

**Date:** April 28, 2022

**Background:** In July 2020, the banking agencies published a 60-day *Federal Register* notice that requested comments on proposed revisions to the Call Report and the FFIEC 002.<sup>1</sup> This notice included a section for revisions related to U.S. Generally Accepted Accounting Principles (GAAP) proposed by the Financial Accounting Standards Board (FASB), including proposed GAAP changes related to Accounting Standards Update No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities (ASU 2017-12) that added the last-of-layer method. The “Last-of-Layer Hedging” entry from this 60-day *Federal Register* notice proposed a new item, which would be updated “following the FASB’s adoption of a final last-of-layer hedge accounting standard” when it is adopted, and which could include revisions to the item name or specific instructions. The comment period closed on September 21, 2020, with two comment letters received, neither of which objected to the proposed revisions related to the last-of-layer method.

On November 23, 2020, the agencies published a 30-day *Federal Register* notice<sup>2</sup> giving notice of their plan to submit to Office of Management and Budget (OMB) a request to approve the revision and extension of these information collections, and again invited comment on the renewal. The notice indicated that the revisions for last-of-layer method, including the new item described in the 60-day FRN, would be “implemented following the FASB’s adoption of a final last-of-layer hedge accounting standard.” The comment period closed on December 23, 2020, and the OMB approved the revisions on December 31, 2020.

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

**Current Action:** The banking agencies are updating the previously approved revisions to the Call Report forms and instructions and the FFIEC 002 instructions for the hedge accounting method to align with the final accounting standard, as communicated in the prior 60-day and 30-day *Federal Register* notices. Between FASB’s initial and final standard, the name of the item changed from “Unallocated last-of-layer fair value hedge basis adjustments” to “Unallocated portfolio layer fair value hedge basis adjustments.” FASB also adjusted the instructions for implementing the standard; therefore, the agencies are making similar targeted adjustments to the instructions to align with the final GAAP standard, as communicated in the earlier *Federal Register* notices. These updates will be consistently applied to all three versions of the Call Report (FFIEC 031, FFIEC 041 and FFIEC 051).

Attachments:

Appendix A – Text of 60-day FRN describing new hedging item

Appendix B – Revision to Call Report form to reflect new name of hedging item

Appendix C – Revisions to Call Report instructions to align with final FASB standard

---

<sup>1</sup> 85 FR 44361 (July 22, 2020).

<sup>2</sup> 85 FR 74784 (November 22, 2020).