

*Capital Contributions of Cash and Notes Receivable:* An institution may receive cash or a note receivable as a contribution to its equity capital. The transaction may be a sale of capital stock or a contribution to paid-in capital (surplus), both of which are referred to hereafter as capital contributions. The accounting for capital contributions in the form of notes receivable is set forth in ASC Subtopic 505-10, Equity—Overall (formerly EITF Issue No. 85-1, “Classifying Notes Received for Capital Stock”) and SEC Staff Accounting Bulletin No. 107 (Topic 4.E., Receivables from Sale of Stock, in the Codification of Staff Accounting Bulletins). This Glossary entry does not address other forms of capital contributions, for example, nonmonetary contributions to equity capital such as a building.

A capital contribution of cash should be recorded in an institution’s balance sheet and income statement when received. Therefore, a capital contribution of cash prior to a quarter-end report date should be reported as an increase in equity capital in the institution’s reports for that quarter (in Schedule HI-A, item 5 or 6, as appropriate). A contribution of cash after quarter-end should not be reflected as an increase in the equity capital of an earlier reporting period.

When an institution receives a note receivable, rather than cash, as a capital contribution, ASC Subtopic 505-10 states that it is generally not appropriate to report the note as an asset. As a consequence, the predominant practice is to offset the note and the capital contribution in the equity capital section of the balance sheet, i.e., the note receivable is reported as a reduction of equity capital. In this situation, the capital stock issued or the contribution to paid-in capital should be reported in Schedule HC, item 23, 24, or 25, as appropriate, and the note receivable should be reported as a deduction from equity capital in Schedule HC, item 26.c, “Other equity capital components.” No net increase in equity capital should be reported in Schedule HI-A, Changes in Bank Holding Company Equity Capital. In addition, when a note receivable is offset in the equity capital section of the balance sheet, accrued interest receivable on the note also should be offset in equity (and reported as a deduction from equity capital in Schedule HC, item 26.c), consistent with the guidance in ASC Subtopic 505-10. Because a nonreciprocal transfer from an owner or another party to an institution does not typically result in the recognition of income or

expense, the accrual of interest on a note receivable that has been reported as a deduction from equity capital should be reported as additional paid-in capital rather than interest income.

However, ASC Subtopic 505-10 provides that an institution may record a note received as a capital contribution as an asset, rather than a reduction of equity capital, only if the note is collected in cash “before the financial statements are issued.” The note receivable must also satisfy the existence criteria described below. When these conditions are met, the note receivable should be reported separately from an institution’s other loans and receivables in Schedule HC-F, item 6, “Other [assets].”

For purposes of these reports, the financial statements are considered issued at the earliest of the following dates:

- (1) The submission deadline for the FR Y-9C (40 calendar days after the quarter-end report date, except for year-end reporting, for which the deadline is 45 calendar days after quarter-end);
- (2) Any other public financial statement filing deadline to which the institution is subject; or
- (3) The actual filing date of the institution’s public financial reports, including the filing of its FR Y-9C report or a public securities filing by the institution.

To be reported as an asset, rather than a reduction of equity capital, as of a quarter-end report date, a note received as a capital contribution (that is collected in cash as described above) meet the definition of an asset under generally accepted accounting principles by satisfying all of the following existence criteria:

- (1) There must be written documentation providing evidence that the note was contributed to the institution prior to the quarter-end report date by those with authority to make such a capital contribution on behalf of the issuer of the note;
- (2) The note must be a legally binding obligation of the issuer to fund a fixed and determinable amount by a specified date; and
- (3) The note must be executed and enforceable before quarter-end.

If a note receivable for a capital contribution obligates the note issuer to pay a variable amount, the institution must offset the note and equity capital. Similarly, an obligor’s issuance of several notes having fixed face amounts, taken together, would be considered a single note receivable having a variable payment amount, which would require all the notes to be offset in equity capital as of the quarter-end report date.

Dated: November 15, 2011.

Board of Governors of the Federal Reserve System.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

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**BILLING CODE 6210-01-P**

## FEDERAL RESERVE SYSTEM

### Agency Information Collection Activities: Announcement of Board Approval Under Delegated Authority and Submission to OMB

**SUMMARY:** Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB’s public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

#### FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer—Cynthia Ayouch—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829) Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869), Board of Governors of the Federal Reserve System, Washington, DC 20551. OMB Desk Officer—Shagufta Ahmed—Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street NW., Washington, DC 20503.

