

**Supporting Statement for the Financial Statements for Holding Companies
(FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9ES, and FR Y-9CS; OMB No. 7100-0128)**

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, with revision, the following mandatory reports:

- (1) Consolidated Financial Statements for Holding Companies (FR Y-9C) (OMB No. 7100-0128),
- (2) Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP), and
- (3) Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP).

The family of FR Y-9 reporting forms also contains two other mandatory reports, which are not being revised:

- (1) Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES) and
- (2) Supplement to the Consolidated Financial Statements for Holding Companies (FR Y-9CS).

The Federal Reserve proposes to finalize the following changes, which were originally approved by OMB on January 29, 2015, through the emergency clearance process: (1) eliminate Schedule SC-R, Regulatory Capital, Part I, on the FR Y-9SP; (2) increase the asset size threshold for filing the FR Y-9C and FR Y-9LP from \$500 million to \$1 billion in total consolidated assets (which would also effectively exempt holding companies with total consolidated assets of less than \$1 billion from reporting regulatory capital on Schedule HC-R, Regulatory Capital, Part I); and (3) increase the asset-size threshold for filing the FR Y-9SP from under \$500 million to under \$1 billion in total consolidated assets.

On December 18, 2014, the President signed into law Public Law 113-250 (the Act), which directs the Board to propose revisions to the Small Bank Holding Company Policy Statement (Policy Statement) to raise the total consolidated asset limit in the Policy Statement from \$500 million to \$1 billion, and expand the scope of the Policy Statement to include savings and loan holding companies (SLHCs). In order to implement Congressional intent, the Board revised the Small Bank Holding Company Policy Statement (Policy Statement) and its capital regulations.¹ To provide immediate relief from reporting burden, the Federal Reserve sought OMB approval to make related revisions to the FR Y-9C, FR Y-9LP, and FR Y-9SP. Accordingly, the Federal Reserve increased the asset-size thresholds for reporting the FR Y-9C, the FR Y-9LP, and the FR Y-9SP consistent with the changes that were separately proposed to the Small Bank Holding Company Policy Statement (Policy Statement). The Federal Reserve raised the asset-size threshold from \$500 million to \$1 billion for the FR Y-9C, the FR Y-LP, and the FR Y-9SP. The Federal Reserve also eliminated Part I of Schedule SC-R, Regulatory Capital (FR Y-9SP) consistent with changes separately proposed to the Board's regulatory

¹ 80 FR 5666 (February 3, 2015) (Interim Final Rule) and 80 FR 20153 (April 15, 2015) (Final Rule).

capital requirements (Regulation Q).² The total current annual paperwork burden for the FR Y-9 family of reports is estimated to be 198,569 hours and would not change since these revisions were previously approved by OMB.

Background and Justification

In 2013, the Federal Reserve revised its regulatory capital rules (revised regulatory capital rules),³ requiring corresponding revisions to the FR Y-9C and FR Y-9SP. Effective March 31, 2014, the Federal Reserve split the Schedule HC-R, Regulatory Capital, on the FR Y-9C into two parts: Part I, which collected information on regulatory capital components and ratios under the revised regulatory capital rules, and Part II, which collected information on the existing risk-weighted assets reporting requirements.⁴ Advanced approaches holding companies (HCs), except savings and loan holding companies (SLHCs), began reporting on the proposed Schedule HC-R, Part I.B, Regulatory Capital Components and Ratios⁵ effective March 2014. All other HC-R filers began reporting on the proposed Schedule HC-R, Part I, Regulatory Capital Components and Ratios, effective March 31, 2015.⁶ The Federal Reserve also approved in January 2014, Schedule SC-R, Part I, Regulatory Capital Components and Ratios, to collect information on consolidated regulatory capital components and ratios from small SLHCs that are subject to the revised regulatory capital rules, which would have been effective June 30, 2015. Schedule SC-R, Part I, would have collected the same data items as Schedule HC-R, Part I, except Schedule HC-R, Part I, collects additional data from advanced approaches HCs.

