

**Supporting Statement for  
the Savings Association Holding Company Report  
(FR H(b)11; OMB No. 7100-0334)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the mandatory Savings Association Holding Company Report (FR H-(b)11; OMB No. 7100-0334). The FR H-(b)11 collects from most top-tier savings and loan holding companies (SLHCs) information on filings with the Securities and Exchange Commission (SEC), reports provided by the nationally recognized statistical rating organizations and securities analysts, supplemental information for select questions from the Quarterly Savings and Loan Holding Company Report (FR 2320; OMB No. 7100-0345), financial statements, and other materially important events and exhibits. The Federal Reserve uses the FR H-(b)11 data to analyze the overall financial condition of SLHCs to ensure safe and sound operations.

The Federal Reserve proposes to revise the current FR H-(b)11 respondent panel to include only those SLHCs that are currently exempt from filing the Federal Reserve's existing regulatory reports, including the nonbank subsidiary reports.<sup>1</sup> Exempt SLHCs include: (1) grandfathered unitary SLHCs whose assets are primarily commercial and whose thrifts make up less than 5 percent of its consolidated assets; and (2) SLHCs whose assets are primarily insurance-related and do not otherwise submit financial reports with the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Exempt SLHCs currently file the FR 2320, Annual Report of Holding Companies (FR Y-6; OMB No. 7100-0297), Report of Changes in Organizational Structure (FR Y-10; OMB No. 7100-0297) and the FR H-(b)11. The revised respondent panel would consist of approximately 33 reporters: 4 commercial SLHCs and 29 insurance savings and loan holding companies (ISLHCs). In addition, the Federal Reserve proposes to remove the docket number from the reporting form and all references to the docket number in the instructions.

The revisions to the FR H-(b)11 would be effective as of the September 30, 2013, report date. A copy of the reporting form and instructions, marked to show the revisions, is attached. The current annual burden is estimated to be 2,944 hours and would decrease to 264 hours with the proposed revisions.

**Background and Justification**

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 on July 21, 2011. Consequently, the Federal Reserve became the consolidated supervisor of SLHCs beginning July 21, 2011.

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<sup>1</sup> 76 FR 81933.

On September 9, 2011, a joint notice was published in the *Federal Register* which set out the list of the OTS information collections that were transferred to either the Office of the Comptroller of the Currency (OCC) or the Federal Reserve. Among the information collections transferred to the Federal Reserve was the Savings Association Holding Company Report (H-(b)11) known as the Annual/Current Report.<sup>2</sup>

The Federal Reserve uses the FR H-(b)11 data to analyze the overall financial condition of SLHCs to ensure safe and sound operations. The information is also used to assess the SLHC's ability to be a continuing source of strength to its savings association operations and in determining whether an institution is in compliance with applicable laws and regulations. The FR H-(b)11 data collection contributes to the analyses of the overall financial condition of exempt SLHCs to ensure safe and sound operations.

### **Description of Information Collection**

As mentioned above, the FR H-(b)11 collects quarterly from most top-tier SLHCs information on filings with the SEC, reports provided by the nationally recognized statistical rating organizations and securities analysts, supplemental information for select questions from the FR 2320, financial statements, and other materially important events and exhibits. The majority of SLHCs also file either the Consolidated Financial Statements for Holding Companies (FR Y-9C; OMB No. 7100-0128) or the Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP; OMB No. 7100-0128).

### **Proposed Revisions**

Currently all SLHCs must file the FR H-(b)11. However, the majority of SLHCs file other Federal Reserve regulatory reports such as the FR Y-9C or the FR Y-9SP; therefore, the FR H-(b)11 is no longer needed from these SLHCs for supervision purposes. The Federal Reserve proposes to revise the current FR H-(b)11 respondent panel to include only exempt SLHCs. The FR H-(b)11 report provides consolidated financial statements that show detailed information by business unit. These consolidated statements provide information about the individual entities and the eliminating entries that tie into the consolidated statements. These types of financial statements are particularly useful for larger complex companies with multiple entities. A number of the large ISLHCs are private and do not file with the SEC, therefore, the level of detail that would be provided in those filings is not available (also information on company websites provide very limited insight). Additionally, the "Other Materially Important Events" section of the FR H-(b)11 informs the Federal Reserve of material litigation or other contingent liabilities, key management changes, unexpected economic events, and other information that may be of material importance. This information is particularly useful in assisting with off-site reviews.

In contrast, the Federal Reserve believes that the FR 2320 data provides limited detail on its own for Federal Reserve off-site surveillance and pre-examination planning and its use would be augmented by the continued collection of the FR H-(b)11. Most ISLHCs only provide parent company data. These ISLHCs are generally quite large and privately held; therefore, the data

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2 76 FR 56005

collected on the FR 2320 is limited in scope and is not conducive to consolidated supervision. Additionally, as part of the FR Y-6, the Federal Reserve requires that top-tier holding companies with total consolidated assets of \$500 million or more must have an annual audit of its consolidated financial statements by an independent public accountant. However, the FR Y-6 does not require detailed quarterly financial statements which give a more timely representation of the financial condition of a company.

In addition, the Federal Reserve proposes to remove the docket number from the FR H-(b)11 reporting form and all references to the docket number in the instructions. The docket number is no longer used as the SLHC identifier. The RSSD number is now the universal identifier used by all the regulatory agencies.

