 051 Call Report in connection with a proposal to simplify regulatory capital requirements for certain community banking organizations. The agencies are committed to exploring further burden reduction and are actively evaluating further revisions to the FFIEC 051 Call Report, consistent with guiding principles developed by the FFIEC.[4] The agencies also are considering ways to simplify the Call Report forms and instructions. The agencies would take into account whether revisions can be made to the FFIEC 051 Call Report without violating compliance with existing laws and regulations, jeopardizing safety and soundness supervision and monitoring, or impairing the Board's ability to conduct monetary policy or the FDIC's ability to calculate deposit insurance assessments.

IV. Section-by-Section Analysis of the Final Rule

A. Covered Depository Institution

The proposal would have defined ''covered depository institution'' as an institution that meets all the following criteria: Has less than $5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding calendar year; has no foreign offices; is not required to or has not elected to use Subpart E of the agencies' regulatory capital rules to calculate its risk-based capital requirements (*i.e.,* is not an advanced approaches institution); and is not a large or highly complex institution for purposes of the FDIC's deposit insurance assessment regulations. The OCC's definition also would have excluded institutions that file the FFIEC 002 report of condition. The FDIC's definition also would have excluded state-licensed insured branches of foreign banks. The agencies note that adopting these criteria under the final rule would not exclude any institutions that currently file the FFIEC 051 Call Report. The agencies did not receive comment on these proposed criteria.

The agencies proposed to offer reduced reporting to an ''insured depository institution'' as such term is defined in section 3 of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. 1813, and as required by section 205. The OCC and Board also proposed extending eligibility to qualify as a covered depository institution to uninsured institutions that they supervise that otherwise meet the same criteria.[5] Parity in reporting by insured and uninsured national banks and state member banks is appropriate in light of the similarities between the information used to review the activities of such insured and uninsured institutions. The agencies received one comment that opposed allowing uninsured institutions to qualify as covered depository institutions. The commenter expressed concern that uninsured institutions pose a greater risk to depositors and U.S. taxpayers than insured institutions. The agencies note that uninsured institutions cannot accept deposits from retail customers and thus the agencies do not believe these institutions pose a greater risk to depositors or taxpayers than insured institutions. In addition, certain OCC and Board supervised uninsured institutions with total assets of less than $1 billion already file the FFIEC 051 Call Report. Accordingly, the OCC and Board are finalizing the extension of eligibility to certain uninsured depository institutions as proposed.

Asset Threshold

As mandated by section 205, the proposal would have defined a covered

[4] *See* 83 FR 58434 ((1) Data items serve a long-term regulatory or public policy purpose by assisting the FFIEC members in fulfilling their missions; (2) data items to be collected maximize practical utility and minimize, to the extent practicable and appropriate, burden on financial institutions; and (3) equivalent data items are not readily available through other means).

[5] The FDIC supervises only insured state nonmember banks, insured state savings associations, and insured state-licensed branches. Currently, no uninsured Board-regulated institution is eligible to file the FFIEC 051 Call Report, but under the final rule one uninsured Board-regulated institution would meet the criteria for eligibility to file the FFIEC 051 Call Report. The OCC supervises 49 uninsured institutions that currently are eligible to file the FFIEC 051 Call Report, which would increase to 50 under the final rule.

depository institution as one with less than $5 billion in total consolidated assets. The proposal would have defined ''total consolidated assets'' as total assets as reported in an institution's report of condition. Under the proposal, an institution would have determined whether it meets the asset-size criterion and is eligible to file the FFIEC 051 Call Report based on the total consolidated assets reported in its report of condition (Schedule RC, Balance Sheet, Item 12) for the second calendar quarter of the previous calendar year. This approach is consistent with the current FFIEC 051 Call Report instructions for determining eligibility to file the FFIEC 051 Call Report based on asset size.[6]

The agencies continue to believe that establishing the asset threshold in this manner should allow an institution sufficient time to address any accounting or reporting systems changes, or other preparation process changes, that may be needed if the institution wants to take advantage of, or becomes no longer eligible for, filing the FFIEC 051 Call Report in the following calendar year. The agencies did not receive comment on this aspect of the proposal and are finalizing as proposed.

Other Eligibility Criteria

Consistent with section 205, the proposal would have prescribed other eligibility criteria that an institution with total assets of less than $5 billion must meet in order to qualify as a covered depository institution. These other proposed criteria are based on an institution's international activities, its treatment under the agencies' regulatory capital rules, and its treatment under the FDIC's deposit insurance assessment regulations. Unlike the asset-size criterion, which is determined as of the report of condition filed for the second calendar quarter (as of June 30) of the prior calendar year, the proposal would have required an institution to determine in each calendar quarter whether it meets all of these non-asset-size criteria. If an institution ceases to meet any of these other criteria during a calendar quarter, then beginning that same quarter the institution would have become ineligible to file the FFIEC 051 Call Report. In contrast to failing the asset-size criterion, failing to meet the non-asset-size criteria often reflects a significant change in the operations of an institution as a result of deliberate planning, such as opening a foreign branch or becoming subject to a different approach under the agencies' regulatory capital rules. Therefore, the proposal did not include a grace period for non-asset-size criteria. The agencies did not receive comment on the proposed non-asset-size criteria and are finalizing as proposed.

International Activities. The proposal would have excluded from the definition of ''covered depository institution'' an institution that has foreign offices or that is an insured branch of a foreign bank. Under the proposal, foreign offices would have been defined as: Branches or consolidated subsidiaries in foreign countries[7] unless located on a U.S. military facility; international banking facilities as defined under 12 CFR 204.8; majority-owned Edge Act and Agreement[8] subsidiaries; and branches or consolidated subsidiaries in U.S. territories if the bank is chartered or headquartered in a U.S. state or the District of Columbia. Under the proposal, insured branches of foreign banks would have been those branches defined in section 3(s) of the FDI Act, 12 U.S.C. 1813(s), which file the FFIEC 002 version of the report of condition. The agencies continue to believe it is appropriate to exclude these institutions from reduced reporting because the nature of these international activities requires more comprehensive and detailed financial information to effectively supervise and monitor them than would be available on the FFIEC 051 Call Report.[9] The agencies did not receive comment on this proposed criterion and are finalizing as proposed.

Advanced Approaches Institutions. The proposal would have excluded from the definition of ''covered depository institution'' an institution that is required to, or has elected to, use Subpart E of the agencies' regulatory capital rules to calculate its risk-based capital requirements (*i.e.,* is an advanced approaches institution). In general, an advanced approaches institution is an institution that has consolidated total assets equal to $250 billion or more, has consolidated total on-balance sheet foreign exposure equal to $10 billion or more, or is a subsidiary of a depository institution or holding company that uses the advanced approaches to calculate its total-risk weighted assets.[10] Advanced approaches institutions currently are precluded from filing the FFIEC 051 Call Report. Advanced approaches institutions generally must calculate their regulatory capital requirements under the advanced approaches, which relies in part on internal models and complex formulas, and are subject to additional requirements such as the supplementary leverage ratio.[11] While advanced approaches holding companies typically have total assets of more than $250 billion, their depository institution subsidiaries, some of which may have total assets of less than $5 billion, also generally are subject to the advanced approaches. Some of these subsidiaries may engage in specialized or highly complex activities that require more comprehensive and detailed financial information to ensure effective supervision and monitoring, and thus are excluded from being eligible to file the FFIEC 051 Call Report and receive reduced reporting in the final rule.[12] The agencies did not receive comment on this proposed criterion and are finalizing as proposed.

Institutions Assessed as Large or Highly Complex by the FDIC. The proposal also would have excluded from the definition of ''covered depository institution'' an insured depository institution that is assessed as a ''large institution'' or ''highly complex institution,'' as defined in the FDIC's deposit insurance assessment regulations.[13]

[6] *See* FFIEC 051 instructions, *https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC051_201903_i.pdf.*

[7] The final rule defines ''foreign country'' to refer to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States. This definition also is used in the Board's Regulation K, 12 CFR part 211.

[8] 12 CFR 211.1(c)(2) and (3).

[9] Depository institutions with foreign offices are currently required to file the FFIEC 031 Call Report and thus are not currently eligible to file the FFIEC 051 Call Report. U.S. branches of foreign banks (both federally and State-licensed) are required to file the FFIEC 002 version of the report of condition.

[10] *See* 12 CFR 3.100(b) (OCC); 217.100(b) (Board); 324.100(b) (FDIC). The agencies have invited comment on a proposed rule that would revise the framework for determining the applicability of the advanced approaches capital requirements for U.S. banking organizations. *See* Proposed Changes to Applicability Thresholds for Regulatory Capital and Liquidity Requirements, 83 FR 66024 (December 21, 2018).

[11] *See* 12 CFR part 3, subpart E, and 12 CFR 3.10(c)(4) (OCC); 12 CFR part 217, subpart E, and 12 CFR 217.10(c)(4) (Board); 12 CFR part 324, subpart E, and 12 CFR 324.10(c)(4) (FDIC).

[12] If an institution has received an exemption from the application of subpart E of the agencies' regulatory capital rules, the exclusion under this criterion would not apply.

