

FINANCIAL ACCOUNTING SERIES



ACCOUNTING STANDARDS UPDATE

No. 2021-06
August 2021

Presentation of Financial Statements (Topic 205), Financial Services—Depository and Lending (Topic 942), and Financial Services— Investment Companies (Topic 946)

Amendments to SEC Paragraphs Pursuant to
SEC Final Rule Releases No. 33-10786, *Amendments to
Financial Disclosures about Acquired and Disposed
Businesses*, and No. 33-10835, *Update of Statistical
Disclosures for Bank and Savings and Loan Registrants*

An Amendment of the *FASB Accounting Standards Codification*®

Financial Accounting Standards Board

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Amendments to the *FASB Accounting Standards Codification*[®]

Securities and Exchange Commission (SEC) Content

Introduction

1. The Accounting Standards Codification is amended as described in paragraphs 2–8. Terms from the Master Glossary are in **bold** type. Added text is underlined, and deleted text is ~~struck out~~.

Amendments Pursuant to SEC Release No. 33-10786

This Accounting Standards Update amends various SEC paragraphs pursuant to the issuance of SEC Release No. 33-10786, Amendments to Financial Disclosures about Acquired and Disposed Businesses.

Amendments to Topic 205

2. Amend paragraph 205-10-S99-5, with no link to a transition paragraph, as follows:

Presentation of Financial Statements—Overall

SEC Materials

General

> SEC Rules, Regulations, and Interpretations

> > Regulation S-X

> > > Regulation S-X Rule 5-01, Application of §§210.5-01 to 210.5-04

205-10-S99-5 The following is the text of Regulation S-X Rule 5-01, Application of §§ 210.5-01 to 210.5-04 (17 CFR 210.5-01).

Sections 210.5–01 to 210.5–04 shall be applicable to financial statements filed for all persons except

(a) Registered investment companies (see §§ 210.6–01 through 210.6–11 ~~to 210.6–10~~).

(b) Employee stock purchase, savings and similar plans (see §§ 210.6A–01 to 210.6A–05).

(c) Insurance companies (see §§ 210.7–01 to 210.7–05).

(d) Bank holding companies and banks (see §§ 210.9–01 to 210.9–07).

(e) Brokers and dealers when filing Form X–17A–5 [249.617] (see §§ 240.17a–5 and 240.17a–10 under the Securities Exchange Act of 1934).

[50 FR 49533, Dec. 3, 1985, as amended at 85 FR 54064, Aug. 31, 2020]

Amendments to Topic 946

3. Amend paragraphs 946-10-S99-1 through S99-3 and add paragraph 946-10-S99-3A and its related heading, with no link to a transition paragraph, as follows:

Financial Services—Investment Companies—Overall

SEC Materials

General

> SEC Rules, Regulations, and Interpretations

> > Regulation S-X

> > > Regulation S-X Rule 6-01, Application of Rules 6-01 through 6-11~~to 6-40~~

946-10-S99-1 The following is the text of Regulation S-X Rule 6-01, Application of Rules 6-01 through 6-11~~to 6-40~~ (17 CFR 210.6-01).

Sections 210.6-01 through 210.6-11~~to 210.6-40~~ shall be applicable to financial statements filed for registered investment companies and business development companies.

[81 FR 82010, Nov. 18, 2016, as amended at 85 FR 54064, Aug. 31, 2020]

> > > Regulation S-X Rule 6-02, Definition of Certain Terms

946-10-S99-2 The following is the text of Regulation S-X Rule 6-02, Definition of Certain Terms (17 CFR 210.6-02).

The following terms shall have the meaning indicated in this rule unless the context otherwise requires. (Also see § 210.1-02 of this part.)

(a) **Affiliate**~~Affiliate~~. The term ~~affiliate~~ means an affiliated person~~affiliated person~~ as defined in section 2(a)(3) of the Investment Company Act of 1940 unless otherwise indicated. The term ~~control~~ has the meaning in section 2(a)(9) of that Act.

