

Parent Company Only Financial Statements for Small Holding Companies

\$1 billion

GENERAL INSTRUCTIONS

Who Must Report

A. Reporting Criteria

All bank holding companies, savings and loan holding companies,¹ and securities holding companies (collectively “holding companies”) regardless of size, are required to submit financial statements to the Federal Reserve, unless specifically exempted (see description of exemptions below).

The specific reporting requirements for each holding company depend upon the size of the holding company, or other specific factors as determined by the appropriate Federal Reserve Bank. Holding companies must file the appropriate forms as described below:

- (1) **Holding Companies With Total Consolidated Assets of Less Than \$500 Million.** Holding companies with total consolidated assets of less than ~~\$500 million~~ must file the *Parent Company Only Financial Statements for Small Holding Companies* (FR Y-9SP) on a semiannual basis as of the last calendar day of June and December.²

For tiered holding companies. Except as noted below, when holding companies with total consolidated assets of less than ~~\$500 million~~ own or control, or are owned or controlled by, other holding companies (i.e., are tiered holding companies), the top-tier holding company must file the FR Y-9SP for the top-tier parent company of the holding company. In addition, such tiered holding companies, must also submit, or have the subsidiary holding company submit, a separate FR Y-9SP for each lower-tier holding company.

When a holding company that has total consolidated assets of less than ~~\$500 million~~ is a subsidiary of a holding company with the total consolidated assets of ~~\$500 million~~ or more, the holding company with total consolidated assets of less than ~~\$500 million~~ would report on the FR Y-9LP rather than the FR Y-9SP.

The FR Y-9SP consists of a balance sheet, income statement, and memoranda items.

- (2) **Holding Companies that are Employee Stock Ownership Plans.** Holding companies that are employee stock ownership plans (ESOPs) as of the last calendar day of the calendar year must file the *Financial Statements for Employee Stock Ownership Plan Holding Companies* (FR Y-9ES) on an annual basis, as of December 31. No other FR Y-9 series form is required. However, holding companies that are subsidiaries of ESOP holding companies (i.e., a

1. Savings and loan holding companies do not include any trust (other than a pension, profit-sharing, stockholders' voting, or business trust) which controls a savings association if such trust by its terms must terminate within 25 years or not later than 21 years and 10 months after the death of individuals living on the effective date of the trust, and (a) was in existence and in control of a savings association on June 26, 1967, or, (b) is a testamentary trust. See Section 238.2 of Regulation LL for more information.

2. The Reserve Bank with whom the reporting holding company files its reports may require that a holding company with total consolidated assets of less than \$500 million submit the FR Y-9C and the FR Y-9LP reports to meet supervisory needs. Reserve Banks will consider such criteria including, but not limited to, whether the holding company (1) is engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (2) conducts significant off-balance-sheet activities, including

securitizations or managing or administering assets for third parties, either directly or through a nonbank subsidiary; or (3) has a material amount of debt or equity securities (other than trust preferred securities) outstanding that are registered with the Securities and Exchange Commission.

In addition, any holding company that is not subject to the Federal Reserve's Capital Adequacy Guidelines, but nonetheless elects to comply with the guidelines, are required to file a complete FR Y-9C and FR Y-9LP report, and generally would not be permitted to revert back to filing the FR Y-9SP report in any subsequent periods.

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tiered holding company) must submit the appropriate FR Y-9 series in accordance with holding company reporting requirements.

- (3) **Holding Companies with Total Consolidated Assets of ~~\$500 million~~ or More.** Holding companies with total consolidated assets of ~~\$500 million~~ or more (the top tier of a multi-tiered holding company, when applicable) must file:

- (a) **the Consolidated Financial Statements for Holding Companies (FR Y-9C)** quarterly, as of the last calendar day of March, June, September, and December.
- (b) **the Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP)** quarterly, as of the last calendar day of March, June, September, and December.

Each holding company that files the FR Y-9C must submit the FR Y-9LP for its parent company.

For tiered holding companies. When holding companies with total consolidated assets of ~~\$500 million~~ or more, own or control, or are owned or controlled by, other holding companies (i.e., are tiered holding companies), only the top-tier holding company must file the FR Y-9C for the consolidated holding company organization unless the top-tier holding company is exempt from reporting the FR Y-9C. If a top-tier holding company is exempt from reporting the FR Y-9C, then the lower-tier holding company (with total consolidated assets of ~~\$500 million~~ or more) must file the FR Y-9C.

In addition, such tiered holding companies, regardless of the size of the subsidiary holding company, must also submit, or have the holding company subsidiary submit, a separate FR Y-9LP for each lower-tier holding company.

The instructions for the FR Y-9C, FR Y-9LP and FR Y-9ES are not included in this booklet, but may be obtained from the Federal Reserve Bank in the district where the holding company files its reports, or may be found on the Federal Reserve Board's public website (www.federalreserve.gov/boarddocs/reportforms).