[13] For the purposes of the FDIC's deposit insurance assessment regulations, a ''small institution'' generally is an insured depository institution with less than $10 billion in total assets. *See* 12 CFR 327.8(e). Generally, a ''large institution'' is an insured depository institution with more than $10 billion in total assets. *See* 12 CFR 327.8(f). However, an institution with assets between $5 billion and $10 billion may request treatment as a large institution for deposit insurance assessments, and few institutions have made this request to date. *See* 12 CFR 327.16(f). Generally, a ''highly complex

Continued

Under the FDIC's deposit insurance assessment regulations, large institutions and highly complex institutions are assessed using CAMELS ratings [14] combined with certain forward-looking financial measures that reflect the risks such institutions pose to the Deposit Insurance Fund.[15] The FDIC uses the data reported by a large institution or a highly complex institution on either the FFIEC 031 or FFIEC 041 Call Report, as appropriate, to calculate the institution's deposit insurance assessment rate. For example, the FDIC uses data on Schedule RC–O regarding higher-risk assets, which are not reported on the FFIEC 051 Call Report, to calculate financial ratios used to determine a large or a highly complex institution's deposit insurance assessment rate.

The agencies did not receive comment on this proposed criterion and are finalizing as proposed. This eligibility criterion ensures that an institution that meets the asset-size criterion based on its report of condition for the second calendar quarter of a previous year, but is treated as a large or highly complex institution for deposit insurance assessment purposes, will continue to file the FFIEC 031 or FFIEC 041 Call Report, as appropriate, which contain the data items required by the FDIC to calculate the institution's deposit insurance assessment rate. As long as an institution continues to be assessed as a large or highly complex institution, it is ineligible under the final rule to file the FFIEC 051 Call Report, including its reduced reporting, until it is reclassified for deposit insurance assessments and assessed as a ''small institution.''

B. Reduced Reporting

The proposal would have implemented the reduced reporting required by section 205 by allowing covered depository institutions to file the FFIEC 051 Call Report, as it is the most streamlined version of the Call Report and already provides significant reduced reporting in the first and third calendar quarters. The agencies, in the PRA section of the proposal, also proposed further reducing the reporting required on the FFIEC 051 Call Report in the first and third calendar quarters, by changing reporting of certain items from quarterly to semiannual or annual. The final rule implements the reduced reporting required by section 205 by allowing covered depository institutions to file the FFIEC 051 Call Report; the agencies, through the PRA section of the **SUPPLEMENTARY INFORMATION**, also are further reducing the reporting required on the FFIEC 051 Call Report in the first and third calendar quarters.

The majority of comments received by the agencies on the proposal related to the agencies' proposed use of the FFIEC 051 Call Report. Commenters expressed the view that using the FFIEC 051 Call Report to allow reduced reporting in the first and third calendar quarters would not provide sufficient reporting relief, and cited the agencies' burden estimates under the PRA for the proposed changes to the FFIEC 051 Call Report in support of their views. Many of these commenters recommended an alternate version of the Call Report for the first and third calendar quarters that consists only of an institution's basic financial statements, such as a balance sheet, income statement, and statement of changes in shareholders' equity. One commenter suggested offering this simplified reporting to a smaller subset of institutions that meet more stringent eligibility criteria, such as being well managed. Another commenter suggested that the agencies should tailor the scope of regulatory reporting to each institution based on that institution's characteristics. One commenter proposed including a schedule for regulatory capital in addition to the basic financial statements, while another commenter requested a Call Report that was no longer than 10 pages.

Other commenters, particularly investment analysts evaluating the banking industry, raised concerns about a reduction in publicly-available information from institutions that adopt reduced reporting. These commenters indicated they would need to supplement the publicly-available information by making specific information requests to the institutions they analyze. Another commenter pointed out that some items that would be reported less frequently are used as part of regulatory and investor offsite monitoring processes, and that limiting this information may result in increased information requests or review of certain items during examinations due to the more limited information on the Call Reports. According to the commenter, these reductions to the Call Report may create greater burden on an institution than the relief provided by filing a more limited Call Report two times per year.

Section 205 allows the agencies to establish the criteria for reduced reporting. The agencies' proposal sought to further reduce reporting for covered depository institutions in the first and third calendar quarters while still collecting the data necessary to meet the agencies' statutory mandates and missions, ensuring continued receipt of appropriate information to monitor safety and soundness and striking a balance between reducing reporting burden and obtaining sufficient information for supervisory purposes, including on-site examinations and off-site monitoring of covered depository institutions.

The agencies are implementing the reduced reporting required by section 205 first by offering an expanded group of institutions the option to file the FFIEC 051 Call Report each calendar quarter. The agencies elected to use the FFIEC 051 Call Report as the version of the report of condition to implement reduced reporting primarily because: It is the Call Report that collects the least information; reduced reporting in the reports for the first and third quarters was one of the primary objectives when the FFIEC 051 Call Report was first implemented in 2017 and revised in 2018; and it is already being used by the majority of institutions with total assets below the $5 billion statutory threshold set by section 205. The FFIEC 051 Call Report previously was developed to enable institutions with total assets of less than $1 billion to report less information, and contains 882 fewer data items than the FFIEC 041 Call Report, which is the agencies' standard version of the Call Report.[16] The final rule extends eligibility to file the FFIEC 051 Call Report from certain institutions with less than $1 billion in total assets to certain institutions with less than $5 billion in total assets. As a result, this approach provides significant reporting relief by offering covered depository institutions of between $1 billion and less than $5 billion in total assets that currently are required to file the FFIEC 041 Call Report the option to file the FFIEC 051 Call Report. Under the final rule, covered depository institutions

institution'' is: (i) An insured depository institution (excluding a credit card bank) that has had $50 billion or more in total assets for at least four consecutive quarters, is controlled by a U.S. parent holding company that has had $500 billion or more in total assets for four consecutive quarters, or is controlled by one or more intermediate U.S. parent holding companies that are controlled by a U.S. holding company that has had $500 billion or more in assets for four consecutive quarters; or (ii) a processing bank or trust company. *See* 12 CFR 327.8(g) and (s).

[14] A financial institution is assigned a ''CAMELS'' composite rating based on an evaluation and rating of six essential components of an institution's financial condition and operations. These component factors address the: Adequacy of capital (C); quality of assets (A); capability of management (M); quality and level of earnings (E); adequacy of liquidity (L); and sensitivity to market risk (S).

[15] *See* 12 CFR 327.16(b); 76 FR 10672, 10688–10698 (February 25, 2011).

[16] The current version of the FFIEC 051 Call Report includes 1,147 reportable data items in each of the first and third calendar quarters, compared with 2,029 reportable data items required on the FFIEC 041 Call Report in those calendar quarters.

with total assets between $1 billion and less than $5 billion are eligible to file the FFIEC 051 Call Report in each calendar quarter of a calendar year, not just in the first and third quarters, which will provide additional reporting relief for these institutions compared to the FFIEC 041 Call Report. Overall, the agencies estimate that the burden hours for institutions with total assets between $1 billion and less than $5 billion would decline 12.73 hours per quarter, from 63.69 hours filing the FFIEC 041 to 50.96 hours filing the FFIEC 051.

In addition to increasing the number of institutions eligible to file the FFIEC 051 Call Report every quarter, as discussed in the PRA section of the **SUPPLEMENTARY INFORMATION**, the agencies are further reducing the reporting required on the FFIEC 051 Call Report in the first and third calendar quarters. The agencies are reducing the frequency of reporting of approximately 37 percent of the existing data items in this report [17] from quarterly to semiannual. The principal areas of reduced reporting in the first and third calendar quarters include data items related to categories of risk-weighting of various types of assets and other exposures under the agencies' regulatory capital rules, fiduciary and related services assets and income, and troubled debt restructurings by loan category. This reduction in reporting frequency for certain data items provides all covered depository institutions that currently file the FFIEC 051 Call Report, including those with less than $1 billion in total assets, with additional reduced reporting in the first and third calendar quarters.

The agencies recognize that the reduction in reporting frequency offered for certain data items as described in the PRA section below may not provide as much of a burden reduction for every covered depository institution, because some of those data items are not relevant to or completed by every covered depository institution due to different asset portfolios and activities. However, the final rule expediently provides all covered depository institutions the option of reduced reporting in the first and third calendar quarters. For institutions with total assets of less than $1 billion that file the current version of the FFIEC 051 Call Report, implementing the further streamlined FFIEC 051 Call Report should require less cost and fewer systems changes than switching to a completely new version of a regulatory report. To align with the implementation of the final rule, the agencies are issuing the accompanying PRA notice to implement changes to the FFIEC 051 Call Report consistent with the rule.

In response to commenters' requests that the agencies implement a Call Report comprised only of basic financial statements, the agencies note that, by law, they must collect certain data items on a quarterly basis, including items that are not typically found on basic financial statements.[18] In addition to information the agencies are required to collect on a quarterly basis by statute, the agencies need other information to effectively monitor the safety and soundness of institutions and the financial system, as well as to monitor compliance with consumer financial protection laws and regulations and to fulfill agency-specific missions. With respect to commenters' concerns that the reporting reductions may result in industry analysts or investors not being able to obtain as much information from an institution through its Call Report, the agencies note that an institution is not required to switch to the FFIEC 051 Call Report, and the final rule does not restrict an institution from providing additional financial information to the public that would otherwise not be required to be reported in the first and third calendar quarters.