(b) **Value**~~Value~~. As used in §§ 210.6-01 through 210.6-11~~to 210.6-40~~, the term value~~value~~ shall have the meaning given in section 2(a)(41)(B) of the Investment Company Act of 1940.

(c) **Balance sheets; statements of net assets**~~Balance sheets; statements of net assets~~. As used in §§ 210.6-01 through 210.6-11~~to 210.6-40~~, the term balance sheets~~balance sheets~~ shall include statements of assets and liabilities as well as statements of net assets unless the context clearly indicates the contrary.

(d) **Qualified assets**~~Qualified assets~~.

(1) For companies issuing face-amount certificates subsequent to December 31, 1940 under the provisions of section 28 of the Investment Company Act of 1940, the term qualified assets~~qualified assets~~ means qualified investments as that term is defined in section 28(b) of the Act. A statement to that effect shall be made in the balance sheet.

(2) For other companies, the term qualified assets~~qualified assets~~ means cash and investments which such companies do maintain or are required, by applicable governing legal instruments, to maintain in respect of outstanding face-amount certificates.

(3) Loans to certificate holders may be included as qualified assets in an amount not in excess of certificate reserves carried on the books of account in respect of each individual certificate upon which the loans were made.

(e) **Swing pricing**~~Swing pricing~~. The term swing pricing~~swing pricing~~ shall have the meaning given in §270.22c-1(a)(3)(v)(C) of this chapter.

[47 FR 56838, Dec. 21, 1982, as amended at 81 FR 82137, Nov. 18, 2016; 85 FR 54064, Aug. 31, 2020]

> > > Regulation S-X Rule 6-03, Special Rules of General Application to Registered Investment Companies and Business Development Companies

946-10-S99-3 The following is the text of Regulation S-X Rule 6-03, Special Rules of General Application to Registered Investment Companies and Business Development Companies (17 CFR 210.6-03).

The financial statements filed for persons to which §§ 210.6-01 through 210.6-11~~to 210.6-10~~ are applicable shall be prepared in accordance with the following special rules in addition to the general rules in §§ 210.1-01 to 210.4-10 (Articles 1, 2, 3, and 4). Where the requirements of a special rule differ from those prescribed in a general rule, the requirements of the special rule shall be met.

(a) *Content of financial statements*~~Content of financial statements.~~
The financial statements shall be prepared in accordance with the requirements of this part (Regulation S-X) notwithstanding any provision of the articles of incorporation, trust indenture or other governing legal instruments specifying certain accounting procedures inconsistent with those required in §§ 210.6-01 through 210.6-11~~to 210.6-10~~.

(b) *Audited financial statements*~~Audited financial statements.~~ Where, under Article 3 of this part, financial statements are required to be audited, the independent accountant shall have been selected and ratified in accordance with section 32 of the Investment Company Act of 1940 (15 U.S.C. 80a-31).

(c) *Consolidated and combined statements*~~Consolidated and combined statements.~~

(1) Consolidated and combined statements filed for registered investment companies and business development companies shall be prepared in accordance with §§ 210.3A-02 and 210.3A-03 (Article 3A) except that:

(i) [Reserved]

(ii) A consolidated statement of the registrant and any of its investment company subsidiaries shall not be filed unless accompanied by a consolidating statement which sets forth the individual statements of each significant subsidiary included in the consolidated statement: *Provided, however,* That a consolidating statement need not be filed if all included subsidiaries are totally held; and

(iii) Consolidated or combined statements filed for subsidiaries not consolidated with the registrant shall not include any investment companies unless accompanied by consolidating or combining statements which set forth the individual statements of each included investment company which is a significant subsidiary.

(2) If consolidating or combining statements are filed, the amounts included under each caption in which financial data pertaining to affiliates is required to be furnished shall be subdivided to show separately the amounts:

(i) Eliminated in consolidation; and

(ii) Not eliminated in consolidation.

(d) ~~Valuation of investments~~Valuation of investments. The balance sheets of registered investment companies, other than issuers of face-amount certificates, and business development companies, shall reflect all investments at value, with the aggregate cost of each category of investment reported under §§ 210.6-04.1, 6-04.2, 6-04.3, and 6.04.9 or the aggregate cost of each category of investment reported under § 210.6-05.1 shown parenthetically.

