

**Supporting Statement for the
Registration of a Securities Holding Company
(FR 2082; OMB No. 7100-0347)**

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, without revision, the mandatory Registration of a Securities Holding Company (FR 2082; OMB No. 7100-0347). The Paperwork Reduction Act (PRA) classifies reporting, recordkeeping, or disclosure requirements of a regulation as an “information collection.”¹

On June 4, 2012, the Federal Reserve published a final rulemaking for Securities Holding Companies (Regulation OO) in the *Federal Register* (77 FR 32881). Regulation OO implements section 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)², 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 Board and subject themselves to supervision by the Board. The FR 2082 reporting form and instructions for the reporting requirements associated with Regulation OO are available on the Board’s public website.³

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.

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. An 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 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 Dodd-Frank Act, an 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 Dodd-Frank Act also specifies that registration as a supervised SHC becomes effective 45 days after the date the Board receives

¹ See 44 U.S.C. § 3501 *et seq.*

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

³ <http://www.federalreserve.gov/apps/reportforms/default.aspx>.

all required information, or within such shorter period as the Board, by rule or order, may determine.

Section 618 of the Dodd-Frank Act makes a registered SHC subject to all of the provisions of the Bank Holding Company Act of 1956 (BHC Act)⁴ in the same manner as a BHC, 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 Board as if such companies were BHCs. Accordingly, the Federal Reserve requires supervised SHCs to file the same reports as BHCs as follows:

- Annual Report of Holding Companies (FR Y-6) and Annual Report of Foreign Banking Organizations (FR Y-7) (OMB No. 7100-0297);
- Consolidated Financial Statements for Holding Companies (FR Y-9C), Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP), Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP), Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES), Supplement to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9CS) (OMB No. 7100-0128);
- Financial Statements of U.S. Nonbank Subsidiaries of U.S. Holding Companies (FR Y-11 and FR Y-11S; OMB No. 7100-0244);
- Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314 and FR 2314S; OMB No. 7100-0073);
- Bank Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates (FR Y-8; OMB No. 7100-0126);
- Consolidated Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12) and Annual Report of Merchant Banking Investments Held for an Extended Period (FR Y-12A) (OMB No. 7100-0300); and
- Capital and Asset Report of Foreign Banking Organizations (FR Y-7Q) and Financial Statements of U.S. Nonbank Subsidiaries Held by Foreign Banking Organizations (FR Y-7N and FR Y-7NS) (OMB No. 7100-0125).

⁴ See 12 U.S.C. § 1841 et seq.

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.

Legal Status

The Board's Legal Division has determined that the reporting requirements associated with Regulation OO are authorized pursuant to section 618 of the Dodd-Frank Act (12 U.S.C. § 1850a). The institutions' obligation to report is mandatory for companies that elect to register under section 618. The confidentiality of the forms required to be filed pursuant to section 241.3(b)(3)(i) is covered in specific memoranda relating to those forms. With respect to the "Registration of a Securities Holding Company" form required pursuant to section 241.3(a)(1), the information submitted on and with the form is normally public. However, a company may seek confidential treatment for any such information that it believes is exempt from disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. §§ 552(b)(1)-(9)). For example, a company may seek confidential treatment for any information submitted on or with the form the disclosure of which it believes would cause substantial competitive harm, pursuant to exemption 4 of the FOIA (5 U.S.C. § 552(b)(4)). A determination of confidentiality would be made on a case-by-case basis.

Consultation Outside the Agency

On July 23, 2015, the Federal Reserve published a notice in the *Federal Register* (80 FR 43777) requesting public comment for 60 days on the FR 2082. The comment period for this notice expired on September 21, 2015. The Federal Reserve did not receive any comments. On October 8, 2015, the Federal Reserve published a final notice in the *Federal Register* (80 FR 60901). The information collection will be extended for three years, without revision, as proposed.

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 may file a request to become a supervised SHC. Effective upon registration, and except as otherwise provided by order of the Board, a supervised SHC must file the existing BHC reporting forms listed above on the calendar quarter-end under section 241.3(b)(3)(i). The FR 2082 represents less than 1 percent of the total Federal Reserve System paperwork burden.

FR 2082	<i>Number of respondents⁵</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
<i>Registration</i>				
Section 241.3(a)(1)	5	1	8	40

The estimated cost to the public for this information collection is \$2,070.⁶

Sensitive Questions

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

Estimate of Cost to the Federal Reserve System

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

⁵ The Federal Reserve estimates that only five SHCs may possibly register to become supervised SHCs, and at this time, only one company has expressed interest in electing to become a supervised SHC. Therefore, the Federal Reserve does not believe there would be a significant economic impact on a substantial number of 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.

⁶ 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.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.