Since the Board's interim final rule immediately exempted small SLHCs (under \$500 million in total consolidated assets) from the minimum capital requirements, the Federal Reserve eliminated Schedule SC-R, Regulatory Capital, Part I, through the emergency clearance process

² The Federal Reserve received the Board's approval through (i) a notice of proposed rulemaking to revise the applicability of the Small BHC Policy Statement (consistent with the description of Public Law 113-250 above) and (ii) an interim final rule to exempt small SLHCs from Regulation Q as if they were BHCs subject to the Small BHC Policy Statement.

³ The revised regulatory capital rules were approved and issued by the Board in July 2013 and published in the *Federal Register* on October 11, 2013. See 78 FR 62018.

⁴ In January 2014, the Board approved new Schedule HC-R, Part I.B, Regulatory Capital Components and Ratios, which as explained in footnote 7, was re-labeled as Part I effective March 31, 2015. See 79 FR 1862.

⁵ An advanced approaches institution as defined in section 100 of the revised regulatory capital rules (i) has consolidated total assets (excluding assets held by an insurance underwriting subsidiary) on its most recent year-end regulatory report equal to \$250 billion or more; (ii) has consolidated total on-balance sheet foreign exposure on its most recent year-end regulatory report equal to \$10 billion or more (excluding exposures held by an insurance underwriting subsidiary), as calculated in accordance with FFIEC 009 (OMB No. 7100-0035); (iii) is a subsidiary of a depository institution that uses the advanced approaches pursuant to subpart E of 12 CFR part 3 (OCC), 12 CFR part 217 (Board), or 12 CFR part 325 (FDIC) to calculate its total risk-weighted assets; (iv) is a subsidiary of a BHC or SLHC that uses the advanced approaches pursuant to 12 CFR part 217 to calculate its total risk-weighted assets; or (v) elects to use the advanced approaches to calculate its total risk-weighted assets. See 78 FR 62018.

⁶ During the 2014 reporting periods, Part I Schedule HC-R was divided into Part I.A and Part I.B. Part I.A (completed by non-advanced approaches HCs) included data items 1 through 33 of current Schedule HC-R. Part I.B (completed by advanced approaches HCs) included reporting revisions consistent with the revised regulatory capital rules. Part II (completed by all HC-R filers) included data items 34 through Memoranda item 10 of current Schedule HC-R. Effective March 31, 2015, Part I.A was removed and Part I.B became Part I (to be completed by all HC-R filers). Part II was renumbered data items 1 through Memoranda item 4 and, consistent with the revised regulatory capital rules, implemented the standardized approach for the risk weighting of assets (to be completed by all HC-R filers).

as this schedule was no longer necessary and would be costly and burdensome for institutions to complete. As a result, approximately 189 SLHCs were not required to report schedule SC-R, Part I.

On August 6, 2014, the Federal Reserve requested comment on proposed revisions to Schedule HC-R, Part II, Risk-Weighted Assets and to line items related to securities lent and borrowed in Schedule HC-L, Derivatives and Off-Balance Sheet Items, to ensure that all banking organizations are reporting risk-weighted assets (RWAs) consistent with the standardized approach outlined in the revised regulatory capital rules. The revisions became effective for the March 31, 2015, report date. The Federal Reserve also requested comment on proposed Schedule SC-R, Part II, Risk-Weighted Assets, to ensure that affected small SLHCs were reporting risk-weighted assets (RWAs) consistent with the standardized approach outlined in the revised regulatory capital rules. Proposed Schedule HC-R, Part II, of the FR Y-9C and Schedule SC-R, Part II, of the FR Y-9SP would have collected the same data items. The proposal to revise Part II risk-weighted assets was being finalized at the time of the emergency clearance review and the Federal Reserve separately recommended through the regular reports clearance process that the Board not finalize the proposed revisions to the FR Y-9C Schedule HC-R, Part II, for BHCs and SLHCs with total consolidated assets of less than \$1 billion that otherwise would have been subject to the Small BHC Policy Statement in effect as of the filing date for the FR Y-9C.

The revisions to the Small Bank Holding Company Policy Statement provided that the Policy Statement apply to BHCs and SLHCs that have pro forma consolidated assets of less than \$1 billion and that (1) are not engaged in significant nonbanking activities either directly or through a nonbank subsidiary, (2) do not conduct significant off-balance sheet activities either directly or through a nonbank subsidiary (including securitization and asset management or administration), and (3) do not have a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the Securities and Exchange Commission (SEC).