Final approval under OMB delegated authority of the extension for three years, with revision, of the following reports:

*Report title:* Report of Changes in Organizational Structure, Annual Report of Bank Holding Companies, and Annual Report of Foreign Banking Organizations.

*Agency form number:* FR Y-10, FR Y-6, and FR Y-7.

*OMB control number:* 7100-0297.

*Effective Date:* The proposed changes to the FR Y-6 and FR Y-7 reporting forms and instructions will be effective December 31, 2011. However, the requirement for institutions to provide the state and country of incorporation for each entity provided in organization chart of the FR Y-6 and FR Y-7 is being delayed for implementation until fiscal years beginning December 31, 2012. The proposed changes to the FR Y-10 reporting form and instructions will be effective January 1, 2012.

*Frequency:* FR Y-10: Event-generated; FR Y-6 and FR Y-7: Annual.

*Reporters:* Bank holding companies (BHCs), foreign banking organizations (FBOs), state member banks, Edge and agreement corporations, and nationally chartered banks that are not controlled by a BHC.

*Estimated annual reporting hours:* FR Y-10: 17,850 hours; FR Y-6: 26,507 hours; FR Y-7: 694 hours.

*Estimated average hours per response:* FR Y-10: 1.75 hours; FR Y-6: 5.25 hours; FR Y-7: 3.75 hours.

*Number of respondents:* FR Y-10: 3,400; FR Y-6: 5,049; FR Y-7: 185.

*General description of report:* These information collections are mandatory under the Federal Reserve Act, the Bank Holding Company Act (BHC Act), and the International Banking Act (12 U.S.C. 248 (a)(1), 321, 601, 602, 611a, 615, 625, 1843(k), 1844(c)(1)(A), 3106(a), and 3108(a)), and Regulations K and Y (12 CFR 211.13(c), 225.5(b) and 225.87). Individual respondent data are not considered confidential. However, respondents may request confidential treatment for any information that they believe is subject to an exemption from disclosure under the Freedom of Information Act (FOIA), 5 U.S.C. 552(b).

*Abstract:* The FR Y-10 is an event generated information collection submitted by FBOs; top-tier BHCs; state member banks unaffiliated with a BHC; Edge and agreement corporations that are not controlled by a state member bank, a domestic BHC, or an FBO; and nationally chartered banks that are not controlled by a BHC (with regard to their foreign investments only), to capture changes in their regulated investments and activities. The Federal Reserve uses the data to monitor structure information on subsidiaries and regulated investments of these entities engaged in banking and nonbanking activities. The FR Y-6 is an annual information collection submitted by top-tier BHCs and nonqualifying FBOs. It collects financial data, an organization chart, verification of domestic branch data, and information about shareholders. The Federal Reserve uses the data to monitor holding

company operations and determine holding company compliance with the provisions of the BHC Act and Regulation Y (12 CFR 225). The FR Y-7 is an annual information collection submitted by qualifying FBOs to update their financial and organizational information with the Federal Reserve. The Federal Reserve uses information to assess an FBO's ability to be a continuing source of strength to its U.S. operations and to determine compliance with U.S. laws and regulations.

*Current Actions:* On August 11, 2011, the Federal Reserve published a notice in the **Federal Register** (76 FR 49769) requesting public comment for 60 days on the extension, with revision, of the Report of Changes in Organizational Structure, Annual Report of Bank Holding Companies, and Annual Report of Foreign Banking Organizations. The comment period for this notice expired on October 11, 2011. The Federal Reserve received two comment letters on the proposed revisions to the FR Y-10 and the FR Y-6: one from a bankers' organization, the other, from a BHC.

No comments were received on the following FR Y-10 revisions that were proposed to take effect as of January 1, 2012, and therefore the Federal Reserve will implement these revisions as proposed: (1) Adding a new business organization type for limited liability limited partnership, (2) adding a check box to report whether ownership is in the form of a general partner or limited partner, and (3) requiring the reporting of the representative office when there are no other reportable offices in the United States.

No comments were received on the following FR Y-6 revisions that were proposed to take effect as of December 31, 2011, and therefore the Federal Reserve will implement these revisions as proposed: (1) Clarifying the language regarding confidentiality of the reporter's submission, (2) adding the rounding definition from the FR Y-10 to ensure the reporting of percentage ownership is consistent across all structure reporting forms, (3) modifying the language for securities holders to include persons working in concert, including families, and (4) revising the insiders information to include options, warrants, or other securities as reportable voting securities and to include families in the definition of a principal securities holder.

