

**Supporting Statement for the  
Notice of Change in Bank Control,  
Interagency Notice of Change in Director or Senior Executive Officer, and  
Interagency Biographical and Financial Report  
(FR 2081a,b,c; OMB No. 7100-0134)**

**Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the mandatory Interagency Notice of Change in Bank Control, the Interagency Notice of Change in Director or Senior Executive Officer, and the Interagency Biographical and Financial Report (FR 2081a,b,c; OMB No. 7100-0134). Each of these forms is used to collect information in connection with applications and notices filed by bank holding companies (BHCs), state member banks (SMBs), and individuals prior to proposed changes in the ownership or management of banking organizations.

The information collected by these notices and reporting form assist the Federal Reserve Board, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC), (collectively, the agencies), in fulfilling their statutory responsibilities as supervisors. The agencies use the information to evaluate the controlling owners, senior officers, and directors of the insured depository institutions subject to their oversight. The information collected in an Interagency Notice of Change in Bank Control (FR 2081a) submitted to the Federal Reserve is provided by persons proposing to make significant investments in a BHC or SMB. The information collected in the Interagency Notice of Change in Director or Senior Executive Officer (FR 2081b) is required under Section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and is submitted to the Federal Reserve (under certain circumstances) by a BHC or SMB making changes in its board of directors or senior executive officers. The Interagency Biographical and Financial Report (FR 2081c) is not a stand-alone reporting form; it is a companion reporting form to the FR 2081a and the FR 2081b (and to other Federal Reserve information collections) that is used to gather required information about the individuals involved in various applications and notices.

The agencies are not proposing any revisions at this time; however, the agencies are currently working on revisions to the form and expect to provide a revised form for review in the near future.

For the Federal Reserve, the estimated annual reporting burden for BHCs and SMBs is 12,338 hours. Additional information about the paperwork burden associated with the FR 2081a,b,c, including statutory and regulatory history, a description of the requirements, and how the estimated total annual burden was calculated, is discussed below.

## Background and Justification

The Notice of Change in Bank Control originated in 1979 as a result of the enactment of the Change in Bank Control Act of 1978 (the CBC Act -- 12 U.S.C. 1817(j)). Under the CBC Act, an individual (which may include a group of individuals or certain companies) needs to seek the prior approval of the appropriate federal banking agency before acquiring control of an insured depository institution or its parent holding company(ies). The agencies use the information from the FR 2081a, FR2081b, and FR 2081c to evaluate the qualifications of specific individuals organizing, acquiring control, or managing an insured depository institution to ensure that the proposed transactions are permissible under law and regulation and are consistent with safe and sound banking practices.<sup>1</sup> One of the major objectives of the CBC Act is to prevent serious adverse effects resulting from unsuitable ownership of, inadequate financial support for, and unsuitable management of insured depository institutions or their parent holding companies.

Under Section 914 of FIRREA, when an insured depository institution or BHC meeting certain financial or supervisory criteria intends to add an individual to its board of directors or employ an individual as a senior executive officer, the prior consent of one of the agencies is required.<sup>2</sup> The FR 2081b is used by either the institution or the individual to file a prior notice with the institution's appropriate federal banking agency. The purpose of Section 914 is to give the agencies an opportunity to object if the competence, experience, character, or integrity of the individual who seeks to be employed or otherwise associated with the institution is not in the best interests of the depositors of the institution or the public.

In 1996, a task force of representatives from the agencies was formed to review the FR 2081 reporting process. The filing requirements were adapted and reformatted to consist of three separately titled notices: the Interagency Notice of Change in Control (FR 2081a), the Interagency Notice of Change in Director or Senior Executive Officer (FR 2081b), and the Interagency Biographical and Financial Report (FR 2081c). The latter form was developed to ensure the consistency and completeness of information collected with respect to individuals seeking to be involved with bank or thrift organizations that are seeking to expand or in troubled condition. The development of these notices and reporting form resulted in reduced burden for the various affected filers. The information requested in the FR 2081a, FR 2081b, and FR 2081c is not available from any other source and is necessary for the Federal Reserve to fulfill its supervisory responsibilities.

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<sup>1</sup> In considering a notice under the CBC Act, the Agencies must evaluate the following factors: the financial condition of the acquiring party(ies) and of the holding company or bank to be acquired; the competence, experience, and integrity of the acquiring party(ies) and of any proposed new management of the holding company or bank to be acquired; and the effect of the transaction on competition. An additional factor of evaluating the future prospects of the institution to be acquired was recently added with enactment of the Financial Services Regulatory Relief Act on October 13, 2006. This additional statutory requirement did not modify the current information collection requirements associated with the three subject forms (FR 2081a,b,c).

<sup>2</sup> Such employment may include an individual that is not directly compensated, but otherwise is allowed to exert significant influence over, or who participates in, major policy making decisions of the regulated institution.

## **Description of the Information Collection**

The FR 2081a is used by an individual (or a group of individuals or companies that would not be BHCs after consummation of the proposed transaction) seeking to acquire shares of an insured depository institution or a BHC (or group of BHCs). The notice is submitted to the appropriate federal regulatory agency of the target organization. The notice includes a description of the proposed transaction, the related purchase price and funding source, and the personal and financial information of the proposed acquirer(s) and any proposed new management.