Due to the changes to the Policy Statement and consistent with the Federal Reserve's efforts to reduce burden on smaller institutions, the Federal Reserve also proposed to increase the asset size threshold for filing the FR Y-9C and FR Y-9LP from \$500 million to \$1 billion and increase the asset size threshold for filing the FR Y-9SP from under \$500 million to under \$1 billion through the emergency clearance process. The change in threshold size allowed approximately 483 BHCs with consolidated assets between \$500 million to \$1 billion and 40 SLHCs with total consolidated asset between \$500 million and \$1 billion to file the less complex, parent-only FR Y-9SP semiannually (instead of the consolidated FR Y-9C quarterly). The Federal Reserve proposed to use the emergency clearance process for all of these changes because there was not adequate time to clear these changes through the normal clearance process before the effective date of the report of March 31, 2015.

Description of Information Collection

The FR Y-9C consists of standardized financial statements similar to the Consolidated Reports of Condition and Income (Call Report) (FFIEC 031 and FFIEC 041; OMB No. 7100-

0036) filed by commercial banks. It collects consolidated data from HCs and is filed by top-tier HCs with total consolidated assets of \$1 billion or more.⁷

The FR Y-9LP includes standardized financial statements filed quarterly on a parent company only basis from each HC that files the FR Y-9C. In addition, for tiered HCs, a separate FR Y-9LP must be filed for each lower-tier HC.

The FR Y-9SP is a parent company only financial statement filed by smaller HCs. Respondents include HCs with total consolidated assets of less than \$1 billion. This form is a simplified or abbreviated version of the FR Y-9LP. This report is designed to obtain basic balance sheet and income data for the parent company, data on intangible assets, and data on intercompany transactions.

The FR Y-9ES collects financial data from Employee Stock Ownership Plans (ESOPs) that are also HCs on their benefit plan activities; it consists of four schedules: a Statement of Changes in Net Assets Available for Benefits, a Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements.

The FR Y-9CS is a supplemental report that the Federal Reserve may utilize to collect additional data deemed to be critical and needed in an expedited manner from HCs. The data are used to assess and monitor emerging issues related to HCs and are intended to supplement the other FR Y-9 reports, which are used to monitor HCs between on-site inspections. The data items included on the FR Y-9CS may change as needed.

Proposed Revisions

On February 3, 2015, the Board published a notice in the *Federal Register*⁸ requesting public comment on an interim final rule (effective January 30, 2015) that would also remove the requirement that qualifying savings and loan holding companies complete Schedule SC-R, Part I (Regulatory Capital Components and Ratios) of form FR Y-9SP (Parent Company Only Financial Statements for Small Holding Companies). This schedule would have collected information on consolidated regulatory capital components and ratios from qualifying savings and loan holding companies that are subject to Regulation Q, effective June 30, 2015.

In addition on February 3, 2015, the Board invited public comment on a proposed rule (Proposed Rule)⁹ that would also change the filing requirements for bank holding companies and savings and loan holding companies with \$500 million or more but less than \$1 billion in total consolidated assets. These institutions would not be required to file the FR Y-9C and the FR Y-9LP (including regulatory capital information) and would begin filing the FR Y-9SP if they also meet the Qualitative Requirements. The final rule was published in the *Federal Register* notice on April 15, 2015¹⁰ and became effective May 15, 2015.

⁷ Under certain circumstances described in the General Instructions, HCs with assets under \$1 billion may be required to file the FR Y-9C.

⁸ 80 FR 5666 (February 3, 2015) (Interim Final Rule).

⁹ 80 FR 5694 (February 3, 2015) (Proposed Rule).

¹⁰ 80 FR 20153 (April 15, 2015) (Final Rule)

Frequency

The Federal Reserve recommends no changes to the reporting frequency of the FR Y-9 family of reports. The current reporting frequencies provide adequate timely data to meet the analytical and supervisory needs of the Federal Reserve.