State in a note the methods used in determining value of investments.

As required by section 28(b) of the Investment Company Act of 1940 (15 U.S.C. 80a-28(b)), ~~qualified~~qualified assets of face-amount certificate companies shall be valued in accordance with certain provisions of the Code of the District of Columbia. ~~For guidance as to valuation of securities, see §§ 404.03 to 404.05 of the Codification of Financial Reporting Policies.~~

(e) ~~Qualified assets~~Qualified assets. State in a note the nature of any investments and other assets maintained or required to be maintained, by applicable legal instruments, in respect of outstanding face-amount certificates. If the nature of the qualifying assets and amount thereof are not subject to the provisions of section 28 of the Investment Company Act of 1940 (15 U.S.C. 80a-28), a statement to that effect shall be made.

(f) ~~Restricted securities~~Restricted securities. State in a note unless disclosed elsewhere the following information as to investment securities which cannot be offered for public sale without first being registered under the Securities Act of 1933 (15 U.S.C. 77a *et seq*) (restricted securities):

(1) The policy of the person with regard to acquisition of restricted securities.

(2) The policy of the person with regard to valuation of restricted securities. Specific comments shall be given as to the valuation of an investment in one or more issues of securities of a company or group of affiliated companies if any part of such investment is restricted and the aggregate

value of the investment in all issues of such company or affiliated group exceeds five percent of the value of total assets. (As used in this paragraph, the term ~~affiliated~~ affiliated shall have the meaning given in § 210.6-02(a).)

(3) A description of the person's rights with regard to demanding registration of any restricted securities held at the date of the latest balance sheet.

(g) ~~Income recognition~~ Income recognition. Dividends shall be included in income on the ex-dividend date; interest shall be accrued on a daily basis. Dividends declared on short positions existing on the record date shall be recorded on the ex-dividend date and included as an expense of the period.

(h) ~~Federal income taxes~~ Federal income taxes.

(1) The company's status as a regulated investment company ~~regulated investment company~~ as defined in subtitle A, chapter 1, subchapter M of the Internal Revenue Code, as amended, shall be stated in a note referred to in the appropriate statements. Such note shall also indicate briefly the principal assumptions on which the company relied in making or not making provisions for income taxes. However, a company which retains realized capital gains and designates such gains as a distribution to shareholders in accordance with section 852(b)(3)(D) of the Internal Revenue Code shall, on the last day of its taxable year (and not earlier), make provision for taxes on such undistributed capital gains realized during such year.

(2) State the following amounts based on cost for Federal income tax purposes:

(i) Aggregate gross unrealized appreciation for all investments in which there is an excess of value over tax cost;

(ii) The aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value;

(iii) The net unrealized appreciation or depreciation; and

(iv) The aggregate cost of investments for Federal income tax purposes.

(i) Issuance and repurchase by a registered investment company or business development company of its own securities~~issuance and repurchase by a registered investment company or business development company of its own securities~~. Disclose for each class of the company's securities:

(1) The number of shares, units, or principal amount of bonds sold during the period of report, the amount received therefor, and, in the case of shares sold by closed-end management investment companies, the difference, if any, between the amount received and the net asset value or preference in involuntary liquidation (whichever is appropriate) of securities of the same class prior to such sale; and

(2) The number of shares, units, or principal amount of bonds repurchased during the period of report and the cost thereof. Closed-end management investment companies shall furnish the following additional information as to securities repurchased during the period of report:

(i) As to bonds and preferred shares, the aggregate difference between cost and the face amount or preference in involuntary liquidation and, if applicable net assets taken at value as of the date of repurchase were less than such face amount or preference, the aggregate difference between cost and such net asset value;

(ii) As to common shares, the weighted average discount per share, expressed as a percentage, between cost of repurchase and the net asset value applicable to such shares at the date of repurchases.

Note to paragraphs (h)(2)(i) and (ii): The information required by paragraphs (h)(2)(i) and (ii) of this section may be based on reasonable estimates if it is impracticable to determine the exact amounts involved.