The FR 2081b is used, under certain circumstances, by an insured depository institution, a BHC, or the affected individual to notify one of the agencies of a proposed change in the institution's board of directors or senior executive officers. The notice of proposed change in director or senior executive officer must be filed with the institution's appropriate federal regulatory agency for prior consent if the institution is experiencing certain financial or supervisory difficulties. An insured depository institution or BHC is subject to this prior consent requirement if it is not in compliance with all minimum capital requirements, is in troubled condition or, otherwise, is required by the Federal Reserve to provide such notice.

The FR 2081c is used by certain shareholders, directors, and executive officers, in connection with different types of applications filed with the agencies. Information requested on this reporting form is subject to verification and must be complete. As with all the notices and reporting forms, requests for clarification or supplementation of the original filing may be necessary.

## **Time Schedule for Information Collection**

The FR 2081a is event-generated and must be filed at least 60 days prior to the proposed change in control. The statute provides that action on the notice is to be taken within 60 days after the receipt of a complete notice, unless the time period is extended. As a result of the 1986 and 2006 amendments to the CBC Act, the agencies are allowed to extend the initial 60-day processing period for an additional 30 days for any reason and then to extend processing for two additional 45-day periods for certain enumerated reasons (such as submission of incomplete or inaccurate information by the acquiring person).

The FR 2081b must be filed at least 30 days prior to certain insured depository institutions (or BHCs) adding a member to the board of directors or employing an individual as a senior executive officer. The proposed director or senior executive officer may begin service 30 days after a complete notice has been received, unless the responsible agency issues a notice of disapproval of the proposed addition or employment before the end of the 30-day period. The time period for review may be extended for an additional 60 days for any reason and for a more extended period at the request of the notificant.

The FR 2081c is used by individuals in conjunction with other notices or applications, and is submitted to the appropriate regulatory agency according to deadlines associated with those other notices or applications. The reporting form is not a stand-alone report.

## Legal Status

The Board's Legal Division has determined that section 7(j) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j)) authorizes the Board to require the information under the FR 2081a and FR 2081c. Section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act (12 U.S.C. 1831(i)) authorizes the Board to require the information under the FR 2081b and FR 2081c.

The Federal Reserve treats the notices and reporting form as public documents. The organizations and individuals that use the forms may request that all or a portion of the submitted information be kept confidential. In such cases, the burden is on the filer to justify the exemption by demonstrating that disclosure would cause substantial competitive harm or result in an unwarranted invasion of personal privacy or would otherwise qualify for an exemption under the Freedom of Information Act (5 U.S.C. 552). The confidentiality status of the information submitted will be judged on a case-by-case basis.

Although notices of change in control are most often submitted by natural persons, the Federal Reserve files these submissions under the name of the BHC or SMB to be acquired. None of the information will be stored in such a way as to allow it to be retrieved by reference to the name of the individual notificant or some number, symbol, or other identifying particular assigned to the individual. Using this approach, the collection and storage of such notices will not generate a system of records within the meaning of the Privacy Act (5 U.S.C. 552a (e)(3)). Consequently, most of the issues that usually arise under the Privacy Act will not arise in connection with the filing of notices of change in control. Because information is being collected from individuals, the Federal Reserve is required to make certain disclosures to the notificant (5 U.S.C. 552a(e)(3)). The disclosures made by the Federal Reserve on the current and proposed FR 2081 meet the requirements of the Privacy Act.

## Consultation Outside the Agency

On September 12, 2014, the Federal Reserve published an initial *Federal Register* notice (79 FR 54720) requesting public comment on the proposed information collection. The comment period expired on November 12, 2014. The Federal Reserve did not receive any comments on the proposal. On December 2, 2014, the Federal Reserve published a final *Federal Register* notice (79 FR 71415).

## Estimate of Respondent Burden

As shown in the following table, the current annual burden for the FR 2081a and FR 2081b is estimated to be 5,040 hours and 618 hours respectively. The annual burden associated with filing the FR 2081c, as a supplement to the FR 2081a and FR 2081b, is estimated to be 6,680 hours. On average, between three and four individuals listed on an FR 2081a or FR 2081b filing must also submit a companion FR 2081c report. The burden associated with filing the FR 2081c as a supplement to other applications or notices is included with those information collections. The annual reporting burden estimate is based on the average number and type of

applications received in 2012 and 2013. The annual burden of this information collection represents less than 1 percent of the total Federal Reserve System paperwork burden.

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	<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 2081a Change in Control	168	1	30	5,040
FR 2081b Change in officers or directors	309	1	2	618
FR 2081c Biographical and financial	1,670	1	4	<u>6,680</u>
<i>Total</i>				12,338

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The total annual cost to the public is estimated to be \$628,004.<sup>4</sup>

### **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**

Costs to the Federal Reserve System associated with the processing of this information collection are minimal.

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<sup>3</sup> Of these respondents 255 are small entities as defined by the Small Business Administration (i.e. entities with less than \$550 million in assets). [www.sba.gov/content/table-small-business-size-standards](http://www.sba.gov/content/table-small-business-size-standards).

<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 rates (30% Office & Administrative Support at \$18, 45% Financial Managers at \$61, 15% Lawyers at \$63, and 10% Chief Executives at \$86). Hourly rate for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2013, [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/).