

**Supporting Statement for the
Financial Statements for Holding Companies
(FR Y-9 family of reports; OMB No. 7100-0128)**

*Amendments to the Capital Plan and Stress Test Rules; Regulations Y and YY
(Docket No. R-1548; RIN 7100-AE59)*

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 Financial Statements for Holding Companies (FR Y-9; OMB No. 7100-0128). This family of reports is comprised of the following five reports:

- 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)

Pursuant to the Bank Holding Company Act of 1956, as amended (BHC Act), and the Home Owners' Loan Act (HOLA), the Board requires bank holding companies (BHCs), savings and loan holding companies (SLHCs), securities holding companies (SHCs), and U.S. Intermediate Holding Companies (IHCs) (collectively "holding companies" (HCs)) to provide standardized financial statements to fulfill the Board's statutory obligation to supervise these organizations. HCs file the FR Y-9C and FR Y-9LP quarterly, the FR Y-9SP semiannually, the FR Y-9ES annually, and the FR Y-9CS on a schedule that is determined when this supplement is used.

The Board adopted a final rule that revises the capital plan and stress test rules for BHCs with \$50 billion or more in total consolidated assets and U.S. IHCs of foreign banking organizations. The final rule amends the FR Y-9LP to include new line item 17 of PC-B Memoranda (Total nonbank assets of a holding company subject to the Federal Reserve Board's capital plan rule) for purposes of identifying large and noncomplex firms subject to the capital plan rule. This amendment will be effective as of March 31, 2017. No changes are proposed for the FR Y-9C, FR Y-9SP, FR Y-9ES, or FR Y-9CS. The total annual reporting burden for the proposed FR Y-9 family of reports is estimated to be 195,648 hours, an increase of 63 hours from the current burden of 195,585 hours.

Background and Justification

The FR Y-9C, FR Y-9LP, and FR Y 9SP serve as standardized financial statements for the consolidated HC and its parent; the FR Y-9ES is a financial statement for HCs that are Employee Stock Ownership Plans (ESOPs). The Board also has the authority to use the FR Y-

9CS (a free-form supplement) to collect additional information deemed to be critical and needed in an expedited manner.

The FR Y-9 family of reporting forms continues to be the primary source of financial data on HCs that examiners rely on between on-site inspections. Financial data from these reporting forms are used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate HC mergers and acquisitions, and to analyze an HC's overall financial condition to ensure the safety and soundness of its operations.

Description of Information Collection

The FR Y-9C consists of standardized financial statements similar to the Call Reports 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.¹

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 report is designed to obtain basic balance sheet and income data for the parent company, as well as data on its intangible assets and intercompany transactions.

The FR Y-9ES collects financial data on the benefit plan activities of ESOPs that are also HCs. 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 Board 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 the report is 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

The Board adopted a final rule that revises the capital plan and stress test rules for BHCs with \$50 billion or more in total consolidated assets and U.S. IHCs of foreign banking organizations. Under the final rule, large and noncomplex firms (those with total consolidated assets of at least \$50 billion but less than \$250 billion, nonbank assets of less than \$75 billion, and that are not U.S. global-systemically important banks) are no longer subject to the provisions

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

of the Board's capital plan rule whereby the Board may object to a capital plan on the basis of qualitative deficiencies in the firm's capital planning process. Accordingly, these firms will no longer be subject to the qualitative component of the annual Comprehensive Capital Analysis and Review (CCAR). The final rule also modifies certain regulatory reports to collect additional information on nonbank assets and to reduce reporting burdens for large and noncomplex firms. For all bank holding companies subject to the capital plan rule, the final rule simplifies the initial applicability provisions of both the capital plan and the stress test rules, reduces the amount of additional capital distributions that a bank holding company may make during a capital plan cycle without seeking the Board's prior approval, and extends the range of potential as-of dates the Board may use for the trading and counterparty scenario component used in the stress test rules.

The final rule amends the FR Y-9LP to include new line item 17 of PC-B Memoranda (Total nonbank assets of a holding company subject to the Board's capital plan rule) for purposes of identifying large and noncomplex firms subject to the capital plan rule. Under the final rule, a top-tier holding company that is subject to the Board's capital plan rule is required to report on the FR Y-9LP the average dollar amount for the calendar quarter (as calculated on a monthly basis during the calendar quarter) of its total nonbank assets of consolidated nonbank subsidiaries, whether held directly or indirectly or held through lower-tier holding companies, and its direct investments in unconsolidated nonbank subsidiaries, associated nonbank companies, and those nonbank corporate joint ventures over which the bank holding company exercises significant influence (collectively, "nonbank companies"). This amendment will be effective as of March 31, 2017.