As the agencies explained when issuing the proposal, Call Report data provides critical information necessary for the agencies' effective supervision of depository institutions.[19] In their statutory roles of chartering, licensing, supervising, or insuring institutions, the agencies principally rely on information obtained through on-site examinations of institutions, off-site supervisory activities between examinations, and information reported on an institution's report of condition. The report of condition is the Call Report for most insured depository institutions. Consistent with the FFIEC's mandate, Call Reports collect the most current financial and statistical data available in a standardized format to identify uniformly areas of focus for supervision, including for on-site and off-site examinations.[20] The agencies use Call Report data in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data assist the agencies in their collective missions of promoting the safety and soundness of institutions and the financial system and the protection of consumer financial rights, as well as fulfilling agency-specific missions, such as conducting monetary policy, promoting financial stability, and administering federal deposit insurance. The agencies also use Call Report data in evaluating institutions' applications, including interstate merger and acquisition applications. In addition, Call Report data are used by the appropriate agencies to calculate institutions' deposit insurance assessments as well as national banks' and federal savings associations' semiannual assessment fees. In the absence of data collected through a standardized format, such as the Call Report, the agencies likely would need to rely on significantly more ad hoc data requests to individual institutions. A lack of information also increases the risk of missing new or significantly changed activities when the agencies plan on-site examinations, which could require the agencies to spend additional time on-site reviewing risk areas for which bank data was not submitted in the Call Report.

The agencies remain mindful, however, of the impact that collecting Call Report data may have on covered depository institutions. As discussed in the proposal, the agencies (through the FFIEC) started an initiative to reduce the reporting burden on all institutions, especially community banks, in December 2014.[21] The result of the agencies' multi-year effort was a meaningful reduction in reporting for all institutions that filed the FFIEC 041 Call Report at the start of the effort. As compared with the FFIEC 041 Call Report in use immediately before the implementation of the FFIEC 051 Call Report, the current FFIEC 041 Call Report now reflects a reduction of approximately 11 percent of the data items and provides for reduced reporting frequency of approximately 3 percent of the data items. The smallest institutions (with less than $1 billion in total assets) received an even greater reduction in reporting with the

[17] This percentage is relative to the FFIEC 051 Call Report filed as of June 30, 2018.

[18] For example, certain data collection and reporting requirements are satisfied through the collection of data on the various Call Report schedules: 12 U.S.C. 1817(a)(4) and (6) require reporting of deposit liabilities (Schedules RC–E); 12 U.S.C. 1817(a)(3) and (c) requires four Call Reports annually that serve as the basis for determining an institution's deposit insurance assessment (Schedule RC–O, and certain items on Schedules RI, RC, RC–C, RC–E, RC–N, and RC–R); 12 U.S.C. 1831n(a)(3)(C) requires that off-balance sheet items be reported or taken into account in any report of condition (Schedule RC–L); 12 U.S.C. 1831o and its implementing regulations address prompt corrective action requirements (12 CFR part 6 (OCC); 12 CFR part 208, subpart D (Board); and 12 CFR part 324, subpart H (FDIC)) and rely on reporting of regulatory capital quarterly (Schedule RC–R)).

[19] *See* 83 FR 58433–58434.

[20] *See e.g.,* 12 U.S.C. 3301.

[21] *See* 83 FR 58484.

implementation of the FFIEC 051 Call Report for the March 31, 2017, reporting date. The FFIEC 051 Call Report now represents a reduction of approximately 43 percent of the data items and provides for reduced reporting frequency of approximately 6 percent of the data items, as compared to the FFIEC 041 Call Report in use as of December 31, 2016, immediately before the implementation of the FFIEC 051 Call Report. Thus, the implementation of the FFIEC 051 Call Report provides a significant reduction in reporting burden for institutions that choose to file this version of the Call Report.

In the interest of making reduced reporting available to covered depository institutions expediently, particularly for institutions with total assets of between $1 billion and less than $5 billion, the agencies are finalizing this rule as proposed. The agencies also anticipate further reductions to the Call Report. In particular, the agencies have proposed additional reductions to the FFIEC 051 Call Report [22] in connection with the proposal [23] that was issued by the agencies in February of 2019 to simplify regulatory capital requirements for qualifying community banking organizations, as required by section 201 of the EGRRCPA, which the agencies estimate would further reduce the average FFIEC 051 Call Report burden from 39.77 hours to 33.65 hours, a reduction of 6.12 hours per quarter.[24]

The agencies are committed to exploring further burden reduction and are actively evaluating further revisions to the FFIEC 051 Call Report, consistent with guiding principles developed by the FFIEC.[25] The agencies also are considering ways to simplify the Call Report forms and instructions. The agencies would take into account whether revisions can be made to the FFIEC 051 Call Report without violating compliance with existing laws and regulations, jeopardizing safety and soundness supervision and monitoring, or impairing the Board's ability to conduct monetary policy or the FDIC's ability to calculate deposit insurance assessments.

C. Reservation of Authority

Consistent with the agencies' authorities and current practices, the final rule includes a reservation of authority that allows the appropriate Federal banking agency, in consultation with the relevant state chartering authority, if applicable, and on an institution-specific basis, to require a covered depository institution under the agency's supervision to file the FFIEC 041 Call Report, or any successor thereto, in any calendar quarter or quarters in which the covered depository institution would otherwise be eligible to file the FFIEC 051 Call Report, based on the agency's determination that such filing is necessary for supervisory purposes. In making such a determination, the appropriate Federal banking agency may consider criteria including whether the institution is significantly engaged in one or more complex, specialized, or other higher-risk activities, such as those for which limited information is reported in the FFIEC 051 Call Report compared to the FFIEC 041 Call Report. For example, if a covered depository institution has a considerable concentration of either trading assets or mortgage banking activities, the appropriate Federal banking agency may seek additional information from that institution by requiring the institution to file the FFIEC 041 Call Report. Generally, a covered depository institution's safety and soundness, size, complexity, activities, risk profile, and other factors, such as an increase in a covered depository institution's asset size resulting from a merger or acquisition, also may be taken into consideration.

If, after considering such factors, the agency determines that a covered depository institution should be required to file the FFIEC 041 Call Report, the agency would provide notice to the covered depository institution prior to the filing requirement's becoming effective. The reservation's terms also would be provided in the notice. Any covered depository institution required by its appropriate Federal banking agency under the reservation of authority to file the FFIEC 041 Call Report in lieu of the FFIEC 051 would be required to continue to file the FFIEC 041 Call Report until the appropriate Federal banking agency provides notice to the covered depository institution that it is no longer required to file the FFIEC 041 Call Report.

This authority provides the agencies with the flexibility to require an institution to report and disclose additional Call Report data if warranted by an institution's individual circumstances and risk profile. Consistent with current supervisory practices and experience, the exercise of the reservation of authority generally would be a decision made by a member of the appropriate agency's senior management and would not be at the discretion of examination staff. The agencies received no comment on this aspect of the proposed rule and are finalizing it as proposed.

V. Related Agency-Specific Revisions

A. Board

The Board does not currently have a rule that sets forth the report of condition filing requirements of state-chartered banks that are members of the Federal Reserve System (state member banks), and instead relies on its statutory authority under section 9 of the Federal Reserve Act (FRA) and section 7(a)(3) of the FDI Act to require state member banks to provide reports of condition. In light of section 205's requirement that the Board issue a rule that allows for reduced reporting by certain eligible Board-supervised insured depository institutions, the Board proposed to add a new subpart K to Regulation H,[26] which would incorporate the rule text implementing section 205. The Board received no comments on the proposed rule and is finalizing it as proposed. In addition to insured state member banks, the Board also supervises uninsured state member banks, such as nondepository trust companies. The Board requires such institutions to use the Call Report to submit financial data. As previously discussed in **SUPPLEMENTARY INFORMATION** section IV.A., the Board's final rule extends the use of the reduced reporting requirement to uninsured state member banks if they meet the criteria for covered depository institutions identified in the rule.

The Board also proposed to include in new subpart K, pursuant to its statutory authority under section 9 of the FRA and section 7(a)(3) of the FDI Act, § 208.122 that would set forth the general requirement that all state member banks file consolidated reports of condition and income in accordance with the instructions for these reports. The Board received no comments on § 208.122 and is finalizing the subsection as proposed.

B. FDIC

The FDIC amends part 304 of its Rules and Regulations, by restructuring the regulation and creating a ''subpart A'' and ''subpart B.'' Subpart A now contains the current text of part 304, with limited technical, non-substantive changes. The technical, non-substantive changes include: (1) Updating the address and contact information in

[22] 84 FR 16560 (April 19, 2019).

[23] 84 FR 3062 (February 8, 2019).

[24] 84 FR 16563.

[25] *See* 83 FR 58434.

[26] The Board's Regulation H governs the membership of state banking institutions in the Federal Reserve System. 12 CFR part 208.

§ 304.2; (2) clarifying that § 304.3(a) and (b) apply to insured depository institutions; (3) updating references in § 304.3(a) to the various Call Reports to include the recently implemented FFIEC 051 Call Report; and (4) updating the references to FDIC divisions to reflect changes in nomenclature. In Subpart B, the FDIC includes the regulatory text implementing section 205.

The FDIC believes that this approach to restructuring part 304 will incorporate the entirety of the new, substantive text of the final rule that implements section 205 of the EGRRCPA with minimal effect to the current text. Thus, a state nonmember bank or state savings association that believes it qualifies as a covered depository institution would be able to make that determination based on the regulatory text contained in subpart B.

C. OCC

Insured depository institutions identified in section 205 include insured Federal branches of foreign banks, as defined under section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)). While these insured Federal branches are included in the statute, they currently file the FFIEC 002 report of condition. The FFIEC 002 is used by insured and uninsured state and Federal branches and agencies of foreign banks and contains a significant amount of information relating to the operations and foreign connections of these entities. As described above in the *International Activities* section, this additional information is necessary for the OCC to supervise insured Federal branches, and a reduced reporting option would not be appropriate given the nature of their activities. Therefore, the OCC's final rule includes a criterion excluding institutions that file the FFIEC 002 report of condition from being eligible for reduced reporting. The OCC received no comments on this provision and will finalize as proposed.