(j) Series companies~~Series companies~~.

(1) The information required by this part shall, in the case of a person which in essence is comprised of more than one separate investment company, be given as if each class or series of such investment company were a separate investment company; this shall not prevent the inclusion, at the option of such person, of information applicable to other

classes or series of such person on a comparative basis, except as to footnotes which need not be comparative.

(2) If the particular class or series for which information is provided may be affected by other classes or series of such investment company, such as by the offset of realized gains in one series with realized losses in another, or through contingent liabilities, such situation shall be disclosed.

(k) Certificate reserves~~Certificate reserves~~.

(1) For companies issuing face-amount certificates subsequent to December 31, 1940 under the provisions of section 28 of the Investment Company Act of 1940 (15 U.S.C. 80a-28), balance sheets shall reflect reserves for outstanding certificates computed in accordance with the provisions of section 28(a) of the Act.

(2) For other companies, balance sheets shall reflect reserves for outstanding certificates determined as follows:

(i) For certificates of the installment type, such amount which, together with the lesser of future payments by certificate holders as and when accumulated at a rate not to exceed 3 1/2 per centum per annum (or such other rate as may be appropriate under the circumstances of a particular case) compounded annually, shall provide the minimum maturity or face amount of the certificate when due.

(ii) For certificates of the fully-paid type, such amount which, as and when accumulated at a rate not to exceed 3 1/2 per centum per annum (or such other rate as may be appropriate under the circumstances of a particular case) compounded annually, shall provide the amount or amounts payable when due.

(iii) Such amount or accrual therefor, as shall have been credited to the account of any certificate holder in the form of any credit, or any dividend, or any interest in addition to the minimum maturity or face amount specified in the certificate, plus any accumulations on any amount so credited or accrued at rates required under the terms of the certificate.

(iv) An amount equal to all advance payments made by certificate holders, plus any accumulations thereon at rates required under the terms of the certificate.

(v) Amounts for other appropriate contingency reserves, for death and disability benefits or for reinstatement rights on any certificate providing for such benefits or rights.

(l) ~~Inapplicable captions~~~~Inapplicable captions~~. Attention is directed to the provisions of §§ 210.4-02 and 210.4-03 which permit the omission of separate captions in financial statements as to which the items and conditions are not present, or the amounts involved not significant. However, amounts involving directors, officers, and affiliates shall nevertheless be separately set forth except as otherwise specifically permitted under a particular caption.

(m) ~~Swing pricing~~~~Swing pricing~~. For a registered investment company that has adopted swing pricing policies and procedures, state in a note to the company's financial statements:

- (1) The general methods used in determining whether the company's net asset value per share will swing;
- (2) Whether the company's net asset value per share has swung during the year; and
- (3) A general description of the effects of swing pricing.

[81 FR 82010, Nov. 18, 2016, as amended at 81 FR 82137, Nov. 18, 2016; 83 FR 50202, Oct. 4, 2018; 85 FR 54064, Aug. 31, 2020]

> > > Regulation S-X Rule 6-11, Financial Statements of Funds Acquired or to Be Acquired

946-10-S99-3A The following is the text of Regulation S-X Rule 6-11, Financial Statements of Funds Acquired or to Be Acquired (17 CFR 210.6-11).

(a) Financial statements required.

(1) Financial statements described in §§210.3-01 and 210.3-02, or §210.3-18, as applicable, including the schedules specified in §§210.12-01 through 210.12-29 (Article 12), prepared and audited in accordance with Regulation S-X (including the independence standards in §210.2-01 or, alternatively if the fund is not a registrant, the applicable independence standards) for the periods specified in paragraph (b) of this section and the

supplemental information specified in paragraph (d) of this section must be filed if any of the following conditions exist:

(i) During the most recent fiscal year or subsequent interim period for which a balance sheet is required by §210.3-01 or §210.3-18, a fund acquisition has occurred; or

(ii) After the date of the most recent balance sheet filed pursuant to §210.3-01 or §210.3-18 or, if no relevant balance sheet has been filed in connection with a post-effective amendment for a new series submitted pursuant to §230.485(a)(2) of this chapter (Rule 485(a)(2) under the Securities Act), the filing of such amendment, consummation of a fund acquisition has occurred or is probable.

