

**Supporting Statement for
Quarterly Savings and Loan Holding Company Report
(FR 2320; OMB No. 7100-to be assigned)**

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to implement the mandatory Quarterly Savings and Loan Holding Company Report (FR 2320). The FR 2320 would collect parent only and consolidated financial data and organizational structure data from savings and loan holding companies (SLHCs) exempt from initially filing Federal Reserve regulatory reports.¹ These data would be the same as data previously collected on Schedule HC (Thrift Holding Company) of the Thrift Financial Report (TFR; OMB No. 1557-0255).

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was enacted into law on July 21, 2010. Title III of the Dodd-Frank Act transferred all former Office of Thrift Supervision (OTS) authorities (including rulemaking) related to SLHCs to the Federal Reserve effective July 21, 2011. Consequently, the Federal Reserve became responsible for the consolidated supervision of SLHCs beginning July 21, 2011. The Federal Reserve would use the FR 2320 data to analyze the overall financial condition of exempt SLHCs to ensure safe and sound operations. The FR 2320 would be effective as of the March 31, 2012, report date. The annual paperwork burden is estimated to be 400 hours.

Background and Justification

On July 7, 2011, the banking agencies² announced their plan to proceed with eliminating the TFR and require savings associations to start submitting the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036) effective for the March 31, 2012, report date.³ The TFR included Schedule HC that collected consolidated and parent company only information about an SLHC that was filed on behalf of an SLHC by its subsidiary savings association.

1 Under the final notice on regulatory reporting for SLHCs released on December 23, 2011, an exempt SLHC meets one of the following criteria (1) it is a grandfathered SLHC whose (a) as calculated annually as of June 30th, using the four previous quarters (which includes the quarter-ended June 30th reporting period), savings association subsidiaries' consolidated assets make up less than 5 percent of the total consolidated assets of the grandfathered SLHC on an enterprise-wide basis for any of these four quarters; *and* (b) as calculated annually as of June 30th, using the assets reported as of June 30th, where more than 50 percent of the assets of the grandfathered unitary SLHC are derived from activities that are not otherwise permissible under HOLA on an enterprise-wide basis OR (2) (a) as calculated annually as of June 30th, using the assets reported as of June 30th, where more than 50 percent of the assets of the SLHC are derived from the business of insurance on an enterprise-wide basis; *and* (b) the SLHC does not submit reports to the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

2 The Office of the Comptroller of the Currency (OCC), the Federal Reserve, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision.

3 76 FR 39981.

After considering public comments received on a notice of intent (NOI)⁴, the Federal Reserve published an initial *Federal Register* notice on August 25, 2011, seeking public comment on a proposal that would require most SLHCs to submit the same reports as bank holding companies (BHCs) beginning with the March 31, 2012, reporting period. Upon review of comments received on the initial *Federal Register* notice, the Federal Reserve issued a final notice on December 23, 2011, which, in part, exempts a limited number of SLHCs from initial regulatory reporting using the existing Federal Reserve regulatory reports and provides a two-year phase-in for regulatory reporting for all other SLHCs beginning in first quarter 2012.

Since the agencies eliminated the TFR after the December 31, 2011, report date, the Federal Reserve proposes to implement the FR 2320 effective for the March 31, 2012, report date. The FR 2320 would collect the same information previously reported on Schedule HC of the TFR from exempt SLHCs. These data are needed on a continuing basis from exempt SLHCs since they would not be initially required to submit data using the existing Federal Reserve regulatory reports.

These data would assist the Federal Reserve in the evaluation of a diversified holding company and in determining whether an institution is in compliance with applicable laws and regulations. Data collected on the proposed FR 2320 would contribute to the analyses of the overall financial condition of exempt SLHCs to ensure safe and sound operations.

Description of Information Collection

The TFR contained 17 schedules including Schedule HC. Schedule HC was completed on a quarterly basis by a saving association owned by a SLHC (on behalf of the SLHC).. Schedule HC collected select balance sheet and income statement data and supplemental changes in structure information. Many of the supplemental changes in structure information were held confidential. The financial portion of Schedule HC was reported both on a consolidated and parent only basis. Schedule HC was generally filed by the top-tier SLHC. However, in situations where the top-tier SLHC was not the direct owner of the thrift or did not control the thrift, a lower tier SLHC would be required to file instead of the top-tier SLHC. In addition, a lower tier SLHC could have voluntarily filed Schedule HC or could have been required to file in addition to the top-tier SLHC for safety and soundness purposes.

The Federal Reserve proposed implementing the FR 2320 to collect the same data items previously reported on Schedule HC. Beginning March 31, 2012, the proposed FR 2320 would be submitted quarterly to the Federal Reserve by exempt SLHCs as of the end of March, June, September and December.

Time Schedule for Information Collection and Publication

⁴ 76 FR 7091 (February 8, 2011).

The proposed new report would be submitted quarterly as of the end of March, June, September, and December. If an SLHC has a quarter-end other than a calendar quarter-end, data from the fiscal quarter ending within the calendar quarter may be used to complete the FR 2320. For example, if the SLHC's fiscal year end is October, its fiscal quarter-ends are January, April, July, and October. Therefore, the fiscal quarter ending January 31 would be reported for the March 31 calendar quarter for the FR 2320. The filing deadline would be 45 calendar days after the March 31, June 30, September 30, and December 31 as-of dates, which is consistent with the TFR requirement. Respondents would be required to submit all financial and non-financial data items electronically using the Federal Reserve's Internet Electronic Submission (IESUB) application. The Federal Reserve believes this to be the most efficient and least burdensome method of submission for the SLHCs since the TFR was also submitted electronically. Similar to the former OTS Electronic Filing System, the IESUB application would validate the reported data for mathematical and logical consistency, calculate derived items, and provide the reporting institution with a confirmation receipt of its submission. Respondents interested in more information about IESUB would be directed to the Federal Reserve Bank Services – Reporting Central website at <http://www.frbservices.org/centralbank/reportingcentral/index.html> and to their Federal Reserve Bank contact.

