

**1 Supporting Statement for the  
Reporting Requirements Associated with (Regulation OO; Docket No. R-1430)  
Registration of Supervised Securities Holding Companies  
(FR 2082; OMB No. 7100-0347)**

**Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), is implementing the Reporting Requirements Associated with Regulation OO; (FR 2082; OMB No. 7100-0347). The Paperwork Reduction Act (PRA) classifies reporting, recordkeeping, or disclosure requirements of a regulation as an “information collection.”<sup>1</sup>

On June 4, 2012, the Federal Reserve published a final rulemaking in the *Federal Register* (77 FR 32881). The Federal Reserve is adopting a final rule to implement section 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>2</sup> (“Dodd-Frank Act”), which permits nonbank companies that own at least one registered securities broker or dealer, and that are required by a foreign regulator or provision of foreign law to be subject to comprehensive consolidated supervision, to register with the Federal Reserve Board and subject themselves to supervision by the Federal Reserve Board. The information collection reporting requirements are found in sections 241.3(a)(1) and 241.3(b)(3)(i) of the final rule.

The Federal Reserve’s total annual burden for this information collection is estimated to be 40 hours for the estimated five securities holding companies (SHCs) that would file a request to become a supervised SHC. The effective date for Regulation OO is July 20, 2012. The FR 2082 reporting forms and instructions are available on the Board of Governors of the Federal Reserve System’s public website.<sup>3</sup>

**Background and Justification**

The Dodd-Frank Act eliminated the previous supervision framework that applied to SHCs under the Securities and Exchange Commission and permitted SHCs to be supervised by the Federal Reserve. An SHC may seek supervision by the Federal Reserve to meet requirements by a regulator in another country that the firm be subject to comprehensive, consolidated supervision in the United States in order to operate in the country. A SHC that registers with the Board under section 618 is subject to the full examination, supervision, and enforcement regime applicable to a registered bank holding company (BHC), including capital requirements set by the Board (although the statute allows the Board to modify its capital rules to account for differences in activities and structure of SHCs and BHCs). The primary difference in regulatory

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<sup>1</sup> 44 U.S.C. § 3501 *et seq.*

<sup>2</sup> Dodd-Frank Act, Public Law 111-203- 1 24 STAT. 1376 (2010).

<sup>3</sup> <http://www.federalreserve.gov/reportforms/default.cfm>.

frameworks between SHCs and BHCs is that the restrictions on nonbanking activities that apply to BHCs do not apply to SHCs.

Under section 618 of the Act, a SHC that elects to be subject to supervision by the Board must submit a registration form that includes all such information and documents the Board, by regulation, deems necessary or appropriate. The statute also specifies that registration as a supervised SHC becomes effective 45 days after the date the Board receives all required information, or within such shorter period as the Board, by rule or order, may determine.

Section 618 makes a registered SHC subject to all of the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) (“BHC Act”) in the same manner as a bank holding company, other than the restrictions on nonbanking activities contained in section 4 of the BHC Act. Consistent with the Dodd-Frank Act, the Board anticipates applying the same supervisory program, including examination procedures, reporting requirements, supervisory guidance, and capital standards, to supervised SHCs that the Board currently applies to BHCs. However, the Board may, based on experience gained during the supervision of supervised SHCs, modify these requirements as appropriate and consistent with section 618.

### **Description of Information Collection**

**Section 241.3(a)(1)** requires SHCs that elect to register to become supervised SHCs to file a registration form with the responsible Federal Reserve Bank. The registration form asks for information on: the organization chart (including all subsidiaries), shareholders, senior officers and directors, methods used to monitor and control its operations, and foreign bank subsidiaries and the bank regulatory system in which these foreign bank subsidiaries operate.