In addition to insured depository institutions, which are specifically identified in section 205, the OCC also supervises a number of uninsured national banks, such as trust banks. The OCC has permitted some of these institutions to use the Call Report to submit financial data and to use the existing FFIEC 051 if they meet the current eligibility requirements for filing that Call Report. Therefore, the OCC's rule extends the use of the reduced reporting requirement to uninsured national banks if they meet the criteria for covered depository institutions identified in the rule. As discussed earlier, the OCC received one comment objecting to permitting uninsured institutions to use reduced reporting. For the reasons discussed earlier, the OCC does not agree with the commenter and is finalizing this provision as proposed.

VI. Regulatory Analyses

A. Paperwork Reduction Act

Certain provisions of the final rule affect a ''collection of information'' within the meaning of the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3521). In accordance with the requirements of the PRA, the agencies may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The agencies have reviewed the final rule, including the changes to the FFIEC 051 Call Report that are discussed in this PRA section, and determined that it would result in changes to the reporting requirements associated with the FFIEC 051 Call Report, which have been previously cleared by the OMB. The agencies made submissions to the OMB at the proposed rule stage. The OMB instructed the agencies to resubmit the notice at the final rule stage addressing any comments received and analyzing the expected burden reduction associated with the final rule. The final rule expands the eligibility to file the FFIEC 051 Call Report to certain institutions with $1 billion or more, but less than $5 billion, in total assets that meet other eligibility criteria. In addition to the expanded eligibility to file this report, the agencies also are making other revisions to the FFIEC 051 Call Report, as discussed under Current Actions below. With the OMB approval, these revisions to the FFIEC 051 Call Report are proposed to take effect as of the September 30, 2019, report date. The agencies are proposing to extend for three years, with revision, the reporting requirements associated with the Call Report.

Current Actions

Overview

First, as described above, the agencies are revising the criteria for determining whether an institution is eligible to file the FFIEC 051 Call Report to match the criteria in the final rule. While the final rule provides for reduced reporting on reports filed for the first and third calendar quarters, the agencies are revising the eligibility criteria to extend to all eligible institutions with less than $5 billion in total assets that meet other criteria in the final rule the option to file the FFIEC 051 Call Report for all four calendar quarters. Therefore, if an institution is eligible to file the FFIEC 051 Call Report for the first and third calendar quarters pursuant to the rule, the institution also could file the FFIEC 051 Call Report for the second and fourth calendar quarters provided the institution continues to meet the non-asset-size criteria. The revisions to the eligibility criteria for filing the FFIEC 051 Call Report would be made in the General Instructions section of the Call Report instructions and would include the increase in the asset-size threshold to less than $5 billion in total assets as well as the addition to the existing non-asset-size criteria of a criterion to exclude institutions that are treated as large or highly complex institutions for deposit insurance assessment purposes. The Call Report instructions currently provide that, beginning with the first quarterly report date following the effective date of a business combination, a transaction between entities under common control, or a branch acquisition that is not a business combination involving an institution and one or more other depository institutions, the resulting institution, regardless of its size prior to the transaction, must file the FFIEC 041 Call Report if its consolidated total assets after the consummation of the transaction are $1 billion or more. The agencies are removing this provision from the instructions, but the resulting institution may be required to file the FFIEC 041 Call Report consistent with the reservation of authority in the rule. All of the final FFIEC 051 Call Report eligibility criteria, along with justifications, are provided above in section IV.A. of the **SUPPLEMENTARY INFORMATION** section (''Covered Depository Institution''). Based on Call Report data as of June 30, 2018, there were 547 institutions with $1 billion or more, but less than $5 billion in total assets that likely would meet the definition of ''covered depository institution'' in the final rule.

Second, the agencies are revising the reporting frequency and applicability of certain data items in the FFIEC 051 Call Report. Specifically, the agencies are reducing the reporting frequency of certain existing data items in the FFIEC 051 Call Report from quarterly to semiannual reporting. The agencies are reducing reporting in the first and third calendar quarters by 502 data items [27] or

[27] This number includes 69 data items collected on Schedule RC–T, Fiduciary and Related Services, that are only reported by certain institutions with fiduciary powers that have fiduciary activity to report.

a reduction of approximately 37 percent of the data items included in the June 30, 2018, FFIEC 051 Call Report.

Third, for covered depository institutions with total assets of $1 billion or more, but less than $5 billion, the agencies are adding to the FFIEC 051 Call Report certain data items that these institutions currently report on the FFIEC 041 Call Report, but generally with reduced reporting frequency. The agencies are adding these items to meet the agencies' data needs and assist the agencies in fulfilling their missions of ensuring the safety and soundness of depository institutions and the financial system, as well as the protection of consumer financial rights and administering federal deposit insurance.

As described above, the agencies received 1,018 comments on the combination proposed rule and PRA revision. A majority of those comments addressed the proposed rule, particularly the agencies' proposal to use the FFIEC 051 Call Report to establish reduced reporting in the first and third quarters. Comments on the proposed revisions to the FFIEC 051 Call Report itself are discussed and addressed under the relevant headings below.

Changes to the Frequency of Data Collection in the FFIEC 051 Call Report

As explained in more detail in the initial PRA section in the proposed rule, the agencies are reducing the frequency of the following items on the FFIEC 051 Call Report from quarterly to semiannual (*i.e.,* these items would be reported in the June 30 and December 31 Call Reports only):

- Schedule RI, Income Statement, Memorandum item 14.
- Schedule RC–C, Part I, Loans and Leases, Memorandum items 1.a through 1.f, and Schedule RC–N, Past Due and Nonaccrual Loans, Leases, and Other Assets, Memorandum items 1.a through 1.f.
- Schedule RC–E, Deposit Liabilities, Memorandum items 1.a and 5.
- Schedule RC–M, Memoranda, items 8.a through 8.c.
- Schedule RC–R, Part II, Regulatory Capital Risk-Weighted Assets, items 1 through 25, columns A through U, as applicable, and Memorandum items 1 through 3, including all subitems and columns.
- Schedule RC–T, Fiduciary and Related Services, items 4 through 13, columns A through D; items 14 through 22; and Memorandum items 3.a through 3.h, for institutions with total fiduciary assets greater than $250 million but less than or equal to $1 billion, and gross fiduciary and related services income less than or equal to 10 percent of total revenue.[28]

The agencies received a number of comments on the proposed reductions in frequency. One commenter objected to the proposal, stating that the changes increase the burden associated with making systems changes and increase the risk of errors if data is only reconciled and reported semiannually instead of quarterly. Several commenters stated that the frequency reductions on Schedule RC–T would not provide a burden reduction for them, because many of the data items already are not reported by many small banks. Two commenters stated that the frequency reductions on Schedule RC–R are meaningless, either because institutions must still calculate total risk weighted assets on Schedule RC–R, Part II, or that the agencies' proposed rulemaking on a simplified leverage ratio for community banks (CBLR proposal)[29] would make the existing Schedule RC–R irrelevant for most institutions.

The agencies are implementing the frequency reductions as proposed. The agencies note that the proposal is only reducing the minimum frequency for items reported in the FFIEC 051 Call Report. Covered depository institutions may still elect to submit data on a quarterly basis; the Central Data Repository, which the agencies use to receive and store data on the Call Reports, will still accept quarterly data submissions for items even if those items are only required semiannually. Therefore, an institution that wishes to continue submitting these items to the agencies on a quarterly basis may do so.

Regarding Schedule RC–R, currently, institutions must continue to calculate and report total risk-weighted assets. However, there is some burden reduction associated with eliminating the reporting of the data item components to calculate total risk-weighted assets (inputs) in the first and third quarters. In calculating total risk-weighted assets in the first and third quarters, institutions may be able to use more efficient methods to collect the inputs rather than using the template provided by the agencies, and would not need to validate each input reported on Schedule RC–R, Part II, which would save the institutions review time in preparing that schedule. In addition, as another commenter noted, the agencies' CBLR proposal would make Schedule RC–R, Part II, irrelevant for qualifying community banking organizations. The agencies note that if the CBLR proposal is implemented as proposed, institutions that qualify would experience additional burden reduction in the Call Report compared to preparing the existing reporting on Schedule RC–R. The estimated average burden hours for the FFIEC 051 Call Report is currently 39.77,[30] which would decrease to 33.65 under the CBLR proposal. Therefore, the CBLR proposal would represent a reduction in estimated average burden hours per quarter of 6.12 (or 15.39 percent) for the FFIEC 051 Call Report for institutions.[31] The agencies have opted to pursue burden relief now and have proposed to provide additional relief in the future on this schedule.