Finally, the continued reporting of the FR H-(b)11 report by exempt SLHCs 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.

### **Current Respondent Panel**

The FR H-(b)11 is generally filed by top-tier SLHCs. For a multi-tier SLHC, the top-tier SLHC may file combined reports, however, the required information for each SLHC must be provided. If a combined report is filed, the name, ID\_RSSD number and address for each SLHC included in the combined report must be listed separately. In addition, each SLHC should execute a separate certification.

### **Time Schedule for Information Collection and Publication**

The FR H-(b)11 Current Report is required to be submitted quarterly 45 calendar days after the end of the quarter (except the fourth quarter of the SLHC's fiscal year). A Current Report is also due when there has been a material change within a few days after the event. The filing deadline for the FR H-(b)11 Annual Report is 90 calendar days after the end of the SLHC's fiscal year.

Respondents are required to submit the report electronically using one of the Federal Reserve's standard electronic submission applications. The Federal Reserve believes this to be the most efficient and least burdensome method of submission. The application provides the reporting institution with a confirmation of receipt of its submission and also allows institutions to provide written comments, if needed.

Individual respondent data are available to the public upon request through the appropriate Federal Reserve Bank. Under certain circumstances, however, respondents may request confidential treatment. Data from the FR H-(b)11 are not published.

### **Legal Status**

The Board's Legal Division has determined that the FR H-(b)11 is authorized by Section 10 of the Home Owners' Loan Act, which requires SLHCs to file "such reports as may be required by the Board" and provides that such reports "shall contain such information concerning the operations of such SLHC and its subsidiaries as the Board may require" (12 U.S.C. §1467a(b)(2)(A)). The obligation to respond to the FR H(b)11 is mandatory.

The FR H-(b)11 covers 6 different items. Item 1 consists of filings made by the SLHC with the SEC and item 2 consists of reports provided by nationally recognized statistical rating organizations and securities analysts on any company in the SLHC's consolidated organization. The Board's Legal Division has determined that neither of these items should raise any issue of confidentiality.

Item 3 consists of supplemental information for any questions on the FR 2320 to which the SLHC answered "yes." Furthermore, Board Legal has determined that supplemental information in response to a yes answer for the FR 2320's questions 24, 25, and 26 may be protected from disclosure under exemption 4 of the Freedom of Information Act (FOIA), which covers "trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential" (5 U.S.C. §§522(b)(4)). These questions concern any new or changed pledges of 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 any default 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 (5 U.S.C. §§522(b)(4)).

With regard to the supplemental information for other FR 2320 questions that would be provided in item 3 of the FR H-(b)11, as well as item 4 (Other Materially Important Events), item 5 (Financial Statements) and item 6 (Exhibits – essentially copies not previously filed of its charter or bylaws), the respondent may request confidential treatment of such information under one or more of the exemptions in the FOIA. The most likely case for confidential treatment will be exemption 4 (5 U.S.C. §§522(b)(4)). However, all such requests for confidential treatment would need to be reviewed on a case-by-case basis and in response to a specific request for disclosure.

### **Consultation Outside the Agency**

On July 29, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 45534) requesting public comment for 60 days on the proposal to renew, with revision, the Savings Association Holding Company Report. The comment period for this notice expired on September 27, 2013. The Federal Reserve received one comment letter of support from an SLHC. On October 8, 2013, the Federal Reserve published a final notice in the *Federal Register* (78 FR 61959) implementing the revisions as proposed, effective September 30, 2013.

### **Sensitive Questions**

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

## Estimate of Respondent Burden

The current annual burden for the FR H-(b)11 is estimated to be 2,944 hours as shown in the following table and would decrease by 2,680 hours, to 264 hours, as a result of the proposed revisions. The estimated number of proposed respondents includes: (1) grandfathered unitary SLHCs whose assets are primarily commercial and whose thrifts make up less than 5 percent of its consolidated assets; and (2) SLHCs whose assets are primarily insurance-related and who do not otherwise submit financial reports with 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 currently associated with the FR H-(b)11 and would not change. The Federal Reserve believes that no additional burden would be required since the exempt SLHCs currently report the FR H-(b)11 and are familiar with the requirements. The Federal Reserve also believes that the removal of the docket number would not affect the respondent burden. Overall reporting burden would be decreased because of the downward shift in the size of the reporting panel. The estimated proposed annual burden for all these reporting forms is less than 1 percent of the total Federal Reserve System burden.

	<i>Number of respondents<sup>3</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<i>Current</i>				
FR H-(b)11	368	4	2	2,944
<i>Proposed</i>				
FR H-(b)11	33	4	2	264
<i>Change</i>				(2,680)

The current annual cost to the public of these reports is estimated to be \$146,906, and would decrease to \$13,174 with the proposed changes.<sup>4</sup>

<sup>3</sup> Of the 33 respondents required to comply with this information collection, 4 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$500 million in total assets).

<sup>4</sup> 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 at \$18, 45% Financial Managers at \$59, 15% Lawyers at \$63, and 10% Chief Executives at \$85). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2012, [www.bls.gov/news.release/ocwage.nr0.htm](http://www.bls.gov/news.release/ocwage.nr0.htm). Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/)

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

Costs associated with the processing of this information collection are minimal. The reporting form and instructions are available on the Board's website or are otherwise distributed to potential filers only upon request.