Time Schedule for Information Collection and Publication

The FR Y-9C and FR Y-9LP are filed quarterly as of the end of March, June, September, and December. The filing deadline for the FR Y-9C is 40 calendar days after the March 31, June 30, and September 30 as-of dates and 45 calendar days after the December 31 as-of date. The filing deadline for the FR Y-9LP is 45 calendar days after the quarter-end as-of date. The FR Y-9SP is filed semiannually as of the end of June and December. The filing deadline for the FR Y-9SP is 45 calendar days after the as-of date. The annual FR Y-9ES is collected as of December 31 and the filing deadline is July 31, unless an extension is granted for filing by October 15.

The data from the FR Y-9 family of reports that are not given confidential treatment are available to the public on the FFIEC website (www.ffiec.gov/nicpubweb/nicweb/nichome.aspx) and through the National Technical Information Service.

Legal Status

The Board's Legal Division determined that the FR Y-9 family of reports is authorized by section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)). In addition, 12 U.S.C. §§ 1467a(b)(2)(A) and 1850a(c)(1)(A) authorize the Board to require that savings and loan holding companies and supervised securities holding companies also file the FR Y-9 series of reports with the Federal Reserve. Overall, the Board does not consider the financial data in these reports to be confidential. However, a respondent may request confidential treatment pursuant to sections (b)(4), (b)(6), and (b)(8) of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4), (b)(6), and (b)(8)). The applicability of these exemptions would need to be reviewed on a case by case basis.

Consultation Outside the Agency

On February 3, 2015, the Federal Reserve published a notice in the *Federal Register*¹¹ requesting public comment on an interim final rule (effective January 30, 2015) that would also remove the requirement that qualifying savings and loan holding companies complete Schedule SC-R, Part I (Regulatory Capital Components and Ratios) of form FR Y-9SP (Parent Company Only Financial Statements for Small Holding Companies). Comments for the Paperwork Reduction Act (PRA) section of the interim final rule ended April 6, 2015. The Federal Reserve did not receive any comments on the PRA section and the revisions were adopted as final.

¹¹ 80 FR 5666 (February 3, 2015) (Interim Final Rule).

In addition on February 3, 2015, the Federal Reserve invited public comment on a proposed rule (Proposed Rule)¹² that would also change the filing requirements for BHCs and SLHCs with \$500 million or more but less than \$1 billion in total consolidated assets. These institutions would not be required to file the FR Y-9C and the FR Y-9LP (including regulatory capital information) and would begin filing the FR Y-9SP if they also meet the Qualitative Requirements. The comment period on the PRA section of the proposed rule ended April 6, 2015. The Federal Reserve received several comments in support of the proposed changes. After considering the comments, the Federal Reserve adopted the revisions as final. The final rule was published in the *Federal Register* on April 15, 2015¹³ and became effective May 15, 2015.

On July 2, 2015, the Federal Reserve published a final notice in the *Federal Register* (80 FR 38201) implementing the revisions to the reporting requirements and extending the information collection.

Sensitive Questions

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

Estimates of Respondent Burden

The current annual reporting burden for the FR Y-9 family of reports is estimated to be 198,569 hours and would not change since these revisions were previously approved by OMB. The revised annual burden for the FR Y-9 family of reports would represent 1.25 percent of total Federal Reserve System paperwork burden.

	<i>Number of respondents¹⁴</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FR Y-9C – non AA BHCs	644	4	50.84	130,964
FR Y-9C – AA BHCs	12	4	52.09	2,500
FR Y-9LP	818	4	5.25	17,178
FR Y-9SP	4,390	2	5.40	47,412
FR Y-9ES	86	1	0.50	43
FR Y-9CS	236	4	0.50	472
<i>Total</i>				198,569

¹² 80 FR 5694 (February 3, 2015) (Proposed Rule).

¹³ 80 FR 20153 (April 15, 2015) (Final Rule)

¹⁴ Of these respondents, 132 for the FR Y-9C (non AA BHCs), 0 for the FR Y-9C (AA BHCs), 158 for the FR Y-9LP, 3,839 for the FR Y-9SP, 86 for the FR Y-9ES, and 0 for the FR Y-9CS are small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets) www.sba.gov/content/small-business-size-standards.

The total cost to the public is estimated to be \$10,275,946.¹⁵

Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System for collecting and processing these reports is estimated to be \$1,982,100.

¹⁵ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$63, 15% Lawyers at \$64, and 10% Chief Executives at \$87). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2014*, published March 25, 2015, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.