The following section of this notice describes the remaining proposed FR Y-10, FR Y-7, and FR Y-6 report changes and discusses the Federal Reserve's evaluation of the comments received on the proposed changes. After considering the comments, the Federal Reserve will

move forward with the proposed revisions after making certain modifications in response to the comments.

#### FR Y-10

*Banking and Nonbanking Schedules.* The Federal Reserve proposed to add "State and Country of Incorporation" to item 3.a. In addition, the Federal Reserve proposed to add "If Relocation or Correction, Prior State and Country of Incorporation" in item 3.b. These revisions are necessary to provide more consistent data on physical location versus the state and country of incorporation. One commenter stated that reporting state of incorporation on the Banking and Nonbanking Schedules would be burdensome with respect to non-U.S. entities. The Federal Reserve did not intend for foreign respondents to provide the equivalent of a U.S. state. The Federal Reserve will revise the FR Y-10 instructions to make it clear that foreign respondents should report only the country of incorporation.

One commenter suggested that self-regulatory organizations, such as the Financial Industry Regulatory Authority (FINRA) and National Futures Association (NFA), be added to the list of functional regulators on the Nonbanking Schedule. The Federal Reserve will assess the need for additional regulators in a future proposal.

*4(k) Schedule.* The Federal Reserve proposed to add the following event types for large merchant banking or insurance company investments: initial investment, changes to initial investment, and divestitures. Both commenters expressed concern about the proposed revisions to the large merchant banking or insurance company (LMBI) section of the FR Y-10 4(k) Schedule. Both commenters stated that the proposed revision to require reporting of changes in the ownership and assets of LMBIs would be burdensome and requested that these revisions not be made. In addition, the BHC asked the Federal Reserve to add a selection for "No Longer Reportable" to the LMBI section of the 4(k) Schedule. After considering these comments, the Federal Reserve will add to this section of the 4(k) Schedule selections for "No Longer Reportable" and "Name Changes" and remove the selection for "Changes to Initial Investment." The BHC expressed concern that the 4(k) Schedule contains both financial-in-nature activities as well as non-financial activities commenced by a financial holding company. The Federal Reserve will clarify the instructions by adding a

definition of a nonfinancial company in the Y-10 glossary.

**Instructional Revisions.** The Federal Reserve proposed to revise and clarify the FR Y-10 instructions to conform with the proposed changes to the reporting form. On the Banking, Nonbanking, and 4(k) Schedules, the Federal Reserve proposed to remove Appendix B—North American Industry Classification System (NAICS) Activity Codes and add the URL to the U.S. Census Bureau's Web site where reporters may retrieve current NAICS Activity Codes.

One commenter suggested that infrequent reporters might find it useful to retain a modified version of the table mapping the financial-in-nature activities of the old Federal Reserve alphanumeric codes to the corresponding NAICS codes. The Federal Reserve agrees and recommends including this table as Appendix B. A footnote would be added to clarify that the Federal Reserve converted from alphanumeric activity codes to NAICS codes in 2004.

A bankers' organization made several comments with regard to the instructional revision requiring that certain entities organized to hold other real estate owned properties be reported on the FR Y-10 Nonbanking Schedule. The commenter stated that reporting the entities holding debts previously contracted would not provide enhanced information to the Federal Reserve and recommended that this proposed revision not be included in the final FR Y-10 instructions. After considering these comments, the Federal Reserve will clarify the FR Y-10 instructions to indicate that a company that holds only foreclosed properties should not be reported. However, a company that holds a mixture of foreclosed properties and non-performing loans that are not yet in default should be reported.

#### FR Y-6 and FR Y-7

The Federal Reserve proposed to change *legal address* to *physical address* on the FR Y-6 and FR Y-7. Also, the Federal Reserve proposed to add *state and country of incorporation* to the FR Y-6. Both commenters expressed concern regarding the proposal to require institutions to provide the state and country of incorporation for each entity provided in organization chart of the FR Y-6. After considering these comments, the Federal Reserve continues to believe that reporting the state and country of incorporation at the entity level is important in connection with section 165(d) of the Dodd-Frank Act, which requires institutions to submit annual resolution plans to

regulators. These plans will include, among other things, information on legal entities. However, the Federal Reserve recognizes that the reporting of the state and country of incorporation at the entity level may be particularly burdensome for some BHCs to report effective with the December 31, 2011, as-of date. Therefore, the Federal Reserve recommends delaying implementation of this requirement until fiscal years beginning December 31, 2012.