**Section 241.3(b)(3)(i)** requires supervised SHCs to be subject to supervision and regulation by the Federal Reserve Board as if such companies were BHCs. Accordingly, the Federal Reserve will require supervised SHCs to file the same reports as BHCs as follows:

- The Annual Report of Bank Holding Companies (FR Y-6) and The Report of Foreign Banking Organizations (FR Y-7; OMB No. 7100-0297);
- The Consolidated Financial Statements for Bank Holding Companies (FR Y-9C), The Parent Company Only Financial Statements for Large Bank Holding Companies (FR Y-9LP), The Parent Company Only Financial Statements for Small Bank Holding Companies (FR Y-9SP), The

- Financial Statements for Employee Stock Ownership Plan Bank Holding Companies (FR Y-9ES),
- The Supplement to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9CS) (OMB No. 7100-0128);
  - The Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11 and FR Y-11S; OMB No. 7100-0244),
  - The Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314 and FR 2314S; OMB No. 7100-0073),
  - The Bank Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates (FR Y-8; OMB No. 7100-0126),
  - The Consolidated Bank Holding Company Report of Equity Investments in
  - Nonfinancial Companies (FR Y-12) and The Annual Report of Merchant Banking Investments Held for an Extended Period (FR Y-12A) (OMB No. 7100-0300), and
  - The Capital and Asset Report of Foreign Banking Organizations (FR Y-7Q), and The Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N and FR Y-7NS) (OMB No. 7100-0125).

### **Time Schedule for Information Collection**

This information collection is event-generated. The FR 2082 is used whenever an SHC elects to be subject to supervision by the Board. The registration becomes effective 45 days after the date the Board receives all required information, or within such shorter period as the Board, by rule or order, may determine.

### **Sensitive Questions**

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

### **Consultation Outside the Agency**

All of the Board's rulemaking activities are subject to the notice and comment requirements of the Administrative Procedure Act. On September 2, 2011, the Federal Reserve published a notice of proposed rulemaking in the *Federal Register* to seek public comment (76 FR 54717). The Federal Reserve received three comments, none of which addressed PRA. On June 4, 2012, the Federal Reserve published a final rulemaking in the *Federal Register* (77 FR 32881).

### **Legal Status**

The Board's Legal Division has determined that section 618 of the Act (12 U.S.C. § 1850(a)) authorizes the Board to require the information collection as contained in the final rule and described above. Pursuant to section 241.3(a)(1), the information on the form is normally public, but a company may seek confidential treatment for any portion of the form the disclosure of which would cause substantial competitive harm pursuant to exemption 4 of the Freedom of Information Act ("FOIA") (5 U.S.C. § 552(b)(4)). A determination of confidentiality would be made on a case-by-case basis.

**Estimate of Respondent Burden**

The total annual burden for the FR 2082 is estimated to be 40 hours, as shown in the table below. The estimated burden per filing for the registration form in section 241.3(a)(1) is eight hours (one business day). The Federal Reserve estimates that approximately five SHCs would file a request to become a supervised SHC. Effective upon registration, and except as otherwise provided by order of the Board, a supervised SHC shall file the existing bank holding company reporting forms listed above on the calendar quarter-end under section 241.3(b)(3)(i). The hourly burden estimates associated with each of these reporting forms is not expected to change materially as the information to be collected is substantively similar to that which is currently being collected from bank holding companies. The FR 2082 represents less than 1 percent of the total Federal Reserve System paperwork burden.

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	<i>Number of respondents<sup>4</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average response time</i>	<i>Estimated annual burden hours</i>
<i>Registration</i>				
Section 241.3(a)(1)	5	1	8 hours	40
			<i>Total</i>	40

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Based on a rate of \$100 per hour, the estimated cost to the public for this information collection is \$4,000.

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<sup>4</sup> At this time, only one company, which has assets in excess of \$175 million, has expressed interest in electing to become a supervised SHC. The Federal Reserve estimates that approximately five securities holding companies may possibly register to become a Federal Reserve supervised SHC. In light of the foregoing, the Federal Reserve does not believe that the final rule would have a significant economic impact on a substantial number of small entities supervised by the Federal Reserve. 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](http://www.sba.gov/contractingopportunities/officials/size/table/index.html).

### **Estimate of Cost to the Federal Reserve System**

The annual cost to the Federal Reserve System for collecting this information is negligible.