Addition of Data Items to the FFIEC 051 Call Report for Institutions With Total Assets of $1 Billion or More

The agencies are adding certain data items to the FFIEC 051 Call Report that would apply only to covered depository institutions with total assets of $1 billion or more. These items are currently reported by institutions with total assets of $1 billion or more that file the FFIEC 031 or FFIEC 041 Call Report, but they are not required to be completed by institutions with less than $1 billion in total assets that file the FFIEC 031, FFIEC 041, or FFIEC 051 Call Reports. Therefore, the additional data items would not represent new data items for covered depository institutions with total assets of $1 billion or more, but rather are items carried over from the FFIEC 041 version of the Call Report, generally using the same definitions and calculations. Furthermore, all but one of these items would be reported less frequently in the FFIEC 051 Call Report than they are currently reported in the FFIEC 041 Call Report. More detailed information on these items can be found in the PRA section of the agencies' proposed rule.[32]

- Schedule RI, Memorandum items 15.a. through 15.d. These items currently are required quarterly in the FFIEC 041 Call Report and only would be required annually as of December 31 in the FFIEC 051 Call Report from institutions with $1 billion or more, but less than $5 billion in total assets.
- Schedule RI–C, Disaggregated Data on the Allowance for Loan and Lease Losses (ALLL). The agencies are adding a condensed version of the existing FFIEC 041 Schedule RI–C, Part I, to the

[28] Total fiduciary assets are measured as of the preceding December 31. Gross fiduciary and related services income is measured as a percentage of revenue (net interest income plus noninterest income) for the preceding calendar year.

[29] 84 FR 3062 (February 8, 2019).

[30] 84 FR 4131 (February 14, 2019).

[31] 84 FR 16560 (April 19, 2019).

[32] 83 FR 58442–58443.

FFIEC 051 Call Report as Schedule RI–C and reducing the reporting frequency of this condensed schedule from quarterly to semiannual (*i.e.,* reported in the June 30 and December 31 Call Reports only) for institutions with $1 billion or more, but less than $5 billion, in total assets. Consistent with the agencies' proposed and final revisions to the FFIEC 041 Call Report related to implementation of the current expected credit losses (CECL) methodology,[33] institutions in this size range that have adopted CECL would also report disaggregated data on the allowance for credit losses on held-to-maturity securities on Schedule RI–C on a semiannual basis.

- Schedule RC–E, Memorandum items 6 and 7, including all subitems. These items currently are required quarterly in the FFIEC 041 Call Report and only will be required annually as of December 31 in the FFIEC 051 Call Report from institutions with $1 billion or more, but less than $5 billion in total assets.
- Schedule RC–O, Other Data for Deposit Insurance and FICO Assessments, Memorandum item 2. This item is required quarterly in the FFIEC 041 Call Report, and will continue to be required quarterly in the FFIEC 051 Call Report from institutions with $1 billion or more, but less than $5 billion in total assets.

The agencies received five comments on the items proposed to be added to the FFIEC 051 Call Report. Four comments objected to adding the data items on Schedules RI and RC–E. These data items relate to consumer deposit accounts and deposit account fees, and the commenters stated that this information should not be collected in the Call Report. One comment requested that the agencies retain the items to be added to the FFIEC 051 Call Report on the same schedules and in the same locations in the FFIEC 051 Call Report as they are reported in the FFIEC 041 Call Report, to minimize the burden of making systems changes to implement the revisions.

These data items, including the items on Schedules RI and RC–E, are necessary for the agencies to supervise and monitor consumer deposit account activity at institutions with total assets of $1 billion or more, but less than $5 billion that file the FFIEC 051 Call Report. The agencies also note that the items on Schedules RI and RC–E would be collected annually instead of quarterly, which would provide a reduction in burden for these institutions in the other three quarters. Regarding the comment on the location of these items, the agencies agree with the commenter's recommendation and will retain the items that were proposed to be moved from Schedules RI, RI–C, and RC–E on their existing schedules rather than including them in Schedule SU, Supplemental Information.

Additional Comments on the Call Report

The agencies also received one comment suggesting that they propose revisions to the FFIEC 031 and FFIEC 041 versions of the Call Report for institutions with total assets of less than $5 billion that either are not eligible for the reduced reporting or choose not to use reduced reporting in the FFIEC 051 Call Report. While the agencies may consider proposing burden-reducing revisions to the FFIEC 031 or 041 versions of the Call Report in the future, the agencies are not prepared to propose any specific revisions to these versions of the Call Report at this time. If an institution does not meet the criteria to use the FFIEC 051 Call Report, then reporting on the existing FFIEC 031 or FFIEC 041 Call Report is appropriate.

Effective Date

Subject to OMB approval, the revisions to the FFIEC 051 Call Report described above would take effect as of the September 30, 2019, report date. The less than $5 billion asset-size test for determining eligibility to file the FFIEC 051 Call Report in 2019 would be based on the total assets reported on an institution's Call Report as of June 30, 2018. An institution eligible to file the FFIEC 051 Call Report also has the option to file the FFIEC 041 Call Report. For an institution with less than $5 billion in total assets that qualifies to use the FFIEC 051 Call Report for the first time as a result of the agencies' increase in the asset-size reporting threshold for the FFIEC 051 Call Report from less than $1 billion to less than $5 billion, and that desires to use that report form but is unable to do so for the September 30, 2019, Call Report date, the institution may begin reporting on the FFIEC 051 Call Report as of the December 31, 2019, report date. Beginning in 2020, an institution should file whichever version of the Call Report for which it is both eligible and chooses to file in the first quarter of that year, for the remainder of that year if it meets the asset-size threshold for eligibility as of June 30, 2019, and continues to meet the non-asset-size criteria.

Proposed Revision, With Extension for Three Years, of the Following Information Collections

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Number: FFIEC 031, FFIEC 041, and FFIEC 051 (for eligible small institutions).

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

Type of Review: Revision and extension of currently approved collections.

OCC:

OMB Control No.: 1557–0081.

Estimated Number of Respondents: 1,178 national banks and federal savings associations.

Estimated Average Burden per Response: 44.45 burden hours per quarter to file.

Estimated Total Annual Burden: 209,448 burden hours to file.

Board:

OMB Control No.: 7100–0036.

Estimated Number of Respondents: 794 state member banks.

Estimated Average Burden per Response: 48.42 burden hours per quarter to file.

Estimated Total Annual Burden: 153,782 burden hours to file.

FDIC:

OMB Control No.: 3064–0052.

Estimated Number of Respondents: 3,483 insured state nonmember banks and state savings associations.

Estimated Average Burden per Response: 43.44 burden hours per quarter to file.

Estimated Total Annual Burden: 605,206 burden hours to file.

When the estimates are calculated across the agencies considering all expected filers of the FFIEC 051 Call Report, the estimated average burden hours per calendar quarter for this report are 40.27 hours. The burden hours for filers of the currently approved FFIEC 051 Call Report are 39.77 hours (using September 30, 2018, data). The increase in the overall average for the FFIEC 051 reflects that newly eligible institutions (with total assets between $1 billion and less than $5 billion) generally have amounts to report in more items on that report than current filers (with total assets of less than $1 billion). For the current FFIEC 051 Call Report filers, the revisions to the FFIEC 051 Call Report described in this document would decrease average burden hours per quarter from approximately 40.11 hours to 39.08 hours, a reduction of 1.03 hours per quarter (using December 31, 2018, data). For newly eligible filers, the average

[33] *See* 83 FR 49160 (September 28, 2018) and 84 FR 4131 (February 14, 2019).

burden hours would decrease from approximately 63.69 hours to 50.96 hours, a reduction of 12.73 hours per quarter. The estimated burden per response for the quarterly filings of the Call Report is an average that varies 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). In addition, the estimates of the average burden per response for FFIEC 051 Call Report filers are averages across the Call Reports for these filers for all four quarters of the year. As a consequence, the estimated average burden blends the effects of reduced reporting in the first and third quarters with the reporting that occurs in all four quarters. Estimates of the average burden hours solely for completing the FFIEC 051 Call Report in the first or the third quarter would be less than the overall average per response.

Comments on the Burden Estimate

The agencies received two comments specifically about the burden calculation. One commenter stated that the reductions in frequency would save his institution approximately 2 hours per quarter. The commenter's estimate is consistent with the agencies' estimate of a savings of 1.03 hours per quarter. A second commenter stated that preparing the Call Report requires approximately 120 hours per quarter at his institution. For an institution that relies primarily on manual processes to complete the Call Report, the agencies' supervisory experiences indicate that 60–80 hours may be more typical. The agencies recognize that institutions may use unique approaches for preparing the Call Report that rely on varying degrees of manual and automated processes that are tailored to their individual circumstances, and the burden estimate reflects averages that take into consideration such a wide range of practices. However, increased use of automated systems generally results in greater efficiencies and lower manual intervention for institutions. The agencies note that their estimate of approximately 40 hours per quarter is consistent with an average across all institutions, including institutions that use automated systems and those that do not. While in some cases the set-up and operating costs of integrating general ledger and core systems with Call Report software as a means to substantially automate the Call Report preparation process may be significantly lower than the recurring cost of employees using manual or less automated processes, the agencies recognize institutions' prerogatives to make their own business decisions regarding the use of automation for the Call Report process.

B. Regulatory Flexibility Act Analysis

The Regulatory Flexibility Act [34] (RFA) requires an agency to either provide an initial regulatory flexibility analysis with a proposed rule for which general notice of proposed rulemaking is required or to certify that the proposed rule will not have a significant economic impact on a substantial number of small entities. The U.S. Small Business Administration (SBA) establishes size standards that define which entities are small businesses for purposes of the RFA.[35] Under regulations issued by the SBA, the size standard to be considered a small business for banking entities subject to the proposed rule is $550 million or less in consolidated assets.[36]

OCC: The RFA requires an agency, in connection with a proposed rule, to prepare an Initial Regulatory Flexibility Analysis describing the impact of the rule on small entities (defined by the SBA for purposes of the RFA to include commercial banks and savings institutions with total assets of $550 million or less and trust companies with total revenue of $38.5 million or less) or to certify that the proposed rule, if finalized, would not have a significant economic impact on a substantial number of small entities. As of December 31, 2018, the OCC supervised 758 small entities. The rule would expand eligibility to file the FFIEC 051 version of the Call Report to institutions with total assets of between $1 billion and less than $5 billion. None of these newly eligible institutions would be considered small entities as defined by the SBA. Therefore, the OCC certifies that the final rule would not have a significant economic impact on a substantial number of OCC-supervised small entities.