Although no comments were received on a similar proposed requirement to provide the country of incorporation for each entity provided in organization chart on the FR Y-7, the Federal Reserve also recommends delaying implementation of this requirement until fiscal years beginning December 31, 2012.

*Proposal to approve under OMB delegated authority the extension for three years, without revision of the following report:*

*Report title:* Supplement to the Report of Changes in Organizational Structure.

*Agency form number:* FR Y-10E.

*OMB control number:* 7100-0297.

*Frequency:* Event-generated.

*Reporters:* BHCs, FBOs, state member banks, Edge and agreement corporations, and nationally chartered banks that are not controlled by a BHC.

*Estimated annual reporting hours:* 1,700 hours.

*Estimated average hours per response:* 0.50 hours.

*Number of respondents:* 3,400.

*General description of report:* This information collection is mandatory under the Federal Reserve Act, the Bank Holding Company Act (BHC Act), and the International Banking Act (12 U.S.C. 248(a)(1), 321, 601, 602, 611a, 615, and 625, 1843(k), 1844(c)(1)(A), 3106(a) and Regulation K and Y (12 CFR 211.13(c), 225.5(b) and 225.87). Individual respondent data are not considered confidential. However, respondents may request confidential treatment for any information that they believe is subject to an exemption from disclosure under the Freedom of Information Act (FOIA), 5 U.S.C. 552(b).

*Abstract:* The FR Y-10E is a free-form supplement that may be used to collect additional structural information deemed to be critical and needed in an expedited manner.

*Current Actions:* On August 11, 2011, the Federal Reserve published a notice in the **Federal Register** (76 FR 49769) requesting public comment for 60 days on the extension, with revision, of the Supplement to the Report of Changes in Organizational Structure. The comment period for this notice expired on

October 11, 2011. The Federal Reserve did not receive any comments.

Board of Governors of the Federal Reserve System, November 16, 2011.

**Robert deV. Frierson,**

*Deputy Secretary of the Board.*

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Update of the NICEATM-ICCVAM Five-Year Plan: Request for Comments

**AGENCY:** Division of the National Toxicology Program (DNTP), National Institute of Environmental Health Sciences (NIEHS), National Institutes of Health (NIH).

**ACTION:** Request for Comments.

**SUMMARY:** The NIEHS and the National Toxicology Program Interagency Center for the Evaluation of Alternative Toxicological Methods (NICEATM) request public comments that can be considered by the Interagency Coordinating Committee on the Validation of Alternative Methods (ICCVAM) and agencies' program offices in updating *The NICEATM-ICCVAM Five-Year Plan (2008-2012)* (ICCVAM, 2008). The current plan addresses: (1) Identification of areas of high priority for new and revised non-animal and alternative assays to reduce, refine (enhance animal well-being and lessen or avoid pain and distress), and replace the use of animals in testing and (2) research, development, translation, and validation of new and revised non-animal and other alternatives assays for integration of relevant and reliable methods into Federal agencies' testing programs.

**DATES:** Submit comments on or before January 15, 2012.

**ADDRESSES:** NICEATM prefers that comments be submitted electronically via the NICEATM-ICCVAM Web site ([http://iccvam.niehs.nih.gov/contact/FR\\_pubcomment.htm](http://iccvam.niehs.nih.gov/contact/FR_pubcomment.htm)) or via email to [niceatm@niehs.nih.gov](mailto:niceatm@niehs.nih.gov). Written comments may also be sent by mail or fax to Dr. William S. Stokes, Director, NICEATM, NIEHS, P.O. Box 12233, Mail Stop: K2-16, Research Triangle Park, NC 27709; (fax) 919-541-0947. Courier address: NICEATM, NIEHS, Room 2034, 530 Davis Drive, Morrisville, NC 27560.

**FOR FURTHER INFORMATION CONTACT:** Dr. William S. Stokes: (telephone) (919) 541-2384, (fax) (919) 541-0947, or (email) [niceatm@niehs.nih.gov](mailto:niceatm@niehs.nih.gov).

**SUPPLEMENTARY INFORMATION:**