(2) For purposes of this section:

(i) The term *fund* includes any investment company as defined in section 3(a) of the Investment Company Act of 1940, including a business development company, or any company that would be an investment company but for the exclusions provided by sections 3(c)(1) or 3(c)(7) of that Act, or any private account managed by an investment adviser.

(ii) The determination of whether a fund has been acquired or will be acquired should be evaluated in light of the facts and circumstances involved. Among the facts and circumstances which should be considered in evaluating whether a fund acquisition has occurred or will occur are whether it will result in the acquisition by the registrant of all or substantially all of the portfolio investments held by another fund.

(3) Acquisitions of a group of related funds that are probable or that have occurred subsequent to the latest fiscal year-end for which audited financial statements of the registrant have been filed will be treated under this section as if they are a single acquisition. For purposes of this section, funds will be deemed to be related if:

(i) They are under common control or management;

(ii) The acquisition of one fund is conditional on the acquisition of each other fund; or

(iii) Each acquisition is conditioned on a single common event.

(4) This section does not apply to a fund which is totally held by the registrant prior to consummation of the transaction.

(b) Periods to be presented.

(1) If securities are being registered to be offered to the security holders of the fund to be acquired, the financial statements specified in §§210.3-01 and 210.3-02 or §210.3-18 for the fund to be acquired and the supplemental information specified in paragraph (d) of this section must be filed, except as provided otherwise for filings on Form N-14 (§239.23 of this chapter). The financial statements covering the fiscal year must be audited except as provided in Item 14 of Schedule 14A (§240.14a-101 of this chapter) with respect to certain proxy statements or in registration statements filed on Form N-14 (§239.23 of this chapter).

(2) In all cases not specified in paragraph (b)(1) of this section, financial statements of the fund acquired or to be acquired for the periods specified in this paragraph (b)(2) or such shorter period as the fund has been in existence and the supplemental information specified in paragraph (d) of this section must be filed. Whether such financial statements and supplemental information are to be filed must be determined using the conditions specified in the definition of significant subsidiary in §210.1-02(w)(2)(i) and (w)(2)(ii)(B) as follows:

(i) If none of the conditions set forth in §210.1-02(w)(2)(i) and (w)(2)(ii)(B), substituting 20 percent for 10 percent each place it appears therein, are satisfied, the financial statements and supplemental financial information in paragraph (d) of this section are not required.

(ii) If any of the conditions set forth in §210.1-02(w)(2)(i) and (w)(2)(ii)(B), substituting 20 percent for 10 percent each place it appears therein, are satisfied, the financial statements of the acquired fund must be filed. If the acquired fund is subject to §210.3-18, then the financial statements for the periods described therein must

be filed. For all other acquired funds, the financial statements for the most recent fiscal year and the most recent interim period must be filed. The registrant must also provide the supplemental financial information in paragraph (d) of this section.

(iii) If the aggregate impact of funds acquired or to be acquired since the date of the most recent audited balance sheet filed for the registrant, for which financial statements are not required by paragraph (b)(2)(i) of this section, satisfies any of the conditions set forth in §210.1-02(w)(2)(i) and (w)(2)(ii)(B), substituting 50 percent for 10 percent each place it appears therein, the registrant must provide financial statements for any fund acquired or to be acquired for which financial statements are not yet required by paragraph (b)(2)(i) of this section. If any of the acquired funds are subject to §210.3-18, then the financial statements for the periods described therein must be filed. For any other acquired funds, the financial statements for the most recent fiscal year and the most recent interim period must be filed. The registrant must also provide the supplemental financial information in paragraph (d) of this section for such funds.