Board: In accordance with section 603(a) of the RFA,[37] the Board published an initial regulatory flexibility analysis (IRFA) for the proposal.[38] The Board solicited public comment on the effect of the proposal on small entities and on any significant alternatives that would reduce the regulatory burden on small entities. The Board did not receive any comment on the IRFA.

The RFA requires an agency to prepare a final regulatory flexibility analysis (FRFA) unless the agency certifies that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities. The FRFA must contain (1) a statement of the need for, and objectives of, the proposed rule; (2) a statement of the significant issues raised by the public comments in response to the IRFA, a statement of the agency's assessment of such issues, and a statement of any changes made in the proposed rule as a result of such comments; (3) the response of the agency to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration in response to the proposed rule, and a detailed statement of any changes made to the proposed rule in the final rule as a result of the comments; (4) a description of an estimate of the number of small entities to which the rule will apply or an explanation of why no such estimate is available; (5) a description of the projected reporting, recordkeeping and other compliance requirements of the rule, including an estimate of the classes of small entities which will be subject to the requirement and type of professional skills necessary for preparation of the report or record; and (6) a description of the steps the agency has taken to minimize the significant economic impact on small entities, including a statement for selecting or rejecting the other significant alternatives to the rule considered by the agency. In accordance with section 604 of the RFA, the Board has reviewed the final rule.

Under regulations issued by the SBA, a small entity includes a state member bank with total assets of $550 million or less. As of June 30, 2018, there were approximately 533 state member banks that qualified as small entities. The requirement set forth in § 208.122 of the Board's proposed rule requiring state member banks to file reports of condition applies to all state member banks, regardless of size. However, § 208.122 does not establish a new requirement, but only implements in Board regulation a statutory requirement to which state member banks already were subject.

Section 208.123 of the Board's final rule allows state member banks that qualify as covered depository institutions to file reduced reporting in first and third calendar quarters of the year, which applies to approximately 533 state member banks that qualify as

[34] 5 U.S.C. 601 *et seq.*

[35] U.S. SBA, Table of Small Business Size Standards Matched to North American Industry Classification System Codes, available at *https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf.*

[36] *See* 13 CFR 121.201.

[37] 5 U.S.C. 603.

[38] 83 FR 58432 (November 19, 2018).

small entities. However, § 208.123 allows but does not require these small state member banks to file reduced reporting. Accordingly, the final rule will not have a significant economic impact on a substantial number of small entities.

Based on its analysis and for the reasons stated below, the Board believes that this final rule will not have a significant economic impact on a substantial number of small entities.

1. *Statement of the need for, and objectives of, the application of the final rule.*

As discussed in the **SUPPLEMENTARY INFORMATION**, section 205 of EGRRCPA requires the agencies to allow for a reduced reporting requirement for a ''covered depository institution'' when an institution files the first and third Call Reports for a year. The agencies' goal is to implement section 205 and to reduce the reporting burden for covered depository institutions by offering them the option to file the FFIEC 051 Call Report in the first and third quarters of a calendar year.

In connection with the implementation of reduced reporting mandated by section 205, the Board is setting forth the general requirement that all state member banks must file consolidated reports of condition pursuant to its statutory authority under section 9 of the FRA and section7(a)(3) of the FDIA.

2. *Significant issues raised by the public comments in response to the IRFA, a statement of the Board's assessment of such issues, and a statement of any changes made in the rule as a result of such comments.*

As noted above, the Board did not receive any comments on the IRFA.

3. *Response to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration in response to the proposed rule, and detailed statement of any changes made to the proposed rule in the final rule as a result of the comments.*

The Chief Counsel for Advocacy of the Small Business Administration did not file any comments in response to the proposal.

4. *Description and estimate of the number of small entities to which the rule will apply.*

The final rule will apply to approximately 563 state member banks, of which 533 state member banks have $550 million or less in total consolidated assets.

5. *Description of the projected reporting, recordkeeping and other compliance requirements of the rule, including an estimate of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.*

The final rule does not impose any new reporting, recordkeeping, or other compliance requirements on small state member banks. First, state member banks are already required to file reports of condition each quarter of the calendar year in accordance with the instructions of such reports. Second, the final rule allows small state member banks that qualify as covered depository institutions to reduce their reporting, recordkeeping, and compliance burden by filing the FFIEC 051 Call Report, the shortest version of the Call Report, with further reduced reporting in the first and third calendar quarters. As a result, the Board expects that the final rule will reduce the reporting and associated recordkeeping and compliance costs for the majority of small state member banks.

6. *Description of the steps taken to minimize the economic impact on small entities, including a statement for selecting or rejecting the other significant alternatives to the rule considered by the agency.*

As noted, the final rule does not impose any new requirements on small state member banks and instead allows small state member banks that qualify as covered depository institutions the option to reduce their reporting burden. In light of the foregoing, the Board does not believe the final rule will have a significant economic impact on small state member banks.

FDIC: The RFA requires that, in connection with a final rule, an agency prepare and make available for public comment a final regulatory flexibility analysis that describes the impact of the final rule on small entities.[39] However, a regulatory flexibility analysis is not required if the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities, and publishes its certification and a short explanatory statement in the **Federal Register** together with the rule. The SBA has defined ''small entities'' to include banking organizations with total assets of less than or equal to $550 million.[40] Generally, the FDIC considers a significant effect to be a quantified effect in excess of 5 percent of total annual salaries and benefits per institution, or 2.5 percent of total noninterest expenses. The FDIC believes that effects in excess of these thresholds typically represent significant effects for FDIC-supervised institutions.

Based on December 31, 2018, Call Report data, the FDIC supervises 3,489 insured depository institutions, of which 2,674 are considered small entities for the purposes of RFA. For the reasons described below, the FDIC certifies that the final rule will not have a significant economic impact on a substantial number of small entities.

As the agencies discussed in the **SUPPLEMENTARY INFORMATION** section above, the final rule implements section 205 by defining ''covered depository institution'' to, among other things, expand eligibility for filing the FFIEC 051 Call Report to insured depository institutions with $1 billion or more, but less than $5 billion in total assets. Through a related PRA notice, the agencies are reducing the reporting frequency for more than 400 data items on the FFIEC 051 Call Report for the first and third reports of condition for a year, and to add certain data items to the FFIEC 051 Call Report that would apply only to covered depository institutions with total assets of $1 billion or more. Out of the additional data items, only one would be required to be reported every quarter, while the remaining only would be required semiannually or annually (*i.e.,* in the second and fourth quarters, or only the fourth quarter).

The FDIC estimates that under the revised definition of ''covered depository institution'' in the final rule, 295 FDIC-supervised depository institutions that reported total assets of $1 billion or more, but less than $5 billion as of June 30, 2018, could be eligible to file the FFIEC 051 Call Report assuming they meet the other non-asset-size criteria under the final rule. However, because this aspect of the final rule only affects institutions with $1 billion or more, but less than $5 billion, in total assets, it will not affect any small, FDIC-supervised institutions.

As the agencies discussed in the PRA section, the FDIC and the other agencies are reducing the reporting frequency of more than 400 data items on the FFIEC 051 Call Report for the first and third calendar quarters. These data items are currently collected every calendar quarter on the FFIEC 051 Call Report.

[39] 5 U.S.C. 601 *et seq.*

[40] The SBA defines a small banking organization as having $550 million or less in assets, where ''a financial institution's assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.'' *See* 13 CFR 121.201 (as amended, effective December 2, 2014). ''SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.'' *See* 13 CFR 121.103. Following these regulations, the FDIC uses a covered entity's affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the covered entity is ''small'' for the purposes of RFA.

Every covered depository institution with less than $5 billion in total assets that files the FFIEC 051 Call Report would experience a reduction in reporting burden for the first and third calendar quarters as a result of this final rule. The FDIC estimates that the reduction in reporting frequency of more than 400 data items in the FFIEC 051 Call Reports for the first and third calendar quarters would reduce the average quarterly burden hours for current FFIEC 051 Call Report filers by 1.03 hours per institution. For the 2,158 small, FDIC-supervised depository institutions that filed the FFIEC 051 Call Report for the December 31, 2018, report date, this represents a total estimated burden reduction of 2,223 hours per quarter.[41] While the reduced reporting could affect a substantial number of small, FDIC-supervised depository institutions, it would not result in a significant economic impact.

Based on the agencies' total estimated hourly wage rate of $117 for Call Report preparation, and the reduction in reporting hours resulting from the reduced reporting frequency of certain items in the FFIEC 051 Call Report discussed in the PRA section, it is estimated that annual reporting costs could be $1,040,364 less for small, FDIC-supervised insured depository institutions that file the FFIEC 051 Call Report, or 0.010 percent of total annualized noninterest expenses.[42]

The final rule could pose some additional regulatory costs for small, FDIC-supervised depository institutions that file the FFIEC 051 Call Report that are associated with changes to internal systems or processes. The FDIC anticipates that costs associated with either switching to file the FFIEC 051 Call Report (for institutions with $1 billion or more, but less than $5 billion in total assets), or reprogramming for reduced reporting in the first and third calendar quarters, would be one-time costs (for all covered depository institutions). However, these costs are difficult to estimate accurately with available information because they depend upon the individual characteristics of each insured depository institution, their recordkeeping and reporting systems, and the decisions of senior management.