Legal Status

The Board's Legal Division has determined that section 312 of the Dodd-Frank Act and section 10 of the Home Owners' Loan Act (HOLA), as amended by section 369 of the Dodd-Frank Act authorize the Federal Reserve to collect information on the FR 2320. Section 312(b) (1) of the Dodd-Frank Act transfers to the Federal Reserve "all functions of the Office of Thrift Supervision and the Director of the Office of Thrift Supervision (OTS)...relating to...the supervision of (I) any savings and loan holding company; and (II) any subsidiary (other than a depository institution) of a savings and loan holding company." Pub. L. No. 111-203, § 312(b) (1). Section 10 of HOLA requires SLHCs to file "such reports as may be required by the Board" and that such reports "shall contain such information concerning the operations of such savings and loan holding company and its subsidiaries as the Board may require" 12 U.S.C. §1467a(b) (2), as amended by Pub. L. No. 111-201, § 369(8).

The Board's Legal Division has also determined that a few of the data items that OTS had deemed confidential—specifically, the FR 2320 counterparts to items C572, C573, and C574 on Schedule HC—may be protected from disclosure under exemption 4 of the Freedom of Information Act (FOIA). Commercial or financial information may be protected from disclosure under exemption 4 if disclosure of such information is likely to cause substantial competitive harm to the provider of the information. See 5 U.S.C. § 552(b)(4); National Parks & Conservation Ass'n v. Morton, 498 F.2d 765 (D.C. Cir. 1974). The data items listed above pertain to new or changed pledges, or capital stock of any subsidiary savings association that secures short-term or long-term debt or other borrowings of the SLHC; changes to any class of securities of the SLHC or any of its subsidiaries that would negatively impact investors; and defaults of the SLHC or any of its subsidiaries during the quarter. Disclosure of this type of information is likely to cause substantial competitive harm to the SLHC providing the information and thus this information may be protected from disclosure under FOIA exemption 4.

With regard to the remaining data items OTS had deemed confidential on Schedule HC, the Board's Legal Division has opined that data items no longer held as confidential will not cause competitive harm to any institution, publicly or privately held and notes there are several BHCs that are privately held where similar information is made publicly available. However, institutions may request, in writing, confidential treatment for any FR 2320 data item or for all FR 2320 data items, and confidential treatment will be afforded if the institution is able to establish that disclosure would cause substantial competitive harm.

Consultation Outside the Agency

The Federal Reserve consulted with Office of the Comptroller of the Currency staff (formerly of the OTS) about the creation of this information collection. On February 8, 2011, the Federal Reserve published a NOI in the *Federal Register* to require SLHCs to submit the same reports as BHCs, beginning with the March 31, 2012, reporting period. The comment period for the NOI ended on April 11, 2011, and the Federal Reserve received 10 comment letters from five trade associations, two insurance companies, one law firm, one commercial company, and one utility SLHC. The Federal Reserve considered these comments in developing this proposal.

On November 10, 2011, the Federal Reserve published a notice in the *Federal Register* (76 FR 70146) requesting public comment for 60 days on the proposal to implement the mandatory Quarterly Savings and Loan Holding Company Report. The comment period for this notice expired on January 9, 2012. The Federal Reserve received three comment letters on the proposed implementation of the FR 2320 from two law firms and one financial services company. However, no comments specifically addressed the Paperwork Reduction Act burden estimates. On February 13, 2012, the Federal Reserve published a final notice in the *Federal Register* (77 FR 7578) including a more detailed discussion of the comments received.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Respondent Burden

The annual burden for the FR 2320 is estimated to be 400 hours as shown in the following table. The estimated number of respondents includes (1) grandfathered SLHCs whose (a) as calculated annually as of June 30th, using the four previous quarters (which includes the quarter-ended June 30th reporting period), savings association subsidiaries' consolidated assets make up less than 5 percent of the total consolidated assets of the grandfathered SLHC on an enterprise-wide basis for any of these four quarters; *and* (b) as calculated annually as of June 30th, using the assets reported as of June 30th, where more than 50 percent of the assets of the grandfathered unitary SLHC are derived from activities that are not otherwise permissible under HOLA on an enterprise-wide basis OR (2) (a) as calculated annually as of June 30th, using the assets reported as of June 30th, where more than 50 percent of the assets of the SLHC are derived from the business of insurance on an enterprise-wide basis; *and* (b) the SLHC does not

submit reports to the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. The estimated hours per response is based on the hourly estimate previously associated with Schedule HC. The Federal Reserve believes this estimate is reasonable given that no changes are proposed to the data items to be collected. The FR 2230 reporting requirements represent less than 1 percent of the total Federal Reserve System paperwork burden.

	<i>Number of respondents⁵</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FR 2320	40	4	2.5	400

The current annual cost to the public for this information collection is estimated to be \$17,360.⁶

Estimate of Cost to the Federal Reserve System

The annual cost to the Federal Reserve System for implementing this report is estimated to be \$93,900 with a one-time implementation cost of \$63,700.

⁵ Of the 40 respondents required to comply with this information collection, none are small entities as defined by the Small Business Administration (*i.e.*, entities with less than \$175 million in total assets) www.sba.gov/contractingopportunities/officials/size/table/index.html.

⁶ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ \$16, 45% Financial Managers @ \$50, 15% Legal Counsel @ \$54, and 10% Chief Executives @ \$80). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2010, www.bls.gov/news.release/ocwage.nr0.htm Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/