(3) The determination must be made by comparing the most recent annual financial statement of each such fund, or for acquisitions each group of related funds on a combined basis, to the registrant's most recent annual financial statements filed at or prior to the date of acquisition. However, the determination may be made by using pro forma amounts as calculated by the registrant for the periods specified in §210.1-02(w)(2) that only give effect to an acquisition consummated after the latest fiscal year-end for which the registrant's financial statements are required to be filed when the registrant has filed audited financial statements of such acquired fund and provided the supplemental financial information for the periods required by this section.

(4) Separate financial statements of the acquired fund and the supplemental information specified in paragraph (d) of this section need only to be filed once and not included in any subsequent filing or shareholder report.

(c) Acquisitions involving private funds or private accounts. If the fund acquired or to be acquired would be an investment company under the Investment Company Act but for the exclusion provided from that definition by either sections 3(c)(1) or 3(c)(7) of that Act, then the required financial statements may comply with U.S. Generally Accepted Accounting Principles and only Article 12. In situations of any private account managed by an investment adviser provide the schedules specified in Article 12 for the assets acquired or to be acquired.

(d) Supplemental financial information.

(1) Supplemental financial information must consist of:

(i) A table showing the current fees for the registrant and the acquired fund and pro forma fees, if different, for the registrant after giving effect to the acquisition using the format prescribed in the appropriate registration statement under the Investment Company Act;

(ii) If the transaction will result in a material change in the acquired fund's investment portfolio due to investment restrictions, a schedule of investments of the acquired fund modified to reflect such change and accompanied by narrative disclosure describing the change; and

(iii) Narrative disclosure about material differences in accounting policies of the acquired fund when compared to the registrant.

(2) With respect to any fund acquisition, registered investment companies and business development companies must provide the supplemental financial information required in this section in lieu of any pro forma financial information required by §§210.11-01 through 210.11-03.

[85 FR 54064, Aug. 31, 2020]

Amendments Pursuant to SEC Release No. 33-10835

This Accounting Standards Update amends various SEC paragraphs pursuant to the issuance of SEC Release No. 33-10835, Update of Statistical Disclosures for Bank and Savings and Loan Registrants.

Amendments to Topic 942

4. Amend paragraphs 942-10-S99-1 and 942-210-S99-1, with no link to a transition paragraph, as follows:

Financial Services—Depository and Lending—Overall

SEC Materials

General

> **SEC Rules, Regulations, and Interpretations**

> > **Regulation S-X**

> > > **Regulation S-X Rule 9-01, Application of Rules 9-01 to 9-07**

942-10-S99-1 The following is the text of Regulation S-X Rule 9-01, Application of Rules 9-01 to 9-07 (17 CFR 210.9-01).

~~The This article is applicable to consolidated financial statements filed for bank holding companies, savings and loan holding companies, and the to any financial statements of banks and savings and loan associations, must apply the guidance in this article that are included in filings with the Commission.~~

[85 FR 66140, Oct. 16, 2020]

Financial Services—Depository and Lending—Balance Sheet

SEC Materials

General

> **SEC Rules, Regulations, and Interpretations**

> > **Regulation S-X**

> > > **Regulation S-X Rule 9-03, Balance Sheets**

942-210-S99-1 The following is the text of Regulation S-X Rule 9-03, Balance Sheets (17 CFR 210.9-03).

The purpose of this rule is to indicate the various items which, if applicable, should appear on the face of the balance sheets or in the notes thereto.

ASSETS

7. Loans. Disclose separately (1) total loans, (2) the related allowance for losses and (3) unearned income.

~~(a)-(d) [Reserved] Disclose on the balance sheet or in a note the amount of total loans in each of the following categories:~~

~~(1) Commercial, financial and agricultural~~

~~(2) Real estate—construction~~

~~(3) Real estate—mortgage~~

~~(4) Installment loans to individuals~~

~~(5) Lease financing~~

~~(6) Foreign~~

~~(7) Other (State separately any other loan category regardless of relative size if necessary to reflect any unusual risk concentration).~~

~~(b) A series of categories other than those specified in (a) above may be used to present details of loans if considered a more appropriate presentation.~~

~~(c) The amount of foreign loans must be presented if the disclosures provided by § 210.9-05 are required.~~