Based on the information above, the FDIC certifies that the final rule will not have a significant economic impact, although a substantial number of small entities will be affected.

In the proposal, the FDIC invited comment on all aspects of the supporting information provided in this RFA section but did not receive any comments.

C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The agencies have sought to present the final rule in a simple and straightforward manner, and did not receive any comments on the use of plain language.

D. Effective Date Under the Administrative Procedure Act and Riegle Community Development and Regulatory Improvement Act of 1994

The Administrative Procedure Act (APA) requires that a final rule be published in the **Federal Register** no less than 30 days before its effective date unless, among other exceptions, the final rule relieves a restriction.

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act (''RCDRIA''), in determining the effective date and administrative compliance requirements for a new regulation that imposes additional reporting, disclosure, or other requirements on insured depository institutions, each Federal banking agency must consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition, section 302(b) of RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosure, or other new requirements on insured depository institutions generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form.

The final rule reduces reporting and disclosure requirements on insured depository institutions. Because the final rule does not impose additional reporting, disclosure, or other requirements on insured depository institutions, section 302 of the RCDRIA does not apply. The agencies are adopting July 22, 2019, as the effective date so as to provide a minimum of 30 days under the APA.

E. OCC Unfunded Mandates Reform Act of 1995

The OCC analyzed the final rule under the factors set forth in the Unfunded Mandates Reform Act of 1995 (UMRA) (2 U.S.C. 1532). Under this analysis, the OCC considered whether the final rule includes a Federal mandate that may result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of $100 million or more in any one year (adjusted for inflation). The OCC estimates there are 120 national banks and Federal savings associations with total assets between $1 billion and less than $5 billion that would be eligible for reduced reporting under the final rule. The OCC estimates that each of these institutions that switches to the FFIEC 051 could save approximately $6,000 per year. Savings may be less during the first year of implementation due to costs associated with updating systems and processes, but these costs are not expected to exceed the estimated savings. Therefore, the OCC has determined that this final rule would not result in expenditures by State, local, and Tribal governments, or the private sector, of $100 million or more in any one year. Accordingly, the OCC has not prepared a written statement to accompany this final rule.

List of Subjects

12 CFR Part 52

Banks, banking, Reporting and recordkeeping requirements.

12 CFR Part 208

Accounting, Agriculture, Banks, banking, Confidential business information, Consumer protection, Currency, Insurance, Investments, Mortgages, Reporting and recordkeeping requirements, Securities.

12 CFR Part 304

Bank deposit insurance, Banks, banking, Freedom of information, Reporting and recordkeeping requirements.

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■ For the reasons set out in the joint preamble, the OCC is adding 12 CFR part 52 to read as follows:

PART 52—REGULATORY REPORTING

Authority: 12 U.S.C. 93a, 161, 1463(a), 1464(v), and 1817(a)(12).

[41] 1.03 hours * 2,158 institutions.

[42] $117 per hour * 2,223 hours per quarter * 4 quarters per year. Call Report Data as of December 31, 2018.

§ 52.1 Authority and purpose.

(a) *Authority.* This part is issued pursuant to 12 U.S.C. 93a, 161, 1463(a), 1464(v), and 1817(a)(12).

(b) *Purpose.* This part establishes a reduced reporting requirement for a covered depository institution making its reports of condition for the first and third calendar quarters of a year.

§ 52.2 Definitions.

Covered depository institution means a national bank, Federal savings association, or insured Federal branch that meets the following criteria:

(1) Has less than $5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding year;

(2) Has no foreign offices, as defined in this section;

(3) Is not required to or has not elected to use 12 CFR part 3, subpart E (for advanced approaches banks), to calculate its risk-based capital requirements;

(4) Is not a large institution or highly complex institution, as such terms are defined in 12 CFR 327.8, or treated as a large institution, as requested under 12 CFR 327.16(f); and

(5) Is not subject to the filing requirements for the FFIEC 002 report of condition.

Foreign country refers to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States.

Foreign office means:

(1) A branch or consolidated subsidiary in a foreign country, unless the branch is located on a U.S. military facility;

(2) An international banking facility as such term is defined in 12 CFR 204.8;

(3) A majority-owned Edge Act or Agreement subsidiary as defined in 12 CFR 28.2, including both its U.S. and its foreign offices; and

(4) For an institution chartered or headquartered in any U.S. state or the District of Columbia, a branch or consolidated subsidiary located in a U.S. territory or possession.

Report of condition means the FFIEC 031, FFIEC 041, or FFIEC 051 versions of the Consolidated Report of Condition and Income (Call Report) or the FFIEC 002 (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks), as applicable, and as they may be amended or superseded from time to time in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. chapter 35.

Total consolidated assets means total assets as reported in an institution's report of condition.

§ 52.3 Reduced reporting.

A covered depository institution may file the FFIEC 051 version of the Call Report, or any successor thereto, to satisfy its requirement to file a report of condition for the first and third calendar quarters of a year.

§ 52.4 Reservation of authority.

The OCC may determine that a covered depository institution shall not use the reduced reporting in § 52.3. In making this determination, the OCC will consider whether the institution is significantly engaged in complex, specialized, or higher risk activities, for which a reduced reporting requirement would not provide sufficient information. The institution has 30 days following notification from the OCC to inform the OCC, in writing, of why it should continue to be eligible to use reduced reporting or cannot cease using reduced reporting in the OCC's proposed timeframe. The OCC will make a final decision after reviewing any response. Nothing in this part shall be construed to limit the OCC's authority to obtain information from a covered depository institution.

FEDERAL RESERVE SYSTEM

Authority and Issuance

For the reasons set forth in the joint preamble, the Board amends 12 CFR part 208 as follows:

PART 208—MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM (REGULATION H)

■ 2. The authority citation of part 208 is revised to read as follows:

Authority: 12 U.S.C. 24, 36, 92a, 93a, 248(a), 248(c), 321–338a, 371d, 461, 481–486, 601, 611, 1814, 1816, 1817(a)(3), 1817(a)(12), 1818, 1820(d)(9), 1833(j), 1828(o), 1831, 1831o, 1831p–1, 1831r–1, 1831w, 1831x, 1835a, 1882, 2901–2907, 3105, 3310, 3331–3351, 3905–3909, and 5371; 15 U.S.C. 78b, 78I(b), 78l(i), 780–4(c)(5), 78q, 78q–1, and 78w, 1681s, 1681w, 6801, and 6805; 31 U.S.C. 5318; 42 U.S.C. 4012a, 4104a, 4104b, 4106 and 4128.

■ 3. Add subpart K to part 208 to read as follows:

Subpart K—Forms, Instructions and Reports

§ 208.120 Authority, purpose, and scope.

(a) *Authority.* This subpart is issued by the Board under section 7 of the Federal Deposit Insurance Act, 12 U.S.C. 1817(a)(3) and (12), and section 9 of the Federal Reserve Act, 12 U.S.C. 324.

(b) *Purpose and scope.* This subpart informs a state member bank where it may obtain forms and instructions for reports of conditions and implements 12 U.S.C. 1817(a)(12) to allow reduced reporting for a covered depository institution when such institution makes its reports of condition for the first and third calendar quarters of a year.

§ 208.121 Definitions.

Covered depository institution means a state member bank that meets all of the following criteria:

(1) Has less than $5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding year;

(2) Has no foreign offices, as defined in this section;

(3) Is not required to or has not elected to use 12 CFR part 217, subpart E, to calculate its risk-based capital requirements; and

(4) Is not a large institution or highly complex institution, as such terms are defined in 12 CFR 327.8, or treated as a large institution, as requested under 12 CFR 327.16(f).

Foreign country refers to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States.

Foreign office means:

(1) A branch or consolidated subsidiary in a foreign country, unless the branch is located on a U.S. military facility;

(2) An international banking facility as such term is defined in 12 CFR 204.8;

(3) A majority-owned Edge Act or Agreement subsidiary including both its U.S. and its foreign offices; and

(4) For an institution chartered or headquartered in any U.S. state or the District of Columbia, a branch or consolidated subsidiary located in a U.S. territory or possession.

Report of condition means the FFIEC 031, FFIEC 041, or FFIEC 051 versions of the Consolidated Report of Condition and Income (Call Report) or the FFIEC 002 (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks), as applicable, and as they may be amended or superseded from time to time in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. chapter 35.

Total consolidated assets means total assets as reported in a state member bank's report of condition.

§ 208.122 Reporting.

(a) A state member bank is required to file the report of condition (Call Report) in accordance with the instructions for these reports. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of, the Call Report. The Board uses Call Report data to monitor the condition, performance, and risk profile of individual state member banks and the banking industry. Reporting state member banks must also submit annually such information on small business and small farm lending as the Board may need to assess the availability of credit to these sectors of the economy. The report forms and instructions can be obtained from Federal Reserve District Banks or through the website of the Federal Financial Institutions Examination Council, *http://www.ffiec.gov/.*

(b) Every insured U.S. branch of a foreign bank is required to file the FFIEC 002 version of the report of condition (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks) in accordance with the instructions for the report. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of the report. The Board uses the reported data to monitor the condition, performance, and risk profile of individual insured branches and the banking industry. Insured branches must also submit annually such information on small business and small farm lending as the Board may need to assess the availability of credit to these sectors of the economy. The report forms and instructions can be obtained from Federal Reserve District Banks or through the website of the Federal Financial Institutions Examination Council, *http://www.ffiec.gov/.*

§ 208.123 Reduced reporting.