B. Exemptions from Reporting the Holding Company Financial Statements

The following holding companies do not have to file holding company financial statements:

- (1) a holding company that has been granted an exemption under Section 4(d) of the Holding Company Act; or
- (2) "qualified foreign banking organization" as defined by section 211.23(a) of Regulation K (12 CFR 211.23 (a)) that controls a U.S. subsidiary bank.

Holding companies that are not required to file under the above criteria may be required to file this report by the Federal Reserve Bank of the district in which they are registered.

C. Shifts in Reporting Status

A top-tier holding company that reaches ~~\$500 million~~ or more in total consolidated assets as of June 30 of the preceding year must begin reporting the FR Y-9C and the FR Y-9LP in March of the current year, and any lower-tier holding companies must begin reporting the FR Y-9LP in March of the current year. If a top-tier holding company reaches ~~\$500 million~~ or more in total consolidated assets due to a business combination, then the holding company must begin reporting the FR Y-9C and the FR Y-9LP with the first quarterly report date following the effective date of the business combination, and any lower-tier holding companies must begin reporting the FR Y-9LP with the first quarterly report date following the effective date of the business combination. In general, once a holding company reaches or exceeds ~~\$500 million~~ in total consolidated assets and begins filing the FR Y-9C and FR Y-9LP, it should file a complete FR Y-9C and FR Y-9LP going forward (and any lower-tier holding companies should file a complete FR Y-9LP going forward). If a top-tier holding company's total consolidated assets should subsequently fall to less than ~~\$500 million~~ for four consecutive quarters, then the holding company may revert to filing the FR Y-9SP (and any lower-tier holding companies in those organizations may revert to filing the FR Y-9SP).

Where to Submit the Reports

Electronic Submission

All holding companies are required to submit their completed reports electronically. Holding companies should contact their district Reserve Bank or go to www.frbsservices.org/centralbank/reportingcentral/index.html for procedures for electronic submission.

Regulatory Capital¹

Schedule SC-R

Schedule SC-R is 32 pages

Part I. Regulatory Capital Components and Ratios

General Instructions for Part I

~~Schedule SC-R is to be completed only by top-tier savings and loan holding companies (SLHCs) with less than \$500 million in total consolidated assets that are not substantially engaged in insurance or commercial activities (small covered SLHCs). This schedule does not apply to small bank holding companies.~~

The instructions for Schedule SC-R should be read in conjunction with the regulatory capital rules issued by the Federal Reserve Board on July 2, 2013.² See also the Glossary section in the *Consolidated Financial Statements for Holding Companies (FR Y9C)* instructions for the applicable terms and definitions.

Starting on June 30, 2015, small covered SLHCs must complete Schedule SC-R using the instructions below for line items 1 through 48, including the mandatory transition provisions which are included in certain line items. In general, transition provisions apply to the minimum regulatory capital ratios; the capital conservation buffer; the regulatory capital adjustments and deductions; and non-qualifying capital instruments. For example, transition provisions for the regulatory capital adjustments and deductions specify that certain items will be deducted from common equity tier 1 capital, consistent with the revised regulatory capital rules, with the amount of the deduction changing each calendar year until the transition period ends. For some regulatory capital deductions and adjustments, the non-deducted portion of the item is either risk-weighted for the remainder of the transition period or deducted from additional tier 1 capital, as

described in the instructions for the applicable items below.

A top tier SLHC is deemed to be substantially engaged in insurance activities (insurance SLHC) if (i) the top tier SLHC is an insurance underwriting company;³ or (ii) as of June 30 of the previous calendar year, it held 25 percent or more of its total consolidated assets in subsidiaries that are insurance underwriting companies (other than assets associated with insurance for credit risk). For purposes of determining the 25 percent threshold, the SLHC must calculate its total consolidated assets in accordance with generally accepted accounting principles (GAAP), or if the SLHC does not calculate its total consolidated assets under GAAP for any regulatory purpose (including compliance with applicable securities laws), the SLHC may estimate its total consolidated assets, subject to review and adjustment by the Board.

A top tier SLHC is deemed to be substantially engaged in commercial activities (commercial SLHC) if (i) the top tier SLHC is a grandfathered unitary SLHC (as defined in section 10(e)(9)(A) of HOLA) and (ii) as of June 30 of the previous calendar year, it derived 50 percent or more of its total consolidated assets or 50 percent of its total revenues on an enterprise-wide basis (as calculated under GAAP) from activities that are not financial in nature under section 4(k) of the Bank Holding Company Act (12 U.S.C. 1842(k)).

Rules of Consolidation

SLHCs are required to prepare and file Schedule SC-R in accordance with U.S. generally accepted accounting principles (GAAP) and these instructions. All reports shall be prepared in a consistent manner. The SLHC's financial

1. Note: an additional form (SC-R, Part II) and corresponding instructions for reporting risk-weighted assets under the standardized approach will be proposed in the future.

2. See 78 FR 62018 (October 11, 2013).

3. Insurance underwriting company means an insurance company as defined in section 201 of the Dodd-Frank Act (12 U.S.C. 5381) that engages in insurance underwriting activities.