Nonbank companies, for purposes of this measure, exclude (1) all national banks, state member banks, state nonmember insured banks (including insured industrial banks), federal savings associations, federal savings banks, thrift institutions (collectively for purposes of this proposed item 17, "depository institutions") and (2) except for an Edge Act or agreement corporation designated as "Nonbanking" in the box on the front page of the Consolidated Report of Condition and Income for Edge and Agreement Corporations (FR 2886b; OMB No. 7100-0086), any subsidiary of a depository institution (for purposes of this proposed item 17, "depository institution subsidiary").

All intercompany assets and operating revenue among the nonbank companies should be eliminated, but assets and operating revenue with the reporting holding company; any depository institution; any depository institution subsidiary; and for a reporting holding company that is a subsidiary of a foreign banking organization, any branch or agency of the foreign banking organization or any non-U.S. subsidiary, non-U.S. associated company, or non-U.S. corporate joint venture of the foreign banking organization that is not held through the reporting holding company, should be included. For example, eliminate the loans made by one nonbank company to a second nonbank company, but do not eliminate loans made by one nonbank company to the parent holding company; depository institution; depository institution subsidiary; or for a reporting holding company that is a subsidiary of a foreign banking organization, any branch or agency of the foreign banking organization or any non-U.S. subsidiary, non-U.S. associated company, or non-U.S. corporate joint venture of the foreign banking organization that is not held through the reporting holding company.

While the FR Y-9LP collects another measure of nonbank assets (line item 15 of PC-B Memoranda (Total combined nonbank assets of nonbank subsidiaries)), the new nonbank assets measure differs in several important ways. Specifically, new line item 17 excludes assets of an insured industrial bank, federal savings association, federal savings bank, or thrift institution and includes assets of an Edge or agreement corporation designated as “Nonbanking” in the box on the front page of the FR 2886b. It also includes the value of an investment in an unconsolidated nonbank company that is held directly by the holding company. While these elements may be sourced from other reporting forms, the new line item is necessary to reflect the elimination of intercompany transactions among these nonbank companies, as described above.

Frequency

The Board proposes 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 Board.

Time Schedule for Information Collection

The FR Y-9C and FR Y-9LP are filed quarterly as of the last calendar day 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.

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)), section 10 of Home Owners’ Loan Act (12 U.S.C. § 1467a(b)), section 618 of the Dodd-Frank Act (12 U.S.C. § 1850a(c)(1)), section 165 of the Dodd-Frank Act (12 U.S.C. § 5365), and section 252.153(b)(2) of Regulation YY (12 CFR 252.153(b)(2)). These reports are mandatory. In general, 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 September 30, 2016, the Board published a notice of proposed rulemaking in the *Federal Register* (81 FR 67239) for public comment. The comment period for this notice expired

on November 25, 2016. The Board did not receive any specific comments related to the Paperwork Reduction Act (PRA) analysis. On February 3, 2017, the Board published a final rule in the *Federal Register* (82 FR 9308). The final rule is effective on March 6, 2017.

Estimates of Respondent Burden

The current annual reporting burden for the FR Y-9 family of reports is estimated to be 195,585 hours and would increase to 195,648 hours as shown in the following table. The average estimated hours per response for FR Y-9LP filers would increase from 5.25 hours to 5.27 hours, an increase of 0.02 hours associated with the revisions in the final rule. These reporting requirements represent 1.56 percent of total Federal Reserve System paperwork burden.

	<i>Number of respondents²</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FR Y-9C – non AA HCs	654	4	50.17	131,245
FR Y-9C – AA HCs	13	4	51.42	2,674
FR Y-9LP	792	4	5.25	16,632
FR Y-9SP	4,122	2	5.40	44,518
FR Y-9ES	88	1	0.50	44
FR Y-9CS	236	4	0.50	<u>472</u>
	<i>Total</i>			195,585
Proposed				
FR Y-9C – non AA HCs	654	4	50.17	131,245
FR Y-9C – AA HCs	13	4	51.42	2,674
FR Y-9LP	792	4	5.27	16,695
FR Y-9SP	4,122	2	5.40	44,518
FR Y-9ES	88	1	0.50	44
FR Y-9CS	236	4	0.50	<u>472</u>
	<i>Total</i>			195,648
	<i>Change</i>			63

² Of these respondents, 4,132 are considered a small entity (5 FR Y-9C, 562 FR Y-9LP, 3,485 FR Y-9SP, and 80 FR Y-9ES) as defined by the Small Business Administration (i.e., entities with \$550 million or less in total assets) www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards.

The total cost to the public is estimated to increase from \$10,737,617 to \$10,741,075 for the revised FR Y-9.³

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 cost to the Federal Reserve System for collecting and processing the FR Y-9 family of reports is estimated to be \$1,922,600 per year.

³ 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 \$18, 45% Financial Managers at \$67, 15% Lawyers at \$67, and 10% Chief Executives at \$93). 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 2016*, published March 31, 2017, www.bls.gov/news.release/ocwage.nr0.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.