A covered depository institution may file the FFIEC 051 version of the report of condition, or any successor thereto, which shall provide for reduced reporting for the reports of condition for the first and third calendar quarters for a year.

§ 208.124 Reservation of authority.

(a) Notwithstanding § 208.123, the Board in consultation with the applicable state chartering authority may require an otherwise eligible covered depository institution to file the FFIEC 041 version of the report of condition, or any successor thereto, based on an institution-specific determination. In making this determination, the Board may consider criteria including, but not limited to, whether the institution is significantly engaged in one or more complex, specialized, or other higher risk activities, such as those for which limited information is reported in the FFIEC 051 version of the report of condition compared to the FFIEC 041 version of the report of condition. Nothing in this part shall be construed to limit the Board's authority to obtain information from a state member bank.

(b) Nothing in this subpart limits the authority of the Board under any other provision of law or regulation to take supervisory or enforcement action, including action to address unsafe or unsound practices or conditions or violations of law.

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Chapter III

Authority and Issuance

For the reasons set forth in the preamble, the Federal Deposit Insurance Corporation revises 12 CFR part 304 to read as follows:

PART 304—FORMS, INSTRUCTIONS, AND REPORTS

Subpart A—In General

Subpart B—Implementation of Reduced Reporting Requirement

Authority: 5 U.S.C. 552; 12 U.S.C. 1464, 1817, 1831, 1867.

Subpart A—In General

§ 304.1 Purpose.

This part informs the public where it may obtain forms and instructions for reports, applications, and other submittals used by the FDIC, and also describes certain forms that are not described elsewhere in FDIC regulations.

§ 304.2 Where to obtain forms and instructions.

Forms and instructions used in connection with applications, reports, and other submittals used by the FDIC can be obtained by contacting the FDIC Public Information Center (550 17th Street NW, Washington, DC 20429; telephone: (877) 275–3342 or (703) 562–2200), except as noted in § 304.3. In addition, many forms and instructions can be obtained from FDIC regional offices. A list of FDIC regional offices can be obtained from the FDIC Public Information Center, or found at the FDIC's website at *http://www.fdic.gov,* or in the directory of FDIC Law, Regulations, Related Acts published by the FDIC.

§ 304.3 Reports.

(a) *Consolidated Reports of Condition and Income, Forms FFIEC 031, 041, and 051.* Pursuant to section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) and other applicable law, every insured depository institution is required to file Consolidated Reports of Condition and Income (also known as the Call Report) in accordance with the instructions for these reports. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of, the Call Report. The FDIC uses Call Report data from all insured depository institutions to calculate deposit insurance assessments and monitor the condition, performance, and risk profile of individual banks and the banking industry. Reporting banks must also submit annually such information on small business and small farm lending as the FDIC may need to assess the availability of credit to these sectors of the economy. The report forms and instructions can be obtained from the Division of Insurance and Research (DIR), FDIC, 550 17th Street NW, Washington, DC 20429 or through the website of the Federal Financial Institutions Examination Council, *http://www.ffiec.gov/.*

(b) *Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks, Form FFIEC 002.* Pursuant to section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) and other applicable law, every insured U.S. branch of a foreign bank is required to file a Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks in accordance with the instructions for the report. All assets and liabilities, including contingent assets and liabilities, must be reported in, or otherwise taken into account in the preparation of the report. The FDIC uses the reported data to calculate deposit insurance assessments and monitor the condition, performance, and risk profile of individual insured branches and the banking industry. Insured branches must also submit annually such information on small business and small farm lending as the FDIC may need to assess the availability of credit to these sectors of the economy. Because the Board of Governors of the Federal Reserve System collects and processes this report on behalf of the FDIC, the report forms and instructions can be obtained from Federal Reserve District Banks or through the website of the Federal Financial Institutions Examination Council, *http://www.ffiec.gov/.*

(c) *Summary of Deposits, Form FDIC 8020/05.* Form 8020/05 is a report on the amount of deposits for each authorized office of an insured depository institution with branches; institutions with only a main office are exempt from reporting. Reports as of June 30 of each year must be submitted no later than the immediately succeeding July 31. The report forms and the instructions for completing the reports will be furnished to all such institutions by, or may be obtained upon request from, the Division of Insurance and Research (DIR), FDIC, 550 17th Street NW, Washington, DC 20429.

(d) *Notification of Performance of Bank Services, Form FDIC 6120/06.* Pursuant to section 7 of the Bank Service Company Act (12 U.S.C. 1867), as amended, FDIC-supervised institutions must notify the agency about the existence of a service relationship within thirty days after the making of the contract or the performance of the service, whichever occurs first. Form FDIC 6120/06 may be used to satisfy the notice requirement. The form contains identification, location, and contact information for the institution, the servicer, and a description of the services provided. In lieu of the form, notification may be provided by letter. Either the form or the letter containing the notice information must be submitted to the regional director—Division of Risk Management Supervision (RMS) of the region in which the institution's main office is located.

(Approved by the Office of Management and Budget under control numbers 3064–0052, 7100–0032, 3064–0061, and 3064–0029, respectively)

§§ 304.4–304.10 [Reserved]

Subpart B—Implementation of Reduced Reporting Requirement

Authority: 12 U.S.C. 1464(v), 1817(a), and 1819 Tenth.

§ 304.11 Authority, purpose, and scope.

(a) *Authority.* This subpart is issued pursuant to 12 U.S.C. 1464(v), and section 7 (12 U.S.C. 1817(a)(12)) and section 9 (12 U.S.C. 1819 Tenth) of the Federal Deposit Insurance Act.

(b) *Purpose.* This subpart implements 12 U.S.C. 1817(a)(12) to allow reduced reporting for a covered depository institution when such institution makes its reports of condition for the first and third calendar quarters of a year.

(c) *Scope.* This subpart applies to an insured depository institution, as that term is defined in section 3(c) of the Federal Deposit Insurance Act, 12 U.S.C. 1813(c), that meets the definition of a covered depository institution under § 304.12.

(d) *Preservation of authority.* Nothing in this subpart in any way limits the authority of the Corporation under other provisions of applicable law and regulation.

§ 304.12 Definitions.

(a) *Covered depository institution* means an insured depository institution, as such term is defined in section 3 of the Federal Deposit Insurance Act, 12 U.S.C. 1813, for which the Corporation is the appropriate Federal banking agency and that meets all of the following criteria:

(1) Has less than $5 billion in total consolidated assets as reported in its report of condition for the second calendar quarter of the preceding year;

(2) Has no foreign offices, as defined in this section;

(3) Is not required to or has not elected to use 12 CFR part 324, subpart E, to calculate its risk-based capital requirements;

(4) Is not a large institution or highly complex institution, as such terms are defined in 12 CFR 327.8, or treated as a large institution, as requested under 12 CFR 327.16(f); and

(5) Is not a state-licensed insured branch of a foreign bank, as such terms are defined in section 3(s) of the Federal Deposit Insurance Act, 12 U.S.C. 1813(s).

(b) *Foreign country* refers to one or more foreign nations, and includes the overseas territories, dependencies, and insular possessions of those nations and of the United States.

(c) *Foreign office* means:

(1) A branch or consolidated subsidiary in a foreign country, unless the branch is located on a U.S. military facility;

(2) An international banking facility as such term is defined in 12 CFR 204.8;

(3) A majority-owned Edge Act or Agreement subsidiary including both its U.S. and its foreign offices; and

(4) For an institution chartered or headquartered in any U.S. state or the District of Columbia, a branch or consolidated subsidiary located in a U.S. territory or possession.

(d) *Report of condition* means the FFIEC 031, FFIEC 041, or FFIEC 051 versions of the Consolidated Report of Condition and Income (Call Report) or the FFIEC 002 (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks), as applicable, and as they may be amended or superseded from time to time in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. chapter 35.

(e) *Total consolidated assets* means total assets as reported in an insured depository institution's report of condition.

§ 304.13 Reduced reporting.

A covered depository institution may file the FFIEC 051 version of the report of condition, or any successor thereto, which shall provide for reduced reporting for the reports of condition for the first and third calendar quarters for a year.

§ 304.14 Reservation of authority.

Notwithstanding § 304.13, the Corporation, in consultation with the applicable state chartering authority, may require an otherwise eligible covered depository institution to file the FFIEC 041 version of the report of condition, or any successor thereto, based on an institution-specific determination. In making this determination, the Corporation may consider criteria including, but not limited to, whether the institution is significantly engaged in one or more complex, specialized, or other higher-risk activities, such as those for which limited information is reported in the FFIEC 051 version of the report of condition compared to the FFIEC 041 version of the report of condition. Nothing in this part shall be construed to limit the Corporation's authority to obtain information from insured depository institutions.

Dated: June 3, 2019.

Joseph M. Otting,

Comptroller of the Currency.

By order of the Board of Governors of the Federal Reserve System, June 13, 2019.

Ann E. Misback,

Secretary of the Board.

Federal Deposit Insurance Corporation.

By order of the Board of Directors.

Dated at Washington, DC, on June 7, 2019.

Valerie J. Best,

Assistant Executive Secretary.

[FR Doc. 2019–12985 Filed 6–20–19; 8:45 am]

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