~~(d) [Reserved]~~

(e)(1)(i) As of each balance sheet date, disclose in a note the aggregate dollar amount of loans (exclusive of loans to any such persons which in the aggregate do not exceed \$60,000 during the latest year) made by the registrant or any of its subsidiaries to directors, **executive officers**, or principal holders of equity securities (§ 210.1-02) of the registrant or any of its significant subsidiaries (§ 210.1-02), or to any **associate** of such persons. For the latest fiscal year, an analysis of activity with respect to such aggregate loans to related parties should be provided. The analysis should include the aggregate amount at the beginning of the period, new loans, repayments, and other changes. (Other changes, if significant, should be explained.)

(ii) This disclosure need not be furnished when the aggregate amount of such loans at the balance sheet date (or with respect to the latest fiscal year, the maximum amount outstanding during the period) does not exceed 5 percent of stockholders equity at the balance sheet date.

(2) If a significant portion of the aggregate amount of loans outstanding at the end of the fiscal year disclosed pursuant to (e)(1)(i) above relates to loans ~~that~~^{which} are disclosed as ~~nonaccrual, past due, nonaccrual, or troubled debt restructurings in the consolidated financial statements~~^{restructured or potential problems (see Item III.C. 1. or 2. of Industry Guide 3, Statistical Disclosure by Bank Holding Companies)}, so state and disclose the aggregate amounts of such loans along with such other information necessary to an understanding of the effects of the transactions on the financial statements.

(3) Notwithstanding the aggregate disclosure called for by paragraph (e)(1) of this section, if any loans were not made in the **ordinary course of business** during any period for which a statement of comprehensive income is required to be filed, provide an appropriate description of each such loan.

(4) Definition of terms. For purposes of this rule, the following definitions shall apply:

Associate means (i) a corporation, venture or organization of which such person is a general partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities; (ii) any trust or other estate in which such person has a substantial beneficial interest or for which such person serves as trustee or in a similar capacity and (iii) any member of the **immediate family** of any of the foregoing persons.

Executive officers means the president, any vice president in charge of a principal business unit, division or function (such as loans, investments, operations, administration or finance), and any other officer or person who performs similar policymaking functions.

Immediate Family means such person's spouse; parents; children; siblings; mothers and fathers-in-law; sons and daughters-in-law; and brothers and sisters-in-law.

Ordinary course of business means those loans which were made on substantially the same terms, including interest rate and collateral, as those prevailing at the same time for comparable transactions with unrelated persons and did not involve more than the normal risk of collectibility or present other unfavorable features.

[48 FR 11107, Mar. 16, 1983, as amended at 48 FR 37612, Aug. 19, 1983; 50 FR 25215, June 18, 1985; 74 FR 18616, Apr. 23, 2009; 83 FR 50205 Oct. 4, 2018; 85 FR 66140, Oct. 16, 2020]

Amendments to Status Sections

5. Amend paragraph 205-10-S00-1, by adding the following item to the table, as follows:

205-10-S00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
205-10-S99-5	Amended	2021-06	08/09/2021

6. Amend paragraph 942-10-S00-1, by adding the following item to the table, as follows:

942-10-S00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
942-10-S99-1	Amended	2021-06	08/09/2021

7. Amend paragraph 942-210-S00-1, by adding the following item to the table, as follows:

942-210-S00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
942-210-S99-1	Amended	2021-06	08/09/2021

8. Amend paragraph 946-10-S00-1, by adding the following items to the table, as follows:

946-10-S00-1 The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
946-10-S99-1 through S99-3	Amended	2021-06	08/09/2021
946-10-S99-3A	Added	2021-06	08/09/2021

Amendments to the GAAP Taxonomy

The amendments to the *FASB Accounting Standards Codification*® in this Accounting Standards Update require improvements to the GAAP Financial Reporting Taxonomy and SEC Reporting Taxonomy (collectively referred to as the “GAAP Taxonomy”). Those improvements, which will be incorporated into the proposed 2022 GAAP Taxonomy, are available through GAAP Taxonomy Improvements provided at www.fasb.org, and finalized